



DICKSON CONCEPTS (INTERNATIONAL) LIMITED
迪生創建(國際)有限公司*
(incorporated in Bermuda with limited liability)

(Stock Code : 0113)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

- * Turnover for the year was HK\$3.1 billion, an increase of 17.3 per cent. over last year.
- * Profit attributable to equity shareholders was HK\$186.2 million, a decrease of 10.7 per cent. compared with last year. The Group's core businesses performed strongly, and the decrease is a direct result of the Group adopting conservative accounting policies and charging all operating expenses arising from investments totalling in excess of HK\$600 million.
- * Board recommending final dividend of 27.5 cents per ordinary share. Total dividend payout for the year is the same as last year.
- * In addition to the Group's comprehensive retail network of over 500 shops, the Group plans to open at least 40 new shops during the current financial year.

The Board of Directors of Dickson Concepts (International) Limited (“the Company”) announces that the Group’s consolidated results for the financial year ended 31st March, 2007 together with last year’s corresponding comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2007

	NOTE	Financial year ended 31st March,	
		2007 HK\$'000	2006 HK\$'000
Turnover	2	3,099,967	2,643,073
Cost of sales		<u>(1,372,257)</u>	<u>(1,168,494)</u>
Gross profit		1,727,710	1,474,579
Other income		31,050	33,133
Selling and distribution expenses		(1,212,958)	(1,013,860)
Administrative expenses		(236,597)	(180,046)
Other operating expenses		<u>(92,890)</u>	<u>(81,718)</u>
Operating profit		216,315	232,088
Finance costs		(3,968)	(1,499)
Share of profits less losses of associated companies		<u>13,631</u>	<u>8,522</u>
Profit before taxation	3	225,978	239,111
Taxation	4	<u>(39,589)</u>	<u>(30,395)</u>
Profit for the year		<u>186,389</u>	<u>208,716</u>
Attributable to :			
Equity shareholders of the Company		186,176	208,388
Minority interests		<u>213</u>	<u>328</u>
Profit for the year		<u>186,389</u>	<u>208,716</u>
Dividends payable to equity shareholders of the Company attributable to the year :			
— Interim dividend declared and paid during the year	5(a)	13.8 cents	13.8 cents
— Final dividend proposed after the balance sheet date	5(b)	<u>27.5 cents</u>	<u>27.5 cents</u>
		<u>41.3 cents</u>	<u>41.3 cents</u>
Earnings per share (basic and diluted)	6	<u>60.0 cents</u>	<u>67.2 cents</u>

CONSOLIDATED BALANCE SHEET

At 31st March, 2007

	NOTE	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Fixed assets		405,230	288,920
Intangible asset	7	297,139	—
Goodwill		13,900	13,900
Associated companies		115,597	99,576
Deferred tax assets		<u>25,372</u>	<u>13,724</u>
		857,238	416,120
Current assets			
Stocks		834,621	678,156
Debtors, deposits and prepayments	8	380,754	294,333
Bills receivable		824	1,001
Tax recoverable		1,816	5
Cash and cash equivalents		<u>187,793</u>	<u>571,896</u>
		1,405,808	1,545,391
Current liabilities			
Bank loans		141,713	65,424
Bills payable		52,102	24,511
Creditors and accruals	9	643,972	513,147
Taxation		<u>21,528</u>	<u>15,793</u>
		859,315	618,875
Net current assets		<u>546,493</u>	<u>926,516</u>
Total assets less current liabilities		1,403,731	1,342,636
Non-current liabilities			
Deferred tax liabilities		<u>1,938</u>	<u>1,855</u>
Net assets		<u>1,401,793</u>	<u>1,340,781</u>
Capital and reserves			
Share capital	10	93,093	93,093
Reserves		<u>1,302,668</u>	<u>1,233,989</u>
Total equity attributable to equity shareholders of the Company		1,395,761	1,327,082
Minority interests		<u>6,032</u>	<u>13,699</u>
Total equity		<u>1,401,793</u>	<u>1,340,781</u>

NOTES

1. PRINCIPAL ACCOUNTING POLICIES

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“the Listing Rules”) on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies applied in these accounts for the years presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. TURNOVER / SEGMENTAL INFORMATION

Turnover represents the invoiced value of goods sold less discounts and returns, and income from concession and consignment sales.

Business segment

The Group has a single business segment which is the sale of luxury goods. Accordingly, the segment information for this sole business segment is equivalent to the consolidated figures.

Geographical segments

In presenting information on the basis of geographical segments, segment turnover is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Financial year ended 31st March, 2007		
	Turnover	Capital	Total
	HK\$'000	expenditure	assets
		HK\$'000	HK\$'000
Hong Kong	1,689,491	92,339	1,024,949
Taiwan	703,685	24,253	521,106
China	430,797	75,696	472,785
Other territories (Mainly Asia)	<u>275,994</u>	<u>1,912</u>	<u>128,609</u>
	<u>3,099,967</u>	<u>194,200</u>	2,147,449
Associated companies			<u>115,597</u>
Total assets			<u>2,263,046</u>

	Financial year ended 31st March, 2006		
	Turnover	Capital	Total
	HK\$'000	expenditure	assets
		HK\$'000	HK\$'000
Hong Kong	1,415,951	118,915	1,043,144
Taiwan	660,821	26,236	390,137
China	296,848	31,793	302,905
Other territories (Mainly Asia)	<u>269,453</u>	<u>410</u>	<u>125,749</u>
	<u>2,643,073</u>	<u>177,354</u>	1,861,935
Associated companies			<u>99,576</u>
Total assets			<u>1,961,511</u>

3. PROFIT BEFORE TAXATION

	Financial year ended 31st March,	
	2007	2006
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging/(crediting) :-		
Amortisation of intangible asset	25,468	—
Depreciation	88,617	72,985
Interest income	(8,347)	(17,953)
Interest on bank overdrafts and loans repayable within five years	3,968	1,499
Share of associated companies' taxation	<u>3,721</u>	<u>1,576</u>

4. TAXATION

	Financial year ended 31st March,	
	2007	2006
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the year	2,703	20
Over-provision in respect of prior years	<u>(7)</u>	<u>(127)</u>
	2,696	(107)
	-----	-----
Current tax - Overseas		
Provision for the year	44,512	30,167
Over-provision in respect of prior years	<u>(614)</u>	<u>(189)</u>
	43,898	29,978
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Deferred tax		
Origination and reversal of temporary differences	<u>(7,005)</u>	<u>524</u>
Total income tax expense	<u>39,589</u>	<u>30,395</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5 per cent. (2006 : 17.5 per cent.) of the estimated assessable profits for the year. Taxation for overseas subsidiary companies is charged at the appropriate current rates of taxation ruling in the relevant countries.

5. DIVIDENDS

	Financial year ended 31st March,	
	2007	2006
	HK\$'000	HK\$'000
(a) Interim dividend declared and paid of 13.8 cents (2006 : 13.8 cents) per ordinary share	<u>42,823</u>	<u>42,823</u>
(b) Final dividend proposed after the balance sheet date of 27.5 cents (2006 : 27.5 cents) per ordinary share	<u>85,336</u>	<u>85,336</u>

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share in the current year is based on the profit attributable to ordinary equity shareholders of the Company of HK\$186,176,000 (2006 : HK\$208,388,000) and the weighted average of 310,311,338 ordinary shares (2006 : 310,311,338 ordinary shares) in issue during the year.

7. INTANGIBLE ASSET

	HK\$'000
Cost :-	
At 1st April, 2006	—
Acquisition during the year	<u>322,607</u>
At 31st March, 2007	<u>322,607</u>
Accumulated amortisation :-	
At 1st April, 2006	—
Amortisation for the year	<u>25,468</u>
At 31st March, 2007	<u>25,468</u>
Net book value :-	
At 31st March, 2007	<u>297,139</u>
At 31st March, 2006	<u>—</u>

On 25th August, 2006, the Group acquired the entire issued capital of Tommy Hilfiger Asia-Pacific Limited together with its branch and subsidiary companies. The intangible asset represents the portion of the purchase consideration attributable to the exclusive distribution rights for Tommy Hilfiger apparel and other approved merchandise in Hong Kong, Taiwan, Singapore, Malaysia, Macau and certain cities in China.

The amortisation charge for the year is included in “Administrative expenses” in the consolidated profit and loss account.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK\$137,694,000 (2006 : HK\$82,811,000) and their age analysis is as follows :-

	Financial year ended 31st March,	
	2007	2006
	HK\$'000	HK\$'000
Current	127,480	73,200
1 to 30 days overdue	7,889	4,390
31 to 60 days overdue	740	2,831
Over 60 days overdue	<u>1,585</u>	<u>2,390</u>
	<u>137,694</u>	<u>82,811</u>

The Group has a credit policy with terms ranging from 30 days to 90 days.

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$172,091,000 (2006 : HK\$115,897,000) and their age analysis is as follows :-

	Financial year ended 31st March,	
	2007	2006
	HK\$'000	HK\$'000
Current	150,263	103,807
1 to 30 days overdue	13,960	9,003
31 to 60 days overdue	3,679	2,003
Over 60 days overdue	<u>4,189</u>	<u>1,084</u>
	<u>172,091</u>	<u>115,897</u>

10. SHARE CAPITAL

	Financial year ended 31st March,			
	2007		2006	
	Number of shares Thousands	Nominal value HK\$'000	Number of shares Thousands	Nominal value HK\$'000
Authorised :-				
Ordinary shares of HK\$0.30 each	<u>404,000</u>	<u>121,200</u>	<u>400,000</u>	<u>120,000</u>
Issued and fully paid :-				
Ordinary shares of HK\$0.30 each				
Balance brought forward	310,311	93,093	282,101	84,630
Bonus issue	<u>—</u>	<u>—</u>	<u>28,210</u>	<u>8,463</u>
Balance carried forward	<u>310,311</u>	<u>93,093</u>	<u>310,311</u>	<u>93,093</u>

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

Note :-

By an ordinary resolution passed at the annual general meeting held on 24th August, 2006, the Company's authorised share capital was increased to HK\$121,200,000 by the creation of 4,000,000 additional ordinary shares of HK\$0.30 each, ranking pari passu in all respects with the then existing issued shares of the Company. On 25th August, 2005, 28,210,121 ordinary shares of HK\$0.30 each were issued by way of a one for ten bonus issue in respect of which an amount of HK\$8,463,000 was applied from retained profits.

11. CAPITAL COMMITMENTS

Capital commitments outstanding at 31st March, 2007 not provided for in the accounts were as follows :-

	Financial year ended 31st March,	
	2007	2006
	HK\$'000	HK\$'000
Contracted for	12,980	12,668
Authorised but not contracted for	<u>186</u>	<u>—</u>
	<u>13,166</u>	<u>12,668</u>

12. CONTINGENT LIABILITIES

At 31st March, 2007, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$971,675,000 (2006 : HK\$856,876,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$265,839,000 (2006 : HK\$174,171,000) at the balance sheet date.
- (b) Guarantees given to licensors to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK\$29,628,000 (2006 : HK\$7,329,000) at the balance sheet date.

As at the balance sheet date, the Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. No provision was therefore made in this respect at 31st March, 2007 and 2006.

The Company has not recognised any deferred income in respect of the guarantees given as their fair value cannot be reliably measured and their transaction price was HK\$Nil.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March, 2007, the strong performance of the Group's core businesses and the significant investments made in the acquisition of the Tommy Hilfiger group enabled the Group to achieve double digit turnover growth. In addition, the Group opened 65 other stores, thereby increasing the Group's total retail space by nearly half a million square feet.

As a result of adopting conservative accounting policies and charging all operating expenses arising from these investments for the full year, there was a negative impact on the Group's profit attributable to equity shareholders.

It is the Group's firm belief that this negative impact will be of a short-term nature and that once these businesses mature, they will become the engine for the Group's strong and sustained growth in the medium to longer term.

FINANCIAL RESULTS AND FINAL DIVIDEND

Turnover for the year was HK\$3.1 billion, an increase of 17.3 per cent. over last year.

Profit attributable to equity shareholders was HK\$186.2 million, a decrease of 10.7 per cent. compared with last year.

In view of these results, the Board is recommending the payment of a final dividend of 27.5 cents per ordinary share.

The final dividend together with the interim dividend of 13.8 cents per ordinary share amounts to a total annual dividend of 41.3 cents per ordinary share, the same as last year.

REVIEW OF OPERATIONS

Asian Retailing

The Group's retail network at 31st March, 2007 totalled 500 shops. This comprised 68 in Hong Kong, 228 in China, 170 in Taiwan and 34 in Singapore, Malaysia and the Philippines.

The acquisition of the Tommy Hilfiger group, which was completed in August 2006, significantly expanded the Group's retail network. At the financial year end, there were 108 Tommy Hilfiger shops located throughout the region and given its solid and profitable track record, the strong recognition of the brand and the continued aggressive expansion of its retail network, the Group is confident that the Tommy Hilfiger group will become an increasingly significant contributor to the Group's turnover and profits.

Hong Kong

In Hong Kong, Harvey Nichols continued to refine its product offering and enhance its customer experience. This has resulted in increased customer traffic and a significant increase in sales.

The third Hong Kong Seibu store was opened at Kowloon Hotel in December 2006. Initial consumer response has been favourable and once the store builds up a strong local customer base, the Group is confident that it will make a positive contribution to Hong Kong Seibu's turnover and profits growth.

A free standing boutique for Goyard, one of only thirteen in the world for this most exclusive of luxury leathersgoods and luggage brands, was opened at The Peninsula in March 2007.

With 68 stores located in the most prime locations, the Group is extremely confident about the future prospects of its Hong Kong operations.

China

Today, the Group operates a retail network in China comprised of 230 stores with a geographic reach of over 25 provinces.

During the year, the Group officially opened the 100,000 sq. ft. Seibu store in Chengdu in December 2006 and the 150,000 sq. ft. Seibu store in Shenyang was soft opened just before the year end. Additionally, the Group acquired Tommy Hilfiger's network of 56 shops, and opened an additional 31 shops under brands such as Tod's, Dickson Watch & Jewellery, Brooks Brothers and S.T. Dupont.

The Group considers China to be the market which offers the largest growth potential in the medium to longer term. With over 14 years of experience and having established a comprehensive infrastructure in the country, the Group is well placed to further penetrate and exploit the market as the China economy continues to expand and grow.

Other Asian Markets

Although the Taiwanese market continues to be adversely affected by political uncertainty and the tightening of credit card limits by local banks, the Group's businesses there continue to make a meaningful contribution to the Group's profits. With a strong retail network of 170 shops throughout the island for leading international brands such as Polo Ralph Lauren, Tod's, Brooks Brothers, Tommy Hilfiger and the introduction of Hogan at Sogo BR4 in Taipei, the Group is well placed to take advantage of any improvement in trading conditions.

With a proven track record of over 15 years of successful operations in Singapore, Malaysia and the Philippines, the Group's 34 shops in these countries ensure that the Group will achieve increases in sales and profits as economic conditions continue to improve.

Bertolucci

Bertolucci launched its second luxury watch collection since its acquisition by the Group at the Baselworld Trade Fair. The collection was well received, and as its distribution channels are further expanded, the Group is confident that Bertolucci will develop into a meaningful asset for the Group in the longer term.

FUTURE PROSPECTS

The Group's comprehensive retail network of 500 shops throughout the region provides the Group with a strong cash flow and recurring income base.

Major investments totalling in excess of HK\$600 million were made by the Group during the year, whereby over 160 shops occupying nearly half a million square feet of retail space were either opened or added throughout the region. Whilst these investments will continue to have a short-term impact on the Group's profits growth, the Group is confident that they will make major contributions to the Group's turnover and profits in the medium to longer term.

The Group remains firmly committed to the retail industry in Hong Kong, China and South East Asia and plans to open at least 40 new shops during the current financial year. Together with its strong balance sheet, the Group is confident that it is perfectly positioned to take advantage of improving economic conditions throughout Asia and to exploit investment opportunities of exceptional value.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March, 2007, the Group had 3,116 (2006 : 2,477) employees. Total staff costs (including Directors' emoluments) amounted to HK\$472.6 million (2006 : HK\$406.2 million). Remuneration policies are reviewed regularly by the Board of Directors of the Company and by the Remuneration Committee in respect of directors and senior management. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective countries and businesses in which the Group operates. Details of the share option scheme are set out in the Company's annual report for the year ended 31st March, 2007 which will be despatched to the shareholders in due course. No share options were granted or exercised during the year.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's operations generated net cash of HK\$313.5 million (2006 : HK\$288.4 million) before working capital changes, capital expenditure, investments and dividend distribution.

Increased working capital requirements mainly due to higher stock holdings from new stores opened during the year together with the related capital expenditure totalling HK\$314.1 million was funded by the net cash generated from operations.

Further payments totalling HK\$524.2 million comprising of the purchase consideration of HK\$396.0 million for the Tommy Hilfiger Asia Pacific licensed business and HK\$128.2 million of dividends was funded by the surplus cash holdings of the Group.

Thus, as at 31st March, 2007, the Group's net liquid financial resources stood at HK\$46.1 million (2006 : HK\$506.5 million) comprising cash and bank deposits of HK\$187.8 million and short-term bank borrowings of HK\$141.7 million.

The Group maintains significant uncommitted short-term loan facilities with its relationship banks for working capital requirements and funding flexibility. Based on the Group's current capital expenditure and investment plans and the continuation of positive cash flow generated by the Group's operations, material utilisation of these facilities over and above current levels is not anticipated.

FOREIGN CURRENCY EXPOSURE AND FINANCIAL MANAGEMENT

Merchandise purchased by the Group is mainly denominated in United States Dollars, Euros, Pounds Sterling and Swiss Francs. Where appropriate, forward foreign exchange contracts are utilised to purchase the relevant currency to settle amounts due and it is the Group's policy that such foreign exchange contracts or foreign currency purchases are strictly limited to approved purchase budget amounts or actual purchase commitments.

Exposure to fluctuations in the exchange rate of regional currencies in respect of the Group's overseas operations is minimised by utilising local currency borrowings, where necessary, to fund working capital and capital expenditure requirements with repayment from funds generated from local sales. The Group's outstanding foreign currency bank borrowings are a result of the application of this policy and comprise short-term bank loans drawn in New Taiwan Dollars and Singapore Dollars by the respective operating subsidiary companies.

Financial risk management for the Group is the responsibility of the treasury department based in Hong Kong which implements the policies and guidelines issued by the Board of Directors. Surplus cash is held mainly in United States Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks.

As at 31st March, 2007, the Group's current ratio, being current assets divided by current liabilities, was 1.6 times compared to 2.5 times as at 31st March, 2006. The Group has maintained a net surplus cash position throughout the financial year under review and its gearing ratio, being total bank borrowings net of cash balances as a percentage of consolidated capital and reserves is Nil (as at 31st March, 2006 : Nil).

DIVIDENDS

In view of the above results, the Board of Directors is recommending the payment of a final dividend of 27.5 cents per ordinary share (2006 : 27.5 cents per ordinary share), the same as last year. The final dividend, which will be paid on Friday, 31st August, 2007, will absorb a total of about HK\$85,336,000 (2006 : HK\$85,336,000) and will be paid to the shareholders whose names appear in the Register of Members of the Company on Thursday, 23rd August, 2007. Together with the interim dividend of 13.8 cents per ordinary share, the total dividend payout of 41.3 cents per ordinary share is the same as last year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 22nd August, 2007 to Thursday, 23rd August, 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 21st August, 2007.

SHARE PURCHASE, SALE AND REDEMPTION

At no time during the year was there any purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's shares.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Company recognises that corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and enhance shareholder value.

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2007. Detailed information on the Company's corporate governance practices is set out in the corporate governance report included in the Company's annual report for the year ended 31st March, 2007 to be despatched to the shareholders in due course.

AUDIT COMMITTEE

The Audit Committee has reviewed the financial results of the Group for the year ended 31st March, 2007 with the Board of Directors.

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of the Company will be held at 4th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 23rd August, 2007 at 11:00 a.m.. The Notice of the Annual General Meeting will be published on the Stock Exchange's website at www.hkex.com.hk and on the Company's website at www.dickson.com.hk/doc/announcement/EAGM170707.pdf and despatched to the shareholders in due course.

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

Executive Directors :

Dickson Poon (*Group Executive Chairman*)
Raymond Lee (*Deputy Chairman and
Chief Executive Officer*)
Chan Tsang Wing, Nelson
Edwin Ing
Ng Chan Lam
Walter Josef Wuest

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, 26th June, 2007

** For identification purposes only*