



SaSa

making life beautiful

ANNUAL REPORT 2014/15

SA SA INTERNATIONAL HOLDINGS LIMITED

莎莎國際控股有限公司





P!NK

A Beautiful Revamp of Sa Sa's Corporate Image Leading the industry with an international brand name

Loving oneself, pursuing chic and beauty,
and emphasising personal image are the everlasting fancies of every lady.
Pink is not only a beautiful colour, but also represents the beauty of ladies,
symbolising their enchanting and lovely characters.

Sa Sa has been using warm pink as its theme colour,
shedding light on ladies and guiding them to be glamorous.

To further strengthen the leading position of Sa Sa in the industry,
the Group made a comprehensive revamp on its brand image,
presenting a modern, international and brand new image to our customers!

Making Life Beautiful, and it all starts from the rebrand with pink.....

making *life*

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beautiful

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CORPORATE PROFILE



Sa Sa International Holdings Limited is a leading cosmetics retailing group in Asia. According to the “Retail Asia-Pacific Top 500” ranking of Retail Asia Magazine and Euromonitor in 2014, Sa Sa is the leading cosmetics retail chain in Asia and one of the top ten retail groups in Hong Kong. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1997 (Stock Code: 178) and its business covers Hong Kong and Macau, Mainland China, Taiwan, Singapore, and Malaysia, in which markets it employs over 5,000 staff. Maintaining its position as the leading cosmetics retailing group in Asia is the Group’s overriding vision. Our four-fold mission is to offer quality and comprehensive beauty solutions to our customers; to share success with our staff; to build long-term partnership with our suppliers; and to adhere to the principles of good corporate citizenship.

We deliver sustainable value to our shareholders, customers, employees, suppliers and the community in the short, medium and long term through the two distinct business segments in our business model:

Retail – Sa Sa strategically positions itself as one-stop cosmetics specialty stores with a business focus on beauty. The Group caters to the market by offering a large variety of quality products from over 600 beauty brands around the globe, covering a wide spectrum of products from skin care, fragrance, make-up, body care and hair care to health food, and stretching across a broad price range from mass to premium markets for customers’ selection. The resulting product portfolio appeals to a highly diverse customer base. The Group sharpens its competitive edge through enhancing product portfolio, launching new products frequently, and expanding product variety and concept. Its extensive regional retail network currently comprises over 280 “Sa Sa” multi-brand stores, as well as two La Colline specialty stores, one Suisse Programme specialty store and three Suisse Programme counters, all of which are solely owned and operated by the Group. Our e-commerce platform, sasa.com, offers round-the-clock online shopping services along with comprehensive product and corporate information. It now serves customers from over 100 countries.

Brand Management – In addition to selling its own-branded products, the Group also acts as the sole agent for many international cosmetic brands in Asia. Since October 2002, Sa Sa has been appointed by a leading global prestige brand, Elizabeth Arden, as its sole agent in Hong Kong and Macau. The Group currently manages over 100 exclusive major beauty brands and is responsible for their brand building, promotion and distribution. This business accounts for 43.3% of Sa Sa’s total retail turnover.

Corporate Profile

• COMPETITIVE EDGE •

UNIQUE POSITIONING AS A ONE-STOP COSMETICS SPECIALTY STORE WITH STRONG BRANDING

Established since 1978, Sa Sa has built a widely recognised brand leveraging on its strong management team, well thought-out corporate strategies, and a robust balance sheet. We strategically position ourselves as one-stop cosmetics specialty stores with a business focus on beauty. Sa Sa continues to be the most distinctive and “top-of-the-mind” cosmetics retail brand among local customers and PRC travellers.

WIDE RANGE OF PRODUCTS MEETING VARIOUS CUSTOMER NEEDS

Sa Sa caters to the market by offering a large variety of quality products from over 600 beauty brands around the globe, covering a wide spectrum of products from skin care, fragrance, make-up, body care and hair care to health food, and stretching across a broad price range from mass to premium markets for customers’ selection. The resulting product portfolio appeals to a highly diverse customer base. The Group sharpens its competitive edge through enhancing product improvement, launching new products frequently, and expanding product variety and concept.

PERSONALIZED CROSS-BRAND BEAUTY ADVICE

A new beauty consultants (“BC”) receives close to 250 training hours (including product knowledge; skin analysis; make-up application; selling techniques; customer service and general beauty knowledge) before she becomes a qualified BC. Leveraging on up-to-date service skills and product knowledge, our BCs uphold professionalism in providing tailor-made beauty advice to our customers. Their personalized beauty services, together with multi-brand recommendations and advice on product usage, fulfill the delicate needs of our customers.

EXTRAORDINARY SHOPPING EXPERIENCE

Sa Sa is well known as the pioneer of the open shelves retail concept. Our trendy and comfortable shopping environment allows customers to choose products of different brands at ease and freely, offering them an extraordinary shopping experience. Our relentless efforts to improve our trendy store design and product display provide more in-store interaction for customers, making the image of beauty brands more outstanding and the presentation of products more appealing.



Corporate Profile

• EXCLUSIVE DISTRIBUTORSHIP •



HALLOWEEN

sasa^{tin}nie

COLOR COMBOS



SKIN79

ARMAND BASI

NATIO
NATURAL AUSTRALIAN BEAUTY

AZZARO



ICEBERG



banila co.

CYBER COLORS

Nicole
by O.P.T

SkinPeptoxyl

BCBGMAXAZRIA



SOMANG COSMETICS

Beautytronic

Deigual®

ORCHID
From Paradise

soo Beauté

JUSTIN BIEBER
FRAGRANCESBERGMAN
BEAUTY CARE

Dr.G

with Love
Paris Hilton

BEYOND

Dr.Jart+

SPIRITED
PERRY ELLIS

SWISS Rituel



DSQUARED2



POLICE



Blumarine



Powellato

Taylor Swift

BRITNEY SPEARS™



LALIQUE

PORSCHE DESIGN

TOUS



Ferrari

LA PERLA

PUPA



Cabotine

GIANFRANCO
FERRE

MANDARINA DUCK

reskin
REFRESH YOUR SKIN

TRUSSARDI

CAUDALÍE

LES PARFUMS
Sofisticat

CEUTICAL PLUS

GUESS



CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr KWOK Siu Ming Simon, *BBS, JP* (Chairman and CEO)
 Dr KWOK LAW Kwai Chun Eleanor, *BBS* (Vice-chairman)
 Dr LOOK Guy (CFO)

NON-EXECUTIVE DIRECTOR

Ms LEE Yun Chun Marie-christine

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor CHAN Yuk Shee, *PhD, SBS, BBS, JP*
 Dr LEUNG Kwok Fai Thomas, *PhD, BBS, JP*
 Ms TAM Wai Chu Maria, *GBM, GBS, JP*
 Ms KI Man Fung Leonie, *SBS, JP*
 Mr TAN Wee Seng

COMPANY SECRETARY

Ms MAK Sum Wun Simmy

HEAD OFFICE

14th Floor, Block B, MP Industrial Centre
 18 Ka Yip Street
 Chai Wan, Hong Kong

REGISTERED OFFICE

P.O. Box 309
 Uglan House
 Grand Cayman
 KY1-1104
 Cayman Islands

AUDITOR

PricewaterhouseCoopers
 Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
 4th Floor, Royal Bank House
 24 Shedden Road, George Town
 Grand Cayman KY1-1110
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
 Level 22, Hopewell Centre
 183 Queen's Road East
 Hong Kong
 Tel: (852) 2980 1333
 Fax: (852) 2810 8185
 E-mail: is-enquiries@hk.tricorglobal.com
 Website: www.tricoris.com

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 Bank of Communications Company Limited, Hong Kong Branch
 Citibank, N. A.
 Hang Seng Bank Limited
 Industrial and Commercial Bank of China (Asia) Limited
 Standard Chartered Bank (Hong Kong) Limited

SHARE INFORMATION

Stock code: 178
 (The Stock Exchange of Hong Kong Limited)

INVESTOR RELATIONS

Corporate Communications and Investor Relations Department
 Sa Sa International Holdings Limited
 8th Floor, Block B, MP Industrial Centre
 18 Ka Yip Street
 Chai Wan, Hong Kong
 Investor Relations Hotline: (852) 2975 3638
 Fax: (852) 2595 0797
 E-mail: ir@sasa.com

CORPORATE WEBSITE

corp.sasa.com

SHOPPING WEBSITE

www.sasa.com



TEN-YEAR FINANCIAL SUMMARY

• CONSOLIDATED INCOME STATEMENT •

	2015	2014	2013	2012	2011	(Note 1) Restated 2010	(Note 1) Restated 2009	(Note 1) Restated 2008	(Note 1) Restated 2007	(Note 1) Restated 2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover										
– Continuing operations	8,992,837	8,756,105	7,669,798	6,405,121	4,901,364	4,111,345	3,608,990	3,221,429	2,676,816	2,425,314
– Discontinued operations	–	–	–	–	–	–	–	231,658	212,421	195,272
	8,992,837	8,756,105	7,669,798	6,405,121	4,901,364	4,111,345	3,608,990	3,453,087	2,889,237	2,620,586
Gross profit										
– Continuing operations	4,039,247	4,072,987	3,558,344	2,896,681	2,211,880	1,814,864	1,576,866	1,389,480	1,138,413	966,614
– Discontinued operations	–	–	–	–	–	–	–	146,277	133,735	120,167
	4,039,247	4,072,987	3,558,344	2,896,681	2,211,880	1,814,864	1,576,866	1,535,757	1,272,148	1,086,781
Gross profit margin										
– Continuing operations	44.9%	46.5%	46.4%	45.2%	45.1%	44.1%	43.7%	43.1%	42.5%	39.9%
– Discontinued operations	–	–	–	–	–	–	–	63.1%	63.0%	61.5%
	44.9%	46.5%	46.4%	45.2%	45.1%	44.1%	43.7%	44.5%	44.0%	41.5%
Operating profit										
– Continuing operations	991,788	1,113,506	987,169	828,374	608,267	459,324	370,907	323,525	248,051	215,797
– Discontinued operations	–	–	–	–	–	–	–	3,962	(186)	(10,569)
	991,788	1,113,506	987,169	828,374	608,267	459,324	370,907	327,487	247,865	205,228
Profit for the year										
– Continuing operations	838,811	935,235	825,634	689,709	509,270	381,887	316,743	277,045	221,104	193,743
– Discontinued operations	–	–	–	–	–	–	–	71,960	1,266	(8,436)
	838,811	935,235	825,634	689,709	509,270	381,887	316,743	349,005	222,370	185,307
Profit margin										
– Continuing operations	9.3%	10.7%	10.8%	10.8%	10.4%	9.3%	8.8%	8.6%	8.3%	8.0%
– Discontinued operations	–	–	–	–	–	–	–	31.1%	0.6%	-4.3%
	9.3%	10.7%	10.8%	10.8%	10.4%	9.3%	8.8%	10.1%	7.7%	7.1%

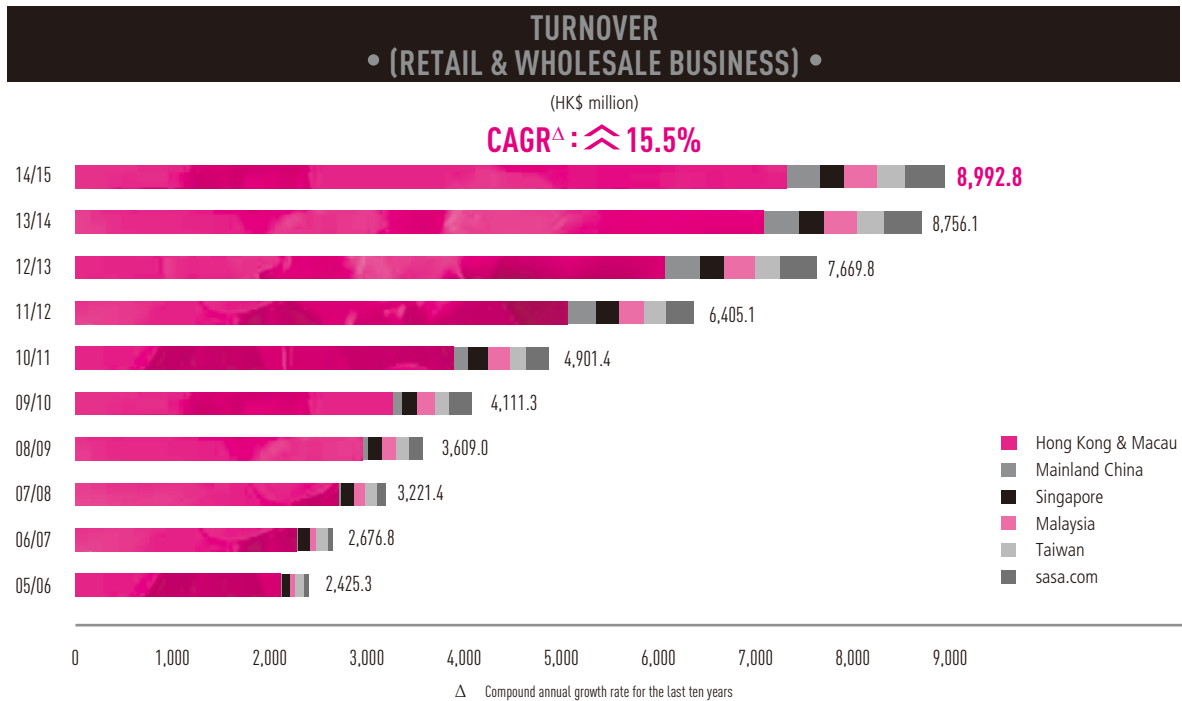
• CONSOLIDATED STATEMENT OF FINANCIAL POSITION •

Total assets	3,390,073	3,237,427	2,797,241	2,466,500	1,876,511	1,569,485	1,408,912	1,436,062	1,414,726	1,367,769
Total liabilities	(915,565)	(912,298)	(821,767)	(835,676)	(523,818)	(384,711)	(291,856)	(333,967)	(471,193)	(457,813)
Net assets	2,474,508	2,325,129	1,975,474	1,630,824	1,352,693	1,184,774	1,117,056	1,102,095	943,533	909,956
Shareholders' funds										
Share capital	284,468	284,306	282,691	281,467	280,253	139,131	138,125	137,894	136,862	134,711
Reserves	2,190,040	2,040,823	1,692,783	1,349,357	1,072,440	1,045,643	978,931	964,201	806,671	775,245
Total equity	2,474,508	2,325,129	1,975,474	1,630,824	1,352,693	1,184,774	1,117,056	1,102,095	943,533	909,956

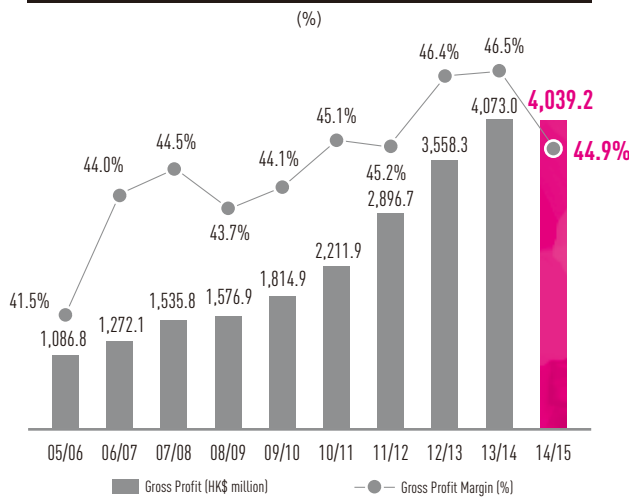
• CONSOLIDATED STATEMENT OF CASH FLOWS •

Net cash generated from operating activities	1,069,606	1,021,080	846,245	639,477	443,103	414,655	334,498	328,320	234,262	226,264
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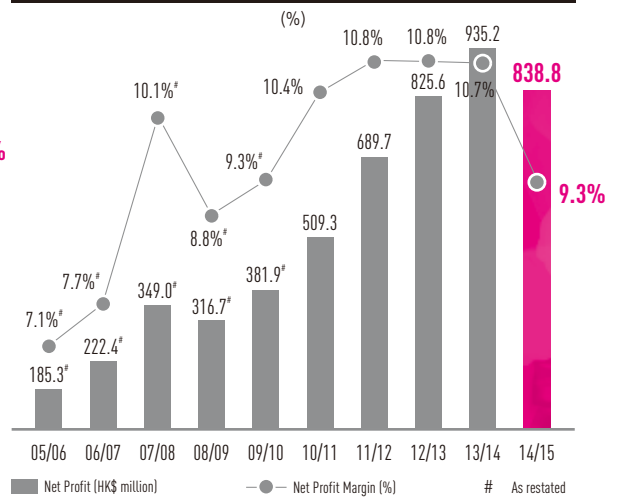
Ten-Year Financial Summary



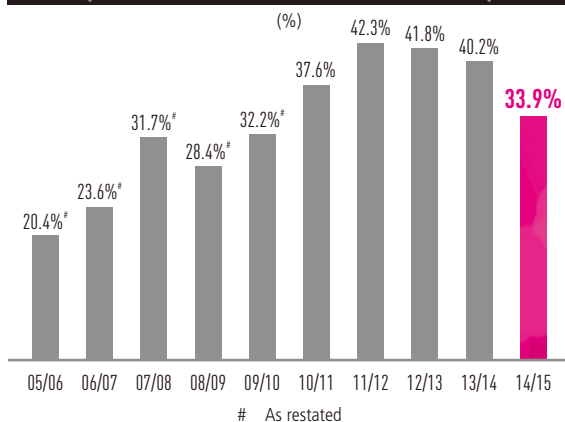
GROSS PROFIT AND GROSS PROFIT MARGIN (RETAIL & WHOLESALE BUSINESS)



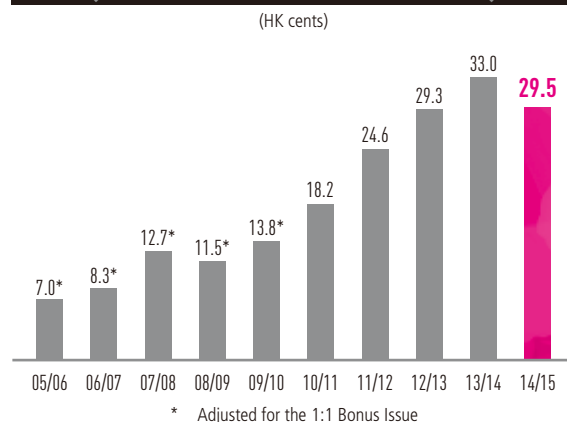
NET PROFIT AND NET PROFIT MARGIN (RETAIL & WHOLESALE BUSINESS)



RETURN ON EQUITY (RETAIL & WHOLESALE BUSINESS)



BASIC EARNING PER SHARE (RETAIL & WHOLESALE BUSINESS)



Ten-Year Financial Summary

• PER SHARE DATA AND KEY RATIOS •

	2015	2014	2013	2012	2011	(Note 1) Restated 2010	(Note 1) Restated 2009	(Note 1) Restated 2008	(Note 1) Restated 2007	(Note 1) Restated 2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Basic earnings per share (HK cents) (Note 2)										
– Continuing operations	29.5	33.0	29.3	24.6	18.2	13.8	11.5	10.1	8.2	7.3
– Discontinued operations	–	–	–	–	–	–	–	2.6	0.1	(0.3)
	29.5	33.0	29.3	24.6	18.2	13.8	11.5	12.7	8.3	7.0
Diluted earnings per share (HK cents) (Note 2)										
– Continuing operations	29.5	32.9	29.2	24.4	18.1	13.7	11.5	10.1	8.1	7.2
– Discontinued operations	–	–	–	–	–	–	–	2.6	0.1	(0.3)
	29.5	32.9	29.2	24.4	18.1	13.7	11.5	12.7	8.2	6.9
Return on equity	33.9%	40.2%	41.8%	42.3%	37.6%	32.2%	28.4%	31.7%	23.6%	20.4%
Dividend per share (HK cents) (Note 2)										
Basic	14.0	13.5	7.5	5.5	4.0	4.0	4.0	4.0	4.0	4.0
Special	9.5	10.0	13.5	12.0	10.0	10.0	7.5	6.5	4.5	4.5
Total	23.5	23.5	21.0	17.5	14.0	14.0	11.5	10.5	8.5	8.5
Dividend payout ratio	79.7%	71.4%	71.9%	71.4%	77.1%	102.0%	100.3%	83.0%	104.5%	123.6%
Dividend yield as at 31 Mar (Note 2)	6.2%	3.8%	2.8%	3.9%	3.5%	4.6%	9.5%	7.2%	7.4%	6.1%
Closing share price as at 31 Mar (HK\$) (Note 2)	3.79	6.22	7.51	4.50	3.97	3.03	1.21	1.45	1.15	1.40
Price/Earnings (times)	12.8	18.8	25.7	18.3	21.8	22.0	10.5	11.4	13.8	19.9
Net asset value per share (HK\$) (Note 2)	0.87	0.82	0.70	0.58	0.48	0.43	0.40	0.40	0.34	0.34
Current ratio (times)	3.31	3.05	2.82	2.47	3.09	3.57	4.31	3.76	2.64	2.61
Gearing ratio	–	3.4%	–	–	–	–	–	–	–	–

• OPERATIONAL DATA •

Number of retail outlets	287	280	260	249	205	173	150	124	104	83
– Multi-brand “Sasa” stores	281	271	249	227	181	150	125	110	96	81
– Single-brand stores/counters	6	9	11	22	24	23	25	14	8	2
Total gross retail area (rounding to the nearest thousand sq. ft.) (Note 3)	628,000	648,000	572,000	513,000	367,000	298,000	245,000	226,000	206,000	182,000
Stock turnover days	102	107	110	124	109	90	84	94	90	89
Number of employees (rounding to the nearest hundred)	5,000	5,000	4,800	4,300	3,500	2,800	2,600	2,300	2,000	1,900

Note:

- In FY2010/11, The Group had changed its accounting policy for measurement of leasehold building to cost less accumulated depreciation (“cost model”) instead of fair value amounts less subsequent depreciation. This change meant that the building component and the more significant land component of property leases were measured on the same cost basis. The change had been applied retrospectively to remaining useful lives at the date of change of accounting policy.
- Figures from 2006 to 2010 has been adjusted for the 1:1 Bonus Issue.
- The information on retail space provided is intended to allow the readers to appreciate the growth in retail network and the size of retail space only. As there are significant variation in sales per square foot between stores of different store sizes, as well as stores in different countries and location, the retail space information provided should not be used to analyse the trend on sales per square foot.

FOOTPRINT IN ASIA

287 points of sales*

• GROUP RETAIL NETWORK IN ASIA •

As at 31 March 2015

	Multi-brand "Sasa" Stores	Single-brand Stores/Counters
Hong Kong & Macau	107	3
Mainland China	62	3
Singapore	21	–
Malaysia	59	–
Taiwan	32	–
Total	281	6

• MAINLAND CHINA •

62 "Sasa" stores
3 Single-brand counters

• HONG KONG & MACAU •

107 "Sasa" stores
3 Single-brand counters

• TAIWAN •

32 "Sasa" stores

• MALAYSIA •

59 "Sasa" stores

• SINGAPORE •

21 "Sasa" stores

*As at 31 March 2015



“ True beauty is

TIMELESS”

— Marilyn Monroe —

FRAGRANCE

makes you

CH





ARM

AWARDS AND RECOGNITION

• CORPORATE GOVERNANCE AND MANAGEMENT •



The Group won the following awards at *IR Magazine Awards – Greater China 2014*:

- **Grand Prix for Best Overall Investor Relations (Small or Mid-cap)**
- **Best in Sector (Consumer Discretionary)**
- **Best Investor Relations by a Hong Kong Company**
- **Best Investor Relations Officer (Hong Kong)**
Ms Tiffany Cheung, Vice President of Corporate Communications and Investor Relations
- **6th in Greater China Ranking**
- **11th in All-Asia Ranking**

The Group was awarded the following awards in the mid-cap category at the inaugural Investor Relations Awards organised by *Hong Kong Investor Relations Association*:

- **Overall Best IR Company**
- **Best IR Company**
- **Best IR by Chairman/CEO** – Dr Simon Kwok, Chairman and CEO
- **Best IR by CFO** – Dr Guy Look, CFO and Executive Director
- **Best IRO** – Ms Tiffany Cheung, Vice President of Corporate Communications and Investor Relations
- **Best IR Presentation Collaterals**



The Group was named the **Best Investor Relations Company (Hong Kong)** in the Asia Excellence Award by *Corporate Governance Asia Magazine* for four consecutive years.

Dr Guy Look, Chief Financial Officer and Executive Director, was named the **Asia's Best CFO (Investor Relations)**.



The Chairman and Chief Executive Officer Dr Simon Kwok, *BBS, JP*, has been awarded the **"CAPITAL Leaders of Excellence 2014"** by *CAPITAL Magazine*.

Awards and Recognition

• CORPORATE GOVERNANCE AND MANAGEMENT •



The Group received **"Big Data Analysis Award 2014 on Retails"** from the China and Hong Kong Enterprise Market Development Association ("EMDA").



The Group was named **"Best of the Best Managed Company in Hong Kong - Medium Cap"** by *Asiamoney*.

The Group received the following six rankings in "2014 All-Asia Executive Team Rankings" by *Institutional Investor Magazine*:



- **31st in Asia's Most Honored Companies**
- **6th in the Best Companies by Country**
- **Best Investor Relations (Consumer Sector) 1st Place (nominated by the Sell Side)**
- **Best CFO (Consumer Sector) 1st Place – Dr Guy Look (nominated by the Sell Side)**
- **Best CFO (Consumer Sector) 3rd Place – Dr Guy Look (nominated by the Buy Side)**
- **Best Investor Relations Professional (Consumer Sector) 2nd Place – Ms Tiffany Cheung (nominated by the Sell Side)**

The Group received the **"Citation for Corporate Governance Disclosure Award"** for the second consecutive year in the "2014 Best Annual Reports Awards" organised by the *Hong Kong Management Association*.



Awards and Recognition

• CORPORATE GOVERNANCE AND MANAGEMENT •

The Group's "Sense of Style, Partner in Beauty" Annual Report 2013/14 has won three notable awards in the **2014 Galaxy** and **2014/15 Mercury Excellence Awards**:

Awards	Categories
Galaxy Award – Gold	Annual Reports – Overall Presentation: Retail – Cosmetics
Galaxy Award – Silver	Annual Reports – Cover: Artistic/Illustrations
Mercury Excellence Awards – Honors	Annual Reports – Overall Presentation: Beauty/Cosmetics



The Group's "Beautiful Results For a Beautiful You" Annual Report 2012/13 has won two awards in the *2014 International ARC Awards*, including **Gold in Cover Photo/Design (International Retail Category)** and **Silver in Interior Design (Retail – Specialty Stores)**.



Awards and Recognition

• BRAND RECOGNITION •

The Group was named one of the **"Most Popular Retailers in Hong Kong"** in the "2014 Most Popular QTS Merchant Award (Online Voting)" organised by the *Quality Tourism Services Association*.



The official Weibo account of Sa Sa's online shopping platform sasa.com topped the **"Weibo Ten Most Influential Hong Kong Corporations"** List for the first time at the Weibo Star 2014 Award Ceremony hosted by *Sina Hong Kong*.

The Group has been awarded **"Hong Kong Consumers' Most Favorable Retail Brands Award"** and **"PRC Consumers' Most Favorable Hong Kong Brands Award"** in the "Prestigious Corporate Brand Awards 2014" organised by *Ming Pao* and *Chinese University of Hong Kong*.



The Group won five awards in the inaugural "Business Excellence Awards 2014" organized by *The Professional Validation Centre of Hong Kong Business Sector*, including **"Business Excellence Award"**, **"Sincere Service Excellence Award"**, **"Creative Strategies Excellence Award"**, **"Social Service Excellence Award"**, and **"Environmental Enterprise Excellence Award"**.

Awards and Recognition

• BRAND RECOGNITION •



The Group continued to be named **"Retail Asia-Pacific Top 500"** and **"Hong Kong Top 10 Retailers"** by *Retail Asia Magazine* and *Euromonitor*.



The Group has been recognised as one of **"The Greater China Super Brands 2014"** for the second consecutive time by *East Week Magazine*.

The Group was awarded the **"Outstanding Corporate Image Award 2014"** by *TVB Weekly*.



The Group was named as one of the **"Hong Kong Star Brands (Enterprise)"** in the "Hong Kong Star Brands Awards 2014", organised by the *Hong Kong Small and Medium Enterprises Association* and co-organised by *Hong Kong Trade Development Council* and the *Hong Kong Productivity Council*.



Awards and Recognition

• SERVICE EXCELLENCE •

The Group received the following awards in the Cosmetics, Personal Care Products and Specialty Store category at Outstanding QTS Merchant and Service Staff Awards 2015, organised by the *Quality Tourism Service Association (QTAS)*:

- **Outstanding QTS Merchant Award – Silver** (La Colline)
- **Outstanding QTS Merchant Award – Bronze** (Sasa)
- **Outstanding QTS Merchant Service Staff Award – Gold, Silver and Bronze** in frontline staff category and two **Gold Awards** in supervisory staff category.



In the “46th Distinguished Salesperson Award” organized by the *Hong Kong Management Association*, five beauty consultants of the Group stood out among 206 industry professionals and won the “**Distinguished Salesperson Award**”.



東周刊 香港服務大獎 2015
East Week Magazine Hong Kong Service Awards 2015



The Group has been first awarded the “**Hall of Fame Award**” at the Hong Kong Service Awards 2015 organised by *East Week Magazine*. In addition, the Group has been recognised as the “**Chinese Visitors’ Choice**” for the seventh time. This also marked the fifth consecutive year the Group has received such recognition, hence, the “**Outstanding Honorary Award**” was given to honor its outstanding performance.

Awards and Recognition

• SERVICE EXCELLENCE •

Our Shop Supervisor received **"Gold Award in Counter Service (Individual Award)"** in the "Customer Service Excellence Award 2014" organised by the *Hong Kong Association for Customer Service Excellence*.



Our Assistant Shop Supervisor honored **"Service and Courtesy Award 2014" in the Supervisory Level of the Beauty Products/Cosmetics Category** by the *Hong Kong Retail Management Association*.

• CORPORATE SOCIAL RESPONSIBILITY •



The Group received the **"10 Year Plus Caring Company Logo"** by the *Hong Kong Council of Social Service*.



The Group was accredited as **Manpower Developer** from 2015 to 2017 by the *Employees Retraining Board*.



Hang Seng Corporate Sustainability Index Series Member 2014-2015



The Group was a constituent member of the **Hang Seng Corporate Sustainability Benchmark Index** for the fourth consecutive year.

Awards and Recognition

• CORPORATE SOCIAL RESPONSIBILITY •



Sa Sa received the **CSR Index Plus Mark** published by *Hong Kong Quality Assurance Agency*, in recognition of its achievements in sustainable development.



The Group has participated in the “Low-carbon Office Operation Programme (LOOP) Labelling Scheme” organized by *WWF-Hong Kong* for the third consecutive time. It was rewarded the **Gold Certified Label** in recognition of its active promotion and execution in energy conservation.



The Group has achieved the **Certified Label** for the second consecutive time in the “Green Office Awards Labelling Scheme” organized by *World Green Organisation (WGO)* and *Junior International Chamber (JCI) North District*, in recognition of its effort in driving Hong Kong towards a low carbon city.



The Group has participated in the “**Green Office Awards Labelling Scheme**” and was also rewarded the **United Nations Millennium Development Goals (UNMDG)-Better World Company Label**.



The Group is a **Silver Member** of the WWF-HK and was obtained certification, and it will further support the organisation in continuing to promote environmental education and conservation programmes within Hong Kong’s community.



The Group has participated in the **CarbonSmart Programme** organized by the *Hong Kong Productivity Council* and obtained label certification.

Awards and Recognition

• AWARDS PRESENTED TO SA SA'S EXCLUSIVE PRODUCTS •



• HONG KONG •

• ELLE Beauty Awards 2015

Suisse Programme Collagex Face
Renewing Mask

The Best Renewing Products

• Harper's BAZAAR Beauty Awards
2015 – Red List

Suisse Programme Hydrating
Solution Cream

Winner

• More – The 13th Beauty Product
Award

banila co. Prime Primer BB Cream
SPF37 PA++

My Favourite BB Cream

• U Beauty Awards 2014 – Fall &
Winter

banila co. it Radiant CC Cream
SPF 30 PA++

My Favourite CC Cream

• Cosmopolitan Best of the Best
Beauty Award 2014

Elizabeth Arden Visible
Whitening Intense Brightening
Biocellulose Mask

Best Whitening/Brightening Mask

• East Week Beauty Award 2014

NUXE Huile Prodigieuse Multi-
Usage Oil

Best Multi-purpose Skincare

• Jessica Code Best Seller 2014

Caudalie Beauty Elixir

• U Beauty Awards 2014 – Spring &
Summer

banila co. Prime Primer Finish
Powder

My Favorite Powder

• MAINLAND CHINA •

• 2014 Mina Beauty Award

Suisse Programme Hydra Solution
Refining Foaming Cleanser

Top 10 Best Face Wash

• China Cosmetics Review –
Best Cosmetics of 2014

Méthode SWISS ESSENTIAL CARE
Cleansing Foamer

Gentlest Cleaning Product

Awards and Recognition



• SINGAPORE •

- Singapore Women's Weekly - Best Beauty Buy 2015

THE BALM Cindy Lou-Manizer

Best Highlighter

CYBER COLORS Super Stay Gel Liner 01 Black

Best Eyeliner Gel/Cream

Collistar Brightening Bust & Decollete Firming Gel

Best Bust Care

- Cosmopolitan Singapore Annual COSMO Hair Awards 2014

GOSH Professional Argan Oil

Best Oil for Coloured Hair

- Cosmopolitan Fragrance Awards 2014

Trussardi My Name

Most Romantic Scent

Collistar Talasso Scrub

Best Scent in a Body Scrub

Armand Basi Rose Lumiere

Most Crowd Pleaser

• MALAYSIA •

- CLEO Beauty Hall of Fame 2014

Neogence Mineral Micro-Scrub Exfoliation Cream

Best Exfoliator

- The Malaysian Women's Weekly – Best Beauty Buys 2014

Suisse Programme Collagex Premier Global Lift Concentrate

Best Face-shaping Serum

- female/ EH/ NuYou Magazines – Beauty Best-Sellers 2013

DR. WU Intensive Renewal Serum with Mandelic Acid 18%

Beauty Best-Seller

Méthode SWISS Thermal White Overnight Intensive Repair Mask

Beauty Best-Seller

• TAIWAN •

- GQ Men's Care Awards 2014

Armand Basi Wild Fores

- The Best Product of FashionGuide 2014

Goodskin Labs Pore-365 All Over Pore Reducing Serum



COSMETICS

makes you

IRRESISTIBLE



MILESTONES

• 1978 •



• 1978 •

- Mrs Eleanor Kwok and Mr Simon Kwok began their cosmetics retail business from a 40-sq. ft. "Sa Sa" counter in Hong Kong.

• 1990 •

- First "Sa Sa" standalone highstreet store in Causeway Bay, Hong Kong.

• 1992 •

- First branch store in Tsim Sha Tsui, Hong Kong.

• 1998 •

- First store in Malaysia.

• 1997 •

- Listed on the Main Board of the Stock Exchange in June with an oversubscription rate of more than 500 times.
- First store in Macau, Taiwan and Singapore.



• 2000 •



- Opening of the first La Colline specialty store.
- Launch of sasa.com to offer round-the-clock on-line shopping of beauty products.

• 2002 •

- Appointed as sole agent for a leading global prestige brand, Elizabeth Arden, in Hong Kong and Macau.



• 2006 •

- First Suisse Programme beauty counter in Mainland China.

• 2005 •

- First Mainland store in Shanghai, China.

• 2007 •

- 10th anniversary of Macau, Taiwan and Singapore Sa Sa.

• 2008 •

- 10th anniversary of Malaysia Sa Sa.
- The Group's 100th store in Asia.

• 2009 •

- First Suisse Programme specialty store in Hong Kong.

Milestones

»» **• 2010 •**

- Opened "Sasa" stores in Tianjin, Yichang, Ningbo, and Shaoxing, with footprint in more than 10 cities in Mainland China.

»» **• 2011 •**

- The Group's 200th store in Asia.
- Became a constituent member of the "Hang Seng Corporate Sustainability Benchmark Index".




»» **• 2013 •**

- 35th anniversary of the Group.
- Opening of Sa Sa Supreme, the first lifestyle concept store in Asia Pacific, in Causeway Bay, with approximately 20,000 sq. ft.
- Opened first "Sasa" stores in Changsha, Nanjing, Dongguan, Chengdu and Zhuhai in Mainland China.
- The Group's 100th stores in Hong Kong.
- "Sa Sa Making Life Beautiful Charity Fund" was founded.

«« **• 2012 •**

- First store in Dalian, Jinjiang and Harbin, China.
- Opening of a store in Jordan, Hong Kong, with 12,000 sq. ft., which was Asia's largest flagship store.

»» **• 2014 •**



- Title sponsor for the "Sa Sa Ladies' Purse Day" for ten consecutive years.
- Opened first "Sasa" stores in Zhongshan, Xi'an, Wanning, Jiangmen, Foshan, Fuqing in Mainland China.

»» **• 2015 •**



- The Group launched a new brand image, promoting the pursuit of beauty for women.
- Sa Sa's online shopping platform sasa.com launched a regenerated Mainland China shopping website.
- 10th anniversary of Sa Sa entering Mainland China market.
- The official Weibo account of sasa.com topped the "Weibo Ten Most Influential Hong Kong Corporations" List.
- The Group received the "10 Year Plus Caring Company Logo" from the Hong Kong Council of Social Service.



“ I believe in **P!NK** ...

I believe that happy girls are
the prettiest girls... ”

— Audrey Hepburn —

CYBER COLORS
makes you

ELEC



GANT



CHAIRMAN'S STATEMENT

“We will continue to invest in order to sustain growth now and in the future.”

— **Dr Simon Kwok**, *BBS, JP*
Chairman and Chief Executive Officer

I am pleased to report that Sa Sa International Holdings Limited continued to deliver sales growth for the year ended 31 March 2015 (the “fiscal year”) despite a challenging environment. Against the backdrop of weaker consumption sentiment and a continuing slowdown in growth of Mainland Chinese tourist spending, turnover reached HK\$8,992.8 million, an increase of 2.7% while profit decreased by 10.3% to HK\$838.8 million. Our footprint continued to expand, and our network now comprises 287 stores across the region.

The Group is committed to generating sustained and consistent returns for our shareholders. The Board of Directors is pleased to propose a final dividend of 9.0 HK cents per share and a special dividend of 5.5 HK cents per share, making total annual dividend for the fiscal year 23.5 HK cents per share after taking into account the interim dividend of 5.0 HK cents per share paid together with a special dividend of 4.0 HK cents per share.

• SLOWER GROWTH IN A CHANGING MARKET •

In our core market of Hong Kong and Macau, retail sales have grown over the years alongside increased tourist traffic, mainly driven by growing numbers of Mainland Chinese arrivals with more propensity for shopping than other tourists. However, this reliance on Mainland Chinese visitors for sales growth also means that the Hong Kong retail market has become vulnerable to a potential slowdown in arrivals.

From the third quarter of the fiscal year onwards, we recorded our first ever negative growth. This was not only due to an overall slowdown in Mainland China tourist arrivals, but also to structural changes in the patterns of these arrivals, including the mix of shorthaul and longhaul tourists, overnight and sameday tourists, and the evolving profile of these tourists and their spending patterns. These challenges were exacerbated by a number of social and political issues within Hong Kong that came to the fore during the period. A further challenge was Hong Kong's strong currency, which made some tourist destinations outside Hong Kong more attractive than in the past for both local and Mainland tourists.

However, despite the relatively modest short-term outlook for Mainland Chinese tourist arrivals, the cosmetics industry in Hong Kong remains comparatively resilient and Hong Kong continues to have the competitive advantage of being adjacent to southern China.

Chairman's Statement

Over the fiscal year, we aligned our business operations to respond to these current tourism trends and to increase our traffic. We implemented a more cautious store opening strategy and consolidated our network to be more cost effective and strategically positioned to meet local consumer demand and the changing patterns of Mainland Chinese arrivals. Currently, we are in the process of re-mapping our product strategy towards capturing new demand, which will allow us to maintain our brisk sales growth trajectory. This strategy includes enhancing the competitiveness of our product portfolio in terms of product emphasis, display, variety and pricing. We are also moving forward with our plan to seize the opportunities of O2O and cross-border e-commerce, beginning in Hong Kong and gradually extending the initiative to our markets outside Hong Kong.

Our overseas markets outside Hong Kong and Macau showed mixed progress during the year due to personnel and execution issues. Group turnover from markets outside Hong Kong and Macau increased marginally by 0.1% from HK\$1,634.0 million to HK\$1,636.1 million. We will endeavour to build our base for future growth outside our Hong Kong core market by committing more management resources, improving the management structure and improving scalability by investing in business processes and automation.

In the Mainland China market, we continued to adjust our strategies to adapt to this important and evolving market. Our store refurbishment drive remains on track to yield a faster payback and to help narrow losses and improve contributions. We are particularly targeting our retail network in the Southern cluster where Sa Sa enjoys higher brand awareness, in order to build our effectiveness and scalability. Overall, we are improving our product offerings to attract traffic and build our customer base.

Our performance in the Malaysia and Singapore markets was impacted by the Malaysia Airlines missing plane tragedy, which not only had a negative effect on the tourism industry but also led to weaker consumption sentiment. By contrast, in the Taiwan market we were able to make use of our experience in Hong Kong to capture growth from the increasing number of Mainland Chinese tourists.

In our e-commerce business, we continued to leverage on Sa Sa's trustworthy brand, the price competitiveness of sasa.com as compared to other online shopping sites in Mainland China, and our unique product portfolio. E-commerce in China continues to grow rapidly, with keen market competition not only offering challenges but also providing opportunities by driving the growth of the overall market. The market is expected to see more regulatory changes, putting pressure on change management but as a whole being positive for the industry.

We recognize that deep understanding of Chinese online consumers' needs and habits is vital to drive growth and enhance customer engagement. We are therefore committed to increasing our marketing capability and product offerings through an effective communications approach and enhanced technology. We have just launched our new Mainland China shopping site, a new mobile site and new launches in the pipeline include a major O2O initiative using WeChat and a mobile app. Meanwhile, we are investing in human resources and in our knowledge base to retain our competitive edge and help us drive the growth of our business. Our online team in both China and Hong Kong has grown not only in terms of numbers but also of capabilities.



Chairman's Statement

• PATHWAY TO THE FUTURE •

Looking ahead, the fiscal year of 2015/16 will be a difficult one for the Hong Kong retail market and will present many challenges. Some of these challenges may offer opportunities, for example cross border e-commerce facilitated by Free Trade Zones. Overall, we expect a slower pace of Mainland Chinese tourist arrivals coupled with weaker individual spending. In our view, local consumption sentiment will be boosted by a robust stock market while a strong Hong Kong/US dollar will make shopping overseas more attractive for both local and Mainland Chinese consumers.

The political situation in Hong Kong will add uncertainties to a slower retail market, with price competition also adding margin pressures. Continued fast changes in consumer preferences and the anti-corruption campaign in Mainland China will further complicate the picture.

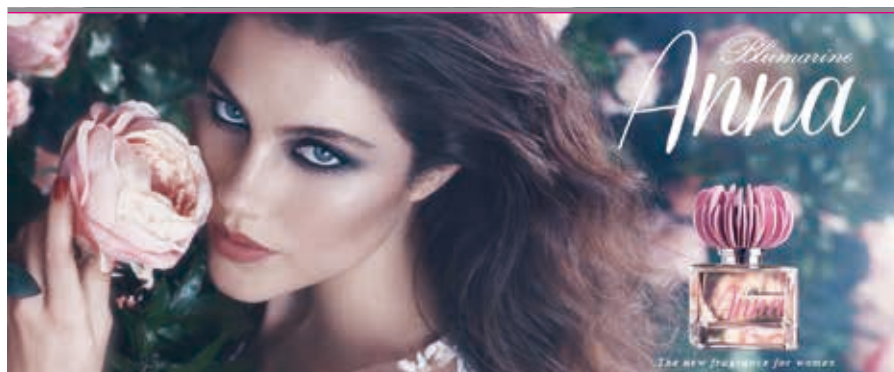
In the face of these challenges, the Group will continue to build our competitiveness to achieve sustained growth by enriching our product portfolio, strengthening our cooperation with suppliers, enhancing our service standards, refurbishing our retail network and mitigating rental costs. These measures will ensure that we continue to offer an extraordinary shopping experience to our customers and fortify our position as the leading cosmetics retailer in Asia.

• IMPLEMENTING OUR VISION •

In view of the popularity of Korean cosmetic products, and to cater to rapidly changing customer preferences, we are enriching our Korean product portfolio across all product sources, including house brands and non house brands. Meanwhile, to capture the demand of Mainland Chinese day visitors who tend to purchase lower priced products, as well as to encourage the spending sentiment of local customers, we are introducing more promotion/discounts and lower-priced products. We will forge closer partnerships with suppliers and Korean beauty brands while continuing to enhance branding and marketing initiatives for our owned brands, thereby contributing to the profit margin of the Group.

Service excellence is always the number one core value of Sa Sa, helping us to gain continued trust from local and overseas customers and to cement Sa Sa as a top-of-the-mind brand in the market. In order to maintain this position, our training, incentives and services are all evolving to cater for changing product offerings that align with developments in consumer preferences -- both in terms of product affinity and shopping experience. This year, as a reflection of our commitment to deliver service excellence, our shop supervisor and beauty consultants received a number of high-profile accolades from the industry, including "Service and Courtesy Award" in the Hong Kong Retail Management Association "2014 Mystery Shoppers' Programme", "Distinguished Salesperson Award" in the Hong Kong Management Association "46th Distinguished Salesperson Award", and "Gold Award in Counter Service" in The Hong Kong Association for Customer Service "2014 Excellence Customer Service Excellence Award".

In terms of our retail network and rental costs, we are closely monitoring the slowing luxury retail market and reassessing our retail network with the aim of exploring districts that will deliver continuous growth for targeted store expansion, such as the New Territories districts near the Mainland border. At the same time, we are rationalizing our stores in those tourist districts in which "Sasa" stores are concentrated as a result of rapid growth over the past decade, such as Causeway Bay, Tsim Sha Tsui and Mongkok. This reassessment will provide us with opportunities to further streamline our costs structure.



Chairman's Statement

O2O and cross border e-commerce will give us further opportunities to drive sales growth, with significant initial contributions from our O2O efforts in Hong Kong eventually extending to other markets. Our long term goal is to provide a more complete shopping experience and to reach out further to cross-border customers in order to broaden our customer base and to drive sales through O2O. We will devote more resources to driving our O2O operating capabilities to benefit from the strengthening of our customer base. In so doing, we aim to generate higher turnover and profit contribution from all existing markets outside Hong Kong including our online business.

• MID- TO LONG-TERM OUTLOOK •

We are cautious on the short-term outlook but are optimistic on the long-term sustainability of our business, not just in our Hong Kong stores, but also for both the offline and online environments and throughout the region.

We base this optimism on the fast-growing Mainland Chinese middle class whose levels of affluence will steadily rise, and who will continue to increase their spending. Hong Kong will become further integrated into China through enhanced transportation such as the high-speed rail link and the Hong Kong-Zhuhai-Macau bridge. The new Free Trade Zone in Guangdong will further integrate Guangdong and Hong Kong, offering mutual economic and tourism benefits.

In addition to the long term resilience of our business in Hong Kong and Macau, we are also cautiously optimistic about our O2O business throughout the Asia region supported by our increasing resources and strategic planning. We aim to respond to forthcoming market challenges with flexibility and decisiveness, and expand according to a strategy that is both disciplined and forward thinking.

Leveraging on the solid foundation and experience of our Hong Kong core market, the Group is committed to strengthening the operations of our overseas markets as well as our online market, achieving growth in sales and market share while fine-tuning our strategic development to cater to the local market conditions of respective markets, and to increase their proportionate contribution. Going forward, we will continue to invest in standardizing, streamlining and automating operational and business processes, using IT technology to increase efficiency and control throughout the Group, in order to sustain growth now and in the future.

Finally, while as the Group continues to expand and grow, we take much pride in our commitments as a socially responsible corporate citizen. We are proud to have accelerated our programmes in this area as we embrace our belief in "from the community, for the community", which we firmly believe is key to sustainable business success.

• CONCLUSION •

The ability of Sa Sa to rise to the challenges of a constantly evolving and highly competitive market is due in no small measure to the extraordinary commitment, resourcefulness and cohesive teamwork of our colleagues and professional management team. I would like to take this opportunity to express my deepest appreciation to all those who have contributed to the Group's performance and long-term sustainable growth. No matter what challenges the future may bring, the Group's financial robustness, our adaptability and resilience, our strong governance and our development strategies will ensure that we are able to meet them. The Group has a long record of durability and success in all economic circumstances. We continue our commitment to the expansion of our business, providing outstanding customer services, offering a premium shopping experience for our customers, and upholding our position as a leading cosmetics retailer in the Asian region.



DR SIMON KWOK, BBS, JP
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Hong Kong, 25 June 2015



“You can be **GORGEOUS** at thirty,
CHARMING at forty, and
IRRESISTIBLE for the rest of your life.”

— Coco Chanel —



SUISSE PROGRAMME

makes you





HINE

MANAGEMENT DISCUSSION & ANALYSIS

• THE GROUP'S TURNOVER •

HK\$ 8,992.8 million

⌆
2.7%

• RETAIL SALES IN HK & MACAU •

HK\$ 7,259.4 million

⌆
3.3%

• THE GROUP'S PROFIT •

HK\$ 838.8 million

⌇
10.3%

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Full year		First half		Second half	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Turnover	8,992,837	8,756,105	4,226,004	3,899,125	4,766,833	4,856,980
Cost of sales	(4,953,590)	(4,683,118)	(2,339,129)	(2,068,384)	(2,614,461)	(2,614,734)
Gross profit	4,039,247	4,072,987	1,886,875	1,830,741	2,152,372	2,242,246
Other income	118,445	102,936	58,752	45,169	59,693	57,767
Selling and distribution costs	(2,816,699)	(2,728,230)	(1,358,107)	(1,288,060)	(1,458,592)	(1,440,170)
Administrative expenses	(349,957)	(341,209)	(184,183)	(167,618)	(165,774)	(173,591)
Other gains – net	752	7,022	(774)	4,010	1,526	3,012
Operating profit	991,788	1,113,506	402,563	424,242	589,225	689,264
Finance income	18,162	12,762	10,759	5,540	7,403	7,222
Finance costs	(458)	(305)	(394)	–	(64)	(305)
Finance income – net	17,704	12,457	10,365	5,540	7,339	6,917
Profit before income tax	1,009,492	1,125,963	412,928	429,782	596,564	696,181
Income tax expenses	(170,681)	(190,728)	(73,166)	(72,402)	(97,515)	(118,326)
Profit for the year	838,811	935,235	339,762	357,380	499,049	577,855

During the fiscal year, the Group's turnover rose 2.7% to HK\$ 8,992.8 million from HK\$8,756.1 million in the previous year. Retail sales in Hong Kong and Macau increased by 3.3% year-on-year from HK\$7,026.5 million to HK\$7,259.4 million. The Group's retail network expanded from 280 to 287.

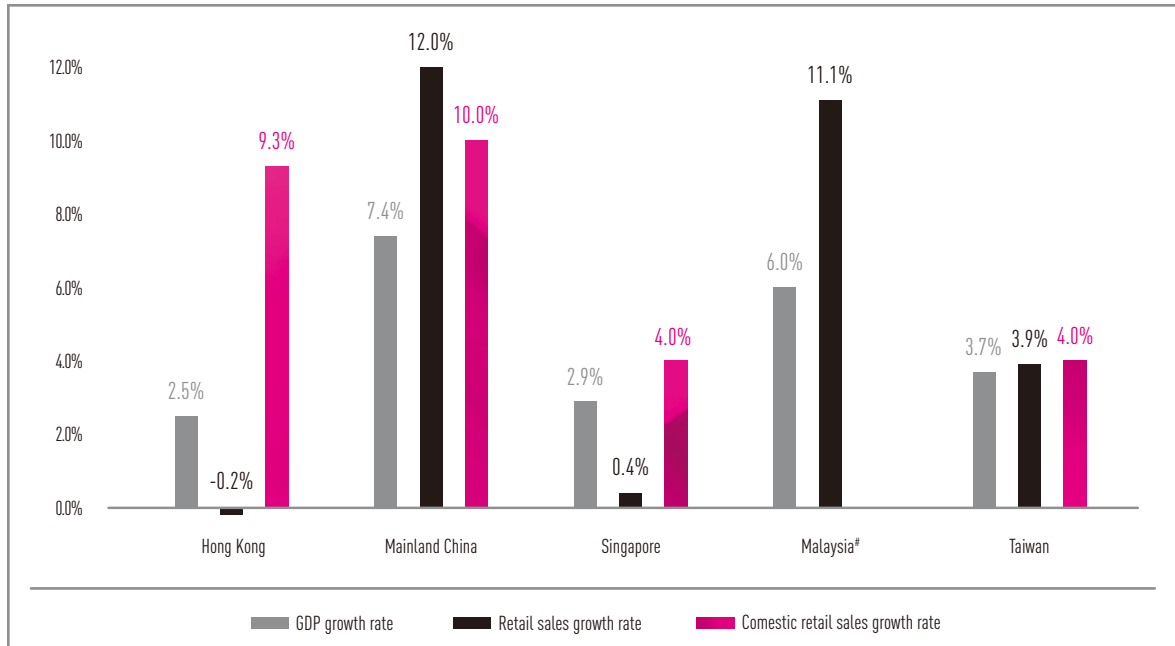
The Group's profit for the year was HK\$838.8 million, a decrease of 10.3% over the HK\$935.2 million achieved in the last fiscal year. Basic earnings per share were 29.5 HK cents, as compared to 33.0 HK cents in the previous year. The Group's gross profit margin for the fiscal year decreased from 46.5% last year to 44.9% this year. The Group's net profit margin decreased to 9.3% from 10.7%. Final and special dividends per share proposed are 14.5 HK cents.

The Group continued to attain a number of outstanding achievements during the year. In the "Retail Asia-Pacific Top 500" rankings of Retail Asia Magazine and Euromonitor in 2014, Sa Sa was recognised as a leading cosmetics retail chain in Asia and one of the top ten retail groups in Hong Kong. The Group was included as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index for the fourth consecutive year. Sa Sa also continues to be a constituent member of the Hang Seng Composite MidCap Index, and was included in the Hang Seng High Dividend Yield Index on 8 June 2015, and has become a qualified stock in the Shanghai-Hong Kong Stock Connect programme, being open for trading by investors in the Mainland Chinese stock market.

Management Discussion & Analysis

• MARKET OVERVIEW •

• GDP/RETAIL SALES/COSMETICS RETAILS SALES GROWTH BY MARKET, YEAR 2014 •

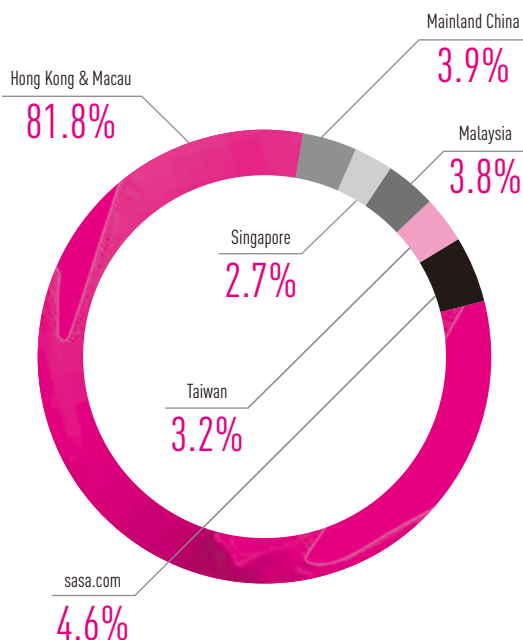


Notes:

- (1) All of the above data are sourced from the corresponding governments' statistics bureaus.
 - (2) There are some inconsistency in definition and survey methodology for cosmetics retail sales by different government statistics bureaus.
- # There were no cosmetics Retail Sales statistics provided from Malaysia Government.

• RETAIL AND WHOLESALE BUSINESS •

• FY14/15 TURNOVER MIX BY MARKET •



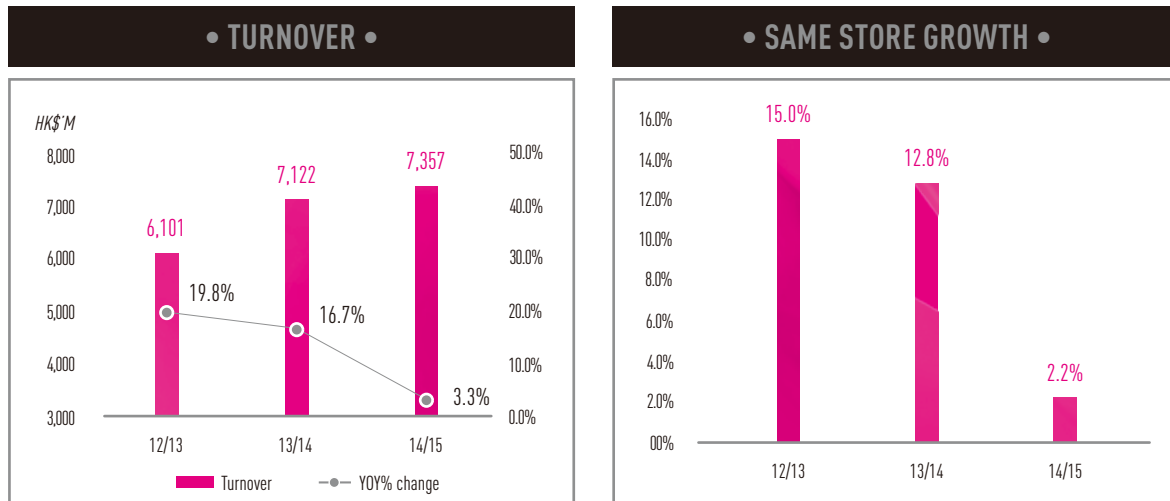
• STORE NETWORK BY MARKET •

No. of Retail Outlets	As of 31 Mar 14	Opened	Closed	As of 31 Mar 15
Hong Kong & Macau	106	9	(8)	107
Mainland China	61	15	(14)	62
Singapore	22	1	(2)	21
Malaysia	53	11	(5)	59
Taiwan	29	6	(3)	32
Total	271	42	(32)	281

Note: As at 31 March 2015, there were three single-brand stores in Hong Kong & Macau and three single-brand counters in Mainland China, totaling 287 retail outlets for the Group.

Management Discussion & Analysis

HONG KONG AND MACAU



During the fiscal year, Sa Sa continued to uphold its leading market position in Hong Kong and Macau, which once again were the primary contributor to the Group's turnover and profits. Turnover in Hong Kong and Macau increased by 3.3% year-on-year from HK\$7,122.1 million to HK\$7,356.7 million and same store sales rose 2.2%. The number of transactions rose 6.8% while the total average sales value per ticket decreased by 3.3%.

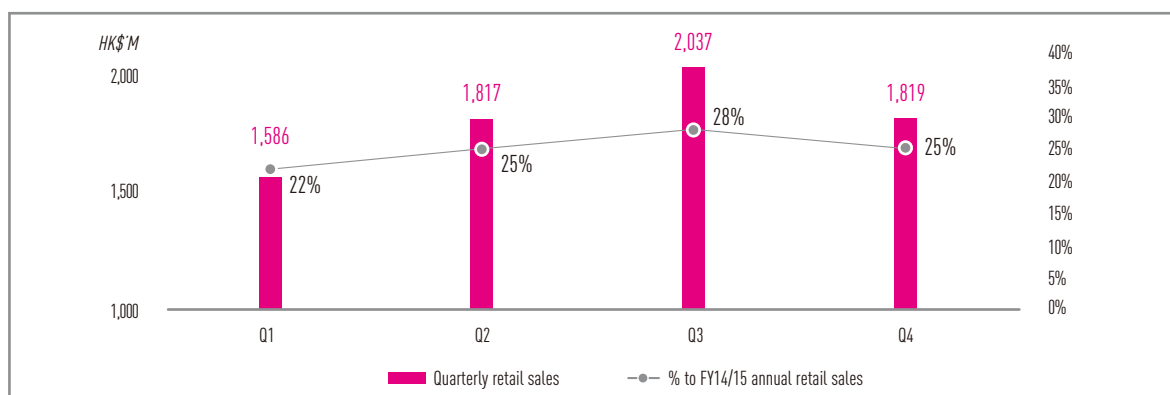
To place these figures in context, the number of transactions of Mainland China tourists increased by 17.4% while average sales value per ticket decreased by 11.3%. The number of transactions by local consumers declined slightly by 2.4% with an average spending increase of 4.3%. In short, sales growth for once lagged behind the market.

Our overall performance was impacted by a number of positive as well as some less helpful factors. Our retail sales remained on a relatively consistent upward path as the Group continued to benefit from the steady increase in sales to both local residents and Mainland tourists.

In 2014, Mainland tourist arrivals rose by a steady 16.0%. Same day visitor arrivals were still the leading engine of growth with an increase of 19.1%, raising sales in our non-tourist areas, particularly in the New Territories near the border with the rest of China.

However, this was offset by an 11.3% drop in the average ticket sales of Mainland tourist customers, which in turn was attributable to the weaker purchasing power of tourists originating from lower tier cities and having less spending capability. Another factor was the increasing demand for lower price point products, such as Korean products, which still diluted sales growth although driving store traffic. In addition, there was a higher sales mix from day trippers whose spending is generally lower than overnight tourists. The change in consumption patterns was further exacerbated by the rise of cross border e-commerce, which facilitated much faster market penetration of cheaper and fast to market Korean products with concepts that are well liked by Asians, and in particular the increasingly affluent Chinese consumers.

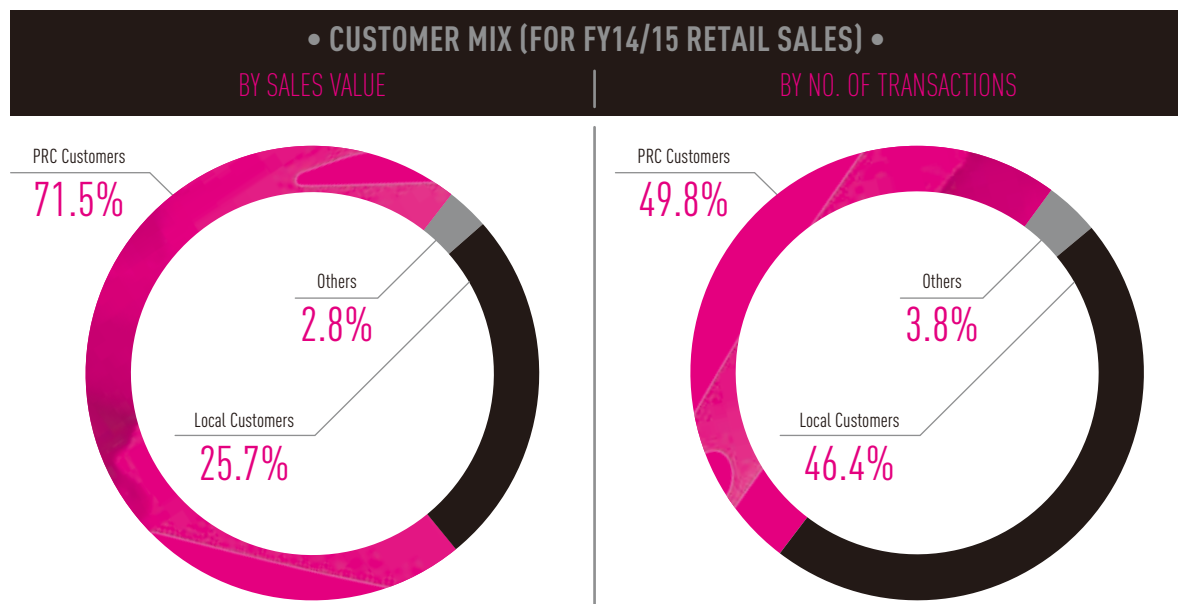
• FY14/15 RETAIL SALES BY QUARTER •



* The above data excludes the impact of deferred income adjustment on customer loyalty programme

Management Discussion & Analysis

Although we reported 10.2% retail sales growth in the first half of the fiscal year, sales were dragged by weaker consumer sentiment in the second half. Sales growth slowed in the third quarter and further deteriorated in the fourth quarter with March 2015 being especially weak because of anti-parallel goods traders incidents in residential areas, turning an otherwise positive January to February two months' period into negative territory for the fourth quarter.



In addition, the appreciation of the US dollar and the relative strength of the Renminbi and Hong Kong dollar encouraged more Mainland tourists to travel to markets with weaker currencies such as Europe and South Korea. The relaxation of visa policies by other countries strengthened their attractiveness to Mainland tourists, while strong outbound travelling led to weaker local spending. The Occupy Movement and anti-parallel goods traders incidents in Hong Kong damaged Hong Kong's profile and discouraged tourists while also causing a drop in sales to local customers.

Overall, profitability was pulled lower by margin pressures. The gross profit margin dropped from 46.6% to 44.8% due to more promotions being launched to drive sales in a slower market. Moreover, we introduced a higher non-house brand mix in some popular product categories, such as Korean products, in order to more rapidly respond to changes in consumer preferences. However, broadening our own house brand mix remains our strategy for the long term.

Further positive factors were the effectiveness of our operating costs' controls, which offset some of the margin pressures, and the overall consistent and disciplined management of our rental costs.

There was a net increase of only one "Sasa" store during the year, which is clear evidence of our efforts to optimise the productivity of our store portfolio as well as our stringent rental costs management.

MAINLAND CHINA

During the year, there was a decrease in overall sales growth due to the management's focus on rolling out boutique stores that make a higher profit contribution at the store level. Ten traditional stores that were under-performing and with operating losses were closed while 12 boutique stores were opened. The Group's turnover in Mainland China decreased by 4.6% to HK\$347.0 million, and same store growth decreased by 5.6% in local currency.

Although turnover slightly declined, boutique stores of a smaller size continued to contribute to overall profitability, which meant that operating losses were further narrowed. Overall, we continued to strengthen our presence in southern China.

Management Discussion & Analysis

OTHER REGIONS

We appointed a new Senior Vice-President in charge of Singapore, Malaysia and Taiwan last year to build the management team and competence, increase same store productivity and enhance our product portfolio. However, the initial performance of the team was impacted by the transitional management changes that accompanied this new appointment.

SINGAPORE

During the fiscal year, turnover for the Singapore market decreased by 2.6% in local currency to HK\$243.7 million. Same store sales dropped by 5.9% in local currency. The slower sales growth was mainly due to slower domestic income growth, resulting in weaker retail sentiment. Tourism was also affected by the tragedy of the missing Malaysian Airlines passenger plane, with the top two tourist originating countries of Indonesia and China both seeing shrinkage in arrivals during the year.

The challenge of filling vacancies for frontline staff and Singapore's acute manpower constraints adversely affected our store productivity. Moreover, persistent high rental costs and dilution of sales due to the excessive increase in overall Singapore retail space contributed to the losses.

MALAYSIA

Turnover in our Malaysia market increased 6.1% in local currency to HK\$340.3 million. Same store sales decreased 0.2% in local currency.

Our retail sales and profit growth were impacted by changes in the management team, which adversely affected store productivity and our performance during the transitional period. The missing Malaysian Airlines plane tragedy also caused a drop in tourism numbers.

We continued to expand our store network to provide enhanced service to our customers and to increase our competitiveness.

TAIWAN

Turnover in the Taiwan market during the year was HK\$289.2 million, a rise of 5.7% in local currency. Same store sales grew by 1.6% in local currency.

Sales were boosted by the enhanced house brand product mix and introduction of lower priced products and promotions, which drove traffic and sales through cross-selling. Our strategic store expansion plan began to bear fruit and we were able to capture the growth potential of increasing numbers of Mainland Chinese visitors.



Management Discussion & Analysis

E-COMMERCE – SASA.COM

Turnover for sasa.com amounted to HK\$416.0 million, a rise of 5.6% over the previous fiscal year. Our performance in the Mainland China market was boosted by more focus on flash sales and their associated purchases, enhanced marketing capability and optimisation of channel advertisements, as well as localised payment gateways. These positive factors were partially offset by declining sales in other markets due to resource re-allocation.

During the fiscal year, we optimised current marketing vehicles to drive sales, such as email marketing, search engine marketing, affiliate marketing and social media platforms. However, profitability was eroded due to increased investment and advertising and promotion expenses, such as search engine display advertisements.

However, we also enhanced brand awareness through a number of successful campaigns during the year. We launched an iPad app, which quickly attained a high sales participation and conversion rate. The iPad app received the “Best Retail Mobile Application” Award in the MobileWeb Awards 2014.

We further developed our social media platform partnerships with WeChat, Weibo and YouTube, with the number of our Weibo fans increasing from 1.4 million to 2.1 million. sasa.com was awarded “Weibo Star – Top 10 Most Influential Hong Kong Corporations” by Sina Hong Kong for the second consecutive year. In 2014, we were ranked in first place for the same award.

• BRAND MANAGEMENT •

Sa Sa’s brand management focuses on the management of own brands and international brands for which Sa Sa acts as sole agent or distributor in terms of brand building, marketing, sales and distribution.

During the year, the Group’s sales mix of owned brand, sole agent and exclusively distributed products, collectively referred to as House Brands, decreased from 44.2% to 43.3%.

This performance was due to several factors. In order to enhance product competitiveness to attract traffic in a slower market, we strategically broadened our choices to include more parallel import products that are faster time to market. High-price house brand products, which make up a larger percentage of our house brand sales mix, underperformed due to consumers preferring mid- to low-price products and Korean products.

The transitional change of management in our product development team adversely affected the timeliness of our response to this fast changing market. With Korean products outshining all others, we began to cater to the higher demand for Korean products by launching a wider range of Korean product offerings, with the result that their sales rose 46.8% in Hong Kong and Macau. However, sales of non-house brand Korean products continued to outgrow our house brand Korean products.



Management Discussion & Analysis



• OUTLOOK AND STRATEGIES •

The Group expects the coming fiscal year will continue to be challenging. However, some of these challenges may offer opportunities, such as cross-border e-commerce facilitated by Free Trade Zones. We expect the pace of Mainland China tourist arrivals will continue to slow and that local consumption sentiment will remain weak. A strong Hong Kong dollar will continue to make shopping overseas more attractive for Mainland Chinese and local consumers, while price competition will add pressures to a slower market. The social and political situation in Hong Kong, possible policy revisions on cross border e-commerce and the ongoing pace of change in consumer preferences may add further uncertainties to the slower retail market environment. As a result, our FY15/16 quarter-to-date (i.e. period up to 21 June 2015) retail sales and same store sales in Hong Kong and Macau declined by 7.6%[^] (FY14/15 1st Quarter: +5.9%[^]) and 5.8%[^] (FY14/15 1st Quarter: +1.9%[^]) year-on-year respectively.

In order to meet these challenges, the Group will focus on tapping the opportunities of O2O and cross-border e-commerce. Our O2O initiatives will initially launch in Hong Kong and gradually extend to our markets outside Hong Kong. Our long-term e-commerce goal is to allocate more resources to drive our O2O operating capabilities, thereby benefiting both the turnover and profit contribution from all existing markets including our online business.

In addition, we will make further efforts to strengthen our own labels, enhance our brands with storyline and marketing investments, and improve the appeal of our product offerings. Initiatives will include targeting product gaps in our offering, and identifying consumers' preferences for new products as well as their ever-changing requirements in regard to product functions, with the aim of providing appropriate products to satisfy these demands.

[^] The above data excludes adjustments according to Hong Kong International Financial Reporting Interpretation Committee – Interpretation 13 Customer Loyalty Programmes on the bonus points scheme.

Management Discussion & Analysis



HONG KONG AND MACAU

In the short term, the Group expects strong headwinds due to the slowdown of Mainland Chinese tourist arrivals in Hong Kong and their weaker spending patterns. Hong Kong's overnight Mainland China tourist growth is lagging behind neighboring competitors such as South Korea, Japan and Taiwan.

The ongoing anti-corruption campaign in the Mainland is impacting demand for high-priced items and gift sets. There are also new measures in force to curb multi-entry visas: Shenzhen residents with multi-entry visas will be limited to just one visit a week to Hong Kong beginning April 13, 2015. The Hong Kong SAR Government expects total visits to Hong Kong from the Mainland are estimated to decrease by 4.6 million a year.

At the same time, the strength of the US and Hong Kong dollar will continue to drive local consumers in Hong Kong to spend overseas while Mainland tourists will increasingly visit countries with weaker currencies. Intensifying competition within the cosmetic industry is a further challenge, with ongoing discount and promotion programmes encouraging entry into the market of Korean cosmetics sellers. Moreover, these challenges are arising against the backdrop of a sensitive political situation in Hong Kong and anti-Mainland Chinese tourist sentiment.

Management Discussion & Analysis

• POSITIVE FACTORS •

However, the Group believes there are several positive factors to counter these headwinds. Our gross profit margin pressure is expected to ease somewhat since we have experienced a complete cycle of price adjustments since 2013. Rental pressure is also expected to moderate in a slower market, which will mean relatively less pressure to drive sales to contain our cost structure. Furthermore, we have proven that it is possible to manage rental costs by rationalising our store portfolio and we believe that there is further scope to act in this manner.

Overall, the Group is still cautiously optimistic about the long-term growth outlook of Hong Kong retail sales. We believe that Mainland Chinese residents, especially those in lower tier cities, will have higher disposable income in the coming years. Further integration into China by enhanced transportation, such as the high-speed rail link and the Hong Kong-Zhuhai-Macau bridge, will mean shorter travel times for Mainland visitors, while the Free Trade Zone in Guangdong will more closely integrate Guangdong and Hong Kong so that both cities can enjoy mutual benefits. The Hong Kong SAR Government's initiatives to boost local spending, such as the "Happy@Hong Kong Super JETSO" campaign, as well as higher budgets for tourism promotion overseas, will also stimulate the market.

Going forward, the Group will develop the O2O business model and digitise the personal services of our beauty consultants. We aim to capture the potential of sales to Mainland customers after their return to the Mainland by optimising our cross border e-commerce operations and using social media to promote and project our business into the Mainland, thereby strengthening customer loyalty, driving development of our online business, and improving our online gross profit margins.

Other initiatives include: introducing more good value products to cater for the change in customer needs towards lower priced products; strengthening the visual merchandising of Korean products in our shops; rolling out more attractive promotions to tap both tourist and local customer demand; enhancing the incentive programmes for frontline staff; and improving training.

We firmly believe that our cost flexibility will help to mitigate the impact of a slower market on our sales. In our proposed network restructuring, we will close a number of stores now considered excessive in tourist districts. Since these rely on overnight Mainland China tourists, and they have shown slower growth than those in residential areas, we will not renew old leases taken out in a different retail environment. By contrast, we will increase store numbers in districts with faster growth, for example western and northern New Territories, where rents are lower than in tourist districts. This will allow us to leverage on the faster payback period, which will not exert so much pressure on capital expenditure.



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Management Discussion & Analysis

MAINLAND CHINA

Competition in the Mainland China cosmetics market is intensifying at the low end to mid price brackets due to the rise of local and Korean brands. In recent years, some foreign brands such as Garnier and Revlon have exited the China market due to this highly competitive environment.

Meanwhile, the dynamics of the cosmetics market are also changing, with internet retailing growing at a rapid pace. As cheaper products continue to attract increasing attention online, more expensive products have to work harder to compete. E-commerce companies that offer discounted prices for premium products are also making it more difficult for premium brands to compete.

In response to these challenges, the Group has been strengthening the network in our Southern cluster, especially in prime locations in large-scale shopping malls, where we enjoy a higher competitive edge and better brand awareness. In addition to increasing market penetration, this strategy has also driven significant operational efficiency in the Southern cluster.

We are gradually adopting a lower cost and more efficient smaller store format with new store openings to enhance cost efficiency and profitability and gear up our scope of expansion. We believe operating losses will be improved gradually as the Group's successful store refurbishment increasingly bears fruit. We will continue to expand our store network to focus on profit making regions and cities but the rate of expansion will depend on overall operational readiness including supply chain readiness.

Going forward, the Group will strengthen our management structure and training, re-designate purchasing department job functions and change work processes to increase effectiveness and coordination, automate systems, and improve departmental coordination to increase operational effectiveness and scalability. This will allow us to execute our next most important strategy: to improve our product offerings and to better leverage on the competitive edge of our products and build our retail network to gain market share.

We will strengthen the morale of frontline staff by upgrading our store classification mechanism. In order to drive targeted sales, we will optimise our shop supervisors' commission scheme, as well as implement an annual KPI assessment for our operational managers. The Group's investment in business process regeneration and system automation will allow us to improve our operational efficiency and execution capability, thereby reducing the impact of staff turnover and improving scalability.

Other operational improvements will include a localised product strategy to enhance product appeal and to further strengthen cooperation with suppliers of local brands, as well as an enhanced Customer Relationship Management system to enable more engagement with our VIPs on social media platforms such as Weibo and WeChat.



Management Discussion & Analysis

SINGAPORE, MALAYSIA AND TAIWAN

The Group has appointed a Senior Vice-president to head these three markets. This senior executive will devote more expertise and management resources to further drive our business, which in turn, will enable improvements in overall strategic development as well as execution power.

SINGAPORE

Given a more difficult operating environment with weak local spending and falling tourist arrivals, in particular Mainland Chinese arrivals, we will be reviewing our store portfolio and rationalising our underperforming stores with the objective of implementing pre-term closures and investing in outlets with a better return on capital and human resources.

We will review our product mix and product categories in order to enhance product assortment for new stores and refitted stores. The Group aims to explore exclusive brands with higher margins to minimise inventory risk and marketing investment. We will also tap our local sales market share via close collaboration with local vendors, and focus on better advance planning for new launches and exclusive promotions.

In order to rationalise our store network, the Group will close inefficient stores, and open stores in new malls with good potential. To cope with the persistent constraints in manpower, we will enhance staff product knowledge and monitor staff productivity. The Group will also work on staff retention to minimise the loss of experienced sales staff and convert more job scopes into automation so that employees can concentrate on analytical and quality enhancement.

MALAYSIA

In order to further build our retail network, the Group will identify high traffic locations for new stores and expand into new regions. We will improve the professional training of our staff and enhance our product portfolio by introducing new brands and products with strong potential. Streamlining and reviewing brand performance will be another of our priorities, with a nationwide launch of concurrent brands and a focus on sourcing new and exclusive products across all product categories.

The implementation of the Goods and Services Tax in April 2015 will make Malaysian consumers more disposed to save by spending less on discretionary items. Against this backdrop, the Group will launch a bonus points programme in the second half of the new fiscal year to help increase our customer base and competitiveness, thereby lessening any negative impacts.

TAIWAN

The number of Mainland consumers in Taiwan is expected to increase in view of its enhanced infrastructure and retail space, as well as the introduction of unlimited visa quotas for high-end Mainland Chinese tourists who have greater spending capacity. The Group has already opened stores in tourist locations to tap the potential of increasing Mainland Chinese tourist arrivals. We will continue to improve our network with the aim of introducing "Sasa" stores in each county of Taiwan.

E-COMMERCE – SASA.COM

sasa.com has various market challenges to face, such as cross-border and online/offline competition, as well as intensifying price competition from other shopping websites and mobile apps; for example, 80% of products sold online are discounted, flash sales and group buying.

However, strong growth in the Mainland China market is expected as a counterbalance to these challenges and the Group will launch fresh initiatives to grow our customer base in order to maximise revenue. For overseas markets, we will devote further efforts to enhancing market share, especially in regard to new customer acquisition.

Management Discussion & Analysis

In regard to O2O, we will develop our online platform to strengthen cooperation with our physical stores and leverage the capability of our beauty consultants and online marketing expertise to highlight the attractive product offerings of our online and offline stores. We will focus on platform synchronisation to adapt and cater to consumers' shopping habits, especially mobile users, and enhance the efficiency of all new devices that modern consumers use.

The Group has launched a new Mainland China shopping site, mobile site and app to better target the Prime Revenue Driving Country and to offer a better user experience: for example, through an enhanced search engine and by creating customers' personal purchasing histories and recommendations.

We will refine our product strategy in order to tap the opportunities of market trends, with Korean products being the major area of focus. The Group will also continue to optimise current marketing channels including search engine marketing, affiliate marketing, email marketing and social media to increase traffic and conversion rates. A new Customer Relationship Management programme will be developed to increase repeat purchases and customer retention. At the same time, we will continue to explore potential partnerships and alliances.

• CONCLUSION •

Sa Sa has a long track record of delivering outstanding success in all economic climates and in the face of contrary headwinds and difficulties. We continue to have faith that we can progressively build our competitiveness in the years to come and turn challenges into opportunities, such as those offered by O2O, by evolving consumer patterns and by the long-term growth of the less affluent parts of Mainland China. It is our belief that the inherent flexibility and scalability of our business model, with its ability to rapidly adapt to new circumstances, markets and trends, will continue to support our position as a leading provider of beauty products in the Asia Pacific. We also believe that the resilience and adaptability of our loyal staff and the forward vision of our outstanding management team will ensure that we deliver sustained, world-class growth for many years to come.



FINANCIAL REVIEW

• CAPITAL RESOURCES AND LIQUIDITY •

As at 31 March 2015, the Group's total equity funds amounted to HK\$2,474.5 million including reserves of HK\$2,190.0 million. The Group continued to maintain a strong financial position with cash and bank balances of HK\$1,163.7 million. The Group's working capital was HK\$1,986.2 million. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and readily available banking facilities, the Group has adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

During the year, the majority of the Group's cash and bank balances were in Hong Kong dollar, Malaysian Ringgit, Renminbi, Singapore dollar, New Taiwan dollar, US dollar, Swiss Franc and Euro and deposited in reputable financial institutions with maturity dates falling within a year. This is in line with the Group's treasury policy to maintain liquidity of its funds and continue to contribute a relatively stable yield to the Group.

• FINANCIAL POSITION •

Total funds employed (representing total equity) as at 31 March 2015 were HK\$2,474.5 million, representing a 6.4% year-on-year increase.

The gearing ratio, defined as the ratio of total borrowings to total equity, was zero as at 31 March 2015 (31 March 2014: 3.4%).

• TREASURY POLICIES •

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management with no significant borrowings during the year. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong dollar, US dollar, Euro or Renminbi. Based on purchase orders placed, the Group enters into forward foreign exchange contracts with reputable financial institutions to hedge against foreign exchange exposure arising from non-Hong Kong dollar or US dollar denominated purchases. These hedging policies are regularly reviewed by the Group.



Financial Review

• CHARGE ON GROUP ASSETS •

As at 31 March 2015, no asset of the Group was under charge to any financial institution.

• CONTINGENT LIABILITIES •

The Group had no significant contingent liability as at 31 March 2015.

• CAPITAL COMMITMENTS •

As at 31 March 2015, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK\$213.0 million.



BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

“For all the successes of Sa Sa, I wish to thank the Board of Directors and all Sa Sa colleagues. The Group could never be as accomplished as it is today without their untiring and devoted efforts.”

— **Dr Simon Kwok**, *BBS, JP*
Chairman and Chief Executive Officer

— **Dr Eleanor Kwok**, *BBS*
Vice-chairman



Biographical Information of Directors and Senior Management

• EXECUTIVE DIRECTORS •

DR KWOK SIU MING SIMON^{§^}, BBS, JP CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Aged 62. Dr KWOK is the Chief Executive Officer, Executive Director of the Company, the Chairman of the Board and the chairman of both the Executive Committee and the Risk Management Committee of the Company. Dr KWOK together with his wife, Dr KWOK LAW Kwai Chun Eleanor, has overseen Sa Sa's operations since the Group's earliest days and successfully listed the Company on the Stock Exchange in June 1997. Over the past 37 years, Dr KWOK has played a leading role in transforming Sa Sa into a leading market player with a regional network of operations in Asia. Dr KWOK is currently a Committee Member of the Chinese People's Political Consultative Conference of Hubei Province, a member of the Electoral Conference for the election of Hong Kong Deputies to the Twelfth National People's Congress of PRC, a member of the Election Committee in the Wholesale and Retail subsector, the President and Honorary Life President of the Cosmetic & Perfumery Association of Hong Kong, the Honorary President of the International CICA Association of Esthetics-CIDESCO Section China, the Honorary Founding President of the Professional Validation Centre of Hong Kong Business Sector, and the Honorary Life President of the Hong Kong Brands Protection Alliance, the Chairman of the Quality Tourism Services Association Governing Council and the Honorary President of the Immigration Service Officers Association. He is also a select member of the Board of Trustees of New Asia College, The Chinese University of Hong Kong, a voting member of The University of Hong Kong Foundation and a board member and a founding life member of the Hong Kong Polytechnic University Development Foundation.

Dr KWOK was selected for the "CAPITAL Leaders of Excellence 2014" by CAPITAL Magazine and received the "Best IR by Chairman/CEO" from Hong Kong Investor Relations Association in 2015. In 2014, he received the "Global Outstanding Chinese Award" from the "Global Outstanding Chinese Association" and was selected for the "Who's Who Leadership Award Scheme" by the Asian College of Knowledge Management. In 2012, he received the "China Cosmetic Retail Industry Special Contribution Award" from the Circulation Industry Promotion Centre of Chinese Ministry of Commerce and the China Beauty Expo Organising Committee. Dr KWOK was an awardee in The Directors of the Year Awards 2011 in the Listed Companies (SEHK – Non Hang Seng Index Constituents) category organised by the Hong Kong Institute of Directors, a winner of the "Owner-Operator Award" at the DHL/SCMP Hong Kong Business Awards 2007 and a winner in the Retail Category in the "Ernst & Young Entrepreneur of the Year Awards China 2006". Dr KWOK was elected University Fellow by The Hong Kong Polytechnic University in 2012, received the degree of Doctor of Business Administration *honoris causa* from the Open University of Hong Kong in 2011, and a *honoris causa* doctorate degree in Business Administration from Lingnan University in 2008.

Dr KWOK is an active participant in the work of charities. He is a member (2009–15) and the First Vice-President (2014–15) of the Board of Directors, the Executive Committee Chairman (2014–15) and the Campaign Committee Co-Chairman (2015-16) of the Community Chest of Hong Kong, an Executive Board Member of the Hong Kong AIDS Foundation (2006–15), and an Honorary Advisor (since 2006) and the Co-chairman for the Organizing Committee (2006 & 2009) of The Hong Kong Committee for the China AIDS Initiative.

Dr KWOK is a director and shareholder of Sunrise Height Incorporated and Green Ravine Limited, the respective controlling and substantial shareholders of the Company. Both Dr Simon KWOK and Dr Eleanor KWOK have a 50% stake in each of the two companies, in addition, Dr KWOK is a director of certain subsidiaries of the Group. Details of his interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". Save as aforesaid, Dr Simon KWOK does not hold any directorship in other listed companies in the past three years.

Dr KWOK is the brother-in-law of Mr LAW Kin Ming Peter, Senior Vice President of Category Management and Product Development of the Company.

* MEMBER OF THE AUDIT COMMITTEE

§ MEMBER OF THE EXECUTIVE COMMITTEE

Δ MEMBER OF THE REMUNERATION COMMITTEE

^ MEMBER OF THE RISK MANAGEMENT COMMITTEE

MEMBER OF THE NOMINATION COMMITTEE

Biographical Information of Directors and Senior Management

DR KWOK LAW KWAI CHUN ELEANOR^{§#Δ^}, *BBS* VICE-CHAIRMAN

Aged 61. One of the founders of the Group and the Executive Director of the Company and the Vice-chairman of the Board, a member of the Executive Committee, Remuneration Committee, Nomination Committee and Risk Management Committee of the Company. Dr KWOK has more than 39 years of experience in the sales and marketing of beauty products. With extensive professional knowledge and many years of experience in cosmetics retailing, she pioneered the unique operational concept of open-shelf display of beauty products, making shopping a more enjoyable experience. Dr KWOK plays a leading role in the marketing, operations, human resources and staff training functions of the Group. She is currently the Honorary President of the Cosmetic & Perfumery Association of Hong Kong, an Executive Committee Member of the Guangdong Provincial Women's Federation, the Senator of The Hong Kong Federation of Women ("HKFW") and a member of The HKFW Entrepreneurs Committee.

Dr KWOK was named "2013 Entrepreneur of the Year" in the Asia Pacific Entrepreneurship Awards 2013 Hong Kong by Enterprise Asia and received "The Excellent Award in Hong Kong Beauty Industry 2012/13" from the International CICA Association of Esthetic-CIDESCO Section China in 2012. Dr KWOK won the "Outstanding Women Entrepreneurs" award of the Hong Kong Women Professionals & Entrepreneurs Association in 2008, and received the "World Outstanding Chinese" award from the World Outstanding Chinese Association and World Chinese Business Investment Foundation. She was conferred an Honorary Doctorate of Management by Morrison University, USA, and an Honorary Fellowship by the Professional Validation Centre of Hong Kong Business Sector.

Dr KWOK is actively involved in charity activities. She is the President of The Sa Sa Making Life Beautiful Charity Fund (since 2013), the Vice-chairman of the Board of Directors for Po Leung Kuk (2012–15), the Vice President of the Hong Kong Girl Guides Association (2012–15), and was a patron of Caritas Fund Raising Campaign (2007–15). Dr KWOK was also a member of the Board of Directors for Po Leung Kuk (2006–12), one of the Originators of "Making Life Beautiful" Beauty Ambassador Training Programme of Po Leung Kuk together with Sa Sa (2008 and 2009).

She is a director and shareholder of Sunrise Height Incorporated and Green Ravine Limited, the respective controlling and substantial shareholders of the Company. Both Dr Eleanor KWOK and Dr Simon KWOK have a 50% stake in each of the two companies. Details of her interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". Dr KWOK is a director of certain subsidiaries of the Group. Save as aforesaid, Dr Eleanor KWOK does not hold any directorship in other listed companies in the past three years.

Dr KWOK is the wife of Dr KWOK Siu Ming Simon, and the sister of Mr LAW Kin Ming Peter, Senior Vice President of Category Management and Product Development of the Company.



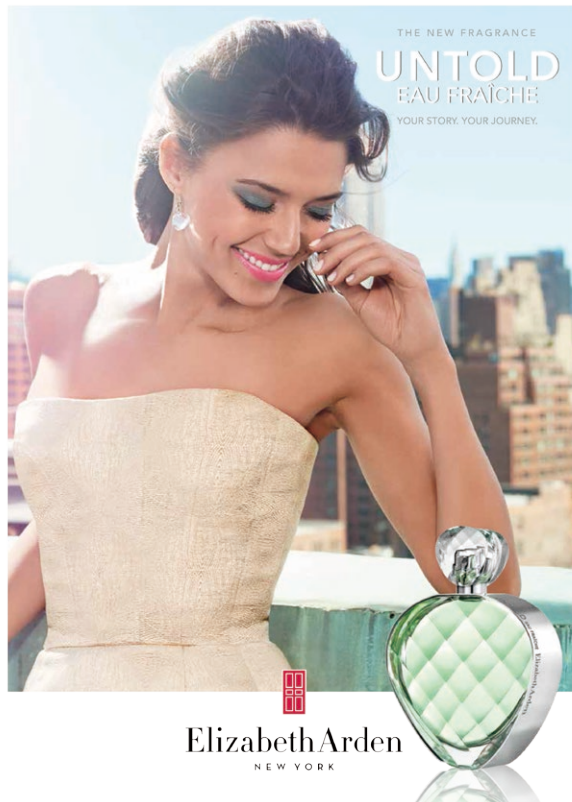
Biographical Information of Directors and Senior Management

DR LOOK GUY^{§^}

CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR

Aged 58. Dr LOOK is the Chief Financial Officer, Executive Director, and a director of certain subsidiaries of the Group. Dr LOOK has over 33 years of experience in local and overseas financial and general management. Prior to joining Sa Sa in March 2002, he was the Chief Financial Officer and an Executive Director of Tom.com Limited (renamed TOM Group Ltd.). He holds a Bachelor's degree in Commerce and received a degree of Doctor of the University *honoris causa* from the University of Birmingham, England. Dr LOOK is an associate member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He is a member of the Ethics Committee and Governance Committee of the HKICPA. Dr LOOK is the member of Executive Committee, Membership and Fundraising Sub-committee Chairman of the Hong Kong Retail Management Association, a member of the Energy Advisory Committee of the Government of the HKSAR and a member of the CNBC Global CFO Council.

Dr LOOK is a cousin of Ms LEE Yun Chun Marie-christine. Details of his interest in the shares and underlying shares in the Company are set out in the "Report of the Directors". Dr LOOK was an independent non-executive director of Café de Coral Holdings Limited, a company listed in Hong Kong, until his retirement on 11 September 2012. Save as aforesaid, Dr LOOK does not hold any other directorship in other listed companies in the past three years.



Biographical Information of Directors and Senior Management

• NON-EXECUTIVE DIRECTOR •

MS LEE YUN CHUN MARIE-CHRISTINE

Aged 55. Appointed as a Non-executive Director of the Company on 26 February 2013. Ms LEE has a proven leadership position in retailing, branding and marketing, with more than 17 years of experience. Ms LEE is currently an ambassador of Harry Winston (Hong Kong) Limited, focusing on sales, branding and marketing, and successfully launched its debut shop in Hong Kong. Harry Winston is a world famous jeweller specialising in luxurious jewellery and jewellery watches. Ms LEE is a founder of Sport Max HK Co Limited and Hope Sport Association, providing the highest standard of qualified and professional coaching in sports. She is also an advisory board member of Phoenix Property Investors (H.K.) Limited, a private equity real estate investment group focusing on first tier pan-Asian markets.

Previously, Ms LEE was a product manager of Shiatos Limited, an agent managing and distributing various prestigious European and international brands in Hong Kong, like Hermes, Van Cleef & Arpels, Laliq, Baccarat, Bernardaud, Christofle, etc. She was responsible for retailing and marketing, and successfully launched world famous high fashions in Hong Kong. She also worked for Citicorp International/Citibank NA as an investment advisor manager for high net worth individuals, and marketed loans for multinational corporations.

Ms LEE is committed to community work. She is a lifetime founding benefactor of The Nature Conservancy, USA, and is a founder of a non-profit charitable organisation, Sports for Hope Foundation, providing funding to highly-talented young underprivileged athletes who lack financial means to further their passion. Ms LEE obtained a Bachelor of Science in Biochemistry and Nutritional Sciences from Simmons College, Boston, United States and was conferred an Honorary Fellowship by King's College, London for the cancer research program at the Guy's Hospital. She is a cousin of Dr LOOK Guy, the Chief Financial Officer and Executive Director of the Company, and a daughter of Mrs LEE LOOK Ngan Kwan Christina, a Non-executive Director of the Company who retired in August 2012.



Biographical Information of Directors and Senior Management

• INDEPENDENT NON-EXECUTIVE DIRECTOR •

PROFESSOR CHAN YUK SHEE*, *PhD, SBS, BBS, JP*

Aged 61. Appointed as an Independent Non-executive Director and the Chairman of the Audit Committee of the Company in November 1999. Professor CHAN was President of the Lingnan University of Hong Kong and Vice President for Academic Affairs and the Founding Dean of the Business School of The Hong Kong University of Science and Technology. He was also the Justin Dart Professor of Finance at the University of Southern California. He obtained a PhD in Finance, as well as an MBA and MA in Economics from the University of California at Berkeley. Professor CHAN is a member of the Advisory Committee on Post-service Employment of Civil Servants and a Fellow of the Hong Kong Management Association.

DR LEUNG KWOK FAI THOMAS** Δ , *PhD, BBS, JP*

Aged 66. Appointed as an Independent Non-executive Director of the Company in January 2000 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Dr LEUNG has over 30 years of experience in management consultancy and is the Chairman of Vision in Business Consulting. He is an expert in business strategy, organisation and leadership development. Dr LEUNG holds a PhD in Business Administration from the University of Illinois. He has been appointed to significant positions in many public organisations and committees by The Government of the HKSAR and was formerly Chief Executive – Asia for Hay Group, one of the world's leading management consulting firms.

MS TAM WAI CHU MARIA** Δ , *GBM, GBS, JP*

Aged 69. Appointed as an Independent Non-executive Director of the Company in June 2004 and is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Ms TAM is currently an Independent Non-executive Director of Guangnan (Holdings) Limited, Minmetals Land Limited, Nine Dragons Paper (Holdings) Limited, Sinopec Kantons Holdings Limited, Tong Ren Tang Technologies Company Limited, Wing On Company International Limited and Macau Legend Development Limited, all the shares of which are listed on the Stock Exchange. Ms TAM was educated at London University. She qualified as a barrister-at-law at Gray's Inn, London, and practised in Hong Kong. She was a member of the Preparatory Committee for the Hong Kong Special Administrative Region (PRC) and Hong Kong Affairs Advisor (PRC). She is a deputy to the National People's Congress of The People's Republic of China and a member of the Hong Kong Basic Law Committee. She is the chairman of the Operations Review Committee, the ex-officio member of the Advisory Committee on Corruption and a member of the Panel of the Witness Protection Review Board of the Independent Commission Against Corruption (effective from January 2015). She is also a member of various community services organisations.



Biographical Information of Directors and Senior Management

MS KI MAN FUNG LEONIE*^Δ, SBS, JP

Aged 68. Appointed as an Independent Non-executive Director of the Company in December 2006. Ms KI is an Executive Director of New World Development Company Limited and an Independent Non-executive Director of Clear Media Limited. Ms KI has more than 40 years of experience in integrated communication and marketing services. She was the founder, partner and Chairman/Chief Executive Officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms KI is committed to community and public services. She was the first Chief Executive of The Better Hong Kong Foundation. She is currently the Honorary Secretary of Wu Zhi Qiao (Bridge to China) Charitable Foundation, ExCo member of Youth Outreach, Vice Chairman of Musicus Society, a Director of PMQ and Council member of The University of Hong Kong and a member of the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada) and Advisory Board member of The Chinese University of Hong Kong/EMBA Programme. She has been a CPPCC member of Yunnan Province since 2002 and was appointed as National CPPCC member in 2013.

MR TAN WEE SENG

Aged 59. Appointed as a Non-executive Director of the Company on 11 March 2010 and was re-designated from a Non-executive Director to an Independent Non-executive Director on 26 June 2012. Mr TAN is a professional in value and business management consultancy. He is an Independent Director of ReneSola Ltd whose shares are listed on the New York Stock Exchange, an Independent Non-executive Director of Xtep International Holdings Limited, Biostime International Holdings Limited and CIFI Holdings (Group) Co. Ltd., and an Independent Non-executive Director and Chairman of the Remuneration Committee of Sinopharm Group Co. Ltd., all the shares of which are listed on the Main Board of the Stock Exchange. He is also a board member of Beijing City International School. Mr TAN was an Independent Director and Chairman of the Audit Committee of 7 Days Group Holdings Limited whose shares were listed on the New York Stock Exchange between November 2009 and July 2013 until it was privatised. He was the Chairman of the Special Committee for Privatization of 7 Days Group Holdings Limited from October 2012 to July 2013. Mr TAN has 37 years of financial, operation and business strategy as well as management experience and has also held various senior management positions in a number of multinational and Chinese corporations. From 2003 to 2008, he was an Executive Director, Chief Financial Officer and Company Secretary of Li Ning Company Limited, the shares of which are listed on the Main Board of the Stock Exchange. From 1999 to 2002, he was the Senior Vice President of Reuters for the China, Mongolia and North Korea regions, and the Chief Representative of Reuters in China. Mr TAN is a fellow member of the Chartered Institute of Management Accountants, United Kingdom, and a fellow member of the Hong Kong Institute of Directors.



Biographical Information of Directors and Senior Management

• SENIOR MANAGEMENT •

MR LAW KIN MING PETER

SENIOR VICE PRESIDENT, CATEGORY MANAGEMENT AND PRODUCT DEVELOPMENT

Aged 59. Joined Sa Sa in January 1996, Mr LAW was appointed as Senior Vice President, Category Management and Product Development in January 2008. He has more than 33 years of experience in the field of sales and marketing, 23 of which were in senior management positions. He is also a director of a subsidiary of the Group. Mr LAW oversees the Group's category management and product development function. He is also responsible for the Group's acquisition of exclusive distribution rights of international brands and the development of the Group's house brand products. He holds a Bachelor's degree in Arts majoring in Communications Studies from the University of Windsor, Ontario, Canada and pursued a Bachelor's degree in Commerce later. Mr LAW is the Honorary Advisor of the Cosmetic & Perfumery Association of Hong Kong. Mr LAW is the brother of Dr KWOK LAW Kwai Chun Eleanor and the brother-in-law of Dr KWOK Siu Ming Simon.

DR LAW TANG FAI JAMES

SENIOR VICE PRESIDENT (TAIWAN, SINGAPORE, MALAYSIA)

Aged 55. Joined Sa Sa as Senior Vice President (Taiwan, Singapore, Malaysia) in March 2014. Dr LAW oversees the overall management of the business units in Taiwan, Singapore and Malaysia of the Group. He is also a director of two subsidiaries of the Group. He has over 30 years of professional experience in the areas of general management, brand development and retail and marketing management. Before joining the Group, he has worked in various renowned companies, including Stelux Holdings International Limited, Pricerite Group Limited, Argos Retail Group and Glorious Sun Enterprises Limited, etc. Dr LAW holds a Doctorate degree in Business Administration from The Hong Kong Polytechnic University, a Master degree in Business Administration from University of Sterling, UK and a Bachelor's degree in Business Administration from Ottawa University, USA.

MS LU SZU JEN

SENIOR VICE PRESIDENT, INFORMATION TECHNOLOGY

Aged 58. Joined Sa Sa as Senior Vice President of Information Technology in December 2004. She had held senior management positions with various multinational information technology corporations. Before joining Sa Sa, she was the Chief Technology Officer of Softbank Investment International (Strategic) Limited, a venture capital firm which focused on internet technology investment projects. Ms LU holds a Master of Science in Computer Science from Johns Hopkins University, USA.



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



FROM A CARING CULTURE, TO THE ART OF
DELIVERING AN ENLIGHTENING BEAUTY EXPERIENCE

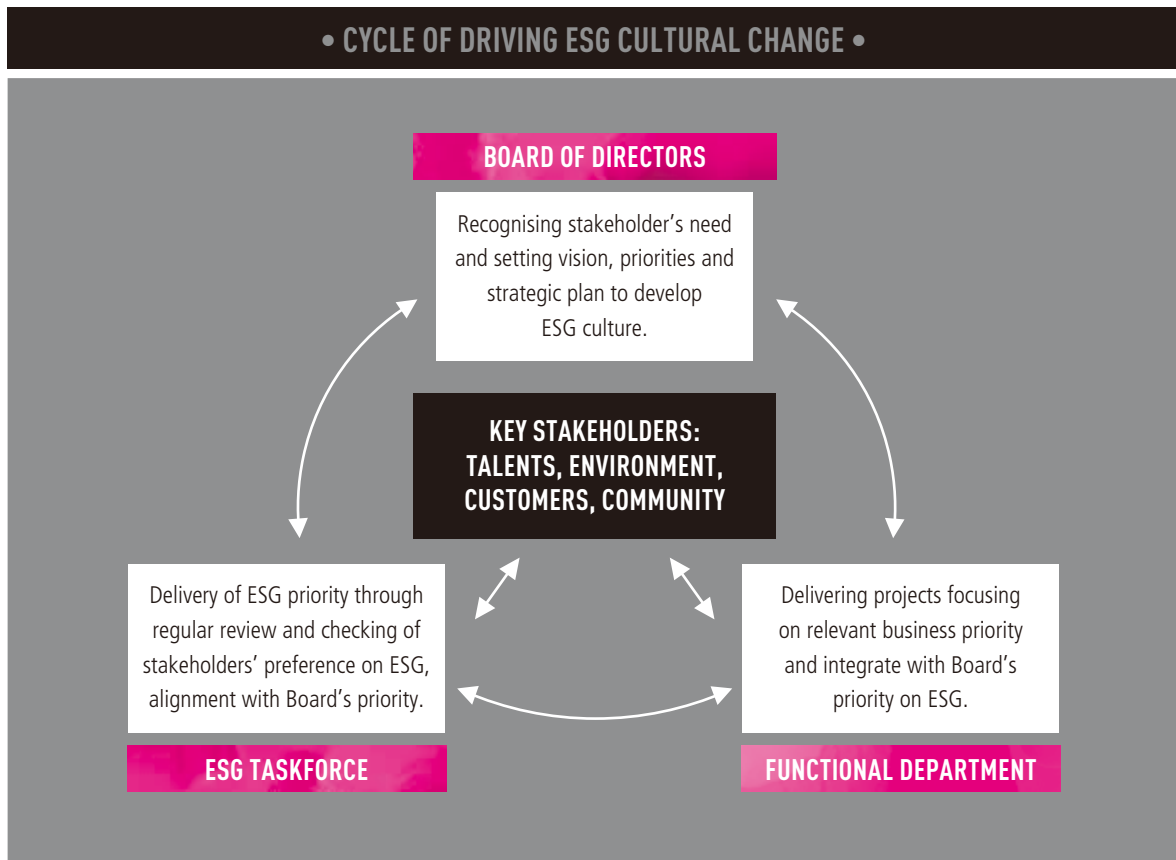
OUR APPROACH: ESG AS A CULTURE

Our vision of “Making Life Beautiful” forms the core of who we are and what we do at Sa Sa. It is this vision that guides us in forging and maintaining a constructive relationship with our key stakeholders. It is about caring for both our inner beauty in regard to our talents, and external beauty in regard to our customers, our suppliers, our community, our environment or other influences that we come across in our business.

The increasing importance of Environmental, Social and Governance (ESG) issues to regulatory bodies and shareholders is a clear message to us to strengthen our strategic approach to the ESG agenda. The revision of Company Ordinance that came into effect in March 2014, for example, explicitly outlines director’s duties towards corporate social responsibility. The extension of the Plastic Bag Levy on 1st April 2015 and the anticipated escalation of the Hong Kong Stock Exchange ESG Reporting compliance level to “comply or explain” in the latter part of 2015, further broadening and defining corporate responsibilities beyond simply generating financial returns.

• 1 BEAUTY FROM OUR STAKEHOLDER-CENTRIC CULTURE •

As we develop our ESG agenda, we have established a mechanism that enables us to intensively nurture Sa Sa’s ESG culture. Although we recognise the model is still under development in terms of both design and execution, the Board of Directors and the team are committed to making a positive difference in what we do.



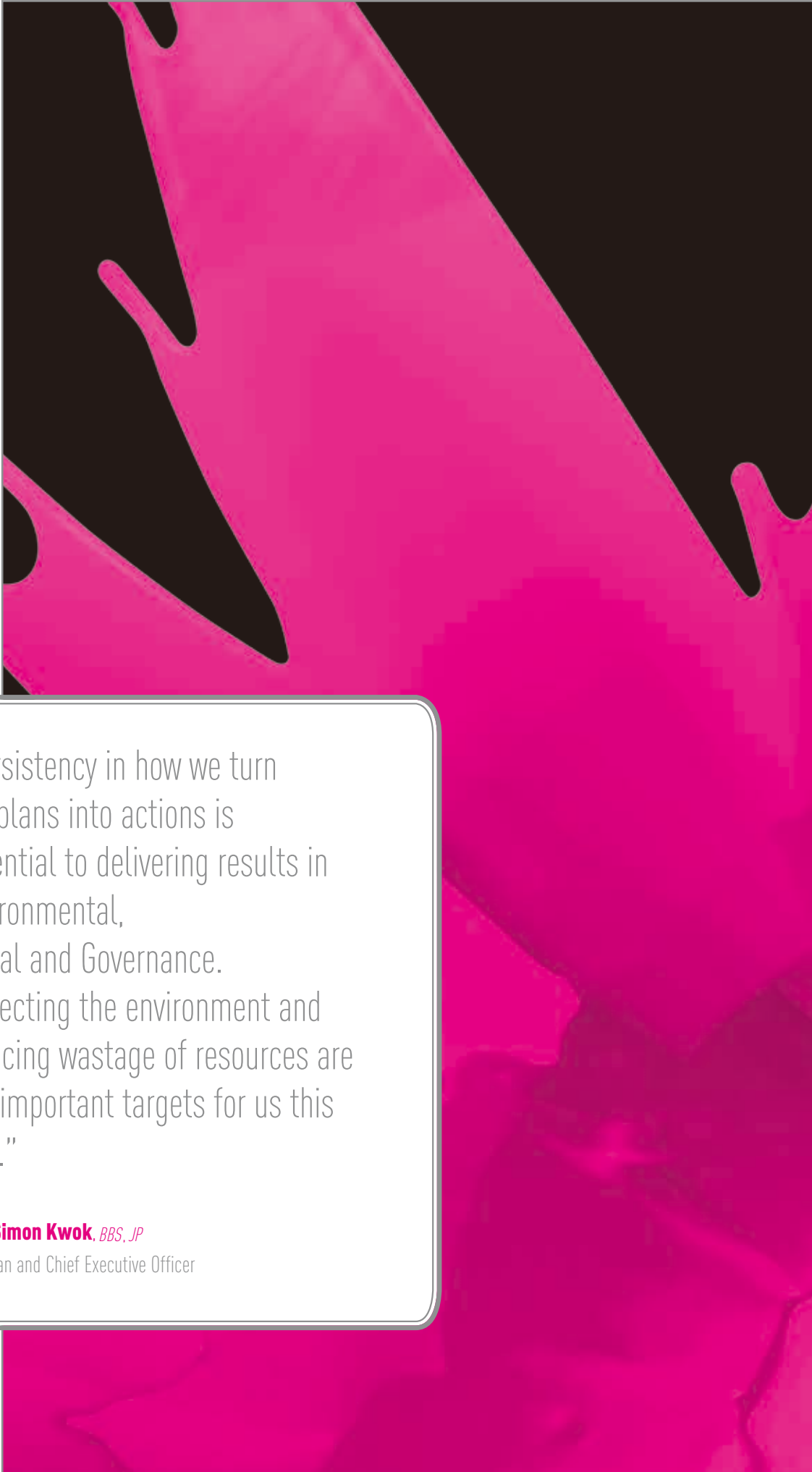
▲ Model for nurturing our stakeholder-centric culture

The ESG Taskforce has been established since 2012, co-chaired by Sa Sa’s Corporate Strategy and Development Director and ESG Manager, and includes managerial representatives from all major functional departments. The Taskforce meets on a regular basis to discuss ESG matters with the objective to act as a catalyst for meaningful change that brings beauty to our stakeholders.

“ Whether it is with the elderly, the youth, the rich or the poor, I believe we need to make a positive difference with what we do by making their life beautiful.”

— **Dr Eleanor Kwok, BBS,**
Vice-chairman





“Persistency in how we turn our plans into actions is essential to delivering results in Environmental, Social and Governance. Protecting the environment and reducing wastage of resources are two important targets for us this year.”

— **Dr Simon Kwok**, *BBS, JP*
Chairman and Chief Executive Officer

Our Approach: ESG as a Culture

• 2 FROM ASPIRATION TO AWARDS •



Serving with passion, we are proud to further receive a number of accolades and recognitions this year, such as inclusion in the Hang Seng Corporate Sustainability Benchmark Index (HSSUSB) for the 4th consecutive year. Please refer to “Awards and Recognition” section of the report relating to Corporate Social Responsibility.

• 3 FORGING OUR SUSTAINABILITY CULTURE •

Looking ahead to the next 18–24 months, our emphasis will be to further forge our stakeholder care culture so that it becomes a central part of Sa Sa’s DNA. We believe this is vital to deliver our “Making Life Beautiful” vision to all our stakeholders effectively in the next decade. With challenges arising such as talent mobility and the continuous emergence of new operational demands, it would be only too easy for our focus and impact to be eroded, which means we must continue to intensify our efforts, through strengthening the following ESG Cultural Pillars in the year to come.



- The three ESG Cultural Pillars

Being in the business of beauty, it is our passion to bring beauty to our stakeholders. This mission is not only about doing things right, but also doing the right thing. We believe a sustainable culture is the right thing to cultivate. And we believe that an exciting year lies ahead of us!

Note: Unless otherwise stated, this ESG Report covers our operations in Hong Kong and Macau only. Our Hong Kong and Macau operations represent the core of all Sa Sa operations, contributing over 80% of our Group’s turnover in FY2014/15. A self-assessment grid against HKEx Environmental, Social and Governance Reporting Guide can be found under the Corporate Responsibility section of our corporate website, corp.sasa.com.

SERVING OUR TALENTS: THE BEAUTY OF GROWING WITH THE SA SA FAMILY

“Having worked in Sa Sa for 20 years, I think the sense of belonging to an extended family is probably one of the most important factors that made me stay.”

TIMMY HO, ASSISTANT SUPERVISOR (in the photo: 4th on the left in the front)



Sharing that was made during a gathering between all 20 years long service award recipients

“Sa Sa provided me with numerous development opportunities, the company really helped me grow and be more mature in what I do.”

TERENCE LEE, BRAND MANAGER (in the photo: 2nd on the right at the back)

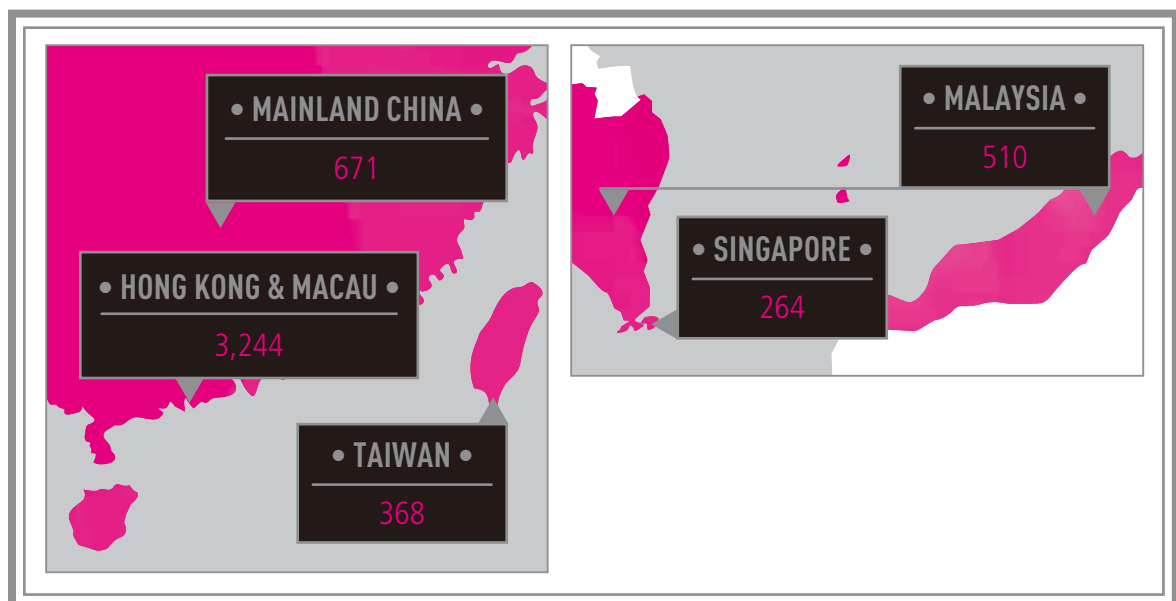
Our talents are the centerpiece of our vision for beauty. They are the ones that transform our vision into action; and they are also the ones that transform those actions into collective good memories of Sa Sa.

Ensuring “Joy at Sa Sa” and “Growth at Sa Sa” are the two of Sa Sa’s core strategies for nurturing, retaining and managing our best talents. Only by serving our talents with our caring heart will they in turn serve our other stakeholders from their heart.

• 1 THE BEAUTY OF DIVERSITY •

As at 31 March 2015, the Sa Sa family had grown to over 5,000 talents in strength, creating a diverse pool of talents that makes Sa Sa unique amongst other companies.

• STAFF NUMBER IN EACH REGION •



Serving Our Talents: The Beauty of Growing with the Sa Sa Family

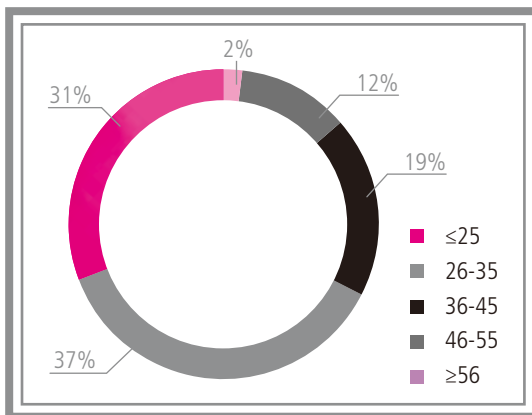
• COMPOSITION IN HONG KONG AND MACAU •

• EMPLOYMENT CONTRACT TYPE DISTRIBUTION •

PERMANENT 85%

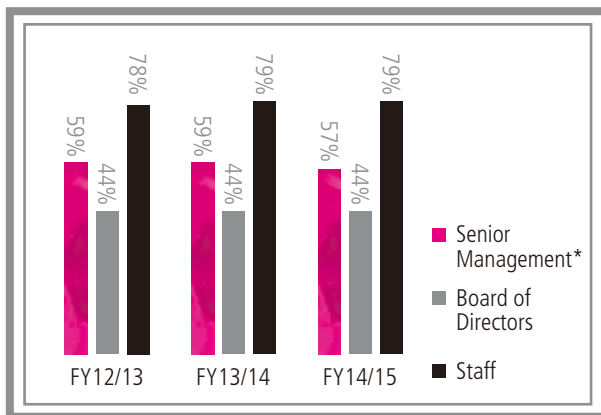
CONTRACT / PART-TIME 15%

• AGE DISTRIBUTION •



* Percentages might not add to 100% due to rounding

• PERCENTAGE OF FEMALE COMPOSITION •



* Senior management includes all company Executive Directors, department heads, and department directors

• 2 GROWING WITH SA SA – A SYSTEMATIC APPROACH TO DEVELOPING AND GROWING BEAUTY •

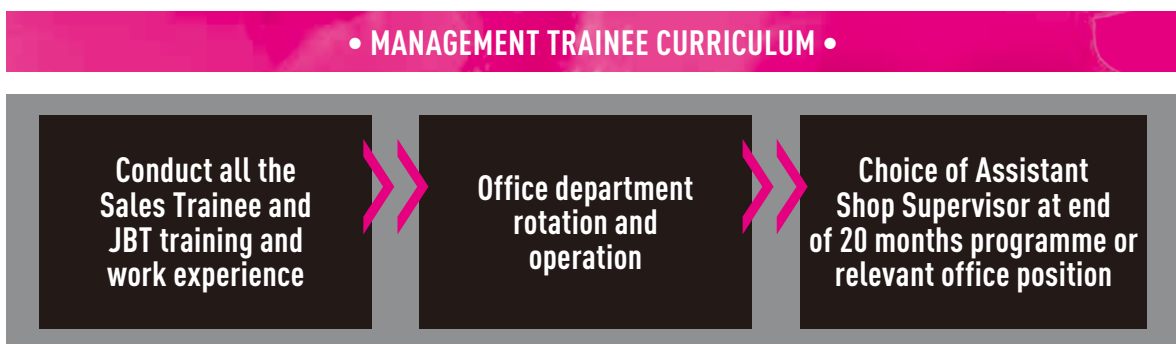
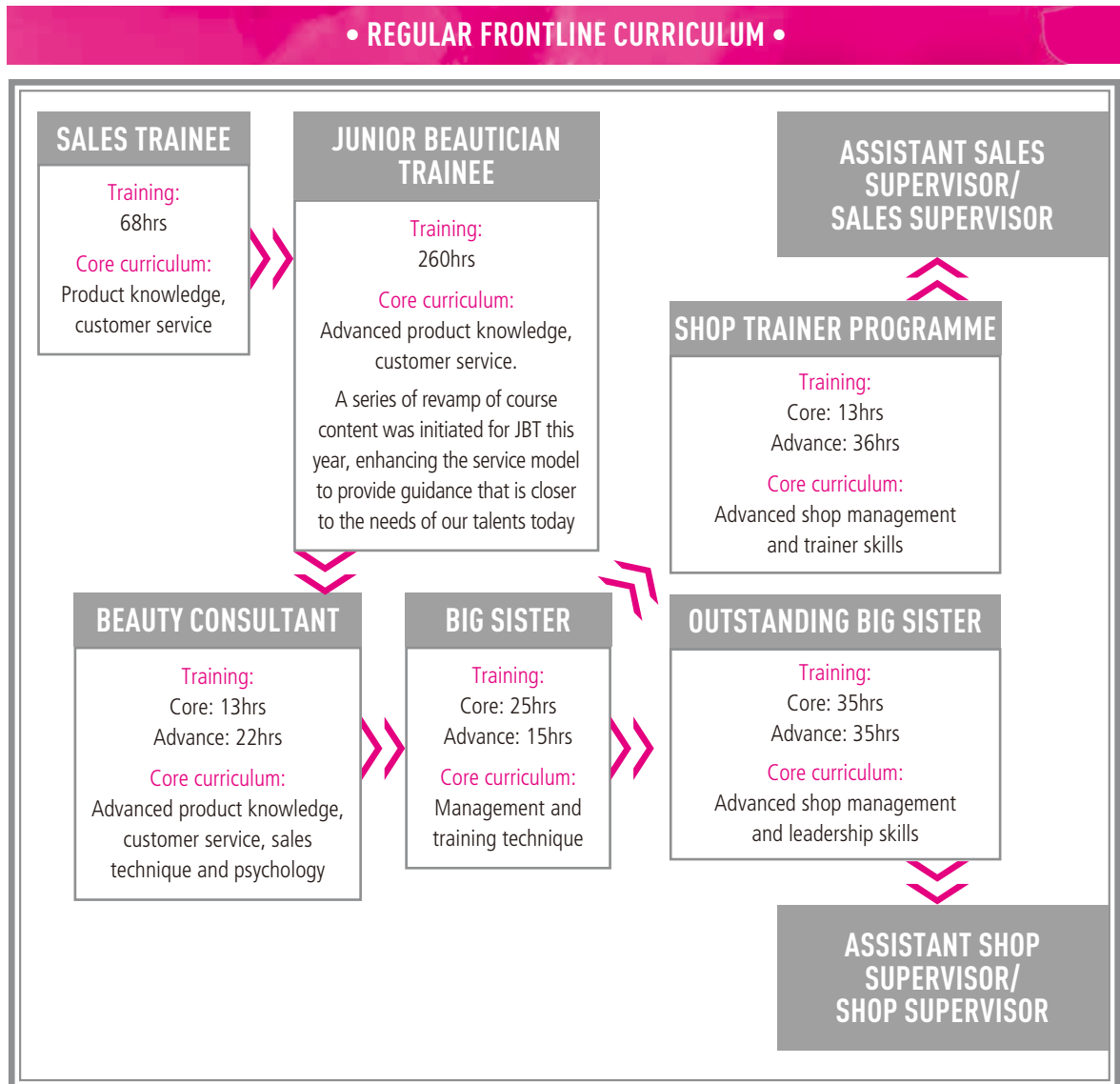
At Sa Sa, talent development forms the core of our talent management strategy, ensuring that our talents are being effectively enabled to deliver, develop and grow as their bond with the Sa Sa family strengthens. Over 52,000 hours of training were delivered to our frontline staff during the year by our in-house trainers, and over 400 hours to our office staff. Each department also holds their own development budget, in order for the staff to attend specific external training and seminars to serve their specific needs for growth.



Serving Our Talents: The Beauty of Growing with the Sa Sa Family

CONTINUOUS DEVELOPMENT – THE ART OF THE BEAUTY PROFESSION

To be able to deliver a truly enlightening beauty experience is a complex task for any individual. To aid new members of our Sa Sa family to master this complex task, we have developed a set of comprehensive curricula that enables our staff to grow as they bond with the Sa Sa family (see diagram below).



Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• MANAGEMENT TRAINEE – NURTURING OUR FUTURE LEADERS •

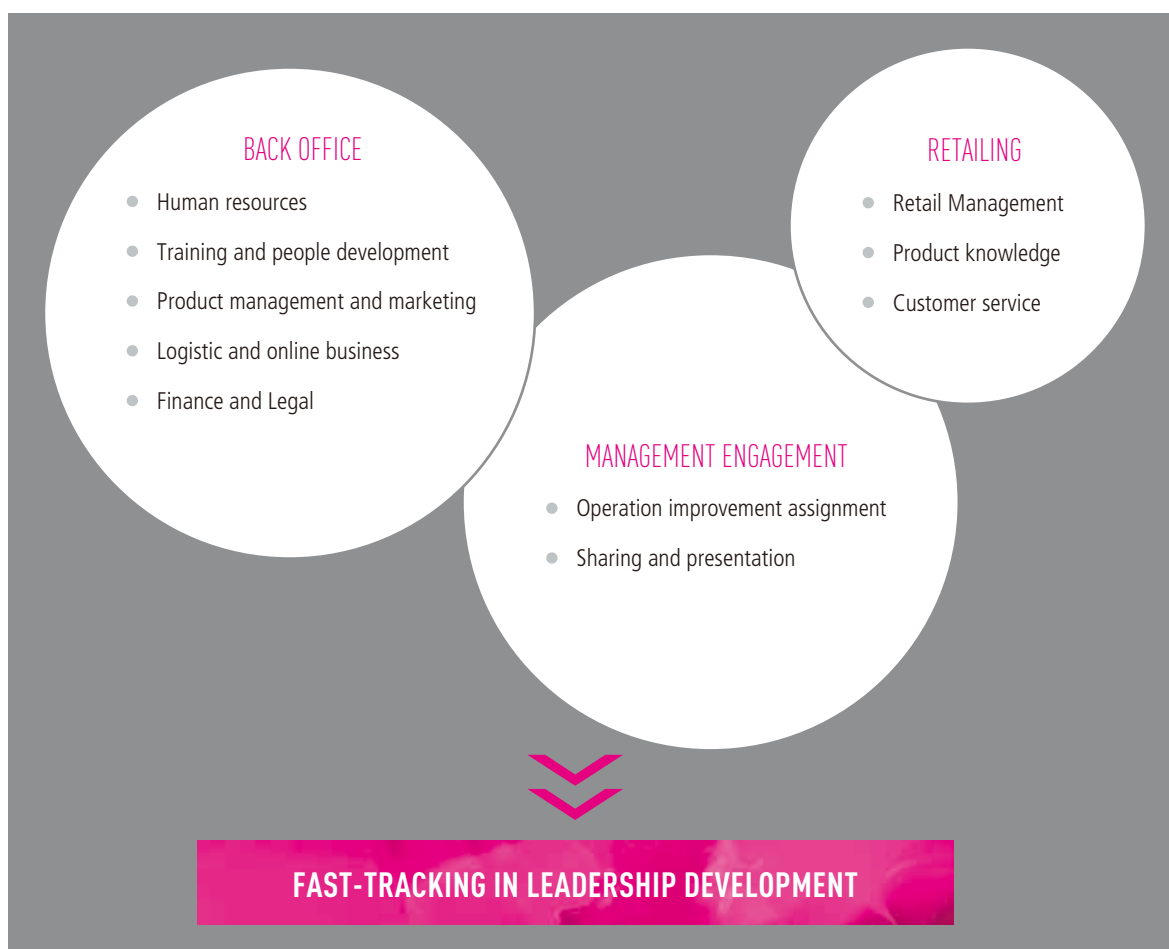
To enable some of the best talents in the market to grow at a rapid pace within our organisation, our 14th round Sa Sa Management Trainee (MT) Programme is designed to provide talents with 360 degrees exposure to what Sa Sa really is, gearing them up to fulfill the growing need for leaders in all parts of the organisation.

The MT Programme consists of structured courses, job rotation, project assignment in the frontline and back office, as well as interaction opportunities with senior management. The final destiny of MTs is their own choice.

1,300+ applications

28 final intakes

20 months of intensive development programme



▲ Key aspects of Sa Sa's Management Trainee Programme

Serving Our Talents: The Beauty of Growing with the Sa Sa Family

NEW HIRE INDUCTION

As part of our commitment to aiding new hires' integration into the Sa Sa family, more regular induction has been organised this year, increasing inductions from twice a month to twice a week. Spending a minimum of half a day on interactive training courses, our colleagues are briefed on the Group's history, culture, values, standard service procedures, key policies, health and safety process, trade description issues, equal opportunities, gifts and entertainment policies, whistle-blowing, information technology and ESG.

CONTINUOUS ENGAGEMENT AND IMPROVEMENT

As the professional needs and stages of development of our talent pool undergo changes, modules within our development programme also evolve to cater for them. Enhancement plans were developed for a selection of training modules during the year, including:

<p>• CASHIER TRAINING •</p>	<p>• NON-SALES STAFF (FRONTLINE) •</p>
<p>Provides core technical skills and basic customer service, enabling the cashier to be more effective to deliver core tasks.</p> <p>Core module: 24hrs</p> <p>Advanced module: 15hrs</p>	<p>With the growing size of non-sales staff in our frontline operations, specific trainings are provided relating to service, communications and stress management. These have been developed to strengthen the integration of our sales and non-sales teams.</p> <p>Core module: 7hrs</p> <p>Advanced module: 15hrs</p>
<p>• NON-SALES STAFF (OFFICE) •</p>	<p>• ADVANCE TRAINING CLASS •</p>
<p>An advanced course spreads across a spectrum of important management skills relating to personal image, communications and succession planning.</p> <p>Advanced module: 15hrs</p>	<p>Additional advanced training classes have been developed for Big Sister, Shop Trainer and Outstanding Big Sister, with the aim of providing evolving continuous development opportunities to meet current market trends.</p>

PERFORMANCE MANAGEMENT

To strengthen our culture of talent continuous development, we have significantly improved our performance management process this year by enhancing the content of the annual appraisal and goal setting cycle. A series of management workshops were delivered on the subject such as performance management, target management and succession planning to truly foster the development mindset of our mid and senior management team.

Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• 3 THE JOY OF UNDERSTANDING •

At Sa Sa, much of our efforts have been dedicated to enhancing effective communication between various key internal stakeholders. This communication is effected through a number of well established channels, each with a clear objective:

• CLARITY IN DIRECTIONS •

BOARD AND BOARD COMMITTEE MEETINGS:

A total of 24 board and board committee meetings were held this year, ensuring that key strategic issues were addressed at the highest level in a structured manner (see Corporate Governance section of the report for details).

DEPARTMENTAL HEADS MEETINGS:

Held on a weekly basis to ensure continuous alignment of operations to formulate organisation level strategic priorities.

• LISTENING FOR COHESION •

REGULAR SUPERVISOR MEETINGS:

To encourage structured communication and feedback between the frontline to management, a large scale supervisor meeting is held monthly with representatives from all shops.

SHOP NIGHT MEETINGS:

In the dynamic nature of the shop environment, each shop hosts its own Night Meeting at least twice per quarter, thereby ensuring that team members are aligned with important directions each shop hosts and strategic guidance from management.

• ENSURING COHERENCE IN EXECUTION •

GRAND BREAKFAST MEETING:

A podium that involves over 2,000 colleagues in a half day session, to share key strategic directions, operational challenges and focuses for the coming year.

An external trainer was also invited this year to share insights on overcoming challenges that might lie ahead of us.



▲ Sharing core management messages through interactive drama at a Grand Breakfast Meeting.

Interacting with and understanding our external stakeholders are equally important. This includes our investors, our customers and the community. Further information can be found in the Investor Relations Report (see page 98), and "Our customer" (see page 74) and "Our community" (see page 78) sections of this ESG Report.

Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• 4 THE JOY OF REWARDS •

A truly beautiful experience for our talents must be one that is rewarding to them. We reward our talents in multiple ways, from standard remuneration, to rewards for being loyal, sharing excellence in service and being a high performer. Each of these aspects recognises and reinforces the value and attitude of the talent, so that they can show their radiant beauty one way or the other.



REWARD FOR LOYALTY

Loyalty is an important value to Sa Sa and one that is treated with the highest degree of importance.

We are proud to have awarded a total of 166 colleagues with the 5, 10, 15 or 20 years long service award. They are each congratulated personally by our Chairman and Vice-chairman for their years of service.

◀ Some of the 20 years long service award recipients in elegant attire

REWARD FOR SUPERB PERFORMANCE

With retail industry becoming increasingly competitive, we have continued to reinforce our measures to recognise high performers both as individuals and as a team, particularly when they deliver performance beyond what is expected of them. A total of 22 awards were presented in front of around 2,000 colleagues at our Grand Breakfast Meeting.



REWARD FOR SERVICE EXCELLENCE

It is part of our strategy to continuously encourage our talents to compete and benchmark themselves against other industry leaders. This process has been extremely rewarding to our talents in terms of learning and in some cases, the actual winning of awards.

• HONG KONG RETAIL MANAGEMENT ASSOCIATIONS (HKRMA) •

Sa Sa is proud to be recognised by HKRMA for its championship trophy under the Beauty Products/Cosmetics – Shop Supervisor Category. One of our Assistant Supervisors represented Sa Sa through multiple stages of assessment, including mystery shopper visits and panel interviews that put our service philosophy to the ultimate test.

Our La Colline shop was awarded "Service Retailer of the Year" for the 10th consecutive year, demonstrating our strength and commitment to continued leadership in the industry.



Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• DISTINGUISHED SALESPERSON AWARD •



Five of our Beauty Consultants were honoured with the Distinguished Salesperson Award (DSA) by Hong Kong Management Association (HKMA) and Sales and Marketing Executive Club this year, recognising their excellence in customer service.

• HONG KONG ASSOCIATION FOR CUSTOMER SERVICE EXCELLENCE (HKACE) •



Sa Sa was honored this year, to be presented with the HKACE Gold Award under its counter service category, competing against competitors from various sectors, including banks, insurance and aviation. Quoting from one of our representatives, "service from the heart" was the primary value that contributed towards my success today".

REWARD BY REMUNERATION

Last but not least, compensation serves an important role in the overall context of rewards.

Our remuneration packages are reviewed regularly and multiple incentives and rewards are granted to motivate and recognise our colleagues. As part of the performance management system, Key Performance Indicators (KPI's) are adopted to ensure that the requisite directions and standards are set and met. There are many performance incentives for our employees, with discretionary bonus, sales bonus, sales commissions, share options and share awards being offered to reward good performance. The total employee benefit expenses of the Group amounted to HK\$1,142.5 million for the financial year 2014/15.

To enable our talents to start their journey of beauty smoothly with Sa Sa, a comprehensive Employee Handbook is shared with them on their welcome day, containing an outline of key benefits and compensation for staff.

We believe in the importance of recognising employees' accomplishments, and thus we have many different, but equally valuable ways of rewarding our talents.

Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• 5 BEAUTY FROM EFFECTIVE POLICY •

OCCUPATIONAL HEALTH AND SAFETY – MANAGEMENT AND PREVENTION

Ensuring compliance with the required health, safety and labour standards is very important to Sa Sa

- A dedicated Health and Safety (H&S) Committee has been set up to address H&S issues, led by the Head of Human Resources with members from various departments
- A series of workshops is provided to enhance staff awareness of relevant health and safety issues, including:
 - o Guidance on manual handling operations to reduce risk of labour intensive operation
 - o Guidance on prevention of back injuries for all new joiners
 - o First Aid Certificate Training
- Work related injuries are being constantly monitored by the H&S Committee
- A module on avoiding workplace injury has been included in staff induction

OCCUPATIONAL HEALTH AND SAFETY – PERFORMANCE STATISTIC

- There were no cases of fatality due to workplace accidents in 2014/15
- There were 60 cases of work related injuries in 2014/15
- The total lost days due to work injury was 860 days
- An average of 0.25 days of sick leave were taken by our staff members per month

EMPLOYMENT PRACTICE, ANTI-BRIBERY AND WHISTLE-BLOWING

- Sa Sa complies with local employment regulations at all locations of operations
- In compliance with our HR policy, Sa Sa is not engaged in any forced or child labour
- To bring our operations in line with our organisation's commitment to the highest possible standards of openness, probity and accountability, a number of policies are set in place and shared among our staff. These include our Whistle-blowing Policy, Gifts and Entertainment Policy, Equal Opportunities Policy and Guideline on Prevention of Bribery Ordinance

Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• 6 THE JOY OF BEING TOGETHER •

There were numerous beautiful moment this year, when we celebrated hard work, our achievements, or simply spent valuable moments within our Sa Sa family.

• 2014 •

• JUNE 2014 •

LCSD Corporate Game – Sa Sa in
the Soccer Competition



• JULY 2014 •

LCSD Corporate Game – Sa Sa in
the Basketball Competition

• OCT 2014 •

Halloween cake making class



• NOV 2014 •

- 3D Latte Making Class
- Balloon animal making class



Serving Our Talents: The Beauty of Growing with the Sa Sa Family

• NOV 2014 •



LCSD Corporate Game – Sa Sa at the long distance running race



• 2015 •



• JAN 2015 •



Movie Night with 500 colleagues and their families



• FEB 2015 •

Mini-flower decoration class



• MAR 2015 •

Senior Management at the 37th Sa Sa Annual Dinner



SERVING OUR CUSTOMERS: THE ART OF DELIVERING AN ENLIGHTENING EXPERIENCE

As Asia's leading cosmetics retailer, it is our priority to ensure every care has been taken to deliver the most enlightening experience to our customers. Our business model places great emphasis on recognising the desires of our customer; matching them with the best beauty solutions from around the globe, undertaking relevant assurance measures, and ultimately delivering solutions with excellent service.



• 1 RECOGNISING CUSTOMERS' DESIRES – LISTENING FROM OUR HEART •

We believe beauty is unique to each and every individual customer in the way that their various senses interact with this physical world, and to that extent, how they define and look for beauty. To ensure our offerings meet and exceed every customers' needs, much effort has been devoted to providing multiple channels for customers to provide their honest feedback. These include:

- Regular frontline debrief on customer feedback
- Usage of business intelligence to analyse customer needs and trends
- Customer focus group
- Shop survey
- VIP survey
- Customer feedback form and hotline
- Social media such as Facebook, Sina Weibo, WeChat, Meilishuo, Instagram

Serving Our Customers: The Art of Delivering an Enlightening Experience

• 2 GLOBAL BEAUTY SOLUTIONS – EXPLORING WITH PASSION •

We recognise that different customers need different solutions, and desire only the best solutions available to them. We see it as part of our duty to identify these solutions in every corner of the globe, with our shelves contain over 600 international brands.

• EUROPE (EX FRANCE/SWITZERLAND) •

9%

Gianfranco **FERRE** profumi *Sahavone Ferragamo* **Ferrari**
TOUS TRUSSARDI Gucci Bvlgari Giorgio Armani
 Versace Burberry Crabtree & Evelyn

Notes:

- Figures in percentage indicate breakdown of origin of brands sold in Hong Kong and Macau in 2014/15. Figure may not add up to 100% due to rounding
- Brands displayed in each region/country are not exhaustive
- Origin of brands is based on general customers' perception on the origination of the respective brands which may be subject to factors including location of manufacturers or brand owner's headquarters, brand image and style of product design

• FRANCE •

22%

CAUDALIE INSTITUT ESTHEDERM **JAGUAR** FRAGRANCES **NUXE**
 Chanel Clarins Christian Dior Lancome L'Oreal

• JAPAN/KOREA •

27%

banila co. BEYOND **DR.TOSTER**
 肌子 **CYBER COLORS** **Dr.G**
Dr.Jart+ *Doctor Makes The Difference* *sasatinnie* soo Beauté
 SKII Shiseido Laneige

• SWITZERLAND •

15%

La Colline **La Estephe** **Methodo SWISS** BEAUTY CARE
SUISSE PROGRAMME **SWISS BALANCE** **SWISS Rituel** **TRANSVITAL**
 La Prairie Valmont Skincode

• ASIA (EX JAPAN/KOREA) •

7%

b·liv by collinique **Neogene** 靚淨思 For Beloved One

• AMERICA •

18%

Elizabeth Arden **GoodSkin** Labs
GUESS PERRY ELLIS Clinique Estee Lauder
 La Mer Maybelline Revlon

• OCEANIA •

1%

IN ESSENCE NATIO **Lanocrème** since 1959

• OTHER •

1%



Serving Our Customers: The Art of Delivering an Enlightening Experience

• 3 THE BEAUTY ASSURANCE – LEADING BY OUR PROCESSES •

Product safety and quality is fundamental to what we offer to our customers. All of Sa Sa's products were safe in FY14/15, with zero incident of product safety issue or product recall during the year save for several incidents of complaints with regard to allergy.

BEAUTY OF SAFETY: PRODUCT SELECTION

Over 90% of our products are sourced from countries and regions that have the most rigorous product testing regulations and requirements, such as the European Union, America, Japan and Korea. As part of our commitment to product safety, a number of mechanisms have been established for different types of vendors. This includes providing a list of harmful ingredients to our suppliers to avoid; conducting stability and compatibility tests on the product with its packaging; vendors' warrants for ingredient and product safety, and preference for vendors that are Good Manufacturing Practices (GMP) certified. We are also set to continuously review the process and to identify areas that we could further enhance and improve on our safety commitment.

BEAUTY OF QUALITY: FROM SELECTION, TO DELIVERY

As the product shipments arrive in our warehouses from around the world, comprehensive checks and tests are conducted to ensure that only authentic and quality products are offered to our customers. This stringent quality control is followed through with digital tracking of all of our stock as part of our integrated SAP management system. It is also our passionate commitment to ensure only products with at least six months of validity stay on the shelves (except for food and pharmaceutical products, which due to their nature would require a minimum product life ranging from one to four months). This gives our customers peace of mind and a strong feeling of quality assurance when shopping with us. Products with a shorter shelf life will either be relocated to our outlet stores, or sold only when bearing explicit markings that indicate a short product life.

BEAUTY IN MIND: FROM DELIVERY TO AFTER SERVICE

To ensure our customers are ultimately satisfied with their purchases, Sa Sa's operations in Hong Kong and Macau are voluntarily committed to a 30 days purchase guarantee, thereby ensuring that our customers are 100% satisfied.

A well defined customer feedback protocol has also been established, so that our operations centre can respond to product quality, safety or service quality issues in the most appropriate manner. Members of Senior Management are involved in this process, so that any incident will be attended to diligently, attentively and on a timely basis. We believe that the safety and satisfaction of our customers should not be compromised under any circumstances.

In our Hong Kong and Macau operations, a total of 5,390 customer compliments and 144 customer complaints were reported over the past financial year. The customer compliment to complaint ratio was 37:1, a big 66% improvement over last year and a reflection of our continued commitment to enhancing our service quality.

A series of steps have been taken this year towards accrediting various strategic elements of our operation with the ISO9001:2008 standard (See our Enterprise Risk Management Report for details), with our online operation and our logistic centre having already been accredited. Such certification will ultimately enable us to consistently serve our customer aspirations with efficiency and effectiveness on a sustained basis.

We comply with the latest Personal Data (Privacy) Ordinance, ensuring the customer information we receive is only used for its intended purpose. We also fully comply with Trade Descriptions Ordinance (TDO) since it came into effect on 19 July 2013 through policy and processes that bring our own internal marketing practices in line with TDO.

Serving Our Customers: The Art of Delivering an Enlightening Experience

• 4 EXPERIENCE THE EXCELLENCE – DRIVING FROM OUR CORE •

“Service from our heart” is the key philosophy that Sa Sa holds in regard to how we serve our customers. Recognising that customer experience extends way beyond our product offering, we strive to continuously strengthen our service quality through a number of structured channels in order to develop our talents and to give them a heart to serve, rather than just a heart to sell. Some of the modules that we have developed to strengthen this service philosophy include:

- **Mystery shopper:** With customer service quality being the core of the assessment module within our Mystery Shopper Programme
- **Shop KPI:** This is part of the KPI of all shops with Target Management Sustaining System (TMSS) score at its core, providing complaint numbers as well as compliment numbers
- **Competing against industry benchmarks:** Regular participation by our staff measuring against industry benchmarks such as the HKRMA Service Award enables continuous improvement by our staff

EXPERIENCE FROM ONLINE TO OFFLINE

To provide an increasingly seamless online shopping experience to our customers, much has been done this year to enhance the customer-centric feature of our cn.sasa.com webpage and our mobile shopping platform. Furthermore, we have planned an upgrade of our WeChat platform in the coming year, to provide a unique personal online customer service experience through automated assignment of individual customer queries to a professional beauty consultant who is on the ground of a Sa Sa shop. Through the platform upgrades and implementation of social Customer Relationship Management (CRM), we also expect our communication platforms to be more effective in learning about our customers’ desires and inform them with relevant new products and promotions.



▲ Revamped cn.sasa.com site.

SERVING OUR COMMUNITY: THE BEAUTY OF A CULTURE THAT BRINGS SMILES

Despite Hong Kong being one of the most developed cities in Asia, it is still a city with its own challenges. A city where there are one million individuals living below the poverty line; a city where there are still numerous young people struggling to find direction to build their own future; a city where nearly 15% of the elderly aged 65 or over (as at 2012) are living alone and requires our care.

Operating in this city for 37 years, we strongly feel the need to contribute towards the solution to some of the challenges. We believe we can bring smiles to the people of our home city via two of our core caring platforms: Sa Sa Making Life Beautiful Charity Fund, and our "Sa Sa Sincere" Volunteering Team.



Our **"Sa Sa Sincere" Volunteering Team** has been established with the aim of serving the community by bringing together individuals that share the same passion for making a positive difference to the community through the social activities of Sa Sa.

A formal Volunteer register has been established since 2013, with the aim of recording and recognising individuals who have made significant contributions toward driving forward our caring culture.

A total of 785 volunteering man hours were served by Sa Sa in FY14/15.



The **Sa Sa Making Life Beautiful Charity Fund** was launched in March 2013, with the vision of helping our community to realize their inner harmony and true beauty, delivering the "Making Life Beautiful" philosophy from our heart.

• 1 SMILES FROM THE SERVED AND THE SERVING – THE BEAUTY OF VOLUNTEERING •

The beauty of volunteering is that it brings smiles not only to the ones being served, but also to the ones who are serving. It has been a busy year for the **"Sa Sa Sincere" Volunteering Team**, reaching out to a cross-spectrum of individuals in society: the young, the old, the deprived or others who cross our path and would benefit from our giving. The goal that we set is clear: to make a positive impact, wherever and whenever we can.

BEAUTY OF OUR FUTURE PROJECT STAGE 2 – BEAUTIFYING THE LIVES OF NEW IMMIGRANT STUDENTS

With the objective of helping the younger generation to foster their self-esteem and better integrate into the society where they belong, the second phase of Po Leung Kuk and Sa Sa Beauty of Our Future project focuses on helping new immigrant students from the Mainland equip themselves with the essential competencies to succeed in Hong Kong society.

Being a matching fund programme between Sa Sa Making Life Beautiful Charity Fund with the Social Welfare Department, the programme leverages the core philosophy of "以生命影響生命" (using one's life to affect the lives of others) in its mission to serve over 8,500 target beneficiaries. The core of the project involves working with students from four primary schools and two secondary schools over 18 months. Some of the programmes to-date include the following:

Serving Our Community: The Beauty of a Culture that Brings Smiles

JOYFUL SUNSHINE LIFESTYLE SEMINAR

A series of introductory seminars were organised for students to learn about the benefits of the programme and its various elements.



▲ Students' first taste of the theatre sport on stage

CITY EXPLORATION TOUR

This programme aims to enhance new migrants' sense of comfort and belonging to Hong Kong by touring Hong Kong's cultural/natural scenery landmarks that they otherwise might not discover.



▲ Students learning about traditional umbrella making at Shum Shui Po

"MAKE ME LEADER" LEADERSHIP TRAINING PROGRAMME

Through a series of dynamic classroom exercises, students further develop their understanding of leadership and teamwork through experiments and contests.



▲ Students at leadership programme

"GLISTERING STARS" THEATRE SPORTS TRAINING

To enhance students' ability to express themselves in a safe but competitive environment, a series of theatre sports training and competitions were organised, in which they were able to compete with their peers in impromptu stage act.



▲ Theatre sports training

Serving Our Community: The Beauty of a Culture that Brings Smiles

CAREER EXPLORATION – PREPARING FOR THE FUTURE TODAY

A career for most young people is something that is very distant and abstract, with the connection between what they learn and what is needed of them being very vague. The career exploration session aims to provide additional insights into what they need to learn today to prepare for the future tomorrow.

• PRIMARY SCHOOL STUDENTS: WHEN “DREAM COMES TRUE” •

The “Dream Comes True” centre is a purpose-built simulation centre that aims to provide young people with a taste of what working in different sectors is like in a fun and dynamic manner.

Approximately 75 students from four primary schools gathered under the project. In addition to dressing up in the uniform of a certain industry, students are briefed on the expected work attitude of the industry and provided with a simple task to execute. Over 20 Sa Sa volunteers took part in supporting the event, sharing the same passion as the young people in preparing themselves for a better future.



▲ “Sa Sa Sincere” Volunteering Team



▲ Youth trialing as young medics and astronauts



▲ A total of four sets were developed at Sa Sa booth, giving each group of students an unique stage experience

A specialty “Sa Sa Dream Comes True” booth was setup for the day by the Sa Sa Makeup artist and Training team. Students could choose to be a makeup artist, a MC, an actor, a movie director or a photographer. Collectively, they set the stage for a short but fun-filled performance.



▲ Students dressed as “The Terminator” on one of the sets



▲ Full team of Sa Sa makeup artists and trainers with students who acted “Hawaiian Beauty”

Serving Our Community: The Beauty of a Culture that Brings Smiles

• SECONDARY SCHOOL STUDENTS: "YOUR DAY WILL COME" INTERVIEW WORKSHOP •

When students reach Forms 5 and 6 in the two secondary schools that we serve, many start planning for their next stage in life.

To equip students with more confidence, various Human Resource colleagues and frontline staff visit the schools, sharing with them interview techniques and providing insights into sales/frontline work in the retail industry.



▲ Sa Sa Beauty Consultant sharing their insights



▲ Post workshop group photo

SOUNDS GREAT – SHARING AND PRESERVING CULTURAL BEAUTY

"Sounds Great" is an audio book project that aims to preserve some of the best vocal treasures from the past and share them with the next generation.

The first phase of the project includes some of the most famous Chinese literature classics (e.g. Jin Yong Series), Cantonese opera (e.g. Never Say Goodbye), artists' autobiographies and broadcast history.



▲ Two of the titles at the launch of Sounds Great

Sa Sa was proud to be the sole sponsor of Wellfit e-Book Limited to launch the event, and purchased the first 10,000 audio book for distribution to charities such as Po Leung Kuk Elderly Service Centre and The Hong Kong Society of the Aged.



▲ The launch of Sounds Great with Miss Florence Hui, Under Secretary for Home Affairs of HKSAR government and Dr Simon Kwok, Chairman and CEO of Sa Sa International Holdings Limited

Chairman Simon Kwok with the Director of Corporate Strategy and Development, Melody Kwok, introducing the audio book to the elderly at the PLK Centre on the day of the launch



Serving Our Community: The Beauty of a Culture that Brings Smiles



◀ "Sa Sa Sincere" Volunteering Team joined hands with the "Sounds Great" team and Contributing Artists visiting the elderly at Po Leung Kuk Lam May Yin Shirley Neighbourhood Elderly Centre to give away free copies of Sounds Great

CARING FROM THE HEART – ELDERLY VISITS AT HOME

Our annual elderly home visit programme has always been an occasion that gives rise to numerous moving stories told by our volunteers. Wan Lam May Yin Shirley Neighbourhood Elderly Centre was picked for our visit in March 2015, approximately four months after the first visit in November 2014 when we launched "Sounds Great".

Having visited over 30 households in an afternoon, the smiles on the faces of all volunteers clearly marked the success of the event as each volunteer brought home warm and inspiring stories of their visits.



YO YO YUEN (CMPD)

It is amazing how resilient the elderly can be, judging from the two households that I have visited. One elderly lady could hardly leave the room due to sight problems.

On reflection, we should really care for our elderly more, as even minor impairments can seriously affect their routine.

LINNI WONG (HR)

I feel grateful to be a volunteer in the elderly visit programme. It was a pleasant experience talking to the elderly, and I can see from their eyes that our visit means something to them.

ALMEN HON (F&A)

We visited a total of three elderly households, and I think we were fortunate, as all three of the households were very positive in the conversation. Whilst some thought they were the beneficiaries of the visit, I think it is us who truly benefited.



Serving Our Community: The Beauty of a Culture that Brings Smiles

LEADERS IN THE COMMUNITY

In addition to volunteering for various strategic projects, our executives take an active personal role in a number of non-profit organisations, including:

• DR KWOK SIU MING SIMON, BBS, JP •

Chairman and Chief Executive Officer of the Company

- **The Community Chest of Hong Kong:**
First Vice-president (2014-15) of Board of Directors
Chairman of Executive Committee (2014-15)
Co-chairman of Campaign Committee (2015-16)
- **Hong Kong AIDS Foundation:**
Executive Board Member (2006-15)

• DR KWOK LAW KWAI CHUN ELEANOR, BBS •

Vice-chairman of the Company

Chairman of Sa Sa Making Life Beautiful Charity Fund

- **Po Leung Kuk:**
Vice-chairman (2012-15) of the Board of Directors
- **Hong Kong Girl Guides Association:**
Vice-president (2012-15)

• DR GUY LOOK •

Chief Financial Officer and Executive Director of the Company

- **HKSAR Environment Bureau:**
Member of the Energy Advisory Committee (2012-16)
- **Hong Kong Green Building Council Certification Scheme:**
Member of the Appeal Panel (2013-15)

Their full biography can be found in page 51 in the Biographical Information Section of our FY14/15 Annual Report.

Serving Our Community: The Beauty of a Culture that Brings Smiles

INDIRECT SERVICE – RACING WITH A HEART OF CHANGE

“Sa Sa Sincere” Volunteering Team has supported a number of charity races during the year, both financially and through active participation.

Apart from fund raising, many charity races serve the purpose of engaging and educating target beneficiaries. The volunteer team also benefited from a sense of teamwork and strengthened their sense of purpose in being part of the Sa Sa family.

• 2014 •

• SEP 2014 •

“The Community Chest Wheelock Swim for a Million 2014” – for Community Chest

Sa Sa racing and cheering team supporting the event



• OCT 2014 •

Pink Walk for Breast Health – for Hong Kong Breast Cancer Foundation

• NOV 2014 •

Race to Feed 2014 – for Heifer International

As a corporate sponsor to the event for the 7th consecutive year, our cheering team brought home the championship, and our corporate 5 km race team achieved 5th overall position.



Serving Our Community: The Beauty of a Culture that Brings Smiles

• NOV 2014 •

Race with Pink Heels – for Hong Kong Hereditary Breast Cancer Family Registry

Sa Sa took part in the Pink Heels race for the 3rd consecutive year to support awareness raising and screening of hereditary breast and ovarian cancer



• 2015 •



• JAN 2015 •

Community Chest Walk for Millions

Over 40 colleagues turned up to the walk, in support of the fundraising effort that contributed towards 23 "Family and Child Welfare Service" members centre

• FEB 2015 •

Po Leung Kuk Charity Walk cum Carnival

More than 30 colleagues supported the charity walk to raise funds for over 270 social service units



Serving Our Community: The Beauty of a Culture that Brings Smiles

• 2 SMILE OF FULFILLMENT – DELIVERING CARE THROUGH FUNDING •

In addition to supporting the numerous volunteering events above, Sa Sa also provides direct financial or other non-direct financial support to various local NGOs. Through the Sa Sa Making Life Beautiful Charity Fund and the work of Sa Sa Cosmetic Company Limited, we are proud to have donated a total of HK\$5.4 million to outside organisation.

CELEBRATING ART AND CHRISTMAS, WITH LOVE

• Suisse Programme Art of Swiss Beauty – Bring home the best of Swiss •



For the second successive year running of the “Art of Swiss Beauty” exhibition was jointly hosted by Suisse Programme and Hong Kong Arts Centre, to promote the cross-cultural exchange of Swiss and local artists’ view of beauty. Swiss artists Florence Iff and Marianne Eggimann shared their perspectives through the media of photography and ceramic works.

The “Art of Swiss Beauty” Award was presented to one of the Bachelor of Arts (Fine Art) students Chan Yi, funding a trip to Swizerland to bring home stories of beauty contemplated through her own eyes.

• LOVE AT CHRISTMAS •



To celebrate the Christmas festival with love, 2% of the sale of our Christmas teddy bear gift set was contributed to the Sa Sa Making Life Beautiful Charity Fund, so that our customers can care for their loved ones whilst also caring for the community at large.

Serving Our Community: The Beauty of a Culture that Brings Smiles

BEAUTY OF A FLOURISHING COMMUNITY

We felt grateful to be able to contribute towards a number of very meaningful charity initiatives throughout the year. These included:

• YOUTH AND EDUCATION •

-  **Success Charity Foundation:** Supporting Success Charity Concert evening in support to its youth development work
-  **Food for Good:** Sponsoring its charity dinner to support education on food waste agenda in schools, communities and corporates
-   **Love Foundation:** Sponsoring its Inaugural and Fundraising Dinner in support to its "Happy Children Summer Camp 2015" that aims to help over 30,000 children of migrant Chinese workers in local Provinces

• SOCIAL WELFARE AND PUBLIC HEALTH •

-  **Hong Kong Aids Foundation:** Sponsor of its December charity dinner in support for its work in prevention and care for HIV patient
-    **Heifer International Hong Kong:** Corporate sponsorship to Heifer Race to Feed 2014, participate at the charity race and provide product sponsor to its charity dinner
-  **Hong Kong Parkinson's Disease Foundation:** Silver sponsor to "Tai Chai for Parkinson's" event, raising fund to provide better support to the patients in need

• WOMEN IN SOCIETY •

-   **The Hong Kong Girl Guides Association:** Sponsorship and product donation for various events (such as world summit, Halloween fest and fundraising dinner) to enable women in all age to develop their fullest potential
-   **Hong Kong Federation of Women (HKFW):** Support the advocacy of women's right through sponsoring it inauguration of its Orchestra and donation of products in a number of HKFW events
-   **Breast Cancer Foundation:** Sponsoring of the 10th Pink Walk for Breast Health 2014 in supporting of the cause of eradicating breast cancer

• SPORTS, CULTURE AND RELIGION •

-  **Arts in Heritage Research Ltd –** Sponsoring Joint University Cultural Mapping project that raises the profile of Hong Kong's heritage and cultural identity through education
-   **Sports for Hope Foundation:** Sponsoring Guinness World Record Tennis Challenge, to fundraise for the development of young highly-talented underprivileged athletes in Hong Kong and greater China
-   **Hong Kong Veterans' Tennis Association:** Sponsoring the International Open competition, with the aim to promote healthy sports lifestyle amongst the veterans group

SERVING OUR ENVIRONMENT: THE BEAUTY OF GREEN CULTURE

“It is our culture that governs our actions of today.
And our actions today will govern
the beauty of our planet tomorrow.

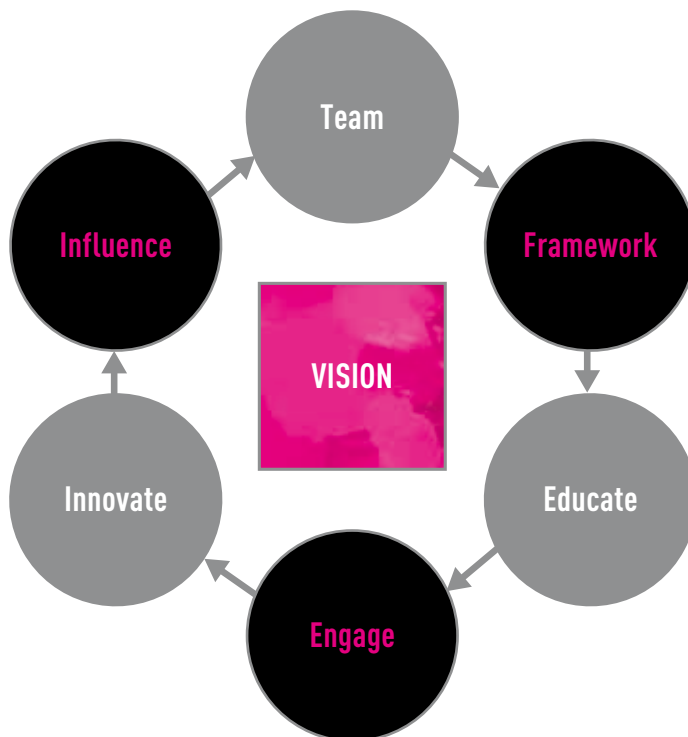
With the number of challenges confronted by our planet, the priority for us to nurture green culture cannot be more apparent or urgent. As individuals, there is little we can achieve on our own. We must therefore build and grow this culture – and we must influence others to do the same.”

DR GUY LOOK
CFO AND EXECUTIVE DIRECTOR



Sa Sa recognises the increasing number of environmental issues that are being confronted by our planet, such as climate change, the depletion of natural resources, waste materials that require treatment, and many others. No individual (country, company or human being) can solve these environmental problems alone. That is why Sa Sa's priorities and efforts have been dedicated towards nurturing a green culture, so that the sustainability movement can be self-sustainable.

Our model in driving green cultural change starts with establishing our vision and objectives, setting up a core team (ESG Taskforce) to build our framework, educating and engaging our talents, being innovative in how things are done, and ultimately influencing our customers and other external stakeholders.



We have made significant progress this year along our journey. Leaving aside the various awards, it is the observable change in our peers' attitude towards the sustainability agenda that inspires us to continue with our work. We are only just beginning. There is a lot that need to be done before we can claim to be truly "sustainable"!

Serving Our Environment: The Beauty of Green Culture

• 1 OUR VISION – TO INFLUENCE OTHERS STRIVING TOWARDS A SUSTAINABLE FUTURE •

It is our vision to ultimately influence every customer that we are in contact with, by offering beauty solutions that serve their aspirations, and those of both society and the environment. Our goal is to exert a sustainable influence that is driven by the heart of Sa Sa and by the culture of each individual within Sa Sa.

With Sa Sa carrying over 17,000 products in our trade mix, it is unrealistic to offer only natural and organic products. Like beauty for human beings, the green beauty definition of some of our products can have its own attributes, whether it is the use of sustainability of packaging, or incorporating waste management system in its manufacturing process, or of ingredients that are sourced from Fair Trade. As our green culture mature, the mixture of products with these green attributes will grow, enabling us to offer solutions that are evermore beautiful to all.

• 2 BEING AS ONE– BEGINNING THE GREEN BEAUTY JOURNEY WITH OUR CORE TEAM •

Driving forward green change is a journey that requires persistent effort. Working through a small and effective team, with the endorsement of the Board of Directors, the core team makes green culture actionable and an integral part of Sa Sa everyday's routine.

• CORE TEAM •

- An established ESG Taskforce with representatives from all major departments, co-chaired by the Corporate Strategy and Development Director and ESG Manager
- A small team of full time staff is established to facilitate the work of the ESG Taskforce according to the Board of Directors' priorities

• LEADERSHIP ENDORSEMENT •

- Team is recognised and supported by Board of Directors.
- Board of Directors provides regular guidance and identify priorities.

“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.”

MARGARET MEAD

Serving Our Environment: The Beauty of Green Culture

• 3 POLICIES AND PROCESSES PROVIDE THE FRAMEWORK FOR SUSTAINABILITY •

It is through continuous improvements that the beauty of green culture is built over time, making life more beautiful by the day.

• POLICY AND PRACTICES •

- An established ESG Policy since Feb 2012
- Incorporating environmental considerations in the tender evaluation of major logistics tenders

• TRANSPORT, WATER AND WILDLIFE •

- Silver corporate member of WWF programme for 8 consecutive years
- Banned shark's fin soup from being served in the annual dinner banquet since 2010
- All Sa Sa owned delivery trucks in Hong Kong meet Euro 5 emission standards

• ELECTRICITY •

- **Efficient lighting:** LED and energy efficient lighting installation covers:
 - o Almost 100% of office space (with a few corridor being exception);
 - o Over 50% of retail shops
- **Zoning:** Air conditioning and light zoning arrangements in offices to reduce unnecessary energy wastage
- **Lights off:** 50% of lights being mandatorily switched off during office lunch hours and during shop preparation hours

• WASTE •

- **P-Life additive** has been added to all our plastic shopping bags and most of our office rubbish bags to ensure they are bio-degradable
- **Annual Dinner:** Food waste is collected at the end of the event to produce fish food
- **Recycling:** Plastic and aluminum recycling facilities are installed across all offices. Total paper recycled in offices for the period reached 18,602kg

• PAPER •

- **Printing:** Office printing set to be duplex as default in office, with printing requiring individual logging in and management
- **e-Fax:** E-fax has been adopted in the office to minimise printing needs
- **FSC paper:** Used for all A4 and A3 office printing paper and most of the marketing publications (e.g. magazines, posters, newsletters)

• PACKAGING •

- **Distribution cartons:** Logistics have launched an initiative in FY14/15 to decrease wastage through adopting plastic reusable boxes and collecting the boxes for reuse
- **Product packaging review:** Packaging materials for our house brands are constantly under review to reduce negative environmental impact. Some of the recent initiatives include the elimination of plastic blister trays in some of our cosmetic sets, elimination of excessive wrapping layers and printing of safety label on boxes rather than being stuck on

Serving Our Environment: The Beauty of Green Culture

• 4 BEING EDUCATED – BEAUTY OF GREEN CHOICES •


It is part of our communication priorities to educate our colleagues on the rationale for green choices, and for making green choices available.

SUSTAINABILITY 360

With the vast variety of topics that are relevant to sustainability (Fair Trade, waste, sustainable consumption and green business etc), regular newsletters are circulated to our colleagues to ensure they can better understand the subject matter. Below are two examples of messages that we have shared with our colleagues during the year:

FAIRTRADE PRODUCE VS CONVENTIONAL TRADE

Being responsible to farmers means they will in turn be responsible for what we consume



FAIR TRADE 公平貿易方式

供應鏈 SUPPLY CHAIN

農夫取得合理回報，可帶來正農影響；
Benefits of farmers receiving a fair price.

農民有足夠資金去發展可持續的種植方式
Sufficient funds for adopting sustainable farming methods

農民有足夠資金去生產高質素的農作物
Sufficient funds for producing high quality products

改善生活水平和環境質素
Better living standard and environment condition

• HANG SENG SUSTAINABILITY INDEX UPDATE •

Green is not only about doing good to the environment, but also doing good to our business



可持續發展未來 Sustainable Future

社會責任 Corporate Responsibility
員工福祉 Employee Welfare
公民參與 Citizen Engagement
環境保護 Environment
社區參與和發展 Community Involvement and Development
公平貿易 Fair Trading
誠信經營 Integrity
客戶權益 Customer Rights

NEW HIRE INDUCTION – OUR ENVIRONMENTAL FOOTPRINT IN CONTEXT

A section focusing on Sa Sa's sustainability issues and policies has been added to the formal new hire induction curriculum since October 2013. Over 700 colleagues have experienced the induction this financial year



Serving Our Environment: The Beauty of Green Culture

• 5 BEING ENGAGED – BEAUTY OF GREEN CHOICES •

Providing fun and meaningful platforms for our staff to get involved with the sustainability agenda is an important strategy for growing our green culture.

• GROWING OUR GREEN FAMILY •

Over 80 staff and their family members joined the weekend Eco-tour of New Life Farm at Tuen Mun, experiencing the joy of a green diet, organic farming and paper recycling while learning about various environmental challenges that human beings are facing. We believe that extending the eco-agenda to the immediate family of our colleagues is one important aspect of ensuring our green culture is sustainable.



• CELEBRATE MID-AUTUMN FESTIVAL WITH MINIMUM WASTE •

In supporting the Food Grace (食德好) Mooncake Collection Campaign, collection boxes were placed in various parts of the office. Empty fruit hampers basket were collected, and were then sold back to local fruit retailers with money collected being donated to the Food Grace programme. Empty mooncake tins were also collected for recycling.



▲ Result from 2014 Mooncake Collection Campaign

• IN LOVE WITH A GREEN CHRISTMAS •

In the period before Christmas, colleagues were offered a series of green and loving gifts that they could purchase, such as a donation to Oxfam in support of women's welfare in India, Fair Trade Hampers, or animal adoption through the WWF.



▲ Oxfam promotional materials on socially responsible shopping for Christmas and Chinese New Year

Serving Our Environment: The Beauty of Green Culture

• 6 BEING INNOVATIVE – FINDING BEAUTY IN WASTE •

Breaking the cycle of wasteful consumption behavior sometimes requires reaching out beyond the standard handling approach. With the introduction of a new uniform design in 2014, around 2,500 sets of old uniforms were made obsolete. We were fortunate to enlist the support of the Hong Kong Design Institute (HKDI) and its alumni up-cycling designers to explore up-cycling options for the uniforms.

The first phase of work involved utilizing the old uniforms to form part of a major mosaic constructed by Swedish upcycling artist Studio Brieditis & Evans, who developed a masterpiece that was displayed at the entrance to the HKDI over a five month period.



▲ Sa Sa uniform forming part of the cloth mosaic



▲ Mosaic displayed at the main entrance to Hong Kong Design Institute between October 2014 and March 2015

• 7 BE INFLUENTIAL – TO CARE FOR BEAUTY •

We recognise the important role that we fulfill as Asia's Leading Cosmetics Retailer: to extend our passion for sustainability to harmonise with our customers' desire for sustainable beauty.

FROM GREEN PRODUCT TO GREEN EDUCATION – ENHANCING OUR GREEN BEAUTY



▲ Green Beauty Zone at Sa Sa Supreme

We are proud to have partnered with the World Green Organisation this year, to launch a dedicated Green Beauty zone in our flagship store Sa Sa Supreme over a 6 weeks period, providing a green lifestyle experience and education to our customers whilst promoting some of our flagship green beauty brands, such as NUXE, Caudalie, Beyond and NATIO. A Facebook competition was also launched, inviting our fans to sharing their insights on green beauty.



Some of the green beauty tips provided to our customers on saving electricity and water ▶

Serving Our Environment: The Beauty of Green Culture

TO GO "BEYOND" – EXPANDING OUR GREEN BEAUTY LANDSCAPE



Sa Sa partnered with Beyond, one of Sa Sa most popular Korean green brands, featuring a roadshow in Spring 2014 with the Korean artist/spokesman Kim Soo Hyun (金秀賢). This further raised Beyond's profile within the Sa Sa collection of beauty brands.

◀ Campaign poster from Beyond

CELEBRATE CHINESE NEW YEAR WITH GREEN CARE

"What if the number of red packets that Hong Kong consumes every year is stacked up, how high do you think it will reach? Top of ICC? Or into outer space?"

This is one of the questions that Sa Sa colleagues were asked at the launch of the campaign. Not many guessed the right answer of Outer Space, even though they had been told that Hong Kong consumed over 300 million red packets every year.

Sa Sa is proud to be the first retailer this year to have joined the Red Pocket Collection campaign hosted by Greeners Action.

Building on our success last year with collections in the office, Sa Sa participated as the Diamond Sponsor in the Red Pocket Initiative. Collection boxes were setup across 40 of Sa Sa's largest retail stores. Collection points in offices and logistics centres were also continued.

Sa Sa's participation this year resulted in over 180,000 used red packets being collected. These were further processed by workers in a sheltered workshop run by The Mental Health Association of Hong Kong, and stored away for free distribution next year.



▲ Sa Sa Associate Director of Logistics, Aaron Hui (2nd from right) and Vice President of Sales and Operations, Trevor Leung (2nd from left), on behalf of Sa Sa, handed over 90 boxes of used red packets to Angus Ho (3rd from left), Executive Director of Greeners Action

PLASTIC BAG LEVY



With the extension of the Plastic Bags Levy becoming effective on 1st April 2015, retailers are no longer required to submit the money collected to the Environmental Protection Department (EPD).

Sa Sa has committed itself to contributing 100% of the money collected to non-profit organisations, primarily in the area of green education, with the vision of nurturing future green leaders. Sa Sa is currently identifying and evaluating various options for the use of this money that would maximize the positive impact.

◀ EPD poster on new levy

Serving Our Environment: The Beauty of Green Culture

INFLUENCE BEYOND THE RETAIL DIMENSION

• EXECUTIVE LEVEL INVOLVEMENT •

Support and direction from our executive is one of the most important forces driving our sustainability campaign to continuous success. Sa Sa CFO/Executive Director Dr Guy Look is personally committed to nurturing the green movement inside and influencing others outside the organisation. As at 31 March 2015, Dr Look holds a position on the HKSAR Environment Bureau Energy Advisory Committee (since July 2012) and he is a member of Appeal Panel of Hong Kong Green Building Council Certification Scheme (since October 2013).

• STORIES OF OUR GREEN JOURNEY •

The Sa Sa ESG team is proud to have been invited by a number of organisations to share stories of the challenges and successes of our ESG journey in various forums this year. These sharing also provided opportunities to reflect upon our journey, as we learned from other presenters.

• SEP 2014 •

"CSR Practices in Hong Kong", hosted by HKUST Business School, Department of Management:

• OCT 2014 •

"2014 Market Trend on ESG Investment and Disclosure", hosted by Ernst and Young, Bloomberg and Toppan

• NOV 2014 •

"Sustainable Cosmetics Summit Asia-Pacific edition", hosted by Organic Monitor

• DEC 2014 •

"Forum for Environmental, Social and Corporate Governance Disclosure", hosted by WWF



▲ Sasa sharing stage of ESG forum with representatives of Environmental Bureau, HKEx and WWF

• MAR 2015 •

"Environmental, Social and Governance Forum", hosted by BDO

NURTURING GREEN SCHOLARS

We have continued our work with the University of Hong Kong, by providing two internship opportunities for students from the Faculty of Social Sciences, one of whom is a non-Cantonese speaking student. Although we see the intern as an asset in providing support for our research work, we hope the experience will be valuable in developing potential future green leaders in a field of their own choosing.

• 8 REALIZING AND MANAGING OUR FOOTPRINT •

Through the continuous monitoring and disclosure of our footprint, we aim to better learn and disclose the impact that we have on the environment. Whilst there has been reduction in carbon emission observed per square meter of floor area we operate, an increase in intensity per revenue dollar is observed this year, which we are undergoing review to further reduce in the upcoming year by 5%.

• OUR FOOTPRINT AT A GLANCE •



	FY2014/15	YoY change	FY2013/14	YoY change	FY2012/13
Total (Tonnes CO ₂ e)	21,626	↑ 7.8%	20,053	↑ 3.5%	19,381
Carbon Intensity (Tonnes CO ₂ e / \$HK1m revenue)	2.9	↑ 4.4%	2.8	↓ 11.4	3.2
Carbon Intensity (Tonnes CO ₂ e / sqm gross floor area)	0.383	↓ 3.2%	0.396	↓ 0.5%	0.398

Serving Our Environment: The Beauty of Green Culture

• OUR FOOTPRINT ACTIVITIES IN DETAIL •

ELECTRICITY

CARBON INTENSITY (TONNES/HK\$1M REVENUE)




2014/15	 2.89	↑ 4.9%
2013/14	 2.76	↓ 11.4%
2012/13	 3.11	

EMISSION ACTIVITY INTENSITY (KWH/SQM GROSS FLOOR AREA)




2014/15	 508	↓ 2.7%
2013/14	 522	↓ 0.6%
2012/13	 525	

AIR TRAVEL

CARBON INTENSITY (TONNES/HK\$1M REVENUE)




2014/15	 0.019	↓ 33.7%
2013/14	 0.029	↓ 11.5%
2012/13	 0.033	

EMISSION ACTIVITY INTENSITY (KM/HEADCOUNT)




2014/15	 286	↓ 32.6%
2013/14	 425	↓ 15.6%
2012/13	 503	

COMPANY VEHICLE FUEL CONSUMPTION

CARBON INTENSITY (TONNES/HK\$1M REVENUE)

2014/15	 0.019	↓ 7.0%
2013/14	 0.020	↓ 4.3%
2012/13	 0.021	




EMISSION ACTIVITY INTENSITY (LITRE/SQM GROSS FLOOR AREA)

2014/15	 0.89	↓ 13.8%
2013/14	 1.03	↑ 7.4%
2012/13	 0.96	

Serving Our Environment: The Beauty of Green Culture

A4 PAPER (PRINTING AND PHOTOCOPY)

CARBON INTENSITY (TONNES/HK\$1M REVENUE)




2014/15	 0.0063	↑ 3.5%
2013/14	 0.0061	↓ 13.4%
2012/13	 0.0071	

EMISSION ACTIVITY INTENSITY (PCS PAPER CONSUME/HEADCOUNT)




2014/15	 2,828	↑ 6.6%
2013/14	 2,652	↓ 7.1%
2012/13	 2,855	

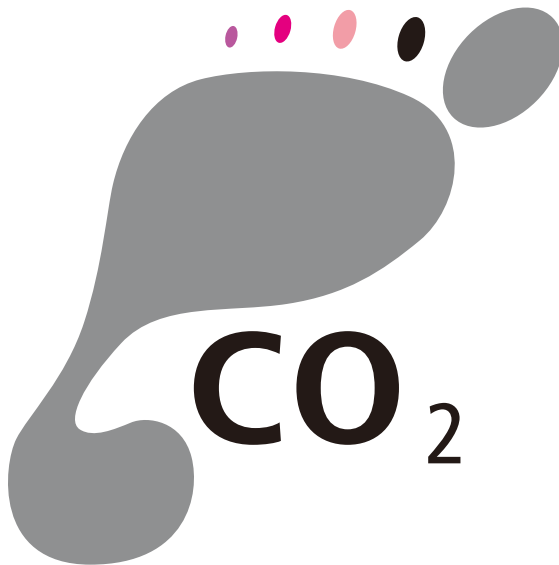
WATER USAGE

CARBON INTENSITY (TONNES/HK\$1M REVENUE)






2014/15	 0.0028	↓ 5.0%
2013/14	 0.0030	↑ 2.1%
2012/13	 0.0029	

EMISSION ACTIVITY INTENSITY (CU.M/SQM GROSS FLOOR AREA)

2014/15	 0.634	↓ 11.9%
2013/14	 0.720	↑ 14.6%
2012/13	 0.628	



• TOTAL CARBON EMISSION BY SOURCE •

 Electricity	98.4%
 Air Travel	0.7%
 Fuel Consumption	0.6%
 A4 Paper (Printing and Photocopy)	0.2%
 Water Usage	0.1%

Note: There has been adjustment in FY12/13 & FY13/14 figures that were made subsequent to the publishing of FY13/14 report due to change in floor area measurement, reflected here.

INVESTOR RELATIONS REPORT

• EFFECTIVE AND TWO-WAY COMMUNICATIONS •

The Group is committed to fostering productive and long-term relationships with shareholders, individuals and institutions (collectively named as “Shareholders”), and the investment community at large, through effective two-way communication channels.

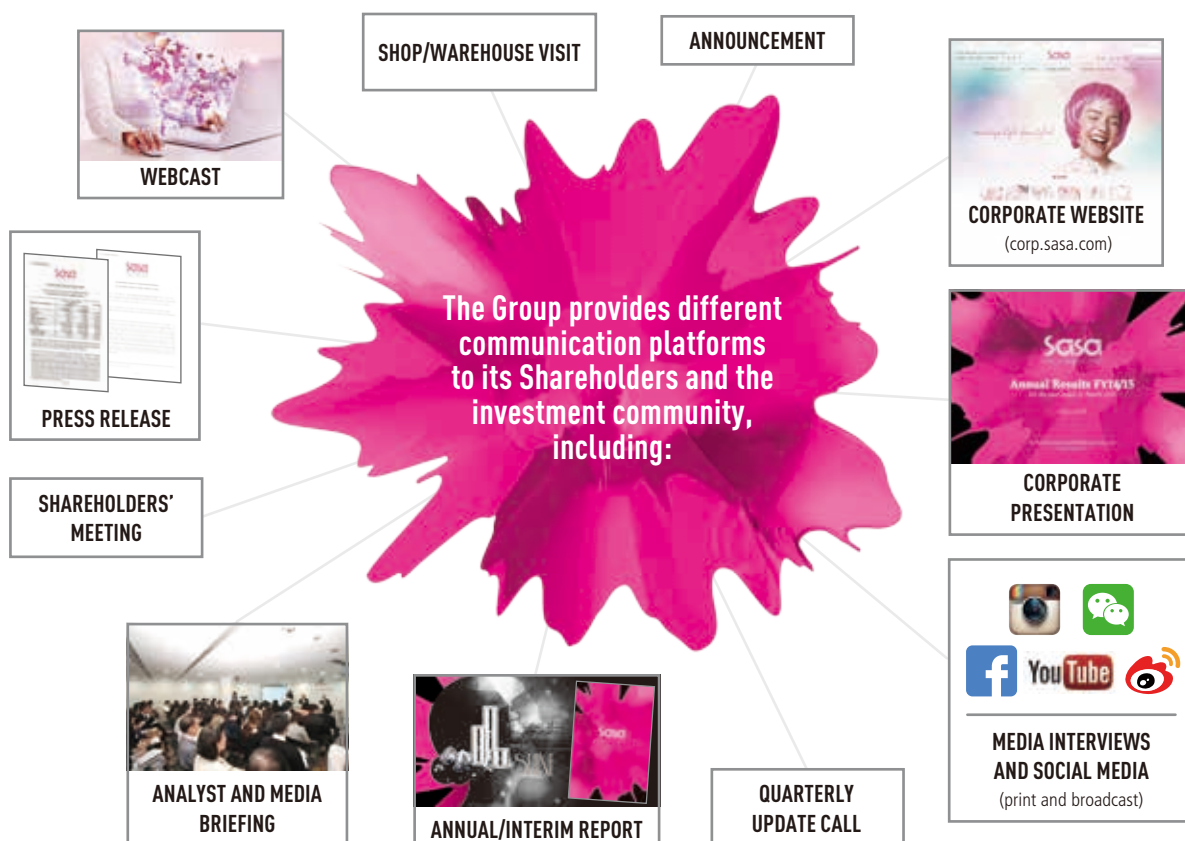
Sa Sa’s communication strategy is to ensure that information about and from Sa Sa is delivered on a timely, transparent and non-exclusionary basis. We strive to be responsive to the enquiries of the investment community by being easily accessible and responding in a timely manner. We endeavour to ensure that all information published is factual and presented in a clear and balanced manner, disclosing both positive and negative information objectively, so that the investment community can make informed investment decisions.

As part of our investor relations function, we recognise that communication has to be conducted in both directions and so to this end, we also collect feedback from investors and analysts for the attention of executive management and the Board of Directors. This also helps to formulate our investor relations plan and improve our investor relations practices on an on-going basis.

• SHAREHOLDERS’ COMMUNICATION POLICY •

To facilitate effective and systematic communications with Shareholders and attain higher standard of investor relations practices, the Board approved and adopted the “Shareholders’ Communication Policy” on 19 March 2012, setting out the aims and practices of the Company to have a two-way communication with Shareholders and the investment community. The Policy is available on the Company’s website for public reference.

• COMMUNICATION PLATFORMS •



Investor Relations Report

As an environment-conscious corporate citizen, the Company encourages Shareholders to access corporate information and updates via the Company's or the HKExnews website. The Company's website presents a user-friendly interface in English and Chinese, and all Corporate Communications are easily accessible in the "Investor Relations" section following their releases. Information is also released by email to all persons who have requested their names to be added to our contact database. Any person who wishes to be added to this database can do so by sending an email to ir@sasa.com.

• INVESTOR RELATIONS ACTIVITIES •

The Company is highly supportive to investor relations function, our Executive Directors, Director of Corporate Communications and Investor Relations and designated representatives interact regularly with the market in a variety of ways in order to facilitate a two-way communication between the Company, Shareholders and the investment community. The Company upholds the principal of Non-Selective Disclosure for price-sensitive information. Historical financial information, operational data, corporate strategies, industry update and the outlook of the Company are available to the public via the Company's website and the HKExnews website. The Company communicates with the investment community and shareholders based on largely publically available information.

INSTITUTIONAL INVESTORS

Through platforms including roadshows (both domestic and international), results briefings, investor meetings, investor conferences, company visits, teleconferences and emails, we made frequent contact with analysts, fund managers and investors during the year:

- Proactive participation in major conferences and non-deal roadshows in Hong Kong and across countries in Asia, Europe and North America.
- Interim and Annual Results Analyst Presentation with webcast for those who cannot attend.
- Quarterly Analyst Conference Call was conducted in the first and third quarter to promote timely and efficient communications on important updates of the Group.
- Introduced the voluntary fourth quarter announcement in May 2015.



• FREQUENT CONTACTS WITH INVESTMENT COMMUNITY •

Over 1,300 analysts, fund managers and Investors
(FY2013/14: Over 1,300)

• CLOSE ENGAGEMENT WITH INSTITUTIONAL INVESTORS •

- **17 major conferences** (FY2013/14: 11)
- **12 non-deal roadshows** (FY2013/14: 17)
(please see below for details)
- **91 investor participants** for Annual Results Analyst Presentation (FY2013/14: 89)
- **91 investor participants** for Interim Results Analyst Presentation (FY2013/14: 89)
- **72 participants** for First & Third Quarter Conference Call (FY2013/14: 73)
- **Fourth Quarter Announcement** (new)

Investor Relations Report

RETAIL INVESTORS

The Company also greatly values the support from our retail investors. During the year, series of initiatives were adopted to facilitate better understanding by retail investors of the operations and outlook of the Group, as well as to provide them easier access to the management and investor relations personnel.

- A designated enquiry hotline (852) 2975 3638 has been launched for the investment community including retail investors.
- A separate Q&A section for retail investors is arranged in our AGM.

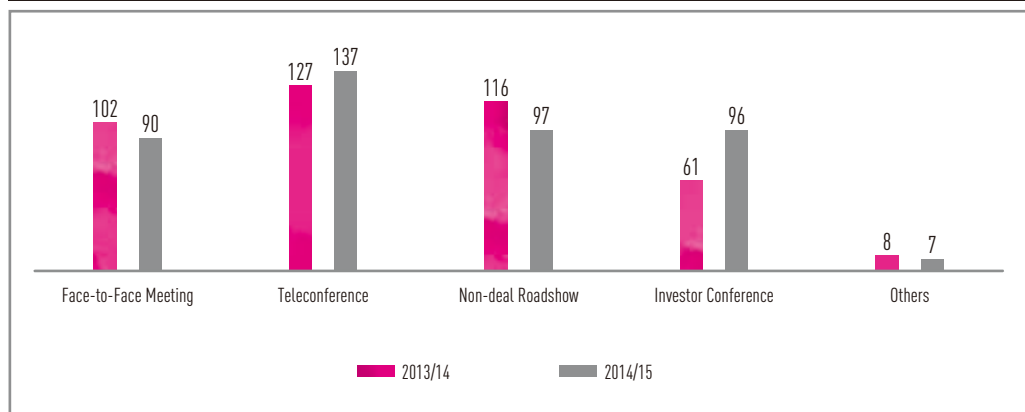
COMMUNICATION WITH SELL-SIDE ANALYSTS

The Group has also maintained continuous dialogues with many sell-side analysts of securities research institutions, of which 27 have already covered our Company. During the year, a total of over 160 research reports covering Sa Sa has been published by securities firms in Hong Kong market.

- **27** analysts covering Sa Sa (FY2013/14: 26)
- **Over 160** research reports (FY2013/14: Over 160)

INVESTOR RELATIONS ACTIVITIES ANALYSIS

• NO. OF EVENT BY TYPE •

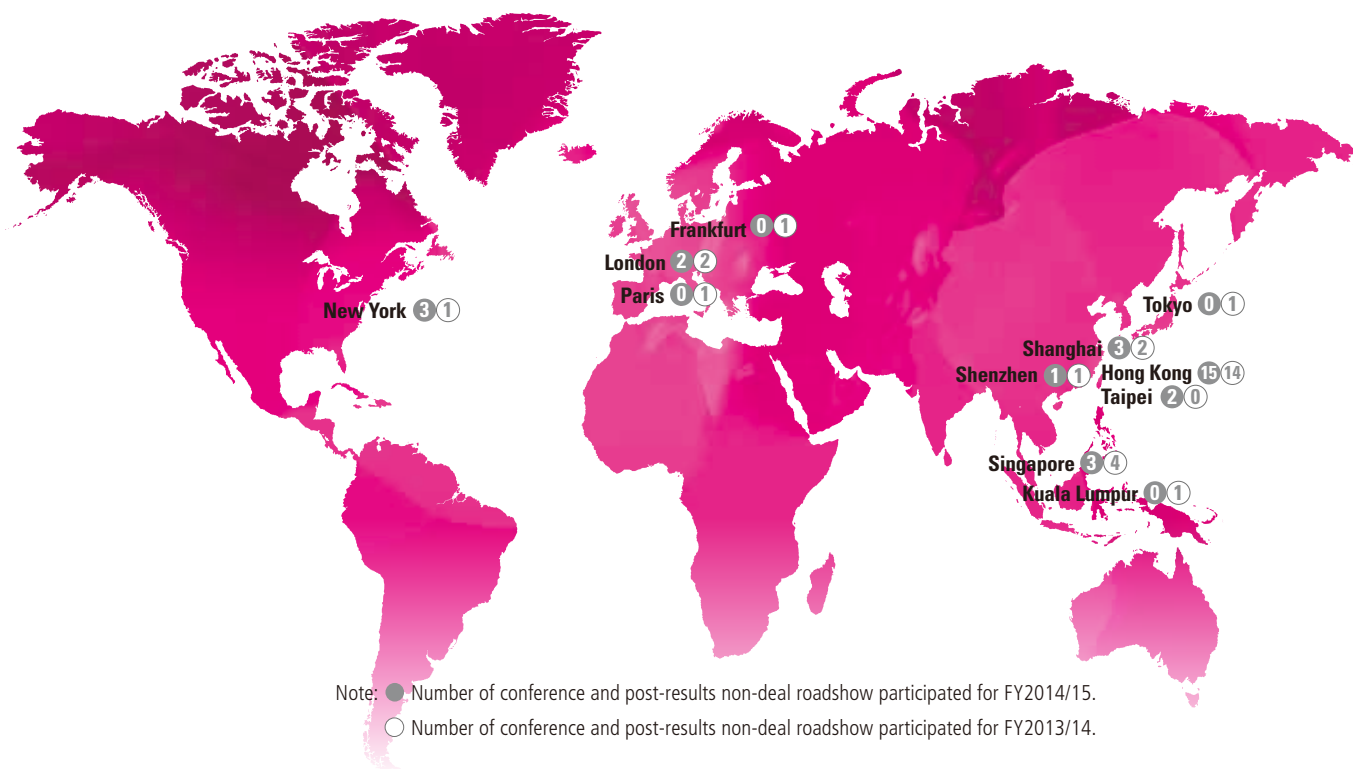


Investor Relations Report

ROADSHOW AND CONFERENCE

FY2014/15	Event	Organizer	Location
Q1	Post-results roadshow	Goldman Sachs	United States (New York)
	Greater China London Forum	J.P. Morgan	Europe (London)
	Consumer Gaming Conference	Daiwa	Hong Kong
	Small Cap Corporate Day	CIMB	Hong Kong
	Post-results roadshow	BOCOM	Hong Kong
	Post-results roadshow	UOB Kay Hian	Taipei
	Greater China Conference	Macquarie	Hong Kong
	Pulse of Asia Conference	DBS Vickers	Hong Kong
	Post-results roadshow	HSBC	Hong Kong
	Post-results roadshow	Nomura	Hong Kong
Q2	Post-results roadshow	Citi	Singapore
	Post-results roadshow	UOB Kay Hian	Taipei
	Post-results roadshow	Macquarie	Europe (London)
	China Investor Forum	Nomura	China (Shanghai)
	Consumer & Gaming Conference	Barclays	Hong Kong
	Mutual Connect Summit	Guosen Securities	China (Shenzhen)
Q3	Asian Gems Conference	UOB Kay Hian	Singapore
	HK/China Consumer Access Day	CLSA	Hong Kong
	China Conference Racing towards China's Dream	HSBC	China (Shanghai)
	Post-results roadshow	HSBC	Hong Kong
	Post-results roadshow	HSBC	Singapore
	Post-results roadshow	Macquarie	Hong Kong
	Global Emerging Markets One-on-One Conference	UBS	United States (New York)
	Post-results roadshow	JP Morgan	United States (New York)
	HK/China Consumer Corporate Day	Morgan Stanley	Hong Kong
	The Premium Review	Societe Generale and Ji Asia	Hong Kong
Q4	Greater China Conference	UBS	China (Shanghai)
	HK/China Access Day	Guosen Securities	Hong Kong
	Asian Investment Conference	Credit Suisse	Hong Kong

Investor Relations Report



• SHAREHOLDERS' MEETINGS •

Shareholders' meetings are held to ensure Shareholders can participate in or appoint proxies to hear from and put questions to Directors regarding the Group's performance, and to vote for resolutions set out in the Annual General Meeting ("AGM") Notice, which will be proposed at the AGM for consideration and, where appropriate, approval by the Shareholders.

The last shareholders' meeting was the AGM held at 3rd Floor, Gold Mark Plaza, 502 Hennessy Road, Causeway Bay, Hong Kong on 21 August 2014, for approval of, among others, the re-election of retiring Directors and the general mandates to issue and purchase shares. Particulars of the major items considered at the AGM are set out in the circular dated 17 July 2014. All proposed ordinary resolutions were passed by way of poll votings at the AGM.

The 2015 AGM will be held at 3rd Floor, Gold Mark Plaza, 502 Hennessy Road, Causeway Bay, Hong Kong, on 19 August 2015 (Wednesday) at 11 a.m.



Investor Relations Report

• SHAREHOLDERS' RIGHTS •

Shareholders can make a request to convene a general meeting on the written requisition of any two or more Shareholders or on the written requisition of any one Shareholder which is a registered clearing house, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company, according to the procedures set out in "How Shareholders Can Convene an Extraordinary General Meeting" which is available on the Company's website for public reference.

Shareholders also have opportunities to put enquiries to the Board at any general meetings held by the Company. Enquiries may also be made at any time by email to Investor Relations at ir@sasa.com or by writing to 8th Floor, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong.

Towards the end of each general meeting held by the Company, there are opportunities for Shareholders to raise questions or put forward proposals. Shareholders may also contact Investor Relations at ir@sasa.com or by writing to the same address mentioned above if they have proposals they would like the Company to consider at any other time. Shareholders who wish to propose a formal resolution for consideration at Shareholders' meeting should convene an Extraordinary General Meeting by following the procedures mentioned in the first paragraph of this section.

• COMMUNICATION INITIATIVES FOR THE SHANGHAI-HONG KONG STOCK CONNECT PROGRAMME •

Sa Sa has been a constituent stock in the Hang Seng Composite MidCap Index for three consecutive years and becomes a qualified stock in the Shanghai-Hong Kong Stock Connect Programme, and is open for trading by investors in Mainland Chinese stock market starting from November 2014.

Prior to the launch of the Shanghai-Hong Kong-Stock Connect programme, the management already communicated with the Board of Director to prepare Sa Sa for the possible initiatives for this programme. Since the launch of the programme, while closely co-operating with the Mainland Chinese securities firms, the Group has also conducted targeted communications with private investors from Mainland China through investor days, meetings and public relations efforts in order to increase our brand awareness.

During the year, in order to arrange targeted investor activities for our existing and potential shareholders, we have been closely monitoring the shareholding and geographical distribution of our Mainland Chinese private investors. According to the Central Clearing and Settlement System (CCASS) operated by Hong Kong Securities Clearing Company Limited, 0.15% of the Company's total issued capital was held by the Mainland Chinese investors through China Securities Depositor and Clearing Limited as of 31 Mar 2015.

• PROMOTE EXCELLENT INVESTOR RELATIONS CULTURE FOR THE INDUSTRY •

Sa Sa is committed to improve our investor relations work, and thrive to attain the highest standards in the industry through ongoing efforts. Throughout the year, our management represented the Group in a number of industry seminar to promote the Group's best practices in investor relations.



- "Panel discussion on shifting retail landscape in Hong Kong", organized by Deutsche Bank



- "Forum on shareholder communications", organized by The Hong Kong Institute of Certified Public Accountants



- "Seminar on investor relations work in the Mainland", organized by The Hong Kong Investor Relations Association, The Hong Kong Exchanges and Clearing Limited and The Chamber of Hong Kong Listed Companies

Investor Relations Report

• FROM COMMITMENT TO RECOGNITION •

Sa Sa always persists in upholding investor relations and corporate governance excellence. Our commitment to best-practice governance standards and transparent reporting has been granted recognitions by a number of regional and international accolades during the year.

HANG SENG CORPORATE SUSTAINABILITY BENCHMARK INDEX

- 2014 – 2015 constituent member



Hang Seng Corporate
Sustainability Index
Series Member 2014-2015

The 1st HKIRA Investor Relations Awards – Mid-Cap Category



- Overall Best IR Company
- Best IR Company
- Best IR by Chairman/CEO
(Dr Simon Kwok, Chairman and CEO)
- Best IR by CFO (Dr Guy Look, CFO and Executive Director)
- Best IRO (Ms Tiffany Cheung, Vice President of Corporate Communications and Investor Relations)
- Best IR Presentation Collaterals

IR Magazine – Investor Perception Study Asia 2014/15

- 6th in Greater China Ranking
- 11th in All-Asia Ranking
- Grand Prix for Best Overall Investor Relations (Small or Mid-cap)
- Best in Sector – Consumer Discretionary
- Best Investor Relations by a Hong Kong Company
- Best Investor Relations Officer – Hong Kong (Ms Tiffany Cheung)



Institutional Investor Magazine – All-Asia Executive Team 2014



- 31st in Asia's Most Honored Companies
- 6th in the Best Companies by Country
- Best Investor Relations (Consumer Sector) – nominated by the Sell-Side
- Best CFO (Consumer Sector) – nominated by the Sell-Side (Dr Guy Look)
- 3rd Best CFO (Consumer Sector) – nominated by the Buy-Side (Dr Guy Look)
- 2nd Best Investor Relations Professional (Consumer Sector) – nominated by the Sell-Side (Ms Tiffany Cheung)

Corporate Governance Asia Magazine – the 5th Asian Excellence Recognition Awards 2015

- Best Investor Relations Company – Hong Kong
- Asia's Best CFO – Investor Relations (Dr Guy Look)



Investor Relations Report

Asiamoney Magazine – 2014 Best of the Best Managed Company



- Best of the Best Managed Company in Hong Kong - Medium Cap

Hong Kong Management Association – Best Annual Reports Awards 2014

- Citation for Corporate Governance Disclosure



Mercomm, Inc. – International ARC Awards 2014 (The Group's 2012/13 Annual Report)



- Gold Award in the category of International Retail – Cover Photo/Design
- Silver Award in the category of Retail – Interior Design

Mercomm, Inc. – Galaxy Awards 2014 (The Group's 2013/14 Annual Report)

- Silver Award in the category of Covers for Annual Reports (Artistic/Illustrations)
- Gold Award in the category of Overall Presentation for Annual Reports (Retail – Cosmetics)



Mercomm, Inc. – Mercury Excellence Awards 2014-2015 (The Group's 2013/14 Annual Report)



- Honors Award in the category of Overall Presentation for Annual Reports (Beauty/Cosmetics)

For details of the full list of recognitions, please refer to the "Awards and Recognition" section on pages 14 to 23 of this Annual Report.

Your support makes it happen.
We will keep up the good work.
THANK YOU

Investor Relations Report

• SHAREHOLDING STRUCTURE •

According to the Company's share registrar, Sa Sa had 1,574 registered shareholders as at 31 March 2015. This number does not include individual Shareholders and corporations that have an indirect interest through intermediaries including custodians and nominees, investment funds and the Central Clearing and Settlement System (CCASS) operated by Hong Kong Securities Clearing Company Limited, and therefore, the Company's actual number of Shareholders would be larger.

Our largest beneficial shareholders are Dr KWOK Siu Ming Simon, Chairman and CEO, and Dr KWOK LAW Kwai Chun Eleanor, Vice-chairman, both Executive Directors of the Company, who have a combined shareholding of 63.17%*. The 36.83% remaining proportion of the shares are held by a wide range of institutional investors across North America, Europe and Asia, and a considerable number of retail investors.

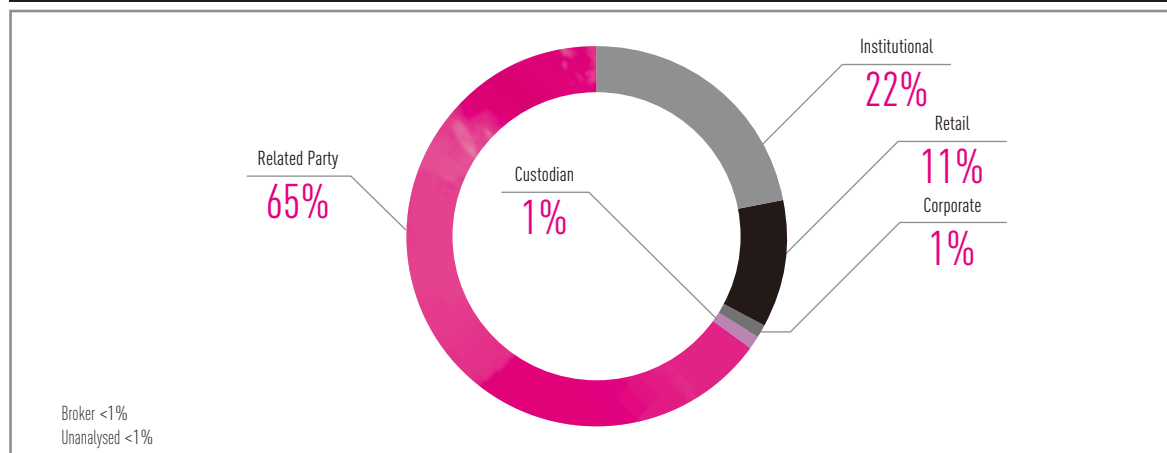
* Please refer to pages 143 to 158 in the "Report of the Directors" of this Annual Report for details of the Directors' and Chief Executive's shareholding interests.

During the year, the Company engaged NASDAQ OMX Group, Inc. to conduct "Shareholder Identification" which was able to analyse shares of the Company as at 31 March 2015, representing 99.4% of the total issued capital.

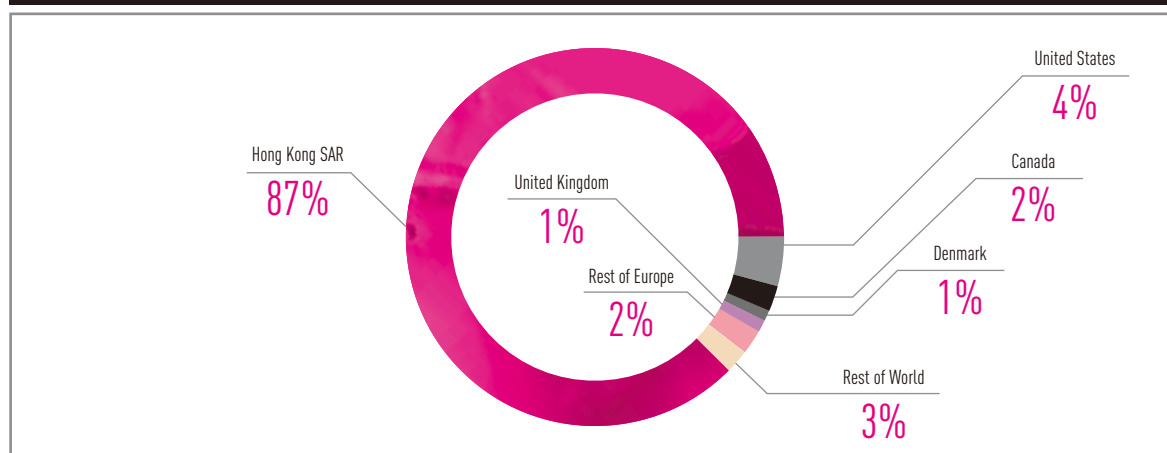
According to NASDAQ OMX's report, the Group's institutional shareholder base was composed of firms spanning across 21 countries, and accounted for 21.9% of the Company's total issued capital as at 31 March 2015, while the low turnover orientation# accounted for 50.8% of the total institutional shareholders.

Average holding period exceeds 24 months.

• TOTAL SHAREHOLDER COMPOSITION •



• TOTAL SHARE BY GEOGRAPHY •



Investor Relations Report

• SHAREHOLDERS INFORMATION •

FINANCIAL CALENDAR

FY 2014/15 interim results announcement	18 November 2014
Closure of register of members	8-9 December 2014 (both days inclusive)
Payment of 2014/15 interim and special dividends	19 December 2014
FY 2014/15 annual results announcement	25 June 2015
For determining shareholders' eligibility to attend and vote at AGM:	
<ul style="list-style-type: none"> Closure of register of members 	18-19 August 2015 (both days inclusive)
<ul style="list-style-type: none"> Record Date for eligibility to attend and vote at AGM 	19 August 2015
Annual General Meeting	19 August 2015
For determining entitlement to the final and special dividends (if payable):	
<ul style="list-style-type: none"> Closure of register of members 	25-26 August 2015 (both days inclusive)
<ul style="list-style-type: none"> Record Date 	26 August 2015
Proposed payment Date of FY2014/15 final and special dividends (if payable)	4 September 2015
FY 2015/16 interim results announcement	Mid to late November 2015

SHARE LISTING

First listed on the Stock Exchange of Hong Kong	13 June 1997
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LISTING AND STOCK CODES

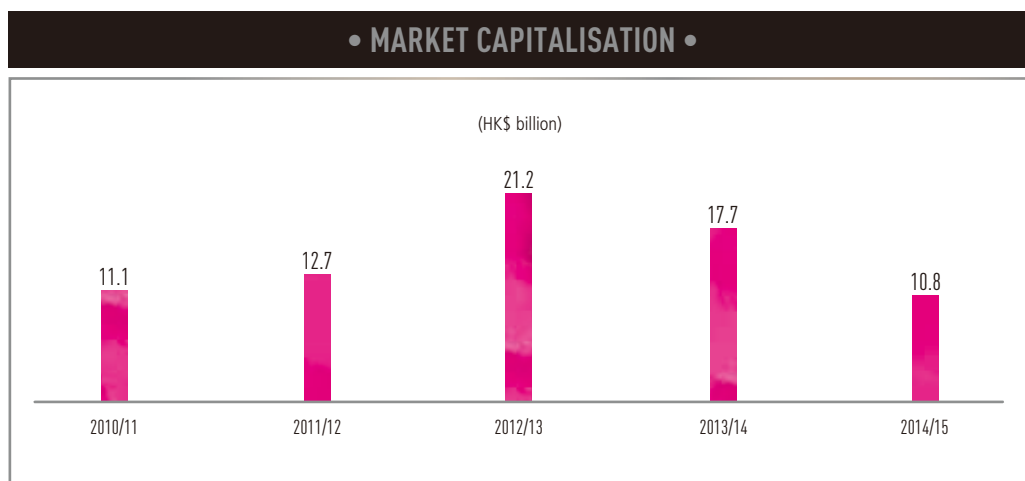
Ordinary Shares	
The Stock Exchange of Hong Kong	178
Bloomberg	178 HK Equity
Reuters	0178.HK
ADR Level 1 Programme	SAXJY

STOCK INFORMATION

Board lot	2,000 shares
Nominal value per share	HK\$0.1
Number of ordinary shares issued as at 31 March 2015	2,844,683,520
Public float as at 31 March 2015	Approximately 35.19%

Investor Relations Report

SHARE PERFORMANCE	FY2014/15	FY2013/14
Closing price as at 31 March	HK\$3.79 per share	HK\$6.22 per share
Highest price during the fiscal year	HK\$6.93 per share	HK\$9.31 per share
Lowest price during the fiscal year	HK\$3.70 per share	HK\$6.07 per share
Average daily trading volume	6.3 million shares	5.4 million shares
Average daily trading amount	HK\$34.4 million	HK\$42.1 million



* based on closing prices at fiscal year end (as at 31 March)

• DIVIDEND HISTORY •

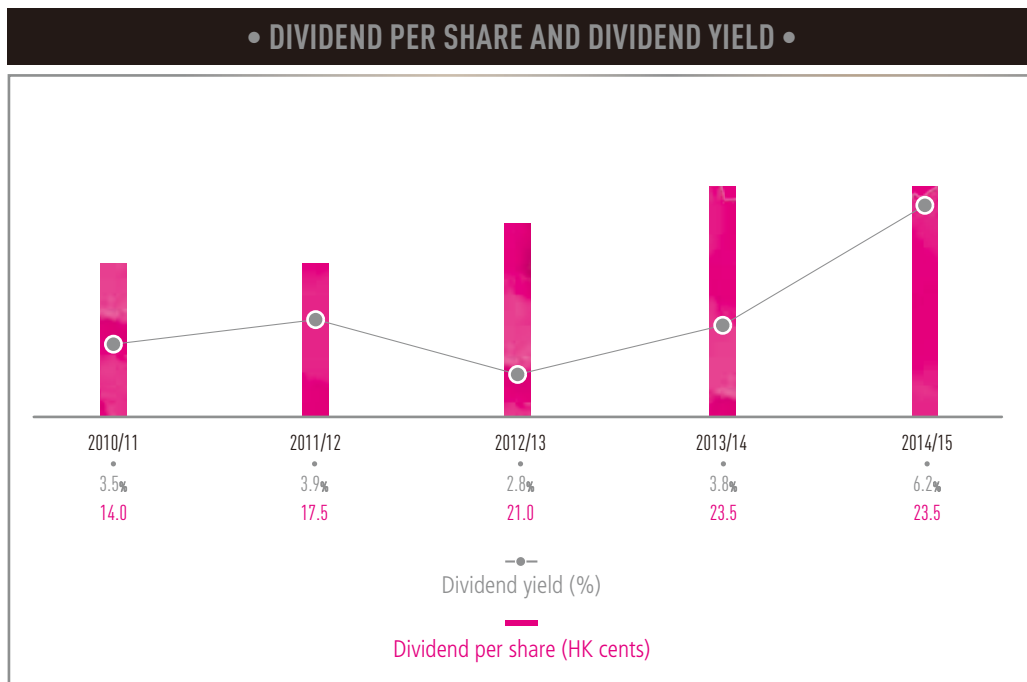
Depending on the Group's cash flow, earning capacity, development plans, and the final decision of the Board, and in the absence of special circumstances, the Group will strive to maintain a consistently high dividend policy.

FINANCIAL YEAR	DIVIDEND PAYOUT RATIO
2014/15	79.7%
2013/14	71.4%
2012/13	71.9%
2011/12	71.4%
2010/11	77.1%

Investor Relations Report

DIVIDEND PER SHARE (HK CENTS)						
Financial Year	Basic		Special		Total	Dividend Yield (%)
	Interim	Final	Interim	Final		
2014/15	5.00	9.00	4.00	5.50	23.50	6.2
2013/14	4.50	9.00	4.50	5.50	23.50	3.8
2012/13	2.50	5.00	4.50	9.00	21.00	2.8
2011/12	2.00	3.50	4.00	8.00	17.50	3.9
2010/11	1.50*	2.50	3.00*	7.00	14.00*	3.5

* Adjusted for the 1:1 Bonus Issue



Note: Dividend yield is calculated based on the share price of the Company as at 31 March of the respective years.



Investor Relations Report

• INVESTOR RELATIONS ENQUIRIES AND COMMUNICATIONS •

For enquiries regarding investor relations or corporate information, please contact:

Corporate Communications and Investor Relations Department

Sa Sa International Holdings Limited
8th Floor, Block B, MP Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong
Investor relations hotline: (852) 2975 3638
Fax: (852) 2595 0797
Email: ir@sasa.com

• SHAREHOLDERS SERVICE AND ENQUIRIES •

For enquiries about your shareholding including change of name or address, transfer of shares, loss of share certificates or dividend cheques, registrations and requests for annual/interim report copies, please contact the Company's branch share registrar:

Tricor Abacus Limited

Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com
Website: www.tricoris.com

Shareholders can manage their shareholding online by creating an online Member Account with Tricor Investor Services Centre or use their online Holding Enquiry Services to enquire about holding details, such as company and personal particulars as well as share balance. For details, please visit www.tricoris.com.



CORPORATE GOVERNANCE REPORT

• OUR CORPORATE GOVERNANCE CULTURE •

We believe that our business can only be sustainable and beautiful to our stakeholders in the broadest sense when guided by a strong corporate governance culture

We are committed to maintaining a high standard of corporate governance practices in the firm belief that they are essential for achieving the best protection and balance among the different stakeholders of the Group: shareholders, investors, employees, customers, suppliers and the community. We strive to continuously improve our corporate governance culture without losing sight of our need for competitiveness in the market. We achieve this through our competent and effective Board of directors, which oversees an effective internal controls and risk management regime that operates with transparency and accountability to our Shareholders.



Corporate Governance Report

• OUR RECOGNITION •

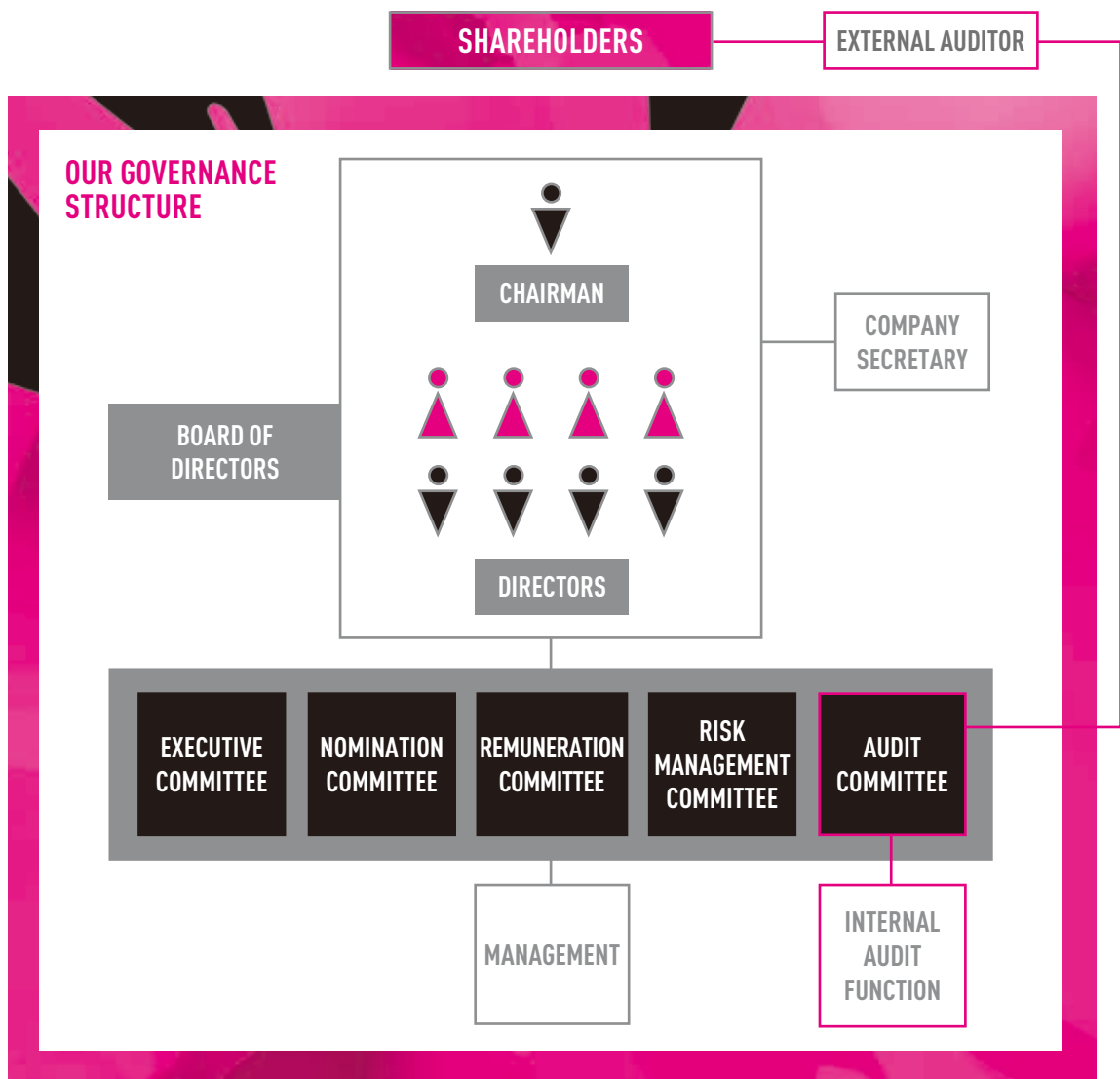
For our efforts in embracing principles of good corporate governance, we have won the "Citation for Corporate Governance Disclosure Award" in the "Best Annual Reports Awards" organized by the Hong Kong Management Association for two consecutive years. The award recognizes our commitment to sound corporate governance and good corporate disclosure.

In addition, as a Constituent Company of the Hang Seng Corporate Sustainability Benchmark Index for four consecutive years, we have continued to attain high scores in the "organizational governance" category.

Year	Our Company	Average score among the 76 Constituents of the same Cap	Rating Agency
2013/2014	83.3	71.1	HKQAA

Looking to the future, we will continue to uphold high standards of corporate governance and to maintain timely, effective and transparent bilateral communication with our Shareholders and other stakeholders.

• OUR CORPORATE GOVERNANCE STRUCTURE •



Corporate Governance Report

• CORPORATE GOVERNANCE CODE COMPLIANCE •

Throughout the year ended 31 March 2015, we remained committed to the highest standards of corporate governance. We are pleased to confirm that we have complied with all the code provisions in the CG Code with only one exception, as described in the following paragraph, and we have adopted the recommended best practices under the CG Code except three.

Dr KWOK Siu Ming Simon performs the dual roles of Chairman and CEO. We believe that we continue to maintain robust governance standards while at the same time benefiting from having Dr Kwok at the helm and we consider his valuable experience in the cosmetics industry a great benefit to the Group. We also believe that the balance of power and authority is ensured by the current Board composition, which comprises five INEDs, representing 55.6% of the total Board. Full details of Board composition are provided on page 114.

We will regularly review the Board's structure going forward in light of the evolving needs of the Group and consider segregation of the two roles if and when appropriate. The respective responsibilities of the Chairman and CEO are clearly set out in the Terms of Reference for the Chairman and the CEO, which are available on our website. Details are also provided on page 119.

BOARD EFFECTIVENESS

- 5 regular Board meetings were held (CG Code: at least four times a year)
- Written Terms of Reference set out a clear division of responsibility between the Board and the Management
- Management was invited to present at Board meetings to enable the Board as a whole and each Director to discharge their duties and responsibilities
- Our Audit Committee held two private meetings with the external auditor without the presence of the Executive Directors
- Our Executive Committee held six meetings with the Management

STRONG INDEPENDENT ELEMENT

- Over half of the members of the Board are INEDs (Listing Rules requirement: at least 1/3)
- All members of our Audit Committee are INEDs (Listing Rules requirement: Majority)

• EXCEEDING CG CODE •

INTERNAL CONTROLS AND RISK MANAGEMENT

- A Risk Management Committee with its own Terms of Reference has been established
- We issue an Enterprise Risk Management (ERM) Report, which sets out a summary of work performed by the Risk Management Committee and the ERM progress results
- Among other policies, we have in place a Whistle-blowing Policy, Inside Information Policy, Gifts and Entertainment Policy and Guidelines on Prevention of Bribery Ordinance, which set out the standards of conduct that our employees are required to follow

TRANSPARENCY AND ACCOUNTABILITY










- We are engaged in ESG performance and reporting and have issued our own ESG Report since 2012
- We voluntarily announce the Group's unaudited operational updates for the 1st, 3rd and 4th quarters and also the sales performance of the retail business in Hong Kong and Macau during the Chinese New Year, Labour Day Holiday and the National Day Golden Week holidays
- We serve notice and dispatch the circular of the AGM to our Shareholders 23 clear business days prior to the AGM (CG Code: 20 clear business days)

Corporate Governance Report

• THE BOARD •

Members of the Board are stewards of our assets

BOARD COMPOSITION

• EXECUTIVE DIRECTORS •	• NON-EXECUTIVE DIRECTORS •	• INDEPENDENT NON-EXECUTIVE DIRECTORS •
 Dr KWOK Siu Ming Simon (Chairman)	 Ms LEE Yun Chun Marie-christine	 Professor CHAN Yuk Shee
 Dr KWOK LAW Kwai Chun Eleanor		 Dr LEUNG Kwok Fai Thomas
 Dr LOOK Guy		 Ms TAM Wai Chu Maria
		 Ms KI Man Fung Leonie
		 Mr TAN Wee Seng

The Board has a balanced composition, comprising the Chairman, three Executive Directors, one NED and five INEDs. This composition well exceeds the parameters of the CG Code, which requires listed issuers to have INEDs representing at least one-third of the Board.

The biographical details of each Director are set out on pages 51 to 56. An updated list of our Directors identifying their respective roles and functions together with their biographical details, and whether they are INEDs, is maintained on the HKExnews website and our website.

Corporate Governance Report

INDEPENDENCE

Over half of the members of the Board are INEDs

We have maintained a strong element of independence on the Board, which allows the Board to effectively exercise impartial judgment on strategic issues and closely scrutinize the Group's performance.

Although tenure of the Board could be relevant to the determination of independence, we recognize that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence of INEDs, the Board and the Nomination Committee consider the character and judgment demonstrated by the Directors' contribution to the Board during the years of service and other relevant factors.

To enhance accountability, any re-election of INEDs is subject to a separate resolution to be approved by the Shareholders. We include in the circular to Shareholders the reasons why we believe he or she is still independent and should be re-elected.

Professor CHAN Yuk Shee, Dr LEUNG Kwok Fai Thomas and Ms TAM Wai Chu Maria have served as our INEDs for more than nine years. The Nomination Committee is fully satisfied that during their years of appointment, they have demonstrated complete independence of character and judgment and the Committee is therefore of the view that they will continue to bring an independent view of the Company's affairs to the Board notwithstanding their length of service. The Board believes that their in-depth knowledge of the Group's business brings considerable stability to the Board, and moreover that the Board has benefited greatly from their contribution and valuable insight into the Group.

Therefore, notwithstanding their years of service as INEDs, the Board are of the view that Professor CHAN Yuk Shee, Dr LEUNG Kwok Fai Thomas and Ms TAM Wai Chu Maria meet the independence guidelines set out in Rule 3.13 of the Listing Rules and they furthermore believe that they are able to continue to fulfill their roles as required.

At the AGM to be held on 19 August 2015, Ms KI Man Fung Leonie will retire from office and, being eligible, offer herself for re-election as an INED. She will have served as our INED for nine years in December 2015 and her re-election will be subject to a separate resolution to be approved by the Shareholders. We will include in the circular to Shareholders the reasons why we believe she is still independent and recommend the Shareholders to vote in favour of her re-election at the AGM.

Corporate Governance Report

BOARD DIVERSITY



We have long understood the importance of diversity within the Group and we have a highly diversified Board in terms of gender, academic background, nationality, professional experience and industry experience. We have in place our own Board Diversity Policy setting out our approach to achieve diversity on the Board. This policy is subject to review on a regular basis and can be found on our website.

We have a high percentage of women sitting on our Board and Management. Our female Directors represent around 44% of the Board. Below Board level, women account for around 56% of the Management. According to the "Board Diversity Statistics of Listed Issuers Classified By Gender" conducted by the Stock Exchange, as at 31 December 2014, the overall rate of women directors on the board is 11.3% and of the board without any women members is 37.8%.

In addition to the appointment of women as Directors, our current Board consists of members from a diverse background with the necessary balance of skills and experience to oversee the business of the Group. They include persons with a wealth of practical experience in the retail industry, legal profession, accounting and finance profession, sales and marketing, human resources, administration and management. Over half of our Directors have either obtained a PhD or a doctorate degree or were conferred an Honorary Doctorate degree. We have Directors who are not of Chinese nationality, and also Directors with in-depth knowledge on China, a market which we place great focus on.

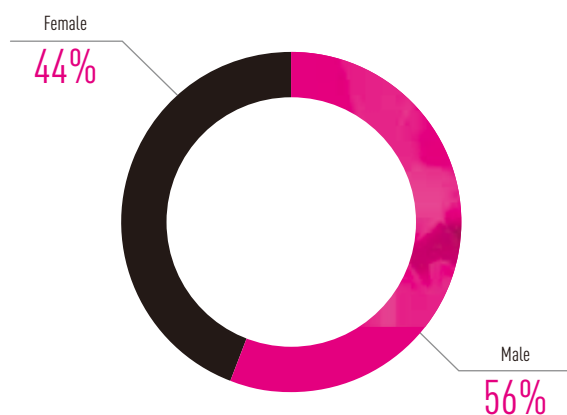
In achieving an optimum composition of the Board, candidates with different skills, talents, cultural and academic background, professional experience, knowledge, gender, age and other qualities may be considered as members of the Board by the Nomination Committee.

We will continue to review our Board's composition and diversity regularly to ensure that we have the right balance as we move forward. However, Board appointments will continue to be made on the basis of merit and the potential contributions that selected candidates will offer to the Board.

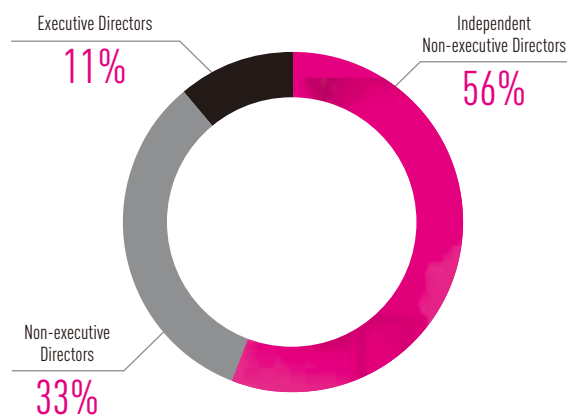
Corporate Governance Report

We take pride in the many women who serve as members of the Board
 Women accounts for 44% of the whole Board and 56% of our Management

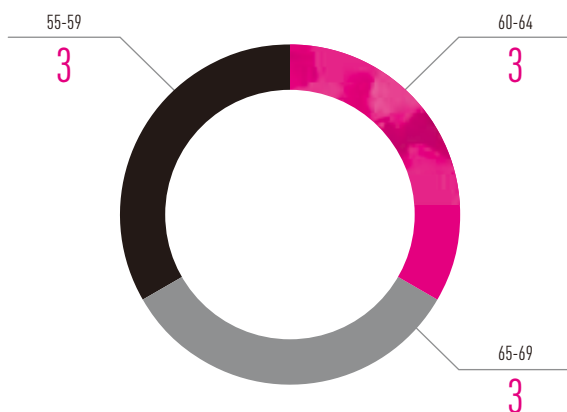
• GENDER •



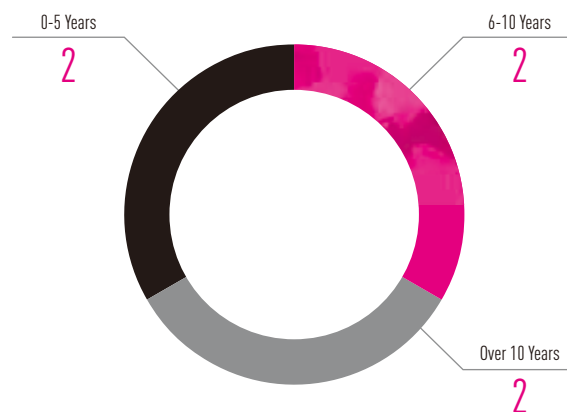
• DESIGNATION •



• AGE GROUP •



• LENGTH OF SERVICE OF NON-EXECUTIVE DIRECTORS •



• KEY AREA OF EXPERTISE •

- Accounting and Finance
- Retail
- Sales and Marketing
- Human Resources/Administration/ Management
- Legal Profession

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All our Non-executive Directors (including INEDs) are appointed for a term of three years and are required to offer themselves for re-election at the first AGM following their appointment. Under our Articles of Association, one-third of the Directors are subject to retirement by rotation at the AGM at least once every three years. Retiring Directors are eligible for re-election at the AGM at which he or she retires.

We confirm that all Directors' re-appointments and re-elections were conducted in compliance with our Articles of Association and the CG Code in the period under review.

We have a term of appointment with each of the Non-executive Directors (including INEDs) for a period not exceeding three years. In November 2014 and January 2015, the Board renewed the term of appointment of two INEDs, namely Professor Chan Yuk Shee and Dr Leung Kwok Fai Thomas, for a further term of three years.

At the AGM to be held on 19 August 2015, Dr KWOK Siu Ming Simon, Ms LEE Yun Chun Marie-christine and Ms KI Man Fung Leonie will retire from office and, being eligible, offer themselves for re-election as Directors, their biographical details will be set out in the circular to be dispatched to the Shareholders with the notice of AGM.

Corporate Governance Report

CLEAR DIVISION OF RESPONSIBILITIES

Clear division of responsibilities and maintaining a delicate balance are critical to healthy governance

Chairman and Chief Executive Officer

Although the positions of the Chairman of the Board and CEO are currently held by the same individual Dr KWOK Siu Ming Simon, their responsibilities are clearly established and set out in the respective Terms of Reference for the Chairman and the CEO, which are available on our website.

The Chairman held a private meeting with the Non-executive Directors (including INEDs) without the presence of the Executive Directors in November 2014 to ensure that the issues raised were not in any manner under the influence of the Executive Directors.

• CHAIRMAN •	• CEO •
<ul style="list-style-type: none"> √ provides leadership to the Board to enable it to discharge its function effectively √ ensures that the Board and Management are committed to the maintenance of good corporate governance practices and procedures √ with the assistance of the Company Secretary, the Chairman: <ul style="list-style-type: none"> • drew up the agenda for each Board meeting • ensures that all Directors are properly briefed on issues arising at the meetings and on all key and appropriate issues in a timely manner • encourages all Directors to make an active contribution to the Board's affairs and takes the lead in ensuring that the Board acts in the best interests of the Company • encourages Directors with different views to voice their concerns, and allows sufficient time for discussion of issues on which the Board can deliberate and reach decisions • ensures that all Directors receive, in a timely manner, meeting materials including supporting analysis and presentation materials • promotes a culture of openness and debate, and actively encourages Directors with different views to voice their opinions and be fully engaged in the Board's affairs 	<ul style="list-style-type: none"> √ provides leadership to the Management √ ensures effective implementation of the strategies and objectives agreed by the Board √ offers accountability and reports to the Board √ operates the day-to-day management and business of the Group √ meets with the Management regularly to discuss and develop strategic operating plans that reflect the objectives of the Board and that maintain operational performance √ with the support and assistance of the Management, provides the Board with high quality information and recommendations to enable informed decisions to be made

Corporate Governance Report

Executive Directors

Our Executive Directors are the CEO (Chairman), Vice Chairman and the CFO, which form the Executive Committee. The role and responsibilities of and details of work done by the Executive Committee are set out on page 126.



Non-executive Directors (including INEDs)

Non-executive Directors (including INEDs) make a positive contribution to the development of the Group's strategy and policies and INEDs also scrutinize the Group's performance through informed insight and independent judgments. They constructively challenge the Management, which is vital to fulfilling the objectives set by the Board. In order to preserve a well-balanced governance, the Board has ensured that INEDs form the majority in the Audit, Nomination and Remuneration Committees, and that each committee is chaired by an INED.

Board and Management

The Board is responsible for the overall conduct of the Group and monitors the performance of the Management. The Board delegates and gives clear directions to the Management as to their powers of management and circumstances in which the Management should report back or obtain prior Board approval.

Management for the purpose of this corporate governance report includes the Executive Directors, department heads and department directors. They are responsible for the day-to-day operations, management and administration of the Group under the leadership of the Executive Directors (Executive Committee). They also execute and implement strategies and directions determined by the Board.

Their respective responsibilities are clearly established and set out in the Terms of Reference for the Board and the Management, which is available on our website.

Monthly updates were provided by Management to the Board every month to enable Board members to discharge their duties.

Members of our Management are frequently invited to attend Board meetings to report and engage in discussion with the Board in respect of strategy, budget planning, progress and performance updates to ensure that the Board have a general understanding of the Group's business and to enable them to make informed decisions for the benefit of the Group. They are required to answer any questions or challenges posed by the Board.

In addition to regular Board meetings, six separate Management meetings were held to review, discuss and make decisions on financial and operational matters. The department heads also met with the Executive Committee to enhance and strengthen cross-departmental communications and coordination.

Corporate Governance Report

Key matters addressed by the Board in the year ended 31 March 2015

- √ formulated business development strategies
- √ discussed and considered recommendations made by Board Committees
- √ reviewed, discussed and considered the Group's affairs, including strategic plans, financial affairs, progress and updates of business performance and budget summary/proposals (with the presence of Management from time to time)
- √ reviewed and discussed the proposals of payment of final dividends for the year ended 31 March 2014
- √ approved the annual results and annual report for the year ended 31 March 2014 including the annual results announcement
- √ approved the re-appointments of Professor CHAN Yuk Shee and Dr LEUNG Kwok Fai Thomas as INEDs upon the recommendations of the Nomination Committee
- √ approved the revised Model Code for Securities Transactions by (i) Directors and (ii) Relevant Employees
- √ discussed the financial results for the first quarter ended 30 June 2014
- √ approved the revised Nomination Policy
- √ approved the purchase of award shares under the Share Award Scheme adopted on 11 April 2014 and the grant of award shares to certain employees of the Group
- √ approved the changes of Company Secretary
- √ approved the interim results' announcement and interim report for the six months ended 30 September 2014
- √ approved the proposal of an interim dividend and special dividend for the six months ended 30 September 2014
- √ received updates on analysts' feedback and legal and regulatory issues

Corporate Governance Report

DELEGATION BY THE BOARD

Putting the right people on the right team
is the key in providing oversight and guidance

As an integral part of good corporate governance and to enhance the function of the Board, three Board Committees, namely the Audit, Remuneration, and Nomination Committees have been established to assume responsibilities for and to oversee particular aspects of the Company's affairs. Board Committees report to the Board on their decisions and make recommendations at Board meetings.

Each Board Committee is governed by its own Terms of Reference with terms substantially the same as those set out in the CG Code, which are reviewed from to time. The Terms of Reference are available on the websites of the Stock Exchange and the Company.

Regular Board Committees meeting were held during the financial year and the number of meetings and attendance of individual Committee members are set out on page 127. Throughout the year, the Board Chairman, Board Vice Chairman and CFO also attended most of the Board Committee meetings at the invitation of the Board Committees.

In addition, we exceeded the code provisions in the CG Code by establishing the Executive and Risk Management Committees. Both Committees also have their own respective Terms of Reference, which are posted on our website.

All Board Committees are provided with sufficient resources to discharge their duties and are empowered to obtain independent legal or other professional advice at the Company's expense in appropriate circumstances.

Board Committees	Composition	Chairman	Requirements of Listing Rules (**) / CG Code (*)	"Exceeded" or "Complied" with the Requirements of Listing Rules/ CG Code
Executive	3 EDs	ED	Not required	Exceeded
Risk Management	3 EDs	ED	Not required	Exceeded
Audit	4 INEDs	INED	**Majority of INEDs **Chaired by INED	Exceeded
Remuneration	3 INEDs 1 ED	INED	**Majority of INEDs **Chaired by INED	Complied
Nomination	2 INEDs 1 ED	INED	*Majority of INEDs *Chaired by INED	Complied

Corporate Governance Report

Audit Committee

The Audit Committee is comprised only of INEDs. The Chairman, Professor CHAN Yuk Shee, possesses the appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The other members are Dr LEUNG Kwok Fai Thomas, Ms TAM Wai Chu Maria and Ms KI Man Fung Leonie.

The principle duties of the Audit Committee include reviewing and monitoring the Group's relationship with external auditors including the auditors' independence; monitoring the integrity of the Group's financial information and reviewing significant reporting judgments contained in it; overseeing the Group's financial reporting and reviewing the effectiveness of internal control and risk management procedures; considering major investigation findings on internal control matters and Management's response to these findings; and the audit process.

The Audit Committee held two private sessions/meetings with the external auditors without the presence of the Executive Directors in the reporting period, allowing dialogues and opinions between the Audit Committee and the external auditors to be completely candid.

Key matters addressed by the Audit Committee in the year ended 31 March 2015

- √ reviewed and recommended the re-appointment of the external auditor, taking into account its independence
- √ approved terms of engagement (including the remuneration) of the external auditor and audit service plan
- √ reviewed the semi-annual summary of audit and non-audit services provided by the external auditor for the year ended 31 March 2014 and the six months ended 30 September 2014
- √ obtained explanation from the external auditors as to the causes of changes from the previous accounting period and the effects of the application of new accounting policies
- √ reviewed the results announcement and annual report for the year ended 31 March 2014 and made recommendations to the Board
- √ reviewed and considered the proposal of payment of final dividends for the year ended 31 March 2014 and the interim dividend proposal for the six months ended 30 September 2014 and made recommendations to the Board
- √ reviewed and discussed the financial results of the Group for the year ended 31 March 2014 and the first quarter ended 30 June 2014
- √ reviewed and discussed the interim results for the six months ended 30 September 2014, including the interim results announcement and interim report, and made recommendations to the Board
- √ assessed and evaluated the effectiveness of the Group's corporate governance practices, risk management procedures and internal control system
- √ reviewed and discussed the 2014/2015 internal control review projects conducted by the Internal Audit Function, including:
 - internal audit progress
 - significant internal audit findings and follow-up implementation status on prior audit findings
 - shop/counter visits progress and results
 - "Enterprise Risk Management" progress results
 - annual internal audit plan
 - annual review of internal audit function and staff resources for financial reporting functions
 - major investigation findings on internal controls and management's response to these findings
 - HKEx Consultation Paper on Risk Management and Internal Control

Corporate Governance Report

Remuneration Committee

The Remuneration Committee comprises three INEDs and one Executive Director. The three INEDs are Dr LEUNG Kwok Fai Thomas, who chairs the Committee, Ms TAM Wai Chu Maria and Ms KI Man Fung Leonie. The Executive Director is Dr KWOK LAW Kwai Chun Eleanor.

The principle duties of the Remuneration Committee are to review the size, structure and composition of the Board and to make recommendations to the Board; review and approve remuneration proposals for Directors and Management through consultation with the Board Chairman; and giving due regard to the Company's financial status to ensure the Directors and Management are fairly rewarded.

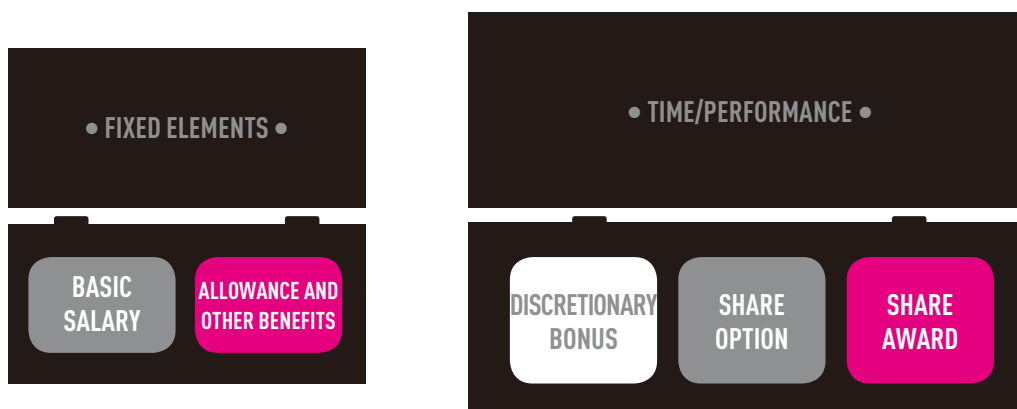
We have in place a formal and transparent "Remuneration Policy" for Directors and Management, which is reviewed from time to time. The Committee has also taken into account a number of relevant factors such as remuneration packages offered by companies of comparable business and scale, market practices and the financial and non-financial performance of the Group to ensure that the remuneration packages offered remain appropriate and competitive.

Key matters addressed by the Remuneration Committee in the year ended 31 March 2015

- ✓ consulted the Board Chairman about remuneration proposals for other Executive Directors
- ✓ reviewed the remuneration surveys conducted by independent external consultants of companies operating in similar businesses and on a similar scale
- ✓ reviewed analysis and proposals for the remuneration of Directors and Management provided by the Human Resources Department and Management by benchmarking the prevailing market conditions and remuneration packages in the industry to ensure that the remuneration packages offered remain appropriate and competitive
- ✓ approved the remuneration package of Directors and Management

Remuneration of Directors and Senior Management

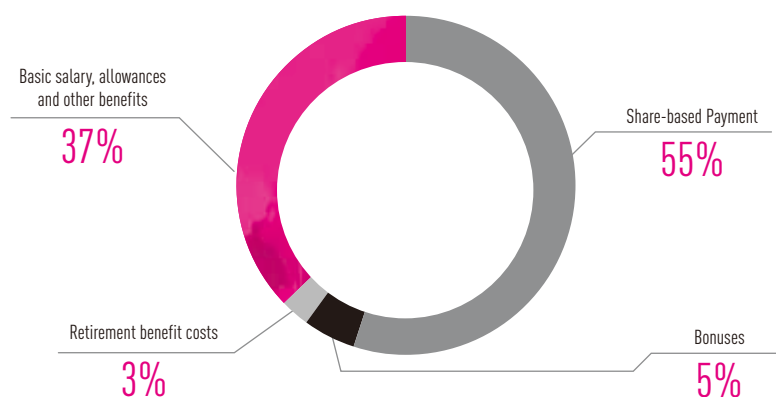
The remuneration package of our Executive Directors comprises principally of basic salary, a discretionary bonus tied to the performance of the Company and other allowances and benefits. In the case of the CFO and Senior Management, the remuneration package includes share options or share awards, some of which are time based, some of which are performance based.



Corporate Governance Report

Non-executive Directors (including INEDs) are compensated with the aim of fairly representing their efforts and the time dedicated to the Board and Board Committee matters with reference being made to the market rate. The recommended remuneration package comprises an annual directorship fee. Details of the remuneration package of our Directors and Senior Management are set out in Note 7 to the Consolidated Financial Statements on pages 186 to 190.

• PAY MIX OF EXECUTIVE DIRECTORS •



Nomination Committee

The Nomination Committee comprises two INEDs and one Executive Director. The two INEDs are Ms TAM Wai Chu Maria, who chairs the Committee, and Dr LEUNG Kwok Fai Thomas. The Executive Director is Dr KWOK LAW Kwai Chun Eleanor.

The principle duties of the Nomination Committee are to make recommendations to the Board for potential Board members and Management as well as the appointment and re-appointment of Directors; to review the structure, size and composition of the Board; to assess the independence of INEDs; and to determine the policy for nomination of Directors.

We have adopted our own Board Diversity Policy and Nomination Policy, which can be found on our website. The Committee takes into account these Policies when identifying suitably qualified candidates for the Board and reviews the Policies regularly to ensure their continued effectiveness.

We have received from each INED written confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has reviewed these confirmations and assessed the independence of the INEDs and considered that all INEDs meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and in addition it concluded that there were no business or other relationships or circumstances that are likely to affect, or could appear to affect, their independent judgment. The Committee will continue to assess annually the independence of all INEDs.

Key matters addressed by the Nomination Committee in the year ended 31 March 2015

- √ reviewed the structure, size and composition of the Board
- √ assessed the independence of INEDs
- √ discussed the maximum term of office for INEDs
- √ considered the re-appointment of Professor CHAN Yuk Shee and Dr LEUNG Kwok Fai and made recommendations to the Board
- √ approved the revised Nomination Policy

(The Human Resources Department provided the Nomination Committee with the latest data of the structure and composition of board and board committees of companies listed in Hong Kong, which were used as benchmarks to review and assess our own committees' structure and composition.)

Corporate Governance Report

Executive Committee

The Executive Committee is comprised of three Executive Directors, namely, Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Dr LOOK Guy.

The principle duties of the Executive Committee are to oversee strategic directions and long-term objectives in relation to the business model of the Group, the performance of the Management, the internal control system and risk management procedures, as well as the Group's financial performance, corporate governance and compliance.

The Committee proactively communicates with the Non-executive Directors and the Management and is open and responsive to any challenges made by the Non-executive Directors (including the INEDs). Regular meetings have been held by the Executive Committee and the number of meetings and the attendance of individual Committee members are set out on page 127. Members of the Management are invited to attend as and when appropriate.

The key matters addressed by the Executive Committee in the year ended 31 March 2015

- √ Gave directions on and monitored the Group's performance throughout the year, including
 - Store opening and closures
 - Sales performances
 - Marketing and promotions
 - Product development
 - Branding management
 - Inventory management
 - IT strategy
 - Human resources and training needs and performances
 - Logistics function performances
 - E-commerce strategies and performances
 - Operations outside of Hong Kong
 - Latest market developments
- √ Reviewed the Group's results and performance against the market as well as the budget periodically
- √ Reviewed the reasons for under/over performance against the market/budget and developed plans and strategies to adopt to market circumstances

Risk Management Committee

The Risk Management Committee is comprised of three Executive Directors, namely, Dr KWOK Siu Ming Simon, Dr KWOK LAW Kwai Chun Eleanor and Dr LOOK Guy.

The principle duties of the Risk Management Committee are to oversee the risk management activities of the Group, including monitoring the implementation of the Enterprise Risk Management Programme; reviewing and approving the recommendations for engaging external consultants; and assessing and evaluating identified key risks of the Group.

In addition to members of the Risk Management Committee, representatives from the Internal Audit and Management Services Department also attended meetings at the invitation of the Committee. Regular meetings have been held by the Risk Management Committee and the number of meetings and attendance record of individual Committee members are set out on page 127. Please refer to pages 136 to 142 of the Enterprise Risk Management Report for details of this Committee.

Key matters addressed by the Risk Management Committee in the year ended 31 March 2015

- √ Reviewed and discussed the ERM progress results for the year ended 31 March 2015 including
 - follow-up actions for and measures taken in controlling risk indicators
 - the trend of risk indicators

Corporate Governance Report

BOARD, BOARD COMMITTEE AND AGM ATTENDANCE

The following table shows the attendance of Directors at Board meetings, Board Committee meetings and the shareholders' annual general meeting (AGM) held during the period under review.

When Directors are unable to attend a Board or Board Committee meeting, they have the opportunity beforehand to review the relevant papers and discuss any agenda items or provide comments to share with the Board Chairman, or Committee Chairman, as appropriate.

DIRECTORS	Board	Audit Committee	Remuneration Committee	Nomination Committee	Executive Committee	Risk Management Committee	Annual General Meeting
Executive Directors							
Dr KWOK Siu Ming Simon	5/5	2/3*	1/1*	1/1*	6/6	8/8	1/1
Dr KWOK LAW Kwai Chun Eleanor	4/5	2/3*	1/1	1/1	6/6	4/8	1/1
Dr LOOK Guy	5/5	3/3*	1/1*	1/1*	5/6	7/8	1/1
Non-Executive Directors							
Ms LEE Yun Chun Marie-christine	4/5	N/A	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors							
Professor CHAN Yuk Shee	4/5	3/3	N/A	N/A	N/A	N/A	1/1
Dr LEUNG Kwok Fai Thomas	4/5	3/3	1/1	1/1	N/A	N/A	1/1
Ms TAM Wai Chu Maria	4/5	3/3	1/1	1/1	N/A	N/A	0/1
Ms KI Man Fung Leonie	5/5	3/3	1/1	N/A	N/A	N/A	0/1
Mr TAN Wee Seng	4/5	N/A	N/A	N/A	N/A	N/A	1/1
Auditors							
PwC	N/A	2/3	N/A	N/A	N/A	N/A	1/1
Total number of meetings	5	3	1	1	6	8	1
Average attendance rate of directors^Δ	86.67%	100%	100%	100%	94.44%	79.17%	77.78%

Notes:

Attendance is expressed as the number of meetings attended out of the number eligible to attend.

Those marked with an (*) attended as an invitee only.

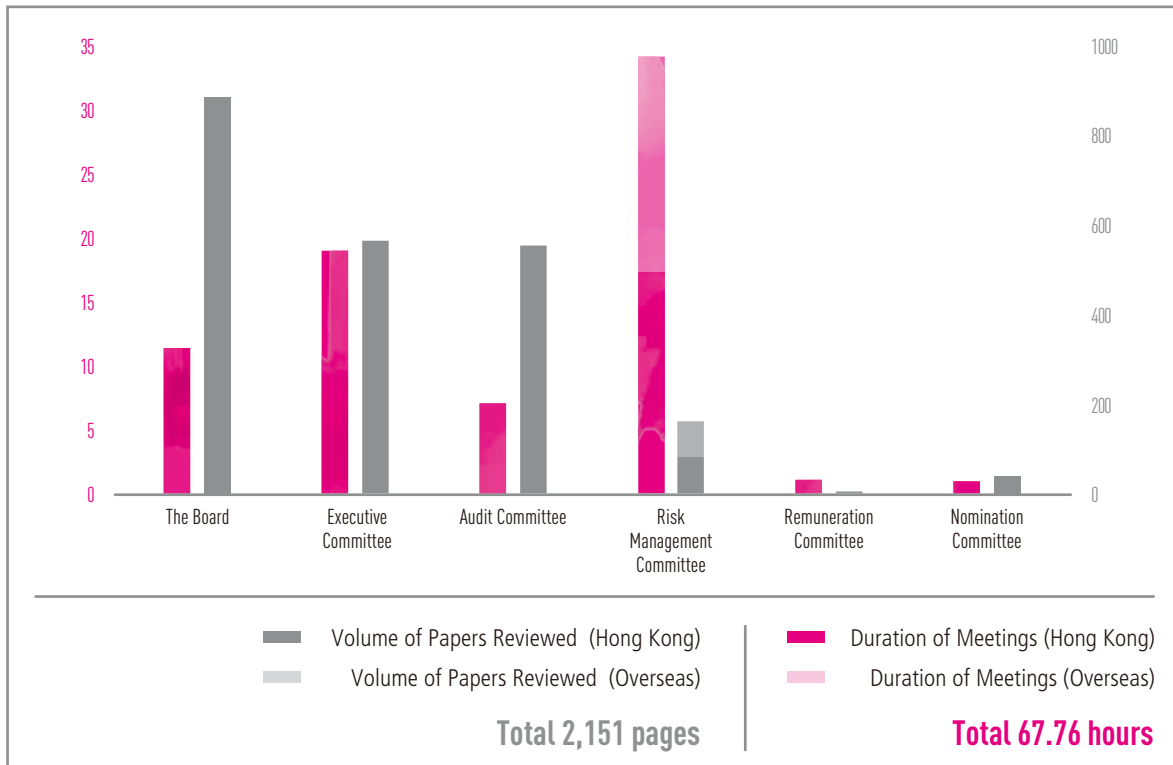
(^Δ) average attendance rate is calculated without the invitees.

Corporate Governance Report

TIME COMMITMENT OF DIRECTORS

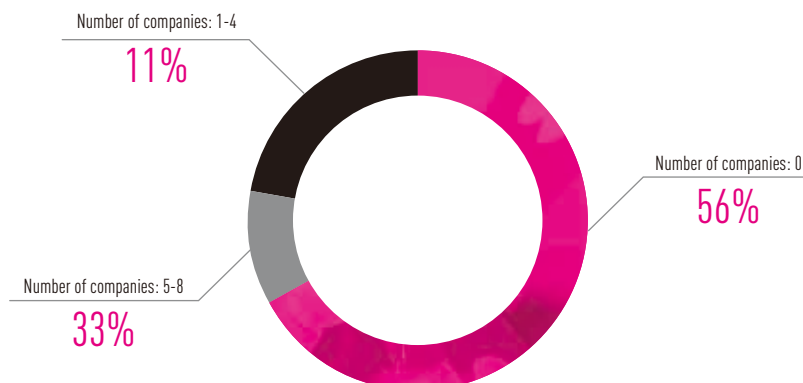
All Directors have confirmed to the Company that they have given sufficient time and attention to the affairs of the Company and made contributions to the development of the Company’s strategy and policies through independent, constructive and informed comments throughout the period under review. To indicate the attention given by our Board, the following chart shows the duration of meetings and the volume of papers submitted to Directors for consideration for the period under review.

• DURATION OF BOARD AND BOARD COMMITTEE MEETINGS & VOLUME OF PAPERS REVIEWED •



We understand that our Directors may be invited to hold positions in organizations, panels of professional, public service or government bodies, or engage in other significant commitments and we recognize these engagements will broaden their knowledge and experience to our benefit. Directors have fulfilled their disclosure requirements by periodically disclosing and updating us on any changes.

• OUTSIDE DIRECTORSHIP •



Corporate Governance Report

MEETING PROCESS OF THE BOARD AND BOARD COMMITTEES

The Board and Board Committees meet regularly and the timetables are usually scheduled one year in advance to give Directors adequate time to plan their schedules to attend the meetings ahead of time.

The formal notice and agenda of meetings are usually sent to all Directors at least 14 days before each meeting and they are consulted and given an opportunity to comment on the agenda.

Meeting materials are usually sent to Directors seven days before each meeting to ensure that the Directors have full and timely access to relevant information. With a view to becoming more environmental friendly by reducing paper consumption, meeting materials are distributed in electronic form and Directors are encouraged to read the electronic version.

Draft minutes recording substantive matters discussed and decisions resolved at the meetings are circulated to all Directors for their comments (if any) within a reasonable time of each meeting. The final version of the minutes is approved at the subsequent meeting and a copy is sent to the Directors for their records. The final executed version is placed on record and made available for inspection. The Company Secretary thereafter liaises and follows up with the relevant department head in regard to any actions required in response to decisions made in the meetings.

• MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS •

We have adopted our own written policy with terms no less exacting than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (Model Code). We have revised the policy in 2014 to comply with the amendments made in the Model Code. We have received confirmation from all Directors that they complied with the policy throughout the period under review. Details of the shareholding interests held by Directors as at 31 March 2015 are set out in the Directors' Report on pages 143 to 158. Directors must seek prior approval before engaging in any share dealing.

We have also adopted a policy with similar terms to certain employees ("Relevant Employees") who, because of their office in the Company, may from time to time encounter Inside Information (as defined in the Securities and Futures Ordinance (Cap. 571)). All Relevant Employees are required to confirm their understanding of the policy when their appointments are accepted.

• DIRECTORS' AND OFFICERS' INSURANCE •

We have maintained an adequate Directors' and Officers' (D&O) Liability Insurance, which gives appropriate cover for any legal action brought against Directors and Officers since 2001. To ensure sufficient cover is provided, we will review the Company's D&O insurance policy annually in light of recent trends in the insurance market and other relevant factors. The Insurance Policy is available for inspection by the Directors upon request. As at the date of this annual report, no claim has been made since the Insurance Policy came into effect.

• CONFLICT OF INTEREST •

All Directors are required to comply with their common law duty to act in the best interests of the Company and to have particular regard to the interests of the shareholders as a whole. Any conflict of interest between the Group and its Directors is to be avoided. The Directors are requested to disclose their interests, if any, in any transaction, arrangement or other proposal to be considered by the Board at Board meetings, and abstain from voting if any conflict of interest arises or where they become aware of any potential conflict of interest. All declared interests are properly recorded and made accessible by the Board members. Directors have a continuing duty to inform the Board of any changes to these conflicts. No conflict of interest was declared by the Directors in the year under review.

Corporate Governance Report

• INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT •

We recognize that the provision of ongoing training for existing Directors is a major contributor to the maintenance of high corporate governance standards in the Company. We have adopted our own policy on Induction of and Continuous Professional Development for Directors since 2005, which is available on our website. The Board has, from time to time, reviewed and monitored the implementation of this policy to ensure its effectiveness.

All newly appointed Directors are given a comprehensive Induction Handbook to ensure their proper understanding of the Company's operations and business and their awareness of a Director's responsibilities and obligations.

To assist the Directors in continuing their professional development, we recommend that they attend relevant seminars and courses at the expense of the Company to ensure the enhancement of their knowledge and skills.

During the period under review, we arranged for the Directors, at the Company's expense, two in-house trainings conducted by qualified professionals. We also regularly updated the Directors on the latest developments in the Company by sending them "Sa Sa quarterly newsletters" and press releases. Guidelines for Directors issued by the Companies Registry of Hong Kong and the Hong Kong Institute of Directors have also been forwarded to all Directors for their information and ready reference.

The chart below summarizes the participation of Directors in training and continuous professional development during the period under review.

	Type of Continuous Professional Development		
	Attending induction, director's training, seminars or conferences relating to directors' duties or other relevant topics	Reviewing legislative or regulatory updates	Reviewing information relevant to the Company or its business, or attending corporate events or shop visits
Dr KWOK Siu Ming Simon	✓	✓	✓
Dr KWOK LAW Kwai Chun Eleanor	✓	✓	✓
Dr LOOK Guy	✓	✓	✓
Ms LEE Yun Chun Marie-christine	✓	✓	✓
Professor CHAN Yuk Shee	✓	✓	✓
Dr LEUNG Kwok Fai Thomas	✓	✓	✓
Ms TAM Wai Chu Maria	✓	✓	✓
Ms KI Man Fung Leonie	✓	✓	✓
Mr TAN Wee Seng	✓	✓	✓

Corporate Governance Report

• OTHER TRAINING AND COMPLIANCE PROGRAMMES •

In keeping with best practice, we monitor and review our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and legal obligations. We keep all Directors, Management and employees (including our frontline shop operations' managers and supervisors) appraised of the latest updates on new legislative amendments and regulatory guidelines by providing training and presentations as well as preparing appropriate guidelines and policies from time to time. We also conduct training sessions in the form of orientation classes to educate our new employees on various aspects of corporate governance.

We have implemented various corporate governance policies including the Conflict of Interest Policy, Whistleblowing Policy, Gifts and Entertainment Policy and Inside Information Policy, which set out the standards of conduct that our employees are required to follow. The policies are reviewed from time to time and updated where necessary and are made available to our employees through our Company's intranet, with some of the policies being published on our website.

A special focus in 2015 was to prepare the Group for the full implementation of the Competition Ordinance (Cap. 619) and its draft Guidelines ("CO"), which are likely to come into full operation by end of 2015. We have been closely monitoring developments at the Competition Commission, particularly in regard to any public consultations concerning the Commission Guidelines. As a member of the Hong Kong Retail Management Association, we have attended discussion meetings and participated in the formulation process by communicating our views and preparing submissions to the Competition Commission.

• COMMUNICATION WITH SHAREHOLDERS •

The AGM provides the Board with the opportunity to meet and engage directly with our Shareholders. The AGM for the financial year ended 31 March 2015 will be held at 3rd Floor, Gold Mark Plaza, 502 Hennessy Road, Causeway Bay, Hong Kong on Wednesday 19 August 2015. Separate resolutions will be proposed at the meeting on each substantially separate issue and all voting will be conducted by poll. Notice of the AGM together with the circular which sets out the procedures for conducting a poll and each resolution to be proposed at the AGM will be dispatched to the Shareholders on or around 17 July 2015. Shareholders will also be provided with detailed procedures for conducting a poll at the meeting.

For details, please refer to pages 98 to 110 in the "Investor Relations Report" of this Annual Report.

PUBLIC FLOAT CAPITALISATION

As at 31 March 2015, the public float capitalisation of the Company is HK\$3,793,545,121, representing approximately 35.19% of the total issued shares. The Company has complied with the minimum public float requirement under the Listing Rules.

Corporate Governance Report

• COMPANY SECRETARY •

There has been two changes to the Company Secretary in the year ended 31 March 2015, both of which were discussed and approved by the Board at a physical meeting. Please see the announcements dated 26 September 2014 and 27 October 2014 published by the Company for details in relation to the changes.

Our Company Secretary is an employee of the Company and reports to the Chairman and CEO. She also acts as secretary to the majority of our Board Committees. To ensure information flow within the Board and its Committees, she is responsible for ensuring the effective conduct of meetings and that proper procedures are followed (including organizing meetings, preparing agendas and the written resolutions or minutes, collating and distributing meeting materials, and keeping records of substantive matters discussed and decisions resolved at the meetings). She also advises the Board on compliance and corporate governance matters (including updating the Board on any legal and regulatory changes and facilitating the induction and professional development of the Directors).

The Board has access to the advice and services of the Company Secretary at all times. The Company Secretary has complied with the requirement to undertake over 15 hours of professional training during the period under review.

• THE AUDITOR •

We engage PwC as our external auditor. We have received a written confirmation from PwC confirming that they are independent and that there are no relationships between PwC and the Company that are likely to impair its independence. The roles and responsibilities of our external auditor are stated in the Independent Auditor's Report on page 159.

To maintain PwC's independence and the objectivity and effectiveness of the audit process, since 2009 we have in place a policy on the Provision of Audit and Non-audit Services by external auditors that sets out the types of audit and non-audit services that the Company may request of the external auditor (details of the policy is available on our website).

For the year ended 31 March 2015, the auditors' fees of the Group amounted to approximately HK\$6,228,000, comprising audit fees of HK\$3,685,000 and non-audit fees of HK\$2,543,000. The non-audit services consisted mainly of tax advisory services, interim review, turnover certificate, transfer pricing analysis and other reporting services. Fees paid to other auditors were approximately HK\$130,000.

The Audit Committee will continue to review the independence and objectivity of the external auditors, including the review of any audit and non-audit fee proposals and non-audit fees. The Audit Committee has access to the financial expertise of the Group and its auditors and can seek further independent professional advice at the Company's expense, if considered necessary.

Corporate Governance Report

• RISK MANAGEMENT AND INTERNAL CONTROLS •

The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness, while the Management and other personnel are responsible for implementing and maintaining a robust system of internal controls that covers governance, compliance, risk management, financial as well as operational controls to safeguard the Group's assets and stakeholders' interests. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance of the following:

- compliance with applicable laws, regulations, contracts, policies and procedures
- effectiveness of risk management process
- reliability and integrity of financial reporting
- effectiveness and efficiency of operations
- prevention and detection of fraud and irregularities

The Board has delegated to the Executive Committee the responsibility to design, operate and monitor a suitable system of internal controls for identifying and evaluating the risks and probable exposures faced by the Group. The Executive Committee is accountable to the Board for providing assurance on managing and monitoring the system of risk management and internal controls.

RISK MANAGEMENT FRAMEWORK

The Group's Enterprise Risk Management (ERM) framework provides a systematic and disciplined approach to risk management process, which is embedded in the system of internal controls as an integral part of corporate governance. The ERM framework helps sustain business success, creates value for stakeholders and supports the Board in discharging its corporate governance responsibilities by proactively identifying, addressing and managing key risks within the Group. The ERM framework is aligned with the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework in which line management take direct risk management responsibilities and report to the Risk Management Committee as risk owners.

Details of the ERM System and process are set out in the Enterprise Risk Management Report on pages 136 to 142 of this Annual Report.

QUALITY MANAGEMENT SYSTEM

The Group has refined and formalized retail and e-commerce operational policies, procedures and working instructions, benchmarked against the International Organization for Standardization (ISO) based Quality Management System (QMS) to standardize workflows and documentation. QMS enhances operation effectiveness, efficiency and control processes in achieving business goals and to enable scalability in accommodating business growth and mitigating operation risks.

For the year ended 31 March 2015, our Logistics Department duly received ISO 9001: 2008 certification for the provision of logistic services including warehousing, packaging and local distribution of cosmetics products and its accessory materials. Meanwhile, the Group has appointed an independent ISO certification organization to carry out surveillance audit for Sa Sa dot Com Limited to ensure its effectiveness, efficiency and conformity and the result is satisfactory. The Group is fully committed to quality management and will continue taking steps to attain ISO accreditation for other major business units in order to promote the application of the standard throughout the organization. In order to facilitate the process, we organize ISO 9001 training courses and sharing session for staff of selected business units for ISO accreditation and they are supported by the in-house Quality Management team and the external ISO consultant. Management review meetings are regularly held to evaluate the ISO implementation progress and effectiveness.

Corporate Governance Report

INTERNAL AUDIT FUNCTION

The Internal Audit and Management Services Department (IAMS Department) reports directly to the Audit Committee on a quarterly basis and the Director of IAMS Department has direct access to the Chairman of the Audit Committee.

The IAMS Department has unfettered access to reviewing all aspects of the Group's activities, risk management, control and corporate governance processes and assists the Board to independently assess the effectiveness of the internal control systems and risk management process and to seek continuous improvement. The Internal Audit Charter, approved by the Audit Committee and adopted by the Board, is available on the Company's website.

To accommodate and better support the continuous business growth, the IAMS Department continuously enhances its competency by developing expert teams within the department and encouraging the team leaders to attend relevant workshops or seminars in order to keep abreast of the latest development. Regular internal trainings are held to promote knowledge sharing within the IAMS Department.

INTERNAL AUDIT ACTIVITIES

The IAMS Department adopts a risk-management based approach in developing the annual audit plan and aligns to the enterprise risk management framework. Audit activities are identified, prioritized and scoped based on risk assessment, which is a dynamic and continuous practice, to cover business activities with material risks across the Group. The Audit Committee reviews and approves the annual audit plan and all major subsequent changes made in the quarterly meetings. Significant financial, operational, compliance and fraud risk areas are further assessed during individual audit engagement to evaluate control effectiveness and mitigation measures taken by management.

All findings and recommendations on internal control deficiencies for each audit engagement are communicated to management who are required to establish remedial plans to correct those internal control deficiencies within a reasonable time period. Post-audit reviews are performed quarterly to monitor those agreed action plans and to ensure that corrective measures of previously identified internal control deficiencies have been implemented as intended and on a timely basis. Significant deficiencies of individual engagement are reported to and reviewed by the Audit Committee.

To further strengthen overall control environment, the IAMS Department performs continuous auditing on selected key operational processes to evaluate, assure the adequacy and effectiveness of management's monitoring on those areas. This also enhances audit efficiency and effectiveness to ensure continuous monitoring on internal control deficiencies and fraud risks.

The Group recognizes that information technology has become more integral to its daily operations and activities and therefore is critical to its sustainability and growth. The IAMS Department is updating its IT risk register and IT risk management is integrated in the Group's risk management structure.

Corporate Governance Report

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

Through the Audit Committee, the Board has conducted annual review of the effectiveness of the Group's risk management and internal control system for the year ended 31 March 2015, covering all material financial, operational and compliance controls, and considered the Group's risk management and internal control system effective and adequate. There were no suspected material irregularities found or significant areas of concern identified during the year that might affect Shareholders.

The Audit Committee has annually reviewed the adequacy of resources, qualifications, experience and training programs of the Group's accounting and financial reporting staffs and considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

DIRECTORS' ACKNOWLEDGEMENT

The Directors collectively acknowledge their responsibility for preparing the financial statements of the Company and its subsidiaries.

ENTERPRISE RISK MANAGEMENT REPORT

Effective risk management is fundamental and essential to the achievement of the Group's strategic objectives. In place since 2010, the ERM System adopts a systematic and disciplined approach to provide clear responsibility and accountability structures for risk management, and consists of three major components comprising risk governance, risk infrastructure and oversight and assignment of risk ownership.

The Board is responsible for determining the Group's risk profile within risk appetite which defines the acceptable tolerance levels for key risks, overseeing the Group's risk management framework, reviewing the Group's key existing and potential risks and their respective mitigation strategies and ensuring risk management effectiveness. The RMC holds regular meetings to review the management of these risks and effectiveness of mitigation strategies and controls and actively identify the positive business opportunities in relation to these risks.

• RISK MANAGEMENT COMMITTEE •

The Group formed the RMC in 2009, comprising all the three Executive Directors as part of the Group's commitment to further enhancing its control environment. The RMC has written terms of reference which set out the responsibilities of its members and are available on the Company's website. It held four meetings at Group level to re-assess the top 10 priority risks and the result of the mitigation actions for the year ended 31 March 2015. The RMC assists the Board in overseeing and monitoring the implementation and effectiveness of the ERM framework and processes, approves risk profile, reviews risk responses, and formulates a risk management strategy for the Group.

• ENTERPRISE RISK ASSESSMENT •

Risk assessment is the identification and analysis of existing and emerging risks to form a basis for determining how risks are managed in terms of likelihood and impact. Risk areas are categorized into strategic, operational, financial and compliance perspectives for further assessment and management. A bottom-up and top-down approach is utilized to ensure a holistic risk management process. The bottom-up approach is supported by cross-functional workshops with line management to identify and prioritize risks while the top-down approach reviews and assesses if risks are comprehensively identified and prioritized, and properly addressed by line management regarding the achievement of the Group's objectives. At the Group level, a Group risk register was compiled since the inception of the ERM System and has been regularly monitored and updated by taking emerging risks into account for continuous risk assessment purpose and for building the risk-management based internal audit plan.

The Group has in place the Risk Control Self-Assessment ("RCSA") program, requiring overseas business units to periodically assess the adequacy and effectiveness of risk management and internal controls for ongoing risk assurance purposes. This enhances the Group's risk and control framework effectiveness.

• ENTERPRISE RISK MANAGEMENT PROCESS •

The ERM System uses risk indicators and red flags to monitor the top 10 selected priority risks. The setting of risk indicator aligns with the risk tolerance, representing the risk magnitude the Group is willing to take in achieving its business goals. Additionally, a balance scorecard system, which also incorporates a red flag mechanism, has been implemented, incorporating key performance indicators for key business units to measure their progress in achieving business goals. The balance scorecard system and the ERM System are harmonized, allowing the Group to monitor a comprehensive set of indicators at the same time for better business performance and risk management.

While the RMC meetings are held at least on a quarterly basis to review and discuss risk management progress of each of the top 10 priority risks and to provide continuous pulse of the business environment and monitor changes, the balance scorecard key performance indicators are updated and monitored on a monthly basis so that underperformed activities can draw management attention on a timely basis. Risk owners are required to take mitigating actions to address these risks. Such actions are integrated in

Enterprise Risk Management Report

the day-to-day activities and their effectiveness is closely monitored by the red flag mechanism which is used as a basis for reporting and discussion in the RMC meetings. If there are any risk indicators highlighted by red flags, responsible risk owners are required to re-assess the existing remedial action plans and promptly propose new ones if necessary. Being an integral part of the Group's ERM to provide assurance on the effectiveness of the Group's risk management process and system of internal control, the IAMS Department carries out continuous assessment on the risk management progress and risk responses submitted by risk owners. The IAMS Department facilitates the RMC in reporting significant risks, material changes and the associated mitigating actions and highlights to the Audit Committee quarterly to enhance the accountability and quality of the risk management process.

• MANAGEMENT OF KEY RISKS •

As the Group operates in a highly competitive landscape, continuous and effective risk management is vital towards achieving high performance and accomplishing business targets. Some key risks currently being managed are:

ONLINE THREATS AND OPPORTUNITIES

The Group has ranked online threats and opportunities as the number one risk. The exponential growth of online activities, including social media, digital marketing and eCommerce reflects and further drive changes in consumer and business behavior and alters the entire competitive landscape.

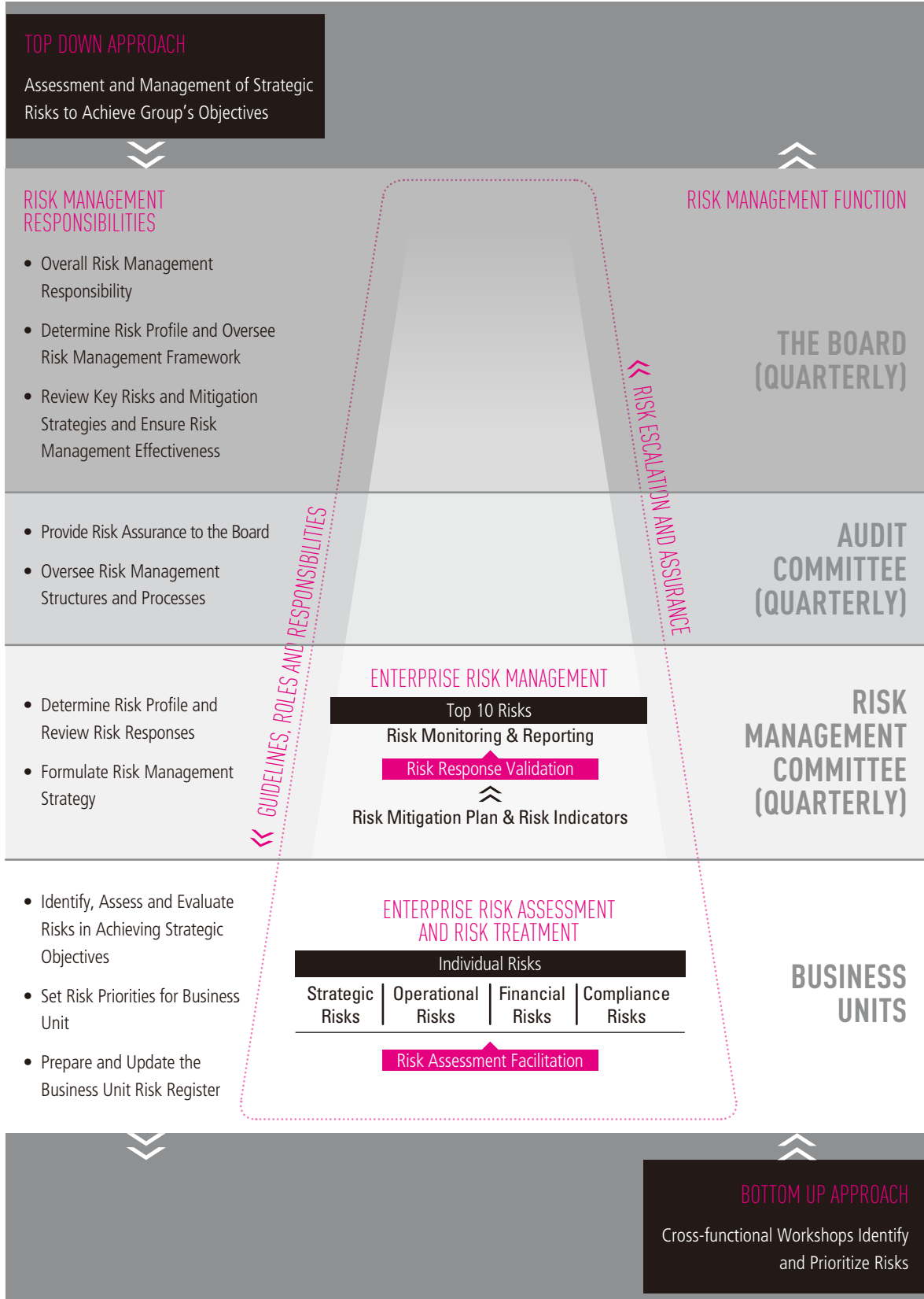
In response to this change, the group has deployed a new website for China market and upgraded its Customer Relationship Management system in order to achieve higher customer satisfaction and conversion rate. There is also a trend towards Online and Offline integration that drives both online and offline businesses to provide multi channel services to consumers. To capitalize this opportunity the Group kicked off an O2O program through WeChat platform from which our frontline staffs are able to drive sales via both online and offline channels with no geographical limitation. The shift in consumer towards more usage of smartphones also drives changes within the online arena and we adapt to this trend by launching a mobile site and developing mobile apps to increase penetration on mobiles and facilitate user interaction. The Group has been allocating more resources to its online operations to capitalize on e-commerce opportunities. In addition to the above measures that we have taken, we will also engage external resources and expertise to increase our competitiveness and speed up the pace of development in this area. The Group will also devote more IT and marketing resources to support changes in technology and digital marketing activities.



Enterprise Risk Management Report

• RISK GOVERNANCE & INFRASTRUCTURE •

THE ERM FRAMEWORK



Enterprise Risk Management Report

PRODUCT COMPETITIVENESS

The Group is well known for providing a large variety of products with a broad price range that appeal to customers. This continued success in product competitiveness has been substantially built up on our ability to source and develop products that meet the demand of the market. However, there is a very fast shift in consumer demand towards mid-price or low-price products and in particular, favoring fast-changing mid- to low-price Korean products. We have been sourcing and offering Korean products for a long time but the pace of the demand changes has proven to be challenging. The Group will be taking actions to address these challenges. These actions may include, but not limit to, engaging with some targeted manufacturers to leverage on their product development capabilities, exploring the viability of establishing a local sourcing base in Korea and re-engineering the internal product development processes. However, it will not succeed without the support of a robust supply chain management system. Therefore, the Group is also placing greater focus on supply chain process and system development, automating work processes and systems using Information Technology, continually upgrade inventory management to shorten the ordering lead time and improve forecasting accuracy and review product offering mix to cater for changing market conditions.



TALENT ACQUISITION, STAFF RETENTION AND TRAINING

In view of the consistently high staff turnover condition in the Hong Kong retail labor market as well as the adverse business condition in retail and tourist industry last year, the Group is exposed to challenges in staff turnover and vacancy. The Group has increased the number of recruitment channels, including active participation in various job fairs and career exhibitions, as well as utilization of social media. The Group also aims at attracting more young people into the industry by collaborating with various educational institutions and enhancing the best employer image amongst targeted secondary and post secondary students.

Facing the severe competition in acquiring talents and in strengthening the engagement of existing staff the Group has regularly benchmarked the existing employment terms and conditions in order to provide enjoyable and rewarding job to them. This includes active listening to their feedback, benchmarking the remuneration package with market, organizing various recreational and charity activities. On top of these, the Group has launched and broadened an employee referral scheme, and therefore from the existing employee's social network, has successfully recruited more outstanding talents with better understanding about the culture and stronger passion to join.

The Group mitigates turnover rate by conducting new staff sharing session to strengthen the bonding relationship. To understand and address career aspiration and personal development needs, staff are welcome to express their ideas in the performance appraisal forms and meetings, which are carefully reviewed by management. Frontline career roadmap has been redefined to provide more vision and flexibility for their career development. The succession planning program has been launched to systematically identify, develop and retain potential leaders in order to build the talent pipeline within the Group. Walking side by side is the performance appraisal system with the content being refined to facilitate this succession planning program. In addition, a mentoring program has been in place to provide guidance and personalized assistance to frontline new joiners during their integration into the job and throughout the career progression. To develop home grown talents for the future management pipeline, the Group has developed the management trainee program for fresh graduates under which each management trainee is given the opportunity to develop a fast track, clear and tailor-made career path. Upon their graduation from the 20 months comprehensive program with job rotation throughout the company, they can work either in store operation, logistics or other core departments in the office.

Enterprise Risk Management Report



The Group has also launched functional training and development programs to upgrade staff competence. During the year the Training & People Development Department refined and enhanced the training course structure by introducing advanced courses, in addition to the basic ones, for more experienced frontline staff to attend and certain courses such as local customer service and complaint handling are video-taped and shared in the Sa Sa Channel accessible by Hong Kong staff. In conjunction with traditional instructor-led training courses, which in the case of China and overseas offices are costly to run because of the geographical spread, the Group is going to launch an e-learning platform which makes use of the electronic media to deliver staff training and development courses. This e-learning platform will consolidate all training materials in one database and allow staff to access to all relevant training information and learn in a convenient and flexible schedule.

MAINLAND CHINA BUSINESS GROWTH

While the Group is taking progressive and disciplined steps in growing its market presence in the Mainland China, it is exposed to infrastructural risks, including weak local management team structure, inexperienced staffs, weak supply chain management and inadequate systems which may compromise scalability and business growth. The Group has implemented talent management and development program in acquiring competent management staff to strengthen local management foundation. Tailored selling and customer service training sessions, with support from Hong Kong head office, are offered to frontline staff to enhance their capability and to improve personal and store performances, together with the rolling out of boutique stores, which would operate more efficiently with fewer frontline staff required.

The importation of the Group's products into china was disrupted early in the year when an independent logistic company which used to handle the importation was investigated by the Chinese Customs for violating certain laws and regulations. The Group was not involved in any wrongdoings but wishes to have a tighter control of this important function. The Group has sourced a new customs declaration and clearance agent with good reputation and the in-house Quality Management team has laid down the policies and procedures for the Group's importation of goods into China, based on the recommendations proposed by an external consultant.

Enterprise Risk Management Report

ETHICAL BUSINESS PRACTICE



The Group is committed to enforce ethical business practice by setting the right tone at the top. However, we recognize that ethical incidents may still happen even we have a robust internal control system in place. For the year ended 31 March 2015, six incidents were reported through our whistleblowing channel or identified by IAMS department. Investigations were either conducted independently by the IAMS Department or jointly, as appropriate, with other departments in the Group. The results were reported to the Executive Directors and Audit Committee. In order to enable the Group to evaluate and manage fraud risks in a more systematic and proactive approach, fraud risk assessment is incorporated as an integral part of the Group's risk management structure to continuously manage and mitigate fraud risks. Furthermore, the following key activities were organized during the year as an enhancement on the existing fraud risk management system:

COMMUNICATION AND TRAINING

PARTICIPANTS	COURSE / INDUCTION / WORKSHOP
The Board of Directors	Fraud risk management conducted by PricewaterhouseCoopers
Overseas Offices	Fraud-awareness communication workshops organized by IAMS Department for Singapore, Malaysia and Taiwan offices
Hong Kong Head Office	Anti-corruption and the Prevention of Bribery Ordinance conducted by the Independent Commission Against Corruption
All New Staff	Induction training on key corporate policies, including whistleblowing policy, conflict of interest policy, etc
IAMS Department	Delegates attended three external fraud prevention workshops



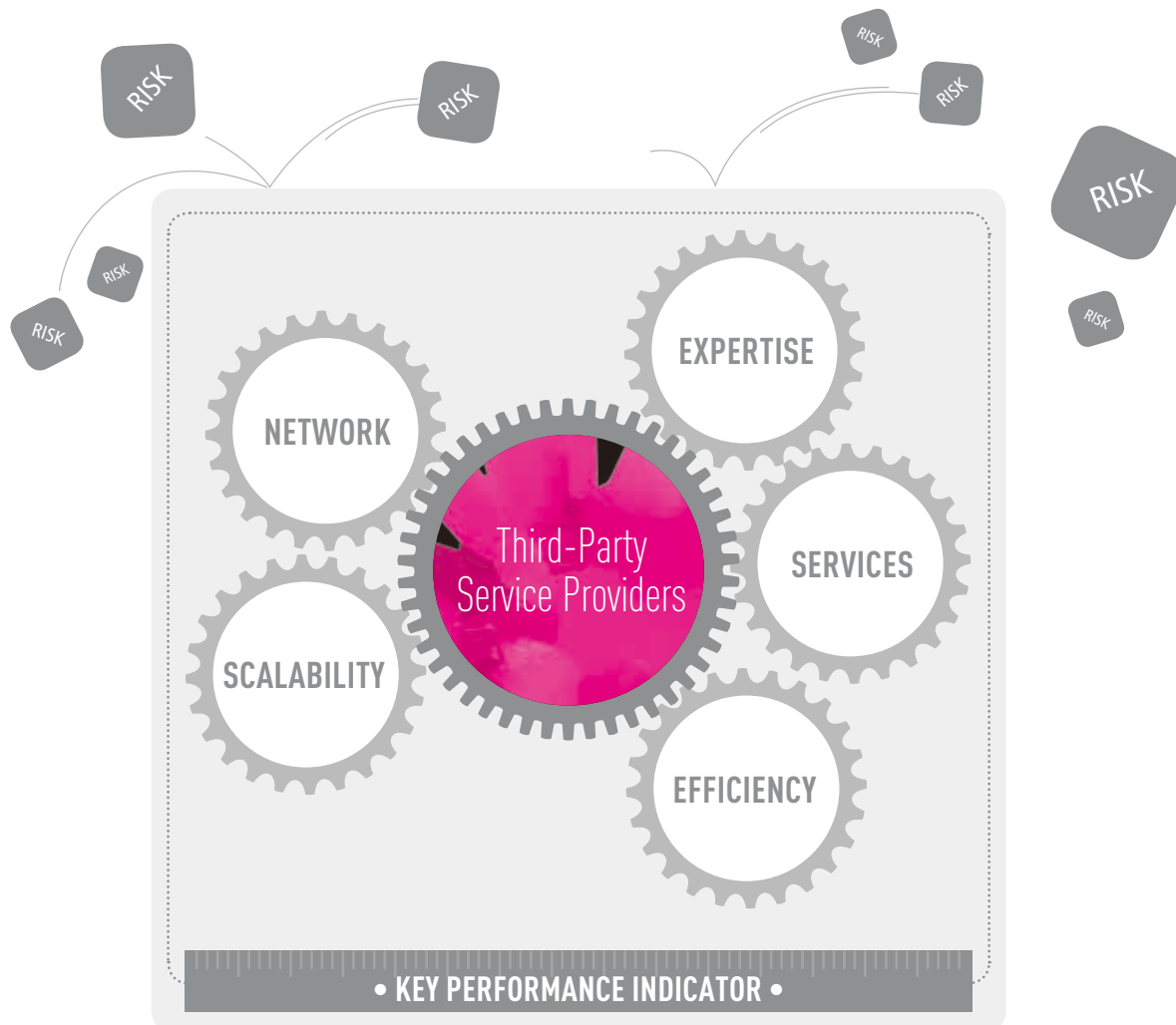
Enterprise Risk Management Report

ASSESSMENT AND ENFORCEMENT

AREA	ACTION
Gap Analysis	IAMS Department performed an anti-fraud gap analysis to evaluate the existing fraud risk management
Internal Audit Scope	Fraud risk assessment is embedded in every single audit assignment
Enforcement	Fraudsters are held accountable by enforcing relevant disciplinary actions

THIRD-PARTY RISKS

The Group has been relying on third-party service providers in some aspects of our business with the aim of improving performance by leveraging their specialized expertise, well developed service network, operational efficiency and better scalability. While the Group enjoys some benefits from engaging these third-party service providers, the management realizes that the same also means operational dependency and a threat of vulnerability to unexpected poor or lapses in service. The risks may include but not limited to business disruption, authority investigation leading to monetary losses and reputational damage. In order to counter these risks, the Group engages only reputed third-party service providers and sets up key performance indexes to continuously monitor their performance. Although we try to develop good and long-term relationship with strategic partners, we do terminate service with under-performed vendors, and set up alternative vendor database to secure quality and continuity of service.



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the retailing and wholesaling of cosmetic products.

An analysis of the Group's turnover and results for the year by business segments is set out in Note 3 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the Group's business is provided in Chairman's Statement on pages 30 to 33 and Management Discussion & Analysis sections on pages 36 to 47 of this Annual Report. Description of the principal risks and uncertainties facing the Group can be found in the Enterprise Risk Management Report on pages 136 to 142. No important event affecting the Group has occurred since the end of the financial year under review. The outlook of the Group's business is discussed in Chairman's Statement on pages 30 to 33 and Management Discussion & Analysis sections on pages 36 to 47 of this Annual Report. Certain financial key performance indicators which complement and supplement our financial disclosures are set out on pages 8 to 10. An account of the Company's relationships with its key stakeholders and discussions on the Group's environmental policies and performance, and compliance with relevant laws and regulations are included in the Environmental, Social and Governance Report, Investor Relations Report and Corporate Governance Report.

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated income statement on page 161.

An interim dividend of 5.0 HK cents (2014: 4.5 HK cents) per share and a special dividend of 4.0 HK cents (2014: 4.5 HK cents) per share were paid on 19 December 2014. The Directors recommended the payment of a final dividend of 9.0 HK cents (2014: 9.0 HK cents) per share and a special dividend of 5.5 HK cents (2014: 5.5 HK cents) per share, such dividends will be proposed for approval by shareholders at the AGM to be held on Wednesday, 19 August 2015, and are payable to shareholders whose names appear on the Register of Members of the Company on Wednesday, 26 August 2015. Total dividends paid and to be paid in respect of the year ended 31 March 2015 amounted to HK\$668,493,000.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last ten financial years is set out on pages 8 to 10.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined and the percentage of sales attributable to the Group's five largest customers combined were both less than 30% of the Group's respective purchases and sales for the year.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in Note 27 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

Report of the Directors

SHARE OPTIONS

SHARE OPTION SCHEMES

- **2002 Share Option Scheme**

The 2002 Share Option Scheme (the "2002 Share Option Scheme") was approved by the Shareholders at the AGM held on 29 August 2002. The 2002 Share Option Scheme was terminated and a new share option scheme (the "2012 Share Option Scheme") was adopted pursuant to resolutions passed by the Shareholders on 23 August 2012. The 2012 Share Option Scheme became unconditional and effective on 27 August 2012. Upon termination of the 2002 Share Option Scheme, no further options could be granted under the 2002 Share Option Scheme but the provisions of the 2002 Share Option Scheme continued to govern options granted under this scheme up to and including 23 August 2012. A summary of the 2002 Share Option Scheme is set out below:

(a) Purpose

To provide Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

(b) Participants

Any directors (including executive, non-executive and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any members of the Group who the Board or a duly authorised committee thereof considers, in its sole discretion, to have contributed to the Group.

(c) Total number of shares available for issue

- (i) The maximum number of shares in respect of which options may be granted under the 2002 Share Option Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10% of the issued share capital of the Company on 29 August 2002, the date on which the 2002 Share Option Scheme was adopted (the "2002 Scheme Mandate Limit"). Options lapsed in accordance with the terms of the 2002 Share Option Scheme will not be counted for the purpose of calculating the 2002 Scheme Mandate Limit.
- (ii) The 2002 Scheme Mandate Limit may be renewed at any time subject to prior shareholders' approval but in any event shall not exceed 10% of the issued share capital of the Company as at the date of approval of the renewal of the 2002 Scheme Mandate Limit. Options previously granted under the 2002 Share Option Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed 2002 Scheme Mandate Limit.
- (iii) The maximum number of shares in respect of which options may be granted to grantees under the 2002 Share Option Scheme and other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.
- (iv) As at 25 June 2015, the total number of shares available for issue under the 2002 Share Option Scheme was 30,690,988 shares, which represented 1.08% of the total issued share capital of the Company at that date.

Report of the Directors

SHARE OPTIONS (continued)

SHARE OPTION SCHEMES (continued)

- **2002 Share Option Scheme (continued)**

(d) Maximum entitlement of each Participant

The maximum number of shares in respect of which options may be granted under the 2002 Share Option Scheme to a specifically identified single grantee shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1% of the shares of the Company in issue.

The Company may grant options beyond the said individual limit to a Participant if (i) the Company has first sent a circular to shareholders containing the identity of the Participant in question, the number and terms of the options granted and to be granted and other relevant information as required under the Listing Rules; and (ii) separate shareholder's approval has been obtained.

(e) Option Period

The period within which the shares must be taken up under an option shall be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the date of grant of the relevant option.

(f) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board at its absolute discretion. The 2002 Share Option Scheme itself does not specify any minimum holding period.

(g) Consideration on acceptance of the option

HK\$1.00 is required to be paid by the grantee to the Company on acceptance of the option offer as consideration.

(h) Basis of determining the subscription price

The subscription price shall be determined by the Board at its absolute discretion but in any event shall not be less than the higher of:

- (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share of the Company.

Report of the Directors

SHARE OPTIONS (continued)

SHARE OPTION SCHEMES (continued)

- 2002 Share Option Scheme (continued)

(i) Remaining life of the 2002 Share Option Scheme

On 23 August 2012, the 2002 Share Option Scheme was terminated pursuant to resolutions passed by the Shareholders at the annual general meeting.

Details of the share options granted under the 2002 Share Option Scheme and their movements during the year are set out below:

Name	Date of grant	Subscription price per Share (HK\$)	Exercisable period	Vesting period (from the date of grant)	*Closing price of the Shares immediately before the date on which the options were exercised (HK\$)	Number of Share Options				
						Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	#Lapsed during the year	Outstanding as at 31 March 2015
Director Dr LOOK Guy	1 Mar 2012	4.77	28 Feb 2014 to 28 Feb 2022	2 years	-	4,690,998	-	-	-	4,690,998
			28 Feb 2015 to 28 Feb 2022	3 years	-	4,690,998	-	-	-	4,690,998
			note (1)	note (1)	-	3,381,996	-	-	-	3,381,996
			note (1)	note (1)	-	4,690,998	-	-	-	4,690,998
Employees Under Continuous Employment Contract	30 Sep 2010	3.16	30 Sep 2013 to 29 Sep 2020	3 years	6.00 (AVG)	834,000	-	(232,000)	-	602,000
			30 Sep 2013 to 29 Sep 2020	3 years	-	40,000	-	-	-	40,000
			30 Sep 2013 to 29 Sep 2020	3 years	5.53	32,000	-	(32,000)	-	-
	17 Jun 2011	4.95	17 Jun 2014 to 16 Jun 2021	3 years	5.91 (AVG)	4,296,000	-	(1,260,000)	(336,000)	2,700,000
			17 Jun 2014 to 16 Jun 2021	3 years	-	40,000	-	-	-	40,000
			17 Jun 2014 to 16 Jun 2021	3 years	-	40,000	-	-	-	40,000
			17 Jun 2014 to 16 Jun 2021	3 years	-	50,000	-	-	-	50,000
			17 Jun 2014 to 16 Jun 2021	3 years	-	50,000	-	-	-	50,000
			17 Jun 2014 to 16 Jun 2021	3 years	-	50,000	-	-	-	50,000
			17 Jun 2014 to 16 Jun 2021	3 years	6.05	100,000	-	(100,000)	-	-
	29 Jun 2012	4.85	29 Jun 2015 to 28 Jun 2022	3 years	-	6,173,000	-	-	(1,401,000)	4,772,000
			29 Jun 2015 to 28 Jun 2022	3 years	-	40,000	-	-	-	40,000
			29 Jun 2015 to 28 Jun 2022	3 years	-	50,000	-	-	-	50,000
29 Jun 2015 to 28 Jun 2022			3 years	-	50,000	-	-	-	50,000	
29 Jun 2015 to 28 Jun 2022			3 years	-	120,000	-	-	-	120,000	
29 Jun 2015 to 28 Jun 2022			3 years	-	70,000	-	-	-	70,000	
29 Jun 2015 to 28 Jun 2022	3 years	-	200,000	-	-	-	200,000			
						34,380,988	-	(1,624,000)	(1,737,000)	31,019,988

* The weighted average closing price ("AVG") is shown where appropriate.

There is no share option cancelled during the year.

Report of the Directors

SHARE OPTIONS (continued)

SHARE OPTION SCHEMES (continued)

- **2002 Share Option Scheme (continued)**

Notes:

- (1) The exercise of the share options is subject to certain performance targets that must be achieved by the director. The share options shall be exercised by the director not later than 28 February 2022.
- (2) On 30 September 2010, the Company granted share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group.
- (3) The grantee, Ms KWOK Lai Kwan Anna, is an associate of the chief executive and directors of the Company.
- (4) The grantee, Mr KWOK Siu Hung Vincent, is an associate of the chief executive and directors of the Company.
- (5) On 17 June 2011, the Company granted share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group.
- (6) The grantee, Mr CHAN Chun Bong Junbon Davis, is an associate of the chief executive and directors of the Company.
- (7) The grantee, Ms KWOK Sea Nga Kitty, is an associate of the chief executive and directors of the Company.
- (8) The grantee, Ms KWOK Sze Wai Melody, is an associate of the chief executive and directors of the Company.
- (9) The grantee, Mr LAW Kin Ming Peter, is an associate of the chief executive and directors of the Company.
- (10) On 29 June 2012, the Company granted 7,567,000 share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group. The exercise of 350,000 share options out of the outstanding balance of 5,302,000 share options as at 31 March 2015 is subject to certain performance targets that must be achieved by the related employees.

- **2012 Share Option Scheme**

The 2012 Share Option Scheme was adopted on 23 August 2012 and became unconditional and effective on 27 August 2012. A summary of the 2012 Share Option Scheme is set out below:

(a) Purpose

To provide Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

(b) Participants

Any directors (including executive, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any members of the Group whom the Board considers, in its sole discretion, to have contributed to the Group.

Report of the Directors

SHARE OPTIONS (continued)

SHARE OPTION SCHEMES (continued)

- 2012 Share Option Scheme (continued)

(c) Total number of shares available for issue

- (i) The maximum number of shares in respect of which options may be granted under the 2012 Share Option Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10% in nominal amount of the issued share capital of the Company on the Adoption Date (the "2012 Scheme Mandate Limit"). Option lapsed in accordance with the terms of the 2012 Share Option Scheme will not be counted for the purpose of calculating the 2012 Scheme Mandate Limit.
- (ii) The 2012 Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10% of the issued share capital of the Company as at the date of approval of the renewal of the 2012 Scheme Mandate Limit. Option previously granted under the 2012 Share Option Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed 2012 Scheme Mandate Limit.
- (iii) The maximum number of shares in respect of which options may be granted to grantees under 2012 Share Option Scheme and other share option schemes of the Company shall not exceed 30% in nominal amount of the issued share capital of the Company from time to time.
- (iv) As at 25 June 2015, the total number of shares available for issue under the 2012 Share Option Scheme was 282,175,006 shares, which represented 9.92% of the total issued share capital of the Company at that date.

(d) Maximum entitlement of each Participant

The maximum number of shares in respect of which options may be granted under the 2012 Share Option Scheme to a specifically identified single Participant shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company and including exercised, cancelled and outstanding options) in any 12-month period exceed 1% of the shares of the Company in issue.

The Company may grant options beyond the said individual limit to Participants if (i) the Company has first sent a circular to Shareholders containing the identity of the Participant in question, the number and terms of the options to be granted (and options previously granted to such Participant) and other relevant information as required under the Listing Rules; and (ii) separate Shareholders' approval has been obtained in general meeting with the proposed Participant and his associates abstaining from voting.

(e) Option Period

The period within which the shares must be taken up under an option shall be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the date of grant of the relevant option.

(f) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an option must be held before it can be exercised shall be determined by the Board at its absolute discretion. The 2012 Share Option Scheme itself does not specify any minimum holding period.

(g) Consideration on acceptance of the option

HK\$1.00 is required to be paid by the grantee to the Company on acceptance of the option offer as consideration.

Report of the Directors

SHARE OPTIONS (continued)

SHARE OPTION SCHEMES (continued)

- **2012 Share Option Scheme (continued)**

(h) Basis of determining the subscription price

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

- (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant;
- (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; or
- (iii) the nominal value of a share of the Company.

(i) Remaining life of the 2012 Share Option Scheme

The 2012 Share Option Scheme shall be valid and effective for a period of 10 years commencing on 27 August 2012, the date on which it became unconditional and will expire on 26 August 2022.

Details of the share options granted under the 2012 Share Option Scheme and their movements during the period are set out below:

Name	Date of grant	Subscription price per Share (HK\$)	Exercisable period	Vesting period (from the date of grant)	Number of Share Options				
					Outstanding as at 1 April 2014	Granted during the year	Exercised during the year	#Lapsed during the year	Outstanding as at 31 March 2015
Employees	21 Jun 2013	8.07	21 Jun 2016 to 20 Jun 2023	3 years Note (1)	8,172,000	-	-	(1,461,000)	6,711,000
Under			21 Jun 2016 to 20 Jun 2023	3 years Note (2)	50,000	-	-	-	50,000
Continuous			21 Jun 2016 to 20 Jun 2023	3 years Note (3)	50,000	-	-	-	50,000
Employment			21 Jun 2016 to 20 Jun 2023	3 years Note (4)	20,000	-	-	-	20,000
Contract			21 Jun 2016 to 20 Jun 2023	3 years Note (5)	100,000	-	-	-	100,000
			21 Jun 2016 to 20 Jun 2023	3 years Note (6)	50,000	-	-	-	50,000
			21 Jun 2016 to 20 Jun 2023	3 years Note (7)	20,000	-	-	-	20,000
			21 Jun 2016 to 20 Jun 2023	3 years Note (8)	50,000	-	-	-	50,000
			21 Jun 2016 to 20 Jun 2023	3 years Note (9)	120,000	-	-	-	120,000
					8,632,000	-	-	(1,461,000)	7,171,000

There is no share option cancelled during the year.

Report of the Directors

SHARE OPTIONS (continued)

SHARE OPTION SCHEMES (continued)

- 2012 Share Option Scheme (continued)

Notes:

- (1) On 21 June 2013, the Company granted share options to certain employees of the Company in order to reward them for contributing to the long term success of the business of the Group and to encourage and motivate them to continue to contribute to the success of the Group.
- (2) The grantee, Mr CHAN Chun Bong Junbon Davis, is an associate of the chief executive and directors of the Company.
- (3) The grantee, Ms KWOK Lai Kwan Anna, is an associate of the chief executive and directors of the Company.
- (4) The grantee, Ms KWOK Lai Ying Ann, is an associate of the chief executive and directors of the Company.
- (5) The grantee, Ms KWOK Sea Nga Kitty, is an associate of the chief executive and directors of the Company.
- (6) The grantee, Mr KWOK Siu Hung Vincent, is an associate of the chief executive and directors of the Company.
- (7) The grantee, Mr KWOK Siu Keung Paul, is an associate of the chief executive and directors of the Company.
- (8) The grantee, Ms KWOK Sze Wai Melody, is an associate of the chief executive and directors of the Company.
- (9) The grantee, Mr LAW Kin Ming Peter, is an associate of the chief executive and directors of the Company.

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

SHARE AWARD SCHEME

The Share Award Scheme (the "Share Award Scheme") was adopted by the Board on 11 April 2014 (the "Adoption Date"). Under the Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any eligible employees as selected employees and award issued Shares to them at no consideration. Shares were acquired by the independent trustee, at the costs of the Company, and held as part of the trust fund for granting awards under the Share Award Scheme. Shares awarded will be vested in the selected employees according to the terms of grant determined by the Board. Since the Adoption Date and up to 31 March 2015, a total of 1,250,000 shares had been awarded under the Scheme representing 0.04% of the Shares in issue as at 31 March 2015. A summary of the Share Award Scheme is set out below:

(a) Purpose

The purposes of the Scheme are: (a) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.

(b) Administration

The Share Award Scheme may be subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed.

(c) Duration

Subject to any early termination as may be determined by the Board pursuant to the scheme rules, the Share Award Scheme shall be valid and effective for a term of 15 years commencing on the Adoption Date.

Report of the Directors

SHARE AWARD SCHEME (continued)

(d) Maximum limit

The maximum number of Shares which may be granted under the Share Award Scheme shall not exceed 5% of the total issued Shares from time to time. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the total issued Shares from time to time.

(e) Operation

The Board may, from time to time, at its sole and absolute discretion, select any employee, other than the excluded employee (as defined in the Share Award Scheme), as a selected employee for participation in the Share Award Scheme. In determining the number of Shares to be awarded to a selected employee, the Board may take into consideration the rank and performance of the relevant selected employee. The Board may impose any conditions (including a period of continued service with a specified member of the Group after the date on which an award is made by the Board) as it deems appropriate in its absolute discretion with respect to the entitlement of a selected employee to the awarded Shares.

No award shall be made and no instructions to acquire Shares shall be given to the trustee under the Share Award Scheme where any director of the Company possesses unpublished price sensitive or inside information in relation to the Group or the Shares or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

The Board shall from time to time cause to be paid funds out of the Group's resources to the trustee sufficient for the acquisition of the awarded Shares. The trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. The Shares so purchased and any balance of the funds after completion of the purchase shall also form part of the trust fund.

(f) Vesting and lapse

A selected employee shall be entitled to receive the awarded Shares vested in him in accordance with the vesting schedule (if any) and subject to the selected employee having satisfied all vesting conditions (if any) specified by the Board at the time of making the award. Vesting of the Shares will be conditional on the selected employee remaining an employee of the Group as provided in the scheme rules on the relevant vesting dates.

An award may lapse on occurrence on certain events under the Share Award Scheme. The events include, among other things where a selected employee ceases to be an eligible employee at any time before the vesting date by reason of termination of his employment or engagement summarily by the Group as an employer, his resignation or his retirement (unless his contract of employment or engagement with the Group is renewed or he is re-engaged under a new contract of employment with the Group). If a selected employee dies prior to a vesting date, all the awarded Shares shall be deemed to be vested on the day immediately prior to his/her death.

If a selected employee is found to be an excluded employee or fails to return duly executed transfer documents for the relevant Shares awarded within the stipulated period, the relevant part of an award made to such selected employee will automatically lapse forthwith. The relevant Shares awarded shall not vest on the relevant vesting date but shall be held in the Trust fund for making other awards under the Share Award Scheme. If there occurs an event of change in control of the Company, or the Company's subsidiary employing the selected employee ceases to be a subsidiary of the Company, the vesting of all awarded Shares shall accelerate in accordance with the rules of the Share Award Scheme.

The trustee shall hold any awarded Shares which have lapsed, forfeited or failed to vest in the relevant selected employees as part of the trust fund exclusively for the benefit of all or one or more of the selected employees (excluding any excluded employee). The Board may in its discretion make awards out of such Shares in accordance with the trust and the Share Award Scheme.

Report of the Directors

SHARE AWARD SCHEME (continued)

(g) Voting Rights

The trustee shall not exercise the voting rights in respect of any Shares held by it under the trust.

(h) Termination

The Share Award Scheme shall terminate on the earlier of the fifteenth (15th) anniversary date of the Adoption Date or such date of early termination as determined by the Board. Upon termination, no further grant of awarded Shares may be made.

Details of the awarded Shares granted under the Share Award Scheme and their movements during the year are set out below:

Name	Date of grant	Average fair value per Share (HK\$)	Vesting period	Number of Awarded Shares				Outstanding as at 31 March 2015
				Outstanding as at 1 April 2014	Granted during the year	Vested during the year	Lapsed during the year	
Employees Under Continuous Employment Contract	30 Sep 2014	5.32	30 Sep 2014 to 30 Sep 2017	-	850,000	(30,000)	-	820,000
	28 Nov 2014	5.83	28 Nov 2014 to 28 Nov 2017	-	200,000	-	-	200,000
	31 Dec 2014	5.43	31 Dec 2014 to 31 Dec 2017	-	60,000	-	-	60,000
	30 Jan 2015	5.02	30 Jan 2015 to 30 Jan 2018	-	140,000	-	-	140,000
				-	1,250,000	(30,000)	-	1,220,000

The accounting policies adopted for the share options and the share award scheme are described in Significant Accounting Policies No. 10.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and there are no restrictions against such rights under the laws in the Cayman Islands where the Company was incorporated.

BUY-BACK, SALE OR REDEMPTION OF SHARES

During the year, there was no buy-back, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries, except that the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme, bought back on the Stock Exchange a total of 1,450,000 Shares at a total consideration of about HK\$8.5 million.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2015 are set out in Note 31 to the consolidated financial statements.

Report of the Directors

BORROWINGS

As at 31 March 2015, the Group had no borrowings (2014: HK\$80,000,000), details of which are set out in Note 23 to the consolidated financial statements.

CAPITALISED INTEREST

No interest was capitalised by the Group during the year (2014: nil).

DISTRIBUTABLE RESERVES

As at 31 March 2015, the reserves of the Company available for distribution amounted to HK\$1,870,810,000 (2014: HK\$1,561,446,000).

DONATIONS

The Group made donations during the year totalling HK\$5,420,000 (2014: HK\$5,967,000).

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Dr KWOK Siu Ming Simon, *BBS, JP* (Chairman and CEO)

- date of appointment as a Director: 3 December 1996
- date of last re-election in AGM as a Director: 22 August 2013*

Dr KWOK LAW Kwai Chun Eleanor, *BBS* (Vice-chairman)

- date of appointment as a Director: 3 December 1996
- date of last re-election in AGM as a Director: 22 August 2013*

Dr LOOK Guy (CFO)

- date of appointment as a Director: 10 September 2002
- date of last re-election in AGM as a Director: 22 August 2013*

NON-EXECUTIVE DIRECTOR

Ms LEE Yun Chun Marie-christine

- date of appointment as a Director: 26 February 2013
- date of last re-election in AGM as a Director: 22 August 2013
- term of directorship: three years commencing on 22 August 2013*

* Subject to the provisions on rotation and retirement in the articles of association of the Company.

Report of the Directors

DIRECTORS (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor CHAN Yuk Shee, *PhD, SBS, BBS, JP*

- date of appointment as a Director: 1 November 1999
- date of last re-election in AGM as a Director: 21 August 2014
- term of directorship: three years commencing on 1 November 2014*

Dr LEUNG Kwok Fai Thomas, *PhD, BBS, JP*

- date of appointment as a Director: 1 January 2000
- date of last re-election in AGM as a Director: 21 August 2014
- term of directorship: three years commencing on 1 January 2015*

Ms TAM Wai Chu Maria, *GBM, GBS, JP*

- date of appointment as a Director: 24 June 2004
- date of last re-election in AGM as a Director: 22 August 2013
- term of directorship: three years commencing on 24 June 2013*

Ms KI Man Fung Leonie, *SBS, JP*

- date of appointment as a Director: 15 December 2006
- date of last re-election in AGM as a Director: 23 August 2012
- term of directorship: three years commencing on 15 December 2012*

Mr TAN Wee Seng

- date of appointment as a Director: 11 March 2010
- date of last re-election in AGM as a Director: 21 August 2014
- term of directorship: three years commencing on 26 August 2013*

In accordance with Article 116, Dr KWOK Siu Ming Simon, Ms LEE Yun Chun Marie-christine and Ms KI Man Fung Leonie will retire by rotation at the forthcoming AGM.

Pursuant to code provision A.4.3 of the CG Code, the further appointment of any INED who has served the Company for more than nine years should be subject to a separate resolution to be approved by Shareholders. Ms KI Man Fung Leonie will have served as INED of the Company for more than nine years upon expiry of the current three-year term and her further appointment shall be subject to a separate resolution to be approved by shareholders. The board will set out in the circular to Shareholders to be distributed on or around 17 July 2015 the reasons why it believes she continues to be independent and why she should be re-elected at the forthcoming AGM. All of these Directors, being eligible, will offer themselves for re-election.

CONFIRMATION OF INDEPENDENCE FROM INEDS

The Company has received a written confirmation from each INED of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has duly reviewed the annual confirmation of independence of these Directors and both the Nomination Committee and the Board consider them to be independent throughout the year and that they remain so as at the date of this report.

* Subject to the provisions on rotation and retirement in the articles of association of the Company.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering themselves for re-election at the forthcoming AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director is or was materially interested, either directly or indirectly, subsisted during or at the end of the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The updated biographical information of the Directors and senior management are set out on pages 50 to 57 of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(I) LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of director	Capacity	Number of Shares in the Company				Total interests	Approximate percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests		
Dr KWOK Siu Ming Simon	Interests of a controlled corporation (Note)	–	–	1,797,012,800	–	1,797,012,800	63.17%
	Beneficial Owner	40,728,000	–	–	–	40,728,000	1.43%
Dr KWOK LAW Kwai Chun Eleanor	Interests of a controlled corporation (Note)	–	–	1,797,012,800	–	1,797,012,800	63.17%
	Beneficial Owner	2,300,000	–	–	–	2,300,000	0.08%
Ms TAM Wai Chu Maria	Beneficial Owner	2,000,000	–	–	–	2,000,000	0.07%

Note: These shares are held as to 1,393,560,000 shares by Sunrise Height Incorporated and as to 403,452,800 shares by Green Ravine Limited. Both Sunrise Height Incorporated and Green Ravine Limited are owned as to 50% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor.

Details of the interests of Directors and chief executives in the derivatives interests in the Company for the year ended 31 March 2015 are disclosed in the Share Options section on page 146 of this report.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)**(II) LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS**

Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor are each taken to be interested in all the issued non-voting deferred shares (the "Deferred Shares") of Base Sun Investment Limited ("Base Sun"), Matford Trading Limited ("Matford"), Sa Sa Cosmetic Company Limited and Sa Sa Investment (HK) Limited, all of which are wholly-owned subsidiaries of the Company. Details of interests in the Deferred Shares as at 31 March 2015 are set out below:

Dr KWOK Siu Ming Simon

Name of associated corporation	Capacity	Number of Deferred Shares in the associated corporation					Total interests	Percentage of shareholding to all the Deferred Shares of associated corporation
		Personal interests	Family interests	Corporate interests	Other interests			
Base Sun Investment Limited	Interests of a controlled corporation (Note 1)	–	–	2	–	2	100%	
Matford Trading Limited	Beneficial Owner (Note 2)	3	–	–	–	3	50%	
Sa Sa Cosmetic Company Limited	Beneficial Owner	1	–	–	–	1	50%	
Sa Sa Investment (HK) Limited	Beneficial Owner	1	–	–	–	1	50%	

Dr KWOK LAW Kwai Chun Eleanor

Name of associated corporation	Capacity	Number of Deferred Shares in the associated corporation					Total interests	Percentage of shareholding to all the Deferred Shares of associated corporation
		Personal interests	Family interests	Corporate interests	Other interests			
Base Sun Investment Limited	Interests of a controlled corporation (Note 1)	–	–	2	–	2	100%	
Matford Trading Limited	Beneficial Owner (Note 3)	3	–	–	–	3	50%	
Sa Sa Cosmetic Company Limited	Beneficial Owner	1	–	–	–	1	50%	
Sa Sa Investment (HK) Limited	Beneficial Owner	1	–	–	–	1	50%	

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

(II) LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS (continued)

Notes:

1. Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor together hold two Deferred Shares in Base Sun through Win Win Group International Limited ("Win Win") and Modern Capital Investment Limited ("Modern Capital"). Win Win and Modern Capital are companies owned as to 50% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor and each of Win Win and Modern Capital holds one Deferred Share in Base Sun.
2. Dr KWOK Siu Ming Simon holds three Deferred Shares in Matford through Mr YUNG Leung Wai who acts as a nominee shareholder.
3. Dr KWOK LAW Kwai Chun Eleanor holds three Deferred Shares in Matford through Ms KWOK Lai Yee Mabel who acts as a nominee shareholder.

Save as disclosed above, no Director or chief executive has any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to be have under such provisions), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Share Options section on page 146, at no time during the year was the Company, its holding company or its subsidiaries or a subsidiary of the Company's holding company, a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of shares in or debenture of the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 March 2015, Shareholders, other than a Director or chief executive, who had interests and short positions in the shares and underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions), or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO are as follows:

LONG POSITION OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OF THE COMPANY

Name of company	Capacity	Number of shares held	Approximate percentage of shareholding
Sunrise Height Incorporated	Beneficial owner	1,393,560,000 (Note)	48.99%
Green Ravine Limited	Beneficial owner	403,452,800 (Note)	14.18%

Note: Both Sunrise Height Incorporated and Green Ravine Limited are owned as to 50% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or chief executives) who had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions), or which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CONNECTED TRANSACTIONS

During the year, there were no connected transactions or continuing connected transactions that were not exempted under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the total issued share capital of the Company is held by the public as at the date of this report.

AUDITOR

The financial statements for the year have been audited by PwC who retired and, being eligible, offered themselves for re-appointment. A resolution to re-appoint them and to authorise the Directors to fix their remuneration will be proposed for approval at the forthcoming AGM.

On behalf of the Board

KWOK Siu Ming Simon

Chairman and CEO

Hong Kong, 25 June 2015

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SA SA INTERNATIONAL HOLDINGS LIMITED**
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sa Sa International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 161 to 224, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 requirements of the predecessor Hong Kong Companies Ordinance (Cap.32), 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 and to report our opinion solely to you, as a body, 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 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.

Independent Auditor's Report

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 2015, 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 predecessor Hong Kong Companies Ordinance (Cap.32).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 June 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Turnover	2	8,992,837	8,756,105
Cost of sales	5	(4,953,590)	(4,683,118)
Gross profit		4,039,247	4,072,987
Other income	2	118,445	102,936
Selling and distribution costs	5	(2,816,699)	(2,728,230)
Administrative expenses	5	(349,957)	(341,209)
Other gains – net	4	752	7,022
Operating profit		991,788	1,113,506
Finance income	8	18,162	12,762
Finance costs	8	(458)	(305)
Finance income – net	8	17,704	12,457
Profit before income tax		1,009,492	1,125,963
Income tax expense	9	(170,681)	(190,728)
Profit for the year	10	838,811	935,235
Earnings per share for profit for the year (expressed in HK cents per share)	11		
Basic		29.5	33.0
Diluted		29.5	32.9
Dividends	12	668,493	667,971

The notes and disclosures on pages 168 to 224 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	838,811	935,235
Other comprehensive loss		
<u>Item that will not be reclassified subsequently to profit or loss</u>		
Actuarial gains/(losses) on retirement benefit obligation	302	(886)
<u>Items that may be reclassified to profit or loss</u>		
Cash flow hedges, net of tax	(17)	593
Currency translation differences of foreign subsidiaries recorded in exchange reserve	(33,541)	(8,770)
Other comprehensive loss for the year, net of tax	(33,256)	(9,063)
Total comprehensive income for the year	805,555	926,172

The notes and disclosures on pages 168 to 224 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	351,493	405,436
Rental deposits, prepayments and other assets	15	177,686	214,652
Deferred tax assets	16	13,903	4,406
		543,082	624,494
Current assets			
Inventories	17	1,382,775	1,373,213
Trade receivables	18	51,492	52,118
Other receivables, deposits and prepayments	19	249,046	198,262
Time deposits	20	643,976	570,560
Cash and cash equivalents	20	519,702	418,780
		2,846,991	2,612,933
LIABILITIES			
Current liabilities			
Trade payables	21	496,196	391,574
Other payables and accruals	22	328,190	301,816
Income tax payable		36,419	83,889
Borrowings	23	–	80,000
		860,805	857,279
Net current assets		1,986,186	1,755,654
Total assets less current liabilities		2,529,268	2,380,148
Non-current liabilities			
Retirement benefit obligations	25	5,677	5,725
Deferred tax liabilities	16	251	293
Other payables		48,832	49,001
		54,760	55,019
Net assets		2,474,508	2,325,129

Consolidated Statement of Financial Position

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
EQUITY			
Capital and reserves			
Share capital	26	284,468	284,306
Reserves	27	2,190,040	2,040,823
Total equity		2,474,508	2,325,129

On behalf of the Board

KWOK Siu Ming Simon*Director***KWOK LAW Kwai Chun Eleanor***Director*

The notes and disclosures on pages 168 to 224 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current asset			
Investments in and amounts due from subsidiaries	14	1,782,490	1,556,896
Other assets	15	750	750
		1,783,240	1,557,646
Current assets			
Other receivables, deposits and prepayments	19	1,602	2,340
Time deposits	20	433,350	345,779
Cash and cash equivalents	20	2,315	2,988
		437,267	351,107
LIABILITIES			
Current liabilities			
Other payables and accruals	22	1,362	1,419
Net current assets		435,905	349,688
Total assets less current liabilities		2,219,145	1,907,334
EQUITY			
Capital and reserves			
Share capital	26	284,468	284,306
Reserves	27	1,934,677	1,623,028
Total equity		2,219,145	1,907,334

On behalf of the Board

KWOK Siu Ming Simon*Director***KWOK LAW Kwai Chun, Eleanor***Director*

The notes and disclosures on pages 168 to 224 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Cash generated from operations	28	1,296,870	1,191,461
Hong Kong profits tax paid		(197,824)	(142,574)
Overseas tax paid		(29,440)	(27,807)
Net cash generated from operating activities		1,069,606	1,021,080
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(149,893)	(267,826)
Proceeds from disposal of property, plant and equipment	28	3,303	3,919
Increase in time deposits	20	(73,416)	(361,468)
Interest received		17,014	7,655
Net cash used in investing activities		(202,992)	(617,720)
Cash flows from financing activities			
Proceeds from shares issued upon exercise of share options	26(a)	7,566	47,152
Purchase of shares for Share Award Scheme	26(c)	(8,531)	–
(Repayment)/proceeds from borrowings		(80,000)	80,000
Finance costs paid		(458)	(305)
Unclaimed dividends forfeited		198	5,241
Dividends paid to Company's shareholders		(668,471)	(652,193)
Net cash used in financing activities		(749,696)	(520,105)
Net increase/(decrease) in cash and cash equivalents		116,918	(116,745)
Cash and cash equivalents at beginning of year	20	418,780	542,963
Effect of foreign exchange rate changes		(15,996)	(7,438)
Cash and cash equivalents at end of year	20	519,702	418,780

The notes and disclosures on pages 168 to 224 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000
Balance at 1 April 2013		282,691	1,692,783	1,975,474
Profit for the year		–	935,235	935,235
Other comprehensive loss:				
Actuarial loss on retirement benefit obligation		–	(886)	(886)
Cash flow hedges, net of tax		–	593	593
Currency translation differences of foreign subsidiaries recorded in exchange reserve		–	(8,770)	(8,770)
Total comprehensive income for the year		–	926,172	926,172
Employee share option scheme:				
Value of employee services	27(A)	–	23,283	23,283
Proceeds from shares issued upon exercise of share options	26(a)&27(A)	1,615	45,537	47,152
Unclaimed dividends forfeited	27(A)	–	5,241	5,241
Dividends				
2012/2013 Final and Special dividends	27(A)	–	(396,489)	(396,489)
2013/2014 Interim dividend	27(A)	–	(127,852)	(127,852)
2013/2014 Special dividend	27(A)	–	(127,852)	(127,852)
Total transactions with owners, recognised directly in equity		1,615	(578,132)	(576,517)
Balance at 31 March 2014		284,306	2,040,823	2,325,129
Balance at 1 April 2014		284,306	2,040,823	2,325,129
Profit for the year		–	838,811	838,811
Other comprehensive loss:				
Actuarial gains on retirement benefit obligation		–	302	302
Cash flow hedges, net of tax		–	(17)	(17)
Currency translation differences of foreign subsidiaries recorded in exchange reserve		–	(33,541)	(33,541)
Total comprehensive income for the year		–	805,555	805,555
Share Award Scheme:				
Value of employee services	27(A)	–	1,348	1,348
Shares purchased for Share Award Scheme	26(c)	–	(8,531)	(8,531)
Employee share option scheme:				
Value of employee services	27(A)	–	11,714	11,714
Proceeds from shares issued upon exercise of share options	26(a)&27(A)	162	7,404	7,566
Unclaimed dividends forfeited	27(A)	–	198	198
Dividends				
2013/2014 Final and Special dividends	27(A)	–	(412,457)	(412,457)
2014/2015 Interim dividend	27(A)	–	(142,230)	(142,230)
2014/2015 Special dividend	27(A)	–	(113,784)	(113,784)
Total transactions with owners, recognised directly in equity		162	(656,338)	(656,176)
Balance at 31 March 2015		284,468	2,190,040	2,474,508

The notes and disclosures on pages 168 to 224 are an integral part of these consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

Apart from the accounting policies presented within the corresponding notes to the financial statements, other significant accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 BASIS OF PREPARATION

Sa Sa International Holdings Limited (the "Company"), and its subsidiaries are collectively referred to as the Group in the consolidated financial statements. The consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative instruments, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Critical Accounting Estimates and Judgments on page 180.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(I) AMENDMENTS AND INTERPRETATION OF STANDARDS MANDATORY FOR THE FIRST TIME FOR THE FINANCIAL YEAR BEGINNING 1 APRIL 2014 AND WERE EARLY ADOPTED IN PRIOR YEAR

- HKFRS 10, HKFRS 12 and HKFRS 27 (Revised 2011) (Amendment), "Investment Entities"
- HKAS 32 (Amendment), "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities"
- HKAS 36 (Amendment), "Recoverable Amount Disclosures for Non-Financial Assets"
- HKAS 39 (Amendment), "Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting"
- HK (IFRIC) Int 21, "Levies"

(II) EARLY ADOPTION OF AMENDED STANDARDS WHERE EARLY ADOPTION IS PERMITTED

- HKFRS 10 and HKAS 28 (Amendment), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in HKFRS 10 and those in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The early adoption of the HKFRS 10 and HKAS 28 (Amendment) does not have any impact to the Group as the Group does not have any associates or joint ventures.

- HKFRS 10, HKFRS 12 and HKAS 28 (Amendment), "Investment Entities: Applying the Consolidation Exception" (effective for annual periods beginning on or after 1 January 2016). The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The early adoption of the HKFRS 10, HKFRS 12 and HKAS 28 (Amendment) does not have any impact to the Group as the Group does not have any investment entities as defined by HKFRS 10.

Significant Accounting Policies

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(II) EARLY ADOPTION OF AMENDED STANDARDS WHERE EARLY ADOPTION IS PERMITTED (continued)

- HKFRS 11 (Amendment), "Accounting for Acquisitions of Interests in Joint Operation" (effective for annual periods beginning on or after 1 January 2016). The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "business" (as defined in HKFRS 3, "Business Combinations").

All other principles of business combination accounting apply unless they conflict with HKFRS 11.

The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained.

The early adoption of HKFRS 11 (Amendment) does not have any impact to the Group as the Group does not have any joint operations.

- HKAS 1 (Amendment), "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2016). The amendments clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The early adoption of HKAS 1 (Amendment) does not have any material impact to the Group as the Group already complied with the requirements of the amendments.

- HKAS 16 and HKAS 38 (Amendment), "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective for annual periods beginning on or after 1 January 2016). The amendments clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to HKAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The early adoption of the Amendments to HKAS 16 and HKAS 38 does not have any impact to the Group as the Group does not base on revenue as a method of depreciation or amortisation.

- HKAS 16 and HKAS 41 (Amendment), "Agriculture: Bearer Plants" (effective for annual periods beginning on or after 1 January 2016). The amendments change the financial reporting for bearer plants. The amendments include bearer plants within the scope of HKAS 16, instead of HKAS 41. The produce growing on bearer plants will remain within the scope of HKAS 41.

The early adoption of the HKAS 16 and HKAS 41 (Amendment) does not have any impact to the Group as the Group does not involve in any agricultural activities nor own any bearer plants.

Significant Accounting Policies

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(II) EARLY ADOPTION OF AMENDED STANDARDS WHERE EARLY ADOPTION IS PERMITTED (continued)

- HKAS 27 (Amendment), "Equity Method in Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. An entity can now account for investments in subsidiaries, joint ventures and associates in its separate financial statements:
 - at cost; or
 - in accordance with HKFRS 9; or
 - using the equity method as described in HKAS 28

The early adoption of the HKAS 27 (Amendment) does not have any impact to the Group as the Group is currently accounted for its investments in subsidiaries at cost in its separate financial statements.

- Annual Improvement to HKFRSs, 2012–2014 cycle (effective for annual periods beginning on or after 1 January 2016). It clarifies some definitions and disclosure requirement on some standards. The early adoption of Annual Improvement to HKFRSs, 2012–2014 cycle does not have any material impact to the Group as the Group has already followed these clarifications.

(III) THE FOLLOWING NEW STANDARDS HAVE BEEN ISSUED BUT ARE NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 1 APRIL 2014 AND HAVE NOT BEEN EARLY ADOPTED

- HKFRS 9 (2014), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018)
- HKFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017)

The Group is in the process of making an assessment of the impact of these new standards in the period of initial application. These new standards are not likely to have a significant impact on the Group's financial statements and are not analysed in detail.

(IV) NEW HONG KONG COMPANIES ORDINANCE (CAP.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year ending on or after 31 December 2015 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622).

Significant Accounting Policies

3 CONSOLIDATION

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

4 FINANCIAL STATEMENTS OF THE COMPANY

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

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

5 OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

Lease income on operating lease is recognised over the term of the lease on a straight-line basis.

6 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

Significant Accounting Policies

7 FINANCIAL ASSETS

(I) CLASSIFICATION

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" (Note 18 and 19) and "cash and bank balances" (Note 20) in the statement of financial position.

(II) RECOGNITION AND MEASUREMENT

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

(III) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Significant Accounting Policies

8 FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

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

(II) TRANSACTIONS AND BALANCES

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

Foreign exchange gains and losses are presented in the income statement within "other gains – net".

(III) GROUP COMPANIES

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
 - income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
 - all resulting exchange differences are recognised in other comprehensive income.
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Significant Accounting Policies

9 EMPLOYEE BENEFITS

(I) EMPLOYEE LEAVE ENTITLEMENTS

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

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

(II) RETIREMENT BENEFIT OBLIGATIONS

The Group operates various post-employment scheme, including defined contribution and defined benefit retirement plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income statement.

Significant Accounting Policies

9 EMPLOYEE BENEFITS (continued)

(II) RETIREMENT BENEFIT OBLIGATIONS (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(III) LONG SERVICE PAYMENTS

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

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

Long service payments are discounted to determine the present value of obligation and reduced by entitlement accrued under the Group's defined contribution plans that are attributable to contributions made by the Group. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income statement.

(IV) BONUS PLAN

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

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

Significant Accounting Policies

10 SHARE-BASED PAYMENT

(I) EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Group operates two equity-settled, Share Option Scheme and Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options or awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the options or awarded shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted or shares awarded:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Upon vesting and transfer of the awarded shares to the awardees, the related costs of the awarded shares are credited to shares held under the Share Award Scheme, and the related fair value of the shares are debited to employee share-based compensation reserve.

(II) SHARE-BASED PAYMENT TRANSACTIONS AMONG GROUP ENTITIES

The grant by the Company of options or share awards over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, with a corresponding credit to equity in the parent entity accounts.

11 CONTINGENT LIABILITIES

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

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

Significant Accounting Policies

12 FINANCIAL RISK MANAGEMENT

12.1 FINANCIAL RISK FACTORS

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

(i) Foreign exchange risk

The Group operates in various countries and is exposed to foreign exchange risk against Hong Kong dollars arising from foreign exchange exposure. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operation.

Most of the assets, receipts and payments of the Group are either in Hong Kong dollar, US dollar, Euro or Renminbi. The Group minimises its foreign exchange exposure by way of buying against order by entering into forward contracts with reputable financial institutions or at spot and maintain no material long position. The hedging policies are regularly reviewed by the Group.

Certain assets of the Company are denominated in US dollar but the foreign exchange risk is considered not significant as Hong Kong dollar exchange rate is pegged to US dollar.

As at 31 March 2015, if Hong Kong dollar had weakened/strengthened by 1% against Euro with all other variables held constant, profit for the year would have been fluctuated by HK\$362,000 (2014: HK\$254,000), mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and bank balances, financial assets and liabilities.

As at 31 March 2015, if Hong Kong dollars had weakened/strengthened by 1% against Renminbi with all other variables held constant, profit for the year would have been fluctuated by HK\$104,000 (2014: HK\$1,010,000), mainly as a result of foreign exchange losses/gains on translation of Renminbi denominated cash and bank balances, financial assets and liabilities.

The above sensitivity analysis ignores the potential impact of cash flow hedges.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, rental deposits, other receivables, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. As at 31 March 2015, all bank balances and bank deposits are held at reputable financial institutions. The rental deposits and other receivables are from counterparties with good credit history. There is no history of defaults from these counterparties. In respect of wholesale customers, the Group performs periodic credit evaluations of its customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly reviewed. Sales to retail customers are settled in cash or using major credit cards. No material credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance by these counterparties.

Trade receivables are due within 90 days from the date of invoice. As at 31 March 2015, 99.7% (2014: 99.8%) of the total trade receivables were due within 90 days. The maximum exposure to credit risk is represented by the carrying amount of trade receivables in the consolidated statement of financial position. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 18.

Significant Accounting Policies

12 FINANCIAL RISK MANAGEMENT (continued)

12.1 FINANCIAL RISK FACTORS (continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available an adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, dividend payments, new investments and close out market positions if required. The Group has steady cash inflow from operations and has adequate financial resources to fund its operations and future expansions. As at 31 March 2015, the Group's financial liabilities were mainly trade payables and other payables amounting to HK\$668,472,000 (2014: HK\$536,243,000), which were substantially due within 3 months.

(iv) Interest rate risk

The Group's interest rate risk resulted from timing differences in the repricing of interest bearing assets or liabilities. Major interest bearing assets of the Group are short-term bank deposits and time deposits, details of which have been disclosed in Note 20. The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 23. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk.

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

12.2 CAPITAL RISK MANAGEMENT

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

As at 31 March 2015, the Group was in a net cash position (total borrowings were less than cash and bank balances).

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity.

The gearing ratios as at 31 March 2015 and 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
Total borrowings (Note 23)	–	80,000
Total equity	2,474,508	2,325,129
Gearing ratio	Not applicable	3.4%

Significant Accounting Policies

12 FINANCIAL RISK MANAGEMENT (continued)

12.3 FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2015

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Derivatives used for hedging				
– Forward foreign exchange contracts	–	125	–	125
Total assets	–	125	–	125
Liabilities				
Derivatives used for hedging				
– Forward foreign exchange contracts	–	203	–	203
Total liabilities	–	203	–	203

As at 31 March 2014

Assets				
Derivatives used for hedging				
– Forward foreign exchange contracts	–	167	–	167
Total assets	–	167	–	167
Liabilities				
Derivatives used for hedging				
– Forward foreign exchange contracts	–	168	–	168
Total liabilities	–	168	–	168

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(I) INCOME TAXES AND DEFERRED TAX

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

As at 31 March 2015, the Group did not recognise deferred tax assets of HK\$51,555,000 (2014: HK\$49,658,000) in respect of tax losses and capital allowances amounting to HK\$198,644,000 (2014: HK\$190,064,000) and HK\$36,673,000 (2014: HK\$31,521,000) respectively that could be carried forward against future taxable income as the realisation of the related tax benefits through future taxable profit is not probable. Estimating the amount of deferred tax asset arising from tax losses requires a process that involves determining appropriate provisions for income tax expense, forecasting future year's taxable income and assessing our ability to utilise tax benefits through future earnings. In cases where the actual future profits generated are different from original estimates than expected, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such circumstances are changed.

(II) IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES AND NON-FINANCIAL ASSETS

The Group conducts impairment reviews of investments in subsidiaries and non-financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Group to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. During the year, after reviewing the business environment as well as the Group's strategies and past performance of its cash-generating units, management concluded that there were impairment for property, plant and equipment totally HK\$34,319,000 (2014: HK\$12,670,000). Management believe that any reasonably possible changes in the assumptions used in the impairment reviews would not affect management's view on impairment at current year end.

(III) WRITE-DOWNS OF INVENTORIES TO NET REALISABLE VALUE

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

(IV) FAIR VALUE ESTIMATION OF SHARE OPTIONS

The Group estimates the fair value of share options using a binomial lattice methodology which involves the use of estimates. Details of significant inputs to the valuation model are disclosed in Note 26.

(V) USEFUL LIVES, RESIDUAL VALUES AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation charge where useful lives or residual values are materially different from those previously estimated. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in the future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Group are principally engaged in the retailing and wholesaling of cosmetic products.

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company has its listing on the Stock Exchange.

As at 31 March 2015, 48.99% of the total issued shares of the Company were owned by Sunrise Height Incorporated, a company incorporated in the British Virgin Islands. The directors regard Sunrise Height Incorporated, which is owned 50.0% each by Dr KWOK Siu Ming Simon and Dr KWOK LAW Kwai Chun Eleanor, as being the ultimate holding company of the Company.

These consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 25 June 2015.

2 REVENUE AND TURNOVER

▷ ACCOUNTING POLICY ◁

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership which generally coincides with the time of the payment in cash or by credit cards for retail sale. For wholesale and internet transactions, revenue is recognised at the point that risks and rewards of the inventory have passed to the customer, which is the point of dispatch. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Slide display rental income is recognised on an accrual basis in accordance with the terms of the relevant agreements.

Sub-lease income is recognised in the income statement on a straight-line basis over the term of the operating lease.

The Group operates the "Customer Loyalty Programme" where certain customers accumulate points for purchases made which entitle them to purchase goods for free or at a discounted price. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed or expired. The amount of initial revenue recognised is based on the number of points redeemed relative to the total number expected to be redeemed. The maximum life of award points is up to 12 months from date of issue and there were no material award points outstanding as at year end.

Notes to the Consolidated Financial Statements

2 REVENUE AND TURNOVER (continued)

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

	2015 HK\$'000	2014 HK\$'000
Turnover		
Retail and wholesale	8,992,837	8,756,105
Other income		
Slide display rental income	62,376	63,013
Sub-lease income	56,069	39,923
	118,445	102,936
	9,111,282	8,859,041

3 SEGMENT INFORMATION

▷ ACCOUNTING POLICY ◁

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

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

Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash. Capital expenditure comprises of additions to property, plant and equipment.

Notes to the Consolidated Financial Statements

3 SEGMENT INFORMATION (continued)

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

	For the year ended 31 March 2015			
	Hong Kong & Macau HK\$'000	Mainland China HK\$'000	All other segments HK\$'000	Total HK\$'000
Turnover	7,356,718	346,962	1,289,157	8,992,837
Segment results	877,762	(30,766)	(8,185)	838,811
Other information				
Capital expenditure	81,756	21,586	46,551	149,893
Finance income	14,558	778	2,826	18,162
Finance costs	458	–	–	458
Income tax expense	163,240	–	7,441	170,681
Depreciation	104,879	18,137	39,517	162,533
Impairment of property, plant and equipment	14,535	7,978	11,806	34,319
	For the year ended 31 March 2014			
	Hong Kong & Macau HK\$'000	Mainland China HK\$'000	All other segments HK\$'000	Total HK\$'000
Turnover	7,122,090	365,820	1,268,195	8,756,105
Segment results	982,802	(67,761)	20,194	935,235
Other information				
Capital expenditure	210,110	18,387	39,329	267,826
Finance income	9,584	363	2,815	12,762
Finance costs	305	–	–	305
Income tax expense	174,767	–	15,961	190,728
Depreciation	112,431	36,494	39,055	187,980
Impairment of property, plant and equipment	121	9,141	3,408	12,670

Notes to the Consolidated Financial Statements

3 SEGMENT INFORMATION (continued)

	Hong Kong & Macau HK\$'000	Mainland China HK\$'000	All other segments HK\$'000	Total HK\$'000
At 31 March 2015				
Non-current assets	418,503	28,104	96,475	543,082
Current assets	2,177,511	206,728	462,752	2,846,991
				3,390,073
At 31 March 2014				
Non-current assets	488,758	32,212	103,524	624,494
Current assets	1,966,361	204,958	441,614	2,612,933
				3,237,427

4 OTHER GAINS - NET

SIGNIFICANT ACCOUNTING POLICIES NO. 8

	2015 HK\$'000	2014 HK\$'000
Net exchange gains	752	7,022

Notes to the Consolidated Financial Statements

5 EXPENSES BY NATURE

	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold	4,906,235	4,634,892
Employee benefit expenses (including directors' emoluments) (Note 6)	1,142,540	1,111,445
Operating lease rentals in respect of land and buildings		
– minimum lease payments	922,580	886,113
– contingent rent	83,404	67,939
Advertising and promotion expenses	167,019	180,548
Depreciation of property, plant and equipment (Note 13)	162,533	187,980
Building management fees, government rent and rate	84,908	79,999
Utilities and telecom	66,622	66,070
Sub-lease expenses	57,133	46,676
Provision for slow moving inventories and stock shrinkage (Note 17)	47,355	48,226
Impairment and write-off of property, plant and equipment (Note 13)	37,472	14,668
Repair and maintenance	36,124	35,198
Donations	5,420	5,967
Auditors' remuneration		
– audit services	3,685	3,480
– non-audit services	2,543	870
Others	394,673	382,486
	8,120,246	7,752,557
Representing:		
Cost of sales	4,953,590	4,683,118
Selling and distribution costs	2,816,699	2,728,230
Administrative expenses	349,957	341,209
	8,120,246	7,752,557

6 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

SIGNIFICANT ACCOUNTING POLICIES NO. 9

	2015 HK\$'000	2014 HK\$'000
Directors' fees	1,736	1,624
Basic salaries, bonuses, housing allowances, other allowances and benefits-in-kind	1,066,465	1,025,013
Provision for unutilised annual leave	6,113	6,776
Retirement benefit costs (Note 25(B))	55,164	54,749
Share-based payment	13,062	23,283
	1,142,540	1,111,445

Notes to the Consolidated Financial Statements

7 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS**(A) DIRECTORS' EMOLUMENTS**

Directors' emoluments comprise of payments to the Company's directors (including the five highest paid individuals in the Group) in connection with management of affairs of the Company and the Group. The non-executive directors receive an annual director's fee of HK\$257,400 (2014: HK\$257,400) each; and for those acting as chairman of Audit Committee, Compensation Committee and Nomination Committee ("Committees"), an additional fee of HK\$8,000 (2014: HK\$8,000) is paid to them to preside at each of the Committee meetings. The new compensation system of non-executive Director is compensated based on his or her capacity and role in different board committees instead of receiving attending fee, is adopted by the Board in the Board Meeting on 26 June 2014. Considering the comparatively heavier workload and responsibility of Audit Committee, its Chairman and members will receive an additional annual remuneration amounted to HK\$70,000 and HK\$50,000 respectively.

The aggregate amounts of emoluments payable to the directors of the Company during the year were as follows:

	2015 HK\$'000	2014 HK\$'000
Directors' fees	1,736	1,624
Basic salaries, housing allowances, other allowances and benefits-in-kind	8,632	8,632
Discretionary bonuses	454	1,249
Retirement benefit costs	605	605
Share-based payment	5,675	12,722
	17,102	24,832

Notes to the Consolidated Financial Statements

7 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS (continued)**(A) DIRECTORS' EMOLUMENTS (continued)**

The remuneration of each director of the Company during the year ended 31 March 2015 was set out below:

	Directors' fees HK\$'000	Basic salaries, housing allowances, other allowances and benefits- in-kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit costs HK\$'000	Share-based payment (i) HK\$'000	Total HK\$'000
Executive Directors						
Dr KWOK Siu Ming Simon (iii)	–	2,858	238	200	–	3,296
Dr KWOK LAW Kwai Chun Eleanor	–	2,594	216	182	–	2,992
Dr LOOK Guy	–	3,180	–	223	5,675	9,078
Non-executive Director						
Ms LEE Yun Chun Marie-christine	257	–	–	–	–	257
Independent Non-executive Directors						
Professor CHAN Yuk Shee	319	–	–	–	–	319
Dr LEUNG Kwok Fai Thomas	304	–	–	–	–	304
Ms TAM Wai Chu Maria	304	–	–	–	–	304
Ms KI Man Fung Leonie	295	–	–	–	–	295
Mr TAN Wee Seng	257	–	–	–	–	257
	1,736	8,632	454	605	5,675	17,102

Notes to the Consolidated Financial Statements

7 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS (continued)**(A) DIRECTORS' EMOLUMENTS (continued)**

The remuneration of each director of the Company during the year ended 31 March 2014 was set out below:

	Directors' fees HK\$'000	Basic salaries, housing allowances, other allowances and benefits-in-kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefit costs HK\$'000	Share-based payment (i) HK\$'000	Total HK\$'000
Executive Directors						
Dr KWOK Siu Ming Simon (iii)	–	2,858	238	200	–	3,296
Dr KWOK LAW Kwai Chun Eleanor	–	2,594	216	182	–	2,992
Dr LOOK Guy	–	3,180	795	223	12,722	16,920
Non-executive Director						
Ms LEE Yun Chun Marie-christine	257	–	–	–	–	257
Independent Non-executive Directors						
Professor CHAN Yuk Shee	298	–	–	–	–	298
Dr LEUNG Kwok Fai Thomas	274	–	–	–	–	274
Ms TAM Wai Chu Maria	281	–	–	–	–	281
Ms KI Man Fung Leonie	257	–	–	–	–	257
Mr TAN Wee Seng	257	–	–	–	–	257
	1,624	8,632	1,249	605	12,722	24,832

Notes:

- (i) Share-based payment represents amortisation to the income statement of the fair value of share options measured at the respective grant dates, regardless of whether the share options would be exercised or not.
- (ii) During the years ended 31 March 2015 and 2014, no share options were granted to the executive director under the 2002 Share Option Scheme and the 2012 Share Option Scheme.
- (iii) Dr KWOK Siu Ming Simon is the CEO of the Company.

No compensation for loss of office has been paid to the directors for the years ended 31 March 2015 and 2014.

No director of the Company waived any emoluments during the years ended 31 March 2015 and 2014.

Notes to the Consolidated Financial Statements

7 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS (continued)**(B) FIVE HIGHEST PAID INDIVIDUALS**

The five individuals whose emoluments were the highest in the Group for the year include three (2014: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2014: two) individuals during the year were as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	3,283	3,402
Discretionary bonuses	274	1,412
Retirement benefit costs	230	537
Share-based payment	783	845
	4,570	6,196

The emoluments of the individuals fell within the following bands:

Emoluments bands	Number of individuals	
	2015	2014
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,500,001 – HK\$3,000,000	1	1
HK\$3,000,001 – HK\$3,500,000	–	1
	2	2

(C) SENIOR MANAGEMENT EMOLUMENTS

The details of the senior management emoluments payable during the year were as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	4,429	4,498
Discretionary bonuses	375	1,546
Retirement benefit costs	263	607
Share-based payment	276	555
	5,343	7,206

One (2014: one) of the senior management emoluments are included in the analysis presented in Note 7(B) above.

Notes to the Consolidated Financial Statements

7 DIRECTOR AND SENIOR MANAGEMENT EMOLUMENTS (continued)

(C) SENIOR MANAGEMENT EMOLUMENTS (continued)

The emoluments of the individuals fell within the following bands:

Emoluments bands	Number of individuals	
	2015	2014
HK\$0 – HK\$500,000	–	1
HK\$1,500,001 – HK\$2,000,000	3	1
HK\$2,000,001 – HK\$2,500,000	–	1
HK\$2,500,001 – HK\$3,000,000	–	1
	3	4

8 FINANCE INCOME AND COSTS

▷ ACCOUNTING POLICY ◁

Interest income is recognised on a time-proportion basis using the effective interest method.

Borrowing costs are recognised as expenses in the period in which they are incurred, except to the extent that they are capitalised when they are directly attributable to the acquisition, construction or production of qualifying assets.

	2015 HK\$'000	2014 HK\$'000
Finance income:		
Interest income on bank deposits	15,462	10,182
Others	2,700	2,580
	18,162	12,762
Finance costs on bank borrowings wholly repayable within one year	(458)	(305)
Finance income - net	17,704	12,457

Notes to the Consolidated Financial Statements

9 INCOME TAX EXPENSE

▷ ACCOUNTING POLICY ◁

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

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

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015 HK\$'000	2014 HK\$'000
Current tax:		
Hong Kong profits tax		
Current	144,778	156,275
Over-provision in previous years	(173)	(280)
Overseas taxation		
Current	35,894	34,593
Under-provision in previous years	88	672
Total current tax	180,587	191,260
Deferred tax (Note 16):		
Origination and reversal of temporary differences	(10,076)	(532)
Impact of change in Malaysia tax rate	170	–
Total deferred tax	(9,906)	(532)
Income tax expense	170,681	190,728

Notes to the Consolidated Financial Statements

9 INCOME TAX EXPENSE (continued)

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

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	1,009,492	1,125,963
Tax calculated at a taxation rate of 16.5% (2014: 16.5%)	166,566	185,784
Effect of different taxation rates in other countries	(8,228)	(6,418)
Income not subject to income tax	(3,712)	(12,762)
Expenses not deductible for income tax purposes	4,466	4,850
Reversal of previously recognised deferred tax	–	2,563
Unrecognised tax losses	11,504	16,319
Re-measurement of deferred tax – change in tax rate	170	–
(Over)/under-provision in previous years	(85)	392
Income tax expense	170,681	190,728

The effective tax rate was 16.9% (2014: 16.9%).

10 PROFIT FOR THE YEAR

Profit for the year is dealt with in the financial statements of the Company to the extent of HK\$967,987,000 (2014: HK\$888,113,000).

11 EARNINGS PER SHARE

- (a) Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less the total number of shares held under the Share Award Scheme during the year.

	2015 HK\$'000	2014 HK\$'000
Profit attributable to owners of the Company	838,811	935,235
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	2,843,383	2,834,224

Notes to the Consolidated Financial Statements

11 EARNINGS PER SHARE (continued)

- (b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held under the Share Award Scheme during the year. For the share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For shares held under the Share Award Scheme, awarded shares granted to the employees but not yet vested as at 31 March 2015 has been included in the number of shares.

	2015 HK\$'000	2014 HK\$'000
Profit attributable to owners of the Company	838,811	935,235
Weighted average number of ordinary shares in issue less shares held under the Share Award Scheme during the year (thousands)	2,843,383	2,834,224
Adjustment for share options and awarded shares (thousands)	4,248	12,453
Weighted average number of ordinary shares for diluted earnings per share (thousands)	2,847,631	2,846,677

12 DIVIDENDS – COMPANY

▷ ACCOUNTING POLICY ◁

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

	2015 HK\$'000	2014 HK\$'000
Interim, paid – 5.0 HK cents (2014: 4.5 HK cents) per share	142,230	127,852
Special, paid – 4.0 HK cents (2014: 4.5 HK cents) per share	113,784	127,852
Final, proposed – 9.0 HK cents (2014: 9.0 HK cents) per share	256,021	255,890
Special, proposed – 5.5 HK cents (2014: 5.5 HK cents) per share	156,458	156,377
	668,493	667,971

At a meeting held on 25 June 2015, the directors proposed a final dividend of 9.0 HK cents and a special dividend of 5.5 HK cents per share. These proposed dividends have not been reflected as dividend payables in these consolidated financial statements, but will be reflected as an appropriation of distributable reserve for the year ending 31 March 2016 if approved by the shareholders.

Notes to the Consolidated Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT

▷ ACCOUNTING POLICY ◁

Land and buildings mainly comprise of offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Over remaining lease term
Buildings	20–36 years
Leasehold improvements	1–6 years
Equipment, furniture and fixtures	3–5 years
Motor vehicles and vessel	4–5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Significant Accounting Policies No. 6).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the income statement.

Notes to the Consolidated Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Equipment, furniture and fixtures HK\$'000	Motor vehicles and vessel HK\$'000	Total HK\$'000
At 31 March 2013					
Cost	85,964	526,301	219,378	20,812	852,455
Accumulated depreciation	(34,810)	(317,924)	(141,886)	(14,640)	(509,260)
Net book amount	51,154	208,377	77,492	6,172	343,195
Year ended 31 March 2014					
Opening net book amount	51,154	208,377	77,492	6,172	343,195
Exchange differences	–	(613)	(1,140)	9	(1,744)
Additions	95,530	118,516	50,675	3,105	267,826
Disposals	–	(779)	(414)	–	(1,193)
Write-off	–	(1,530)	(468)	–	(1,998)
Depreciation	(3,045)	(140,117)	(41,454)	(3,364)	(187,980)
Impairment losses	–	(11,023)	(1,647)	–	(12,670)
Closing net book amount	143,639	172,831	83,044	5,922	405,436
At 31 March 2014					
Cost	181,494	591,259	242,322	22,805	1,037,880
Accumulated depreciation and impairment	(37,855)	(418,428)	(159,278)	(16,883)	(632,444)
Net book amount	143,639	172,831	83,044	5,922	405,436
Year ended 31 March 2015					
Opening net book amount	143,639	172,831	83,044	5,922	405,436
Exchange differences	–	(1,139)	(2,455)	(22)	(3,616)
Additions	9,297	103,863	34,054	2,679	149,893
Disposals	–	(150)	(65)	–	(215)
Write-off	–	(2,163)	(990)	–	(3,153)
Depreciation	(5,754)	(112,288)	(40,866)	(3,625)	(162,533)
Impairment losses	–	(27,985)	(6,334)	–	(34,319)
Closing net book amount	147,182	132,969	66,388	4,954	351,493
At 31 March 2015					
Cost	190,790	630,946	255,500	23,161	1,100,397
Accumulated depreciation and impairment	(43,608)	(497,977)	(189,112)	(18,207)	(748,904)
Net book amount	147,182	132,969	66,388	4,954	351,493

- (a) The land and buildings are situated in Hong Kong and held under medium term leases between 10 to 50 years.
- (b) Depreciation expense of HK\$132,487,000 (2014: HK\$161,845,000) was included in selling and distribution costs and HK\$30,046,000 (2014: HK\$26,135,000) was included in administrative expenses.
- (c) The Group regards its individual retail stores as separately identifiable cash-generating units. Due to loss-making of certain cash-generating units, the Group assessed that the carrying amounts of those cash-generating units cannot be fully recovered and were impaired. As a result, during the year ended 31 March 2015, the carrying amount of the certain cash-generating units of HK\$34,319,000 (2014: HK\$12,670,000) was impaired. An impairment loss of HK\$34,319,000 (2014: HK\$12,670,000) was recognised in selling and distribution costs. The estimates of the recoverable amounts were based on value-in-use estimations. These estimations use cash flow projections discounted by the weighted average cost of capital of the Group based on the financial forecasts approved by management covering the cash-generating units' remaining lease terms but not more than 5 years.

Notes to the Consolidated Financial Statements

14 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

SIGNIFICANT ACCOUNTING POLICIES NO. 3

	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	1	1
Capital contribution relating to share-based payment	55,677	44,745
Amounts due from subsidiaries (Note (b))	2,177,744	1,963,082
Provision for impairment of amounts due from subsidiaries	(450,932)	(450,932)
	1,782,490	1,556,896

- (a) Details of the Company's principal subsidiaries are set out in Note 31 to the consolidated financial statements.
- (b) The amounts due from subsidiaries are unsecured, interest-free, and are repayable on demand. These amounts are considered equity in nature.

15 RENTAL DEPOSITS, PREPAYMENTS AND OTHER ASSETS

SIGNIFICANT ACCOUNTING POLICIES NO. 7

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Rental and other deposits	167,823	209,100	–	–
Prepayments	4,311	–	–	–
Others	5,552	5,552	750	750
	177,686	214,652	750	750

Rental deposits are carried at amortised cost using the effective interest rate of 0.63% to 1.39% per annum (2014: 0.63% to 1.22% per annum). As at 31 March 2015, the carrying amounts of rental deposits approximate their fair values.

Notes to the Consolidated Financial Statements

16 DEFERRED TAX

▷ ACCOUNTING POLICY ◁

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

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

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

Deferred tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2014: 16.5%).

The movement in net deferred tax assets account is as follows:

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	4,113	3,732
Deferred tax credited to the income statement (Note 9)	10,076	532
Change in tax rate	(170)	–
Exchange differences	(367)	(151)
At end of the year	13,652	4,113

Deferred tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK\$51,555,000 (2014: HK\$49,658,000) in respect of tax losses amounting to HK\$198,644,000 (2014: HK\$190,064,000) and capital allowances amounting to HK\$36,673,000 (2014: HK\$31,521,000) that can be carried forward against future taxable income. Tax losses amounting to HK\$163,890,000 (2014: HK\$169,722,000) and HK\$5,865,000 (2014: HK\$7,282,000) will expire within 1–5 years and 5–10 years respectively from 31 March 2015. The remaining tax losses have no expiry date.

Notes to the Consolidated Financial Statements

16 DEFERRED TAX (continued)

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

	2015 HK\$'000	2014 HK\$'000
Deferred tax assets	13,903	4,406
Deferred tax liabilities	(251)	(293)
	13,652	4,113

As at 31 March 2015, except for the deferred income tax assets on certain provisions may be expected to be recoverable within 12 months, substantially all remaining balances of other deferred income tax assets and liabilities were expected to be recoverable more than 12 months.

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

Deferred tax assets	Decelerated tax depreciation		Provisions		Tax losses		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of year	1,216	3,305	5,206	5,248	207	–	6,629	8,553
Credited/(charged) to the income statement	7,027	(2,044)	1,228	208	219	207	8,474	(1,629)
Change in tax rate	(1)	–	(169)	–	–	–	(170)	–
Exchange differences	248	(45)	(615)	(250)	–	–	(367)	(295)
At end of year	8,490	1,216	5,650	5,206	426	207	14,566	6,629

Deferred tax liabilities	Accelerated tax depreciation	
	2015	2014
	HK\$'000	HK\$'000
At beginning of year	2,516	4,821
Credited to the income statement	(1,602)	(2,161)
Exchange differences	–	(144)
At end of year	914	2,516

Notes to the Consolidated Financial Statements

17 INVENTORIES

▷ ACCOUNTING POLICY ◁

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

Cost represents the invoiced cost of inventories plus the applicable freight and duties. Costs are assigned to individual items on the weighted-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of inventories.

Please refer to Critical Accounting Estimates and Judgements (III) for estimates and judgements on write-downs of inventories to net realisable value.

	2015 HK\$'000	2014 HK\$'000
Merchandise for resale	1,382,775	1,373,213

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$4,906,235,000 (2014: HK\$4,634,892,000).

During the year, the Group has made a provision of HK\$47,355,000 for slow moving inventories and stock shrinkage (2014: HK\$48,226,000). The amount was included in cost of sales in the consolidated income statement.

18 TRADE RECEIVABLES

▷ ACCOUNTING POLICY ◁

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Please refer to Significant Accounting Policies No.7 (III) for policies on impairment of financial assets.

	2015 HK\$'000	2014 HK\$'000
Trade receivables	52,280	52,518
Less: provision for impairment losses on trade receivables	(788)	(400)
Trade receivables – net	51,492	52,118

The carrying amounts of trade receivables approximate their fair values.

Notes to the Consolidated Financial Statements

18 TRADE RECEIVABLES (continued)

The Group's turnover comprises mainly cash sales and credit card sales. Certain wholesale customers are granted credit terms ranging from 7 to 90 days. The ageing analysis of gross trade receivables is as follows:

	2015 HK\$'000	2014 HK\$'000
Within 1 month	47,861	49,507
1 to 3 months	3,472	2,485
Over 3 months	947	526
	52,280	52,518

As at 31 March 2015, trade receivables of HK\$3,622,000 (2014: HK\$1,991,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 HK\$'000	2014 HK\$'000
1 to 3 months	3,463	1,865
Over 3 months	159	126
	3,622	1,991

Trade receivables are denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	22,450	19,935
Renminbi	14,039	12,932
New Taiwan dollar	12,156	14,451
Others	2,847	4,800
	51,492	52,118

Notes to the Consolidated Financial Statements

18 TRADE RECEIVABLES (continued)

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

	2015 HK\$'000	2014 HK\$'000
At 1 April	400	302
Provision for impairment	540	214
Receivable written off during the year as uncollectible	(150)	(120)
Exchange differences	(2)	4
At 31 March	788	400

During the year, the Group has made a provision for impairment losses on trade receivables of HK\$540,000 (2014: HK\$214,000). The provision has been included in selling and distribution costs.

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

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

19 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

▷ ACCOUNTING POLICY ◁

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

If collection of other receivables is expected to be in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Rental and other deposits	140,309	80,905	–	–
Prepayments	83,018	75,593	253	271
Forward foreign exchange contracts (Note 24)	125	167	–	–
Other receivables and payment in advance	25,594	41,597	1,349	2,069
	249,046	198,262	1,602	2,340

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

Notes to the Consolidated Financial Statements

20 CASH AND BANK BALANCES

▷ ACCOUNTING POLICY ◁

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Time deposits	643,976	570,560	433,350	345,779
Cash at bank and on hand	382,663	316,495	2,315	2,988
Short-term bank deposits	137,039	102,285	–	–
Cash and cash equivalents	519,702	418,780	2,315	2,988
Total	1,163,678	989,340	435,665	348,767

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	839,515	430,808	435,290	200,846
Malaysian Ringgit	84,252	75,209	–	–
Renminbi	78,985	373,640	–	147,546
Singapore dollar	57,017	34,218	–	–
US dollar	26,987	10,516	375	375
Swiss Franc	26,845	4,611	–	–
New Taiwan dollar	25,496	29,860	–	–
Euro	7,356	11,057	–	–
Others	17,225	19,421	–	–
	1,163,678	989,340	435,665	348,767

The year-end effective interest rate on time deposits over three months was 1.52% per annum (2014: 2.83% per annum). These deposits have an average maturity of 6 months (2014: 8 months).

The year-end effective interest rate on short-term bank deposits was 2.45% per annum (2014: 2.23% per annum). These deposits have an average maturity of 1 month (2014: 1 month).

As at 31 March 2015, out of the total cash and bank balances denominated in Renminbi and Malaysian Ringgit as stated above, approximately HK\$68,789,000 (2014: HK\$74,873,000) were kept in Mainland China and Malaysia. The remittance of these funds out of Mainland China and Malaysia is subject to applicable foreign exchange restrictions imposed by the respective local governments.

Notes to the Consolidated Financial Statements

21 TRADE PAYABLES

▷ ACCOUNTING POLICY ◁

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

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

The ageing analysis based on invoice date of trade payables is as follows:

	2015 HK\$'000	2014 HK\$'000
Within 1 month	328,837	278,721
1 to 3 months	144,030	88,361
Over 3 months	23,329	24,492
	496,196	391,574

The carrying amounts of trade payables approximate their fair values.

Trade payables are denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	288,426	206,414
Euro	44,084	36,451
Renminbi	36,238	37,066
US dollar	35,638	40,685
New Taiwan dollar	27,392	27,444
Swiss Franc	24,581	15,432
Malaysian Ringit	18,525	14,081
Singapore dollar	15,629	9,606
Others	5,683	4,395
	496,196	391,574

Notes to the Consolidated Financial Statements

22 OTHER PAYABLES AND ACCRUALS

▷ ACCOUNTING POLICY ◁

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

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Accrued staff costs	115,216	107,974	–	–
Accrued rental related expenses	40,926	52,750	–	–
Accrued advertising and promotion expenses	28,636	26,767	–	–
Customers' deposits and temporary receipts	27,859	25,759	–	–
Value-added tax and other tax payables	11,521	17,026	–	–
Accrued capital expenditure	21,968	11,000	–	–
Forward foreign exchange contracts (Note 24)	203	168	–	–
Other payables and accruals	81,861	60,372	1,362	1,419
	328,190	301,816	1,362	1,419

Notes to the Consolidated Financial Statements

23 BORROWINGS

▷ ACCOUNTING POLICY ◁

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

	2015 HK\$'000	2014 HK\$'000
Bank borrowings repayable within 1 year	–	80,000

The carrying amounts of the bank borrowings were denominated in Hong Kong dollar and approximate their fair values.

For the year ended 31 March 2014, the weighted average interest rate of bank borrowings is 1.0% per annum.

As at 31 March 2014, short term bank borrowings of a subsidiary of the Company are secured by a corporate guarantee given by the Company.

Notes to the Consolidated Financial Statements

24 FORWARD FOREIGN EXCHANGE CONTRACTS

▷ ACCOUNTING POLICY ◁

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements on the hedging reserve in shareholders' equity are shown in Note 27(A). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Cash flow hedges

In the current year, the Group designated certain forward foreign exchange contracts as cash flow hedges to hedge against the Group's purchases denominated in Euro, Swiss Franc and Japanese Yen. The Group designates certain derivatives as cash flow hedge: hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "other gains – net".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast purchase that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory), the gains and losses previously deferred in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold when these inventory are sold.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time, is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the income statement within "other gains – net".

(b) Derivatives not qualifying for hedge accounting or held for trading purposes

Certain derivatives instruments do not qualify for hedge accounting. Any gains or losses arising from the change in the fair value of derivatives that do not qualify for hedge accounting is recognised immediately in the income statement within "other gains – net".

	2015		2014	
	Current assets HK\$'000	Current liabilities HK\$'000	Current assets HK\$'000	Current liabilities HK\$'000
Forward foreign exchange contracts				
– cash flow hedge	125	203	167	168

The maturity dates of the outstanding forward foreign exchange contracts are within one year and are classified as current assets/current liabilities.

Notes to the Consolidated Financial Statements

24 FORWARD FOREIGN EXCHANGE CONTRACTS (continued)

As at 31 March 2015, the notional principal amount of the outstanding forward foreign exchange contracts under cash flow hedges was HK\$19,907,000 (2014: HK\$37,800,000). The hedges related to highly probable forecasted purchases denominated in Euro, Swiss Franc and Japanese Yen which are expected to occur at various dates within a 12-month period.

The forward foreign exchange contracts entered for the year ended 31 March 2015 were determined to be effective hedges. There was no ineffectiveness to be recognised in the consolidated income statement.

25 RETIREMENT BENEFIT OBLIGATIONS

SIGNIFICANT ACCOUNTING POLICIES NO. 9

(A) RETIREMENT BENEFIT OBLIGATIONS

	2015 HK\$'000	2014 HK\$'000
Retirement benefit obligations (asset)/liability on:		
– defined benefit plan (Note 25 (B)(ii))	(749)	(162)
– long service payments (Note 25 (B)(iii))	6,426	5,887
	5,677	5,725

(B) RETIREMENT BENEFIT COSTS

	2015 HK\$'000	2014 HK\$'000
Retirement benefit costs charged to income statement:		
Retirement benefit costs (Note 6)		
– defined contribution plans (Note 25 (B)(i))	54,719	53,384
– defined benefit plan (Note 25 (B)(ii))	16	154
	54,735	53,538
– long service payments (Note 25 (B)(iii))	429	1,211
	55,164	54,749
Retirement benefit costs (credited)/charged to other comprehensive income:		
– defined benefit plan (Note 25 (B)(ii))	(606)	143
– long service payments (Note 25 (B)(iii))	304	743
	(302)	886

Notes to the Consolidated Financial Statements

25 RETIREMENT BENEFIT OBLIGATIONS (continued)**(B) RETIREMENT BENEFIT COSTS (continued)**

Notes:

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

From 1 December 2000, the subsidiaries of the Group in Hong Kong elected to contribute to the MPF Scheme. The MPF Scheme is a defined contribution retirement benefit plan administered by independent trustees. Under the MPF Scheme, both the employer and employees are required to contribute 5% of the employee's monthly salaries (capped at HK\$30,000). Contributions from the employer equivalent to the contribution as specified at the rules of the MPF Scheme are 100% vested as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the age of 65, subject to a few exceptions. As to the employer's contribution in excess of the portion vested in the MPF Scheme the employees are entitled to 100% of it after 10 years of completed service or at a reduced scale after completion of 3 to 9 years' service. The forfeited contributions are to be used to reduce the employer's contribution.

The employees of the Group in Mainland China are members of state-managed retirement benefit schemes operated by the respective local government in Mainland China. The Group is required to contribute a specified percentage of payroll costs to the scheme to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions.

The Group also participates in a post-employment benefit plan and employees provident fund in Singapore and Malaysia respectively. The Group pays contribution to a separate entity and will have no legal or construction obligation to pay further amounts.

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

The latest actuarial valuation was prepared as at 31 March 2015 by Towers Watson Hong Kong Limited, a qualified actuary, using the projected unit credit method.

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

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

	2015 HK\$'000	2014 HK\$'000
Present value of funded obligations	2,223	2,702
Fair value of plan assets	(2,972)	(2,864)
Net asset in the statement of financial position (Note 25 (A))	(749)	(162)

Notes to the Consolidated Financial Statements

25 RETIREMENT BENEFIT OBLIGATIONS (continued)**(B) RETIREMENT BENEFIT COSTS (continued)**

Notes: (continued)

The movements of defined benefit plan during the year are as follow:

	Fair value of plan assets (Asset)/liability HK\$'000	Present value of funded obligations (Asset)/liability HK\$'000	Total (Asset)/liability HK\$'000
At 1 April 2014	(2,864)	2,702	(162)
Current service cost	–	20	20
Interest (income)/expense	(59)	55	(4)
Retirement benefit costs (credited)/charged to income statement	(59)	75	16
Remeasurements:			
Actuarial loss – experience	–	(499)	(499)
Actuarial gain – financial assumptions	–	13	13
Return on scheme assets greater than discount rate	(120)	–	(120)
Retirement benefit costs (credited)/charged to other comprehensive income	(120)	(486)	(606)
Employer contributions	(61)	–	(61)
Exchange difference	132	(68)	64
At 31 March 2015	(2,972)	2,223	(749)

Notes to the Consolidated Financial Statements

25 RETIREMENT BENEFIT OBLIGATIONS (continued)**(B) RETIREMENT BENEFIT COSTS (continued)**

Notes: (continued)

	Fair value of plan assets (Asset)/liability HK\$ '000	Present value of funded obligations (Asset)/liability HK\$ '000	Total (Asset)/liability HK\$ '000
At 1 April 2013	(3,191)	2,809	(382)
Current service cost	–	158	158
Interest (income)/expense	(34)	30	(4)
Retirement benefit costs (credited)/charged to income statement	(34)	188	154
Remeasurements:			
Actuarial loss – experience	–	871	871
Actuarial gain – financial assumptions	–	(426)	(426)
Actuarial gain – demographic assumptions	–	(299)	(299)
Return on scheme assets greater than discount rate	(3)	–	(3)
Retirement benefit costs (credited)/charged to other comprehensive income	(3)	146	143
Employer contributions	(98)	–	(98)
Less: benefits paid from scheme assets	288	(288)	–
Exchange difference	174	(153)	21
At 31 March 2014	(2,864)	2,702	(162)

The principal actuarial assumptions used are as follows:

	2015 %	2014 %
Discount rate	2.3	2.1
Expected rate of future salary increases	3.3	3.0

The sensitivity of the defined benefit plan obligation to changes in the weighted principal assumption is as follows:

Assumption	Change to adopted rate	Effect on defined benefit plan obligation
Discount rate	+0.25%	-3.0%
	-0.25%	+3.2%
Expected rate of future salary increases	+0.25%	+3.1%
	-0.25%	-3.0%

Notes to the Consolidated Financial Statements

25 RETIREMENT BENEFIT OBLIGATIONS (continued)**(B) RETIREMENT BENEFIT COSTS (continued)**

Notes: (continued)

- (iii) The Group's provision for long service payments are determined based on the actuarial valuation as at 31 March 2015 prepared by Towers Watson Hong Kong Limited, a qualified actuary, using the projected unit credit method.

The movements of long service payments during the year are as follow:

	Present value of funded obligations (Asset)/liability	
	2015 HK\$'000	2014 HK\$'000
At 1 April	5,887	4,231
Current service cost	309	1,166
Interest income on scheme assets	120	45
Retirement benefit costs charged to income statement	429	1,211
Remeasurements:		
Actuarial (gains)/loss – experience	(881)	1,051
Actuarial loss/(gains) – financial assumptions	1,185	(308)
Retirement benefit costs charged to other comprehensive income	304	743
Benefits paid directly by the employer	(194)	(298)
At 31 March	6,426	5,887

The principal actuarial assumptions used are as follows:

	2015 %	2014 %
Discount rate	1.6	2.1
Expected rate of future salary increases	4.5	4.5

The sensitivity of the long service payments to changes in the weighted principal assumption is as follows:

Assumption	Change to adopted rate	Effect on defined benefit plan obligation
Discount rate	+0.25%	-2.4%
	-0.25%	+2.5%
Expected rate of future salary increases	+0.25%	+7.5%
	-0.25%	-8.2%

Notes to the Consolidated Financial Statements

26 SHARE CAPITAL

▷ ACCOUNTING POLICY ◁

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

Please refer to Significant Accounting Policies No.10 for details on Share Options and Share Award Scheme.

Authorised shares of HK\$0.1 each	Note	No. of shares	HK\$'000
At 31 March 2014 and 2015		8,000,000,000	800,000
Issued and fully paid shares of HK\$0.1 each			
At 1 April 2013		2,826,911,396	282,691
Issue of shares upon exercise of share options	(a)	16,148,124	1,615
At 31 March 2014		2,843,059,520	284,306
Issue of shares upon exercise of share options	(a)	1,624,000	162
At 31 March 2015		2,844,683,520	284,468

Notes:

(a) Issue of shares upon exercise of share options granted under the 2002 Share Option Scheme

During the year, a total of 1,624,000 (2014: 16,148,124) shares were issued to certain employees of the group companies pursuant to the exercises of share options under the 2002 Share Option Scheme. The proceeds of the issues totalling HK\$7,566,000 (2014: HK\$47,152,000) included share premium amounting to HK\$7,404,000 (2014: HK\$45,537,000).

(b) Share options

The outstanding share options of the Company were granted under:

- (i) the 2002 Share Option Scheme; and
- (ii) the 2012 Share Option Scheme.

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

	No. of share options year ended 31 March	
	2015	2014
At beginning of the year	43,012,988	51,440,112
Granted	–	9,088,000
Exercised	(1,624,000)	(16,148,124)
Lapsed	(3,198,000)	(1,367,000)
At end of the year	38,190,988	43,012,988

Notes to the Consolidated Financial Statements

26 SHARE CAPITAL (continued)

Notes: (continued)

(b) Share options (continued)

The expiry dates and subscription prices of the share options outstanding as at 31 March 2015 are set out as follows:

Expiry date	Subscription price per Share (HK\$)	No. of share options outstanding as at 31 March	
		2015	2014
2002 Share Option Scheme			
29 September 2020	3.16	642,000	906,000
16 June 2021	4.95	2,930,000	4,626,000
28 February 2022	4.77	22,145,988	22,145,988
28 June 2022	4.85	5,302,000	6,703,000
2012 Share Option Scheme			
20 June 2023	8.07	7,171,000	8,632,000
		38,190,988	43,012,988

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

(c) Share award

Share Award Scheme

The Board approved the adoption of the Share Award Scheme on 11 April 2014 under which shares of the Company may be awarded to selected employees in accordance with its absolute discretion. The Share Award Scheme operates for 15 years starting from 11 April 2014. The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

A trust has been set up and fully funded by the Company for the purpose of purchasing, administering and holding the Company's shares for the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme is limited to 5% of the issued share capital of the Company from time to time.

The Group acquired 1,450,000 of its shares on the Stock Exchange on 12 September 2014 for the Share Award Scheme. The total amount paid to acquire the shares was HK\$8,531,200 and has been deducted from shareholders' equity.

Notes to the Consolidated Financial Statements

26 SHARE CAPITAL (continued)

Notes: (continued)

(c) Share award (continued)

Share Award Scheme (continued)

Details of shares awarded under Share Award Scheme during the year:

Date of award	No. of awarded shares	Average fair value per share (HK\$)	Vesting period
30 Sep 2014	850,000	5.32	30 Sep 2014 – 30 Sep 2017
28 Nov 2014	200,000	5.83	28 Nov 2014 – 28 Nov 2017
31 Dec 2014	60,000	5.43	31 Dec 2014 – 31 Dec 2017
30 Jan 2015	140,000	5.02	30 Jan 2015 – 30 Jan 2018
	1,250,000		

Movements in the number of awarded shares:

	No. of awarded shares
At beginning of the year	–
Awarded (Note)	1,250,000
Vested	(30,000)
Lapsed	–
At end of the year	1,220,000

Note: Average fair value per share was HK\$5.37.

Details of the awarded shares outstanding as at 31 March 2015 were set out as follows:

Date of award	No. of awarded shares	Average fair value per share (HK\$)	Vesting period
30 Sep 2014	820,000	5.32	30 Sep 2014 – 30 Sep 2017
28 Nov 2014	200,000	5.83	28 Nov 2014 – 28 Nov 2017
31 Dec 2014	60,000	5.43	31 Dec 2014 – 31 Dec 2017
30 Jan 2015	140,000	5.02	30 Jan 2015 – 30 Jan 2018
	1,220,000		

Notes to the Consolidated Financial Statements

27 RESERVES

(A) GROUP

	Share premium HK\$'000	Shares held under the Share Award Scheme HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Hedging reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2014	665,968	–	11,783	49,799	2	11,683	1,301,588	2,040,823
Profit for the year	–	–	–	–	–	–	838,811	838,811
Other comprehensive loss:								
Actuarial gains on retirement benefit obligation	–	–	–	–	–	–	302	302
Cash flow hedges, net of tax	–	–	–	–	(17)	–	–	(17)
Currency translation differences of foreign subsidiaries recorded in exchange reserve	–	–	–	–	–	(33,541)	–	(33,541)
Total comprehensive income for the year ended 31 March 2015	–	–	–	–	(17)	(33,541)	839,113	805,555
Share Award Scheme:								
Value of employee services	–	–	–	1,348	–	–	–	1,348
Shares purchased for Share Award Scheme (Note 26(c))	–	(8,531)	–	–	–	–	–	(8,531)
Vesting of shares under Share Award Scheme	–	177	–	(160)	–	–	(17)	–
Employee share option scheme:								
Value of employee services	–	–	–	11,714	–	–	–	11,714
Proceeds from shares issued upon exercise of options (Note 26(a))	7,404	–	–	–	–	–	–	7,404
Transfer of reserve upon exercise of options	2,263	–	–	(2,263)	–	–	–	–
Unclaimed dividends forfeited	–	–	–	–	–	–	198	198
Dividends paid:								
2013/2014 Final and Special dividends paid	–	–	–	–	–	–	(412,457)	(412,457)
2014/2015 Interim dividend paid	–	–	–	–	–	–	(142,230)	(142,230)
2014/2015 Special dividend paid	–	–	–	–	–	–	(113,784)	(113,784)
Total transactions with owners, recognised directly in equity	9,667	(8,354)	–	10,639	–	–	(668,290)	(656,338)
At 31 March 2015	675,635	(8,354)	11,783	60,438	(15)	(21,858)	1,472,411	2,190,040

Notes to the Consolidated Financial Statements

27 RESERVES (continued)

(A) GROUP (continued)

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Hedging reserve HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2013	607,105	11,783	39,842	(591)	20,453	1,014,191	1,692,783
Profit for the year	-	-	-	-	-	935,235	935,235
Other comprehensive loss:							
Actuarial losses on retirement benefit obligation	-	-	-	-	-	(886)	(886)
Cash flow hedges, net of tax	-	-	-	593	-	-	593
Currency translation differences of foreign subsidiaries recorded in exchange reserve	-	-	-	-	(8,770)	-	(8,770)
Total comprehensive income for the year ended 31 March 2014	-	-	-	593	(8,770)	934,349	926,172
Employee share option scheme:							
Value of employee services	-	-	23,283	-	-	-	23,283
Proceeds from shares issued upon exercise of options (Note 26(a))	45,537	-	-	-	-	-	45,537
Transfer of reserve upon exercise of options	13,326	-	(13,326)	-	-	-	-
Unclaimed dividends forfeited	-	-	-	-	-	5,241	5,241
Dividends paid:							
2012/2013 Final and Special dividends paid	-	-	-	-	-	(396,489)	(396,489)
2013/2014 Interim dividend paid	-	-	-	-	-	(127,852)	(127,852)
2013/2014 Special dividend paid	-	-	-	-	-	(127,852)	(127,852)
Total transactions with owners, recognised directly in equity	58,863	-	9,957	-	-	(646,952)	(578,132)
At 31 March 2014	665,968	11,783	49,799	2	11,683	1,301,588	2,040,823

Notes to the Consolidated Financial Statements

27 RESERVES (continued)**(B) COMPANY**

	Share premium HK\$'000	Shares held under the Share Award Scheme HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2014	665,968	–	11,783	49,799	895,478	1,623,028
Profit and total comprehensive income for the year	–	–	–	–	967,987	967,987
Share Award Scheme:						
Value of employee services	–	–	–	1,348	–	1,348
Shares purchased for Share Award Scheme (Note 26(c))	–	(8,531)	–	–	–	(8,531)
Vesting of shares under Share Award Scheme	–	177	–	(160)	(17)	–
Employee share option scheme:						
Value of employee services	–	–	–	11,714	–	11,714
Proceeds from shares issued upon exercise of options (Note 26 (a))	7,404	–	–	–	–	7,404
Transfer of reserve upon exercise of options	2,263	–	–	(2,263)	–	–
Unclaimed dividends forfeited	–	–	–	–	198	198
Dividends paid:						
2013/2014 Final and Special dividends paid	–	–	–	–	(412,457)	(412,457)
2014/2015 Interim dividend paid	–	–	–	–	(142,230)	(142,230)
2014/2015 Special dividend paid	–	–	–	–	(113,784)	(113,784)
Total transactions with owners, recognised directly in equity	9,667	(8,354)	–	10,639	(668,290)	(656,338)
At 31 March 2015	675,635	(8,354)	11,783	60,438	1,195,175	1,934,677

Notes to the Consolidated Financial Statements

27 RESERVES (continued)

(B) COMPANY (continued)

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2013	607,105	11,783	39,842	654,317	1,313,047
Profit and total comprehensive income for the year	–	–	–	888,113	888,113
Employee share option scheme:					
Value of employee services	–	–	23,283	–	23,283
Proceeds from shares issued upon exercise of options (Note 26 (a))	45,537	–	–	–	45,537
Transfer of reserve upon exercise of options	13,326	–	(13,326)	–	–
Unclaimed dividends forfeited	–	–	–	5,241	5,241
Dividends paid:					
2012/2013 Final and Special dividends paid	–	–	–	(396,489)	(396,489)
2013/2014 Interim dividend paid	–	–	–	(127,852)	(127,852)
2013/2014 Special dividend paid	–	–	–	(127,852)	(127,852)
Total transactions with owners, recognised directly in equity	58,863	–	9,957	(646,952)	(578,132)
At 31 March 2014	665,968	11,783	49,799	895,478	1,623,028

Notes to the Consolidated Financial Statements

28 CASH GENERATED FROM OPERATIONS

	2015 HK\$'000	2014 HK\$'000
Profit for the year	838,811	935,235
Adjustments for:		
– Income tax expense	170,681	190,728
– Depreciation of property, plant and equipment	162,533	187,980
– Impairment and write-off of property, plant and equipment	37,472	14,668
– Provision for slow moving inventories and stock shrinkage	47,355	48,226
– Gains on disposal of property, plant and equipment	(3,088)	(2,726)
– Share-based payment	13,062	23,283
– Finance costs	458	305
– Finance income	(18,162)	(12,762)
	1,249,122	1,384,937
Changes in working capital		
– Inventories	(70,987)	(186,463)
– Trade receivables	626	40,850
– Other receivables, deposits and prepayments	(12,670)	(38,992)
– Trade payables	104,622	(19,657)
– Other payables, accruals and retirement benefit obligations	26,157	10,786
Cash generated from operations	1,296,870	1,191,461

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

	2015 HK\$'000	2014 HK\$'000
Net book amount (Note 13)	215	1,193
Gains on disposal of property, plant and equipment	3,088	2,726
Proceeds from disposal of property, plant and equipment	3,303	3,919

Notes to the Consolidated Financial Statements

29 COMMITMENTS**(A) CAPITAL COMMITMENTS IN RESPECT OF ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT**

	2015 HK\$'000	2014 HK\$'000
Contracted but not provided for	9,226	18,202
Authorised but not contracted	203,808	160,951
	213,034	179,153

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

The Company does not have any material capital commitments.

(B) COMMITMENTS UNDER OPERATING LEASES

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1-10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

As at 31 March 2015, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015 HK\$'000	2014 HK\$'000
Land and buildings		
Within one year	854,355	887,765
In the second to fifth year inclusive	816,027	1,018,694
After the fifth year	2,438	7,756
	1,672,820	1,914,215

(C) OPERATING LEASES RENTAL RECEIVABLES

As at 31 March 2015, the Group had total future aggregate minimum lease payments receivable under non-cancellable operating leases as follows:

	2015 HK\$'000	2014 HK\$'000
Land and buildings		
Within one year	53,655	49,933
In the second to fifth year inclusive	42,700	83,770
	96,355	133,703

Notes to the Consolidated Financial Statements

30 SIGNIFICANT RELATED PARTY TRANSACTIONS

▷ ACCOUNTING POLICY ◁

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, jointly controlled entities, associated companies and key management personnel, where the individual or company has the ability, directly or indirectly, control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. A close family member of any such individual is considered to be a related party.

(A) RENTAL INCOME

	2015 HK\$'000	2014 HK\$'000
Rental income from executive director	–	81

Rental income is mutually agreed by both parties.

(B) PURCHASE OF GOODS

	2015 HK\$'000	2014 HK\$'000
Purchase of goods from an entity related to a senior management	–	428

Goods are bought from the above entity at prices mutually agreed by both parties.

(C) KEY MANAGEMENT COMPENSATION

Key management, including executive directors and senior management, represents individual who has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions.

Key management compensation is disclosed as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	38,163	42,957
Retirement benefit costs	1,821	2,209
Share-based payment	6,285	15,859
	46,269	61,025

Notes to the Consolidated Financial Statements

31 PRINCIPAL SUBSIDIARIES

PARTICULARS OF THE PRINCIPAL SUBSIDIARIES AT 31 MARCH 2015:

Name	Place of incorporation/ kind of legal entity	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
Base Sun Investment Limited	Hong Kong, limited liability company	Property holding	Ordinary HK\$100 Deferred HK\$2	100%
Cyber Colors Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Docile Company Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$2	100%
Elegance Trading (Shanghai) Company Limited (Note 1)	PRC, limited liability company	Wholesaling of cosmetic products	HK\$10,000,000	100%
Gig Limited	Samoa, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Hong Kong Sa Sa (M) Sdn. Bhd.	Malaysia, limited liability company	Trading and retailing of cosmetic products	Ordinary RM20,000,000	100%
Hadatuko Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Léa Limited	Samoa, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Matford Trading Limited	Hong Kong, limited liability company	Property holding	Ordinary HK\$100 Deferred HK\$6	100%
Rosy Sino Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%

Notes to the Consolidated Financial Statements

31 PRINCIPAL SUBSIDIARIES (continued)

PARTICULARS OF THE PRINCIPAL SUBSIDIARIES AT 31 MARCH 2015 (continued):

Name	Place of incorporation/ kind of legal entity	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
Sa Sa Cosmetic Company Limited	Hong Kong, limited liability company	Retailing and wholesaling of cosmetic products	Ordinary HK\$100 Deferred HK\$2	100%
Sa Sa Cosmetic Co. (S) Pte. Ltd.	Singapore, limited liability company	Trading and retailing of cosmetic products	Ordinary S\$19,500,000	100%
Sa Sa dot Com Limited	Hong Kong, limited liability company	E-commerce	Ordinary HK\$1,000,000	100%
Sa Sa Development Limited	Hong Kong, limited liability company	Property holding	Ordinary HK\$100	100%
Sa Sa Investment (HK) Limited	Hong Kong, limited liability company	Property holding	Ordinary HK\$100 Deferred HK\$2	100%
Sa Sa International (Taiwan) Limited	British Virgin Islands, limited liability company	Trading and retailing of cosmetic products in Taiwan	Ordinary US\$6,880,000	100%
Sa Sa Making Life Beautiful Charity Fund Limited	Hong Kong, limited liability company	Charitable activities	— Limited by guarantee	100%
Sa Sa Property Limited	Hong Kong, limited liability company	Property holding	Ordinary HK\$100	100%
Sa Sa Overseas Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$2	100%
Sa Sa Cosmetic (China) Company Limited (Note 2)	PRC, limited liability company	Trading and retailing of cosmetic products	HK\$195,000,000	100%

Notes to the Consolidated Financial Statements

31 PRINCIPAL SUBSIDIARIES (continued)

PARTICULARS OF THE PRINCIPAL SUBSIDIARIES AT 31 MARCH 2015 (continued):

Name	Place of incorporation/ kind of legal entity	Principal activities and place of operation (if different from place of incorporation)	Particulars of issued share capital/paid up share capital	Indirect interest held
SkinPeptoxyl Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Soo Beauté Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Swiss Rituel Limited	British Virgin Islands, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary US\$1	100%
Suisse Programme Limited	Gibraltar, limited liability company	Holding of intellectual property rights in Hong Kong	Ordinary Gibraltar £100	100%

Notes:

- (1) Elegance Trading (Shanghai) Company Limited is a wholly foreign owned enterprise for an operating period of 30 years up to 4 December 2038.
- (2) Sa Sa Cosmetic (China) Company Limited is a wholly foreign owned enterprise for an operating period of 30 years up to 5 February 2035.

GLOSSARY

AGM(s)	Annual general meetings of the Company
Board	Board of directors of the Company
CEO	Chief Executive Officer of the Company
CFO	Chief Financial Officer of the Company
CG Code	Corporate Governance Code and Corporate Governance Report, Appendix 14 of the Listing Rules
Code Provision(s)	Code Provisions in the CG Code
Company, Sasa, Sa Sa, Sa Sa Group, Group, we or us	Sa Sa International Holdings Limited, and, except where the context indicates otherwise, its subsidiaries
Corporate Communication(s)	Any document issued or to be issued by the Company for the information or action of holders of any securities of the Company, including but not limited to annual and interim report, notice of meeting, listing document, circular and proxy form
Director(s)	Director(s) of the Company, including all executive, non-executive and independent non-executive directors
ERM	Enterprise Risk Management
HKExnews website	http://www.hkexnews.hk
Hong Kong, HK or HKSAR	The Hong Kong Special Administrative Region of the People's Republic of China
INED(s)	Independent Non-executive Director(s) of the Company
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Macau	The Macau Special Administrative Region of the People's Republic of China
Mainland or Mainland China	The People's Republic of China excluding Hong Kong, Macau and Taiwan
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 of the Listing Rules
NED(s)	Non-executive Director(s) of the Company
PRC	The People's Republic of China
PwC, auditor, external auditor or independent auditor	PricewaterhouseCoopers

Glossary

SFO	Securities and Futures Ordinance, Cap.571
Share(s)	Share(s) of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
The Company's website	http://corp.sasa.com

This 2014/15 Annual Report is available in both English and Chinese, and in printed and electronic forms. Shareholders who (i) have received either the English or the Chinese version of the Annual Report and wish to have a copy in the language different from the one that has been received; or (ii) wish to change the choice of means of receipt or language of the Corporate Communications received from the Company in future, may request to do so by completing and returning the Change Request Form (which may be downloaded from the Company's website) by post or by hand to Tricor Abacus Limited ("Tricor"), the Company's branch share registrar and transfer office in Hong Kong. Tricor's address is at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. The scanned copy of the completed Change Request Form may also be returned to Tricor by email at sasa-ecom@hk.tricorglobal.com.

The Annual Report and other Corporate Communications are now available on the Company's website at <http://corp.sasa.com> and the HKExnews website of the Stock Exchange at <http://www.hkexnews.hk>. If Shareholders have difficulty in receiving or gaining access to the same through the above means for any reason, the Company will promptly upon receiving the Change Request Form send the printed version of the requested document(s) to the Shareholders free of charge.

As an environment-conscious corporate citizen, the Company encourages Shareholders to access the Corporate Communications via the Company's or HKExnews website. The Company's website presents a user-friendly interface in English and Chinese, and all Corporate Communications are easily accessible in the "Investor Relations" section following their releases.





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Shares of Sa Sa International Holdings Limited are traded on
The Stock Exchange of Hong Kong Limited (Stock Code: 178)