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DICKSON CONCEPTS (INTERNATIONAL) LIMITED

迪生創建(國際)有限公司\*

(incorporated in Bermuda with limited liability)

(Stock Code: 0113)

## CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 8th October, 2010, (I) the Licence Extension Letter Agreement was issued by HKSE, an indirect wholly-owned subsidiary company of the Company, as grantor and confirmed by Precision Watch as licensee regarding their mutual agreement and confirmation to extend the term of the licence agreement dated 3rd October, 2007 in respect of the licensing of a sales corner in the Pacific Place Seibu Store by the Group to Precision Watch; and (II) the Lease Agreement was entered into between Dickson Investment as lessor and Dickson Stores, an indirect wholly-owned subsidiary company of the Company, as lessee regarding the renewal of the leasing of a shop space in Singapore by Dickson Investment to the Group.

As each of Precision Watch and Dickson Investment is an associate of Mr. Dickson Poon, a Director and substantial shareholder of the Company, each of these parties is deemed to be a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Licence Extension Letter Agreement and the Lease Agreement constitute Continuing Connected Transactions of the Company under Rule 14A.14 of the Listing Rules.

Given that the maximum annual caps receivable/payable by the Group under each of the Licence Extension Letter Agreement and the Lease Agreement represent less than 5 per cent. of each of the applicable percentage ratios of the Company, the Licence Extension Letter Agreement and the Lease Agreement are subject to reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules respectively and no Independent Shareholders' approval is required.

The Board announces that on 8th October, 2010, (I) the Licence Extension Letter Agreement was issued by HKSE, an indirect wholly-owned subsidiary company of the Company, as grantor and confirmed by Precision Watch as licensee regarding their mutual agreement and confirmation to extend the term of the licence agreement dated 3rd October, 2007 ("the Original Licence Agreement") in respect of the licensing of a sales corner in the Pacific Place Seibu Store by the Group to Precision Watch; and (II) the Lease Agreement was entered into between

Dickson Investment as lessor and Dickson Stores, an indirect wholly-owned subsidiary company of the Company, as lessee regarding the renewal of the leasing of a shop space in Singapore by Dickson Investment to the Group as described below.

**(I) Licensing of a Sales Corner**  
**- Licence Extension Letter Agreement**

HKSE, an indirect wholly-owned subsidiary company of the Company, as grantor issued the Licence Extension Letter Agreement which was confirmed by Precision Watch as licensee on 8th October, 2010 regarding their mutual agreement and confirmation to extend the term of the Original Licence Agreement which expired on 11th September, 2010 in respect of the licensing of a sales corner in the Pacific Place Seibu Store by the Group to Precision Watch for a further period of nine months and nineteen days commencing from 12th September, 2010 and expiring on 30th June, 2011 with the same terms and conditions as the Original Licence Agreement as detailed below :-

**Grantor:** HKSE

**Licensee:** Precision Watch

**Premises:** A sales corner in the Pacific Place Seibu Store

**Lettable Area:** About 1,161 sq. ft.

**Period:** Nine months and nineteen days commencing from 12th September, 2010 and expiring on 30th June, 2011

**Licence Fee:** Monthly licence fee payment of HK\$487,620, to be paid in cash within 20 days from the end of each month in arrears. This licence fee was determined with reference to the size and location of the sales corner within the Pacific Place Seibu Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions

Precision Watch has been the licensee of the above premises since 23rd October, 1997 with the retailing area expanded under the previous licence agreement dated 27th March, 2006 as disclosed in the announcement of the Company dated 4th April, 2006. The details of the Original Licence Agreement were disclosed in the announcement of the Company dated 3rd October, 2007.

The maximum annual caps received/receivable by the Group for the licensing of the sales corner in the Pacific Place Seibu Store by the Group to Precision Watch under the Original Licence Agreement for the financial years ended/ending 31st March, 2010 and 31st March, 2011, based on the monthly licence fee of HK\$487,620, are HK\$5,852,000 and HK\$2,617,000 (five months and eleven days) respectively as disclosed in the announcement of the Company dated 3rd October, 2007. The licence fee received by the Group from Precision Watch in respect of the licensing of the sales corner in the Pacific Place Seibu Store by the Group to Precision Watch under the Original Licence Agreement for the financial year ended 31st March, 2010 was HK\$5,851,000 which was below the maximum annual cap of HK\$5,852,000.

The maximum annual caps receivable by the Group for the extension of the licensing of the sales corner in the Pacific Place Seibu Store by the Group to Precision Watch under the Licence Extension Letter Agreement for the financial years ending 31st March, 2011 and 31st March, 2012 will be HK\$3,235,000 (six months and nineteen days) and HK\$1,463,000 (three months) respectively which represent less than 5 per cent. of each of the applicable percentage ratios of the Company. The monthly licence fee was determined with reference to the size and location of the sales corner within the Pacific Place Seibu Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions.

## **(II) Leasing of a Shop Space**

### **- Lease Agreement**

Dickson Investment as lessor and Dickson Stores, an indirect wholly-owned subsidiary company of the Company, as lessee entered into the Lease Agreement on 8th October, 2010 regarding the renewal of the leasing of a shop space in Singapore by Dickson Investment to the Group for a further period of one year commencing from 1st November, 2010 which will supersede the lease agreement dated 23rd September, 2009 (“the Old Lease Agreement”) upon its expiry on 31st October, 2010 as detailed below :-

**Lessor:** Dickson Investment

**Lessee:** Dickson Stores

**Premises:** A shop space in a shopping mall at #01-05/06, Centrepoint, No. 176 Orchard Road, Singapore

**Area:** About 689 sq. ft.

**Period:** One year commencing from 1st November, 2010

**Rental:** Monthly rental payment of S\$34,450 (about HK\$203,910), to be paid in cash on the first day of each month in advance. The monthly rental was determined with reference to the open market for properties of similar size and location and the prevailing as well as the expected market conditions

Dickson Stores has been the lessee of the above premises since 1st February, 2002. The details of the Old Lease Agreement were disclosed in the announcement of the Company dated 23rd September, 2009.

The maximum annual caps paid/payable by the Group for the leasing of the shop space in Singapore by Dickson Investment to the Group under the Old Lease Agreement for the financial years ended/ending 31st March, 2010 and 31st March, 2011 are S\$173,000 (about HK\$1,024,000) (five months) and S\$242,000 (about HK\$1,433,000) (seven months) respectively as disclosed in the announcement of the Company dated 23rd September, 2009. The rental paid by the Group to Dickson Investment in respect of the leasing of the shop space in Singapore by Dickson Investment to the Group under the Old Lease Agreement for the financial year ended 31st March, 2010 was S\$172,000 (about HK\$1,018,000) (five months) which was below the maximum annual cap of S\$173,000 (about HK\$1,024,000) (five months).

The maximum annual caps payable by the Group for the leasing of the shop space in Singapore by Dickson Investment to the Group under the Lease Agreement for each of the financial years ending 31st March, 2011 and 31st March, 2012 will be S\$173,000 (about HK\$1,024,000) (five months) and S\$242,000 (about HK\$1,433,000) (seven months) respectively which represent less than 5 per cent. of each of the applicable percentage ratios of the Company. The monthly rental was determined with reference to the open market for properties of similar size and location and the prevailing as well as the expected market conditions.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The Continuing Connected Transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group.

The sales corner under the Licence Extension Letter Agreement is currently used by Precision Watch as a retail corner and the extension of the term of the Original Licence Agreement for continued licensing of the sales corner to Precision Watch in the Pacific Place Seibu Store is a practical commercial decision of the Group and will ensure steady income to the Group. The housing of the sales corner in the Pacific Place Seibu Store will reinforce Hong Kong Seibu's status as one of the most prestigious store groups in Hong Kong. The monthly licence fee under the Licence Extension Letter Agreement was determined with reference to the size and location of the sales corner within the Pacific Place Seibu Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions.

The shop space under the Lease Agreement is currently used by Dickson Stores as a retail shop and the renewal of the Lease Agreement for continued operation of the retail shop is a practical commercial decision of the Group. The monthly rental under the Lease Agreement was determined with reference to the open market for properties of similar size and location and the prevailing as well as the expected market conditions.

The transactions under the Licence Extension Letter Agreement and the Lease Agreement are in line with the Group's principal activity of the sales of luxury goods in Asia and will ensure continuous business growth and contribute to the Group's turnover and profits.

The Directors (except Mr. Dickson Poon who abstained from voting on the relevant resolutions of the Board meeting of the Company held on 8th October, 2010 as he was considered to be materially interested in the transactions under the Licence Extension Letter Agreement and the Lease Agreement due to his relationship with Precision Watch and Dickson Investment respectively), including the independent non-executive Directors, consider that (i) the issuance of the Licence Extension Letter Agreement and the entering into of the Lease Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and were negotiated at arm's length, are no less favourable to the Group than those available from or to independent third parties; and (ii) the Continuing Connected Transactions are in the interests of the Company and its shareholders as a whole, and that the relevant maximum annual caps are fair and reasonable.

## **RELATIONSHIP BETWEEN THE PARTIES**

As each of Precision Watch and Dickson Investment is an associate of Mr. Dickson Poon, a Director and substantial shareholder of the Company as disclosed in the “General” section below, each of these parties is deemed to be a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Licence Extension Letter Agreement and the Lease Agreement constitute Continuing Connected Transactions of the Company under Rule 14A.14 of the Listing Rules. In view of the interest of Mr. Dickson Poon in the Licence Extension Letter Agreement and the Lease Agreement, he abstained from voting on the relevant resolutions of the Board meeting of the Company held on 8th October, 2010.

## **INDEPENDENT SHAREHOLDERS’ APPROVAL NOT REQUIRED**

Given that the maximum annual caps receivable/payable by the Group under each of the Licence Extension Letter Agreement and the Lease Agreement represent less than 5 per cent. of each of the applicable percentage ratios of the Company, the Licence Extension Letter Agreement and the Lease Agreement are subject to reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules respectively and no Independent Shareholders’ approval is required.

## **GENERAL**

The Company is an investment holding company and the Group is principally engaged in the sale of luxury goods with a comprehensive retail network totalling 381 shops throughout Asia.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise :-

“associate(s)”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“Company”	Dickson Concepts (International) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions as described in this announcement which are subject to disclosure under the Listing Rules
“Dickson Investment”	Dickson Investment (Singapore) Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability and wholly-owned by Mr. Dickson Poon, the principal activities of which are the leasing out of its leasehold shopping units and investment holding

“Dickson Stores”	Dickson Stores Pte Ltd, a company incorporated in the Republic of Singapore and indirectly wholly-owned by the Company, the principal activity of which is the sale of watches in Singapore
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiary companies
“HKSE”	Hong Kong Seibu Enterprise Company Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Company, the principal activity of which is the operation of and investment in Seibu stores
“Independent Shareholders”	shareholders of the Company, other than Mr. Dickson Poon and his associates
“Lease Agreement”	the lease agreement dated 8th October, 2010 entered into between Dickson Investment as lessor and Dickson Stores as lessee regarding the renewal of the leasing of a shop space in Singapore by Dickson Investment to the Group
“Licence Extension Letter Agreement”	the licence extension letter agreement dated 8th October, 2010 issued by HKSE as grantor and confirmed by Precision Watch as licensee regarding their mutual agreement and confirmation to extend the term of the licence agreement dated 3rd October, 2007 in respect of the licensing of a sales corner in the Pacific Place Seibu Store by the Group to Precision Watch
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dickson Poon”	Mr. Dickson Poon, the group executive chairman of the Group and a substantial shareholder of the Company
“Pacific Place Seibu Store”	a Seibu store located at Two Pacific Place, 88 Queensway, Hong Kong
“Precision Watch”	Precision Watch Company Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Mr. Dickson Poon, the principal activity of which is the retailing of watches
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“S\$”

Singaporean dollars, the lawful currency of the Republic of Singapore

As at the date of this announcement, the Board comprises :-

***Executive Directors:***

Dickson Poon (*Group Executive Chairman*)

Raymond Lee (*Deputy Chairman  
and Chief Executive Officer*)

Chan Tsang Wing, Nelson

Edwin Ing

Lau Yu Hee, Gary

Ng Chan Lam

***Independent Non-Executive Directors:***

Bhanusak Asvaintra

Nicholas Peter Etches

Christopher Patrick Langley, OBE

By Order of the Board  
**Or Suk Ying, Stella**  
*Company Secretary*

Hong Kong, 8th October, 2010

*\* For identification purposes only*