The directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31st March, 2004.

Group Activities

The Company's activity is that of investment holding. The principal activity of the Group is the sale of luxury goods.

The analysis of the principal activities and geographical locations of the operations of the Group during the financial year are set out in Note 2 on the accounts.

Accounts

The profit of the Group for the year ended 31st March, 2004 and the financial position of the Company and the Group at that date are set out in the accounts on pages 45 to 80.

Dividends and Bonus Issue

An interim dividend of 3 cents per share (2003 : Nil) was paid on 19th January, 2004.

The directors recommend the payment of a final dividend of 22 cents (2003 : 7.5 cents) per share in respect of the year ended 31st March, 2004 and a bonus issue to shareholders in the proportion of one share for every ten existing shares held.

Share Capital and Reserves

Movements in share capital and reserves during the year are set out in Notes 22 and 23 respectively on the accounts.

Share Option Scheme

Details of the Share Option Scheme of the Company are set out in Note 22 on the accounts.

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.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's new bye-laws although there is no restriction against such rights under Bermuda law.

Charitable Donations

Donations made by the Group during the year amounted to HK$60,000.

Fixed Assets

Movements in fixed assets during the year are set out in Note 11 on the accounts.

Borrowings

Bank loans and other borrowings repayable are stated in Note 18 on the accounts.

Retirement Schemes

Retirement schemes operated by the Group during the year are outlined in Notes 1(m), 4 and 25 on the accounts.

Principal Subsidiary and Associated Companies

Particulars of the Company's principal subsidiary and associated companies are set out on pages 77 to 80.

Management Contracts

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Employment and Remuneration Policies

As at 31st March, 2004, the Group had 1,814 employees. Remuneration policies are reviewed regularly by the board of directors of the Company ("the Board of Directors"). 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.

Liquidity and Financial Resources

The strong and concerted recovery in the Group's business following the SARS affected first quarter, together with stringent controls maintained over costs and inventory levels, enabled the Group to further consolidate its financial resources and liquidity.

After taking into account capital expenditure, seasonal purchases and payment of the interim dividend, net cash of approximately HK$166.2 million was generated from the Group's operations. Together with the net proceeds of HK$27.2 million from the disposal of the interest in certain associated companies, the Group's total cash balances stood at HK$782.3 million representing an increase of 33 per cent. compared to HK$590 million in the previous year. Bank borrowings totalled HK$109.6 million, a decrease of 15 per cent. compared to HK$128.7 million at the beginning of the year. Hence the Group's net surplus cash position stood at HK$672.8 million compared to HK$461.3 million at the beginning of the year.

The Group also has access to significant uncommitted short-term borrowing facilities provided by its relationship banks for day-to-day liquidity and funding flexibility. However, given the Group's cash flow and surplus cash position, any material utilisation of such facilities is not foreseen except to hedge against foreign exchange exposure of its overseas subsidiary companies as described below.

Funding requirements for capital expenditure to be undertaken in the coming financial year will be met by operational cash flow or from the Group's surplus cash reserves.

Foreign Currency Exposure

The Group maintains a policy to minimise exposure to fluctuations in the exchange rate of regional currencies in respect of its overseas operations by utilising local currency borrowings, where necessary, to fund working capital and capital expenditure requirements with repayment by cash generated from local sales.

The Group's outstanding bank borrowings comprised short-term bank loans and overdrafts drawn upon in New Taiwan Dollars, Singapore Dollars and Japanese Yen by the respective operating subsidiary companies.

The Group's purchases are mainly denominated in United States Dollars, Swiss Francs and Euros. Forward exchange contracts are utilised, where appropriate, to purchase the relevant currency to meet payments.

Financial Management

The Group's financial risk management is the responsibility of its treasury function based in Hong Kong and controlled by policies established from time to time by the Board of Directors.

A conservative and prudent approach has been consistently applied with the maintenance of a net surplus cash position throughout the year under review.

Surplus cash is held mainly in United States and Hong Kong Dollars with the majority placed on short-term time deposits with international financial institutions. In order to enhance the overall yield on the Group's cash reserves, approximately 45 per cent. of the surplus funds are currently placed in liquid managed open-ended cash and currency funds with proven records.

The average duration of the time deposits is half a month and together with the ability to realise the cash and currency funds, the Group maintains the flexibility to access its surplus funds at short notice in the event any appropriate investment or yield enhancement opportunity arises.

As at 31st March, 2004, the Group's current ratio, being current assets divided by current liabilities, was 2.79 times compared to 2.35 times (restated) last year. The Group has been in a net surplus cash position throughout the period under review. Thus, the gearing ratio, being total bank borrowings net of cash balances over the Group's shareholders' funds is Nil (at 31st March, 2003 : Nil).

Financial Summary

The results, assets and liabilities of the Group for the last five years are summarised on page 81.

Major Customers and Suppliers

During the year, the Group sold less than 30 per cent. of its goods and services to its five largest customers.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows :-

The largest supplier	21 per cent.
Five largest suppliers combined	42 per cent.

Directors

The directors during the year were :-

Dickson Poon	(Group executive chairman)
Raymond Lee	(Deputy chairman and executive director)
Chan Tsang Wing, Nelson	(Executive director)
Ching Sau Hong, Kevin	(Executive director)
Edwin Ing	(Executive director)
Ng Chan Lam	(Executive director)
Walter Josef Wuest	(Executive director)
Christopher Patrick Langley	(Independent non-executive director)
Leung Kai Hung, Michael	(Independent non-executive director)

Subsequent to the year end, Mr. Nicholas Peter Etches was appointed as an independent non-executive director of the Company on 1st June, 2004.

In accordance with bye-law 111(A) of the Company's new bye-laws, Mr. Edwin Ing, Mr. Leung Kai Hung, Michael and Mr. Walter Josef Wuest retire and, being eligible, may offer themselves for re-election. Mr. Edwin Ing and Mr. Walter Josef Wuest will offer themselves for re-election. In accordance with bye-law 102 of the Company's new bye-laws, Mr. Nicholas Peter Etches retires and, being eligible, offers himself for re-election. None of the directors offering themselves for re-election has a service contract with the Company or any of its subsidiary companies which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Directors' Biographies

Dr. Dickson Poon *(Group executive chairman)*
Dr. Poon, aged 48, is the founder and controlling shareholder of the Group. He established the Dickson Group in 1980 and is actively involved in both the strategic development of the Group's businesses as well as its daily operations. The relationship between Dr. Poon and Dickson Investment Holding Corporation which has a notifiable interest in the Company under the provisions of the Securities and Futures Ordinance ("the SFO") is mentioned in the Directors' Interests and Substantial Shareholders And Others sections of this report.

Mr. Raymond Lee *(Deputy chairman and executive director)*
Mr. Lee, aged 54, joined the Group in 1992 as an Executive Director. He is a Fellow of The Institute of Chartered Accountants in England and Wales, and prior to joining the Group, held a senior position with a major international financial institution. Mr. Lee is a qualified accountant as prescribed under the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

Mr. Chan Tsang Wing, Nelson *(Executive director)*
Mr. Chan, aged 48, was appointed an Executive Director in 2000. He is a Fellow of The Institute of Chartered Accountants in England and Wales, and was previously chief executive of a major international trading group. Mr. Chan is a qualified accountant as prescribed under the Listing Rules.

Mr. Ching Sau Hong, Kevin *(Executive director)*
Mr. Ching, aged 47, joined the Group in 1993 and was appointed an Executive Director in 1994. A qualified solicitor, he was previously a partner and chief representative in China for one of the largest law firms in Hong Kong.

Mr. Edwin Ing *(Executive director)*
Mr. Ing, aged 43, joined the Group in 1987 as Company Secretary and was appointed an Executive Director in 1992. A graduate of the University of Birmingham, England, he is a Fellow of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.

Mr. Ng Chan Lam *(Executive director)*
Mr. Ng, aged 55, joined the Group in 1988 and was appointed an Executive Director in 1994. A graduate of a university in Montreal, Canada, he acquired extensive trading and administrative experience prior to joining the Group.

Mr. Walter Josef Wuest *(Executive director)*
Mr. Wuest, aged 64, joined the Group in 1983 and has been an Executive Director since flotation in 1986. Prior to joining the Group, he acquired extensive experience in the international merchandising and marketing of watches.

Mr. Nicholas Peter Etches *(Independent non-executive director)*
Mr. Etches, aged 56, was appointed a Director in 2004. He has over 34 years auditing experience with clients in a range of industries, also specialising in the fields of banking and finance as well as insolvency and corporate recovery practice. He is a Fellow of The Institute of Chartered Accountants in England and Wales and a Fellow of the Hong Kong Society of Accountants of which he was the President in 1995. Mr. Etches joined one of the leading international accounting firms in London in 1967, transferred to the firm's Hong Kong office in 1975 and became a partner in 1978 until his retirement in 2002.

Mr. Christopher Patrick Langley, OBE *(Independent non-executive director)*
Mr. Langley, aged 59, was appointed a Director in 2002. He has over 39 years experience in the financial services industry. A former executive director of The Hongkong and Shanghai Banking Corporation Limited, he served the HSBC Group in many different countries including the United Kingdom, India, Saudi Arabia, Malaysia and Hong Kong. He also holds directorships in a number of other public listed companies in Hong Kong.

Mr. Leung Kai Hung, Michael *(Independent non-executive director)*
Mr. Leung, aged 61, was appointed a Director in 2000. A graduate of the University of Hong Kong, he is the executive chairman of the Onwel Group which he formed in 1969 and the executive vice chairman of China Resources Peoples Telephone Company Limited.

Directors' Interests

As at 31st March, 2004, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("the Model Code") were as follows :-

Dickson Concepts (International) Limited

		Ordinary shares of HK$0.30 each					
Name of Director	**Capacity**	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Other Interests**	**Total**	**Percentage**(ii)
Dickson Poon	Beneficial owner, founder and beneficiary of trusts	11,604	—	—	140,908,767(i)	140,920,371	54.95
Edwin Ing	Beneficial owner	22,000	—	—	—	22,000	0.0086
Walter Josef Wuest	Beneficial owner	10,824,480	—	—	—	10,824,480	4.22

Note :-

(i) 139,292,356 shares are held by a trust of which Dr. Dickson Poon is the founder and a unit holder and 1,616,411 shares are held by another trust of which Dr. Dickson Poon is a beneficiary.

(ii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

In addition, Dr. Dickson Poon is deemed to be interested in the share capital of all of the subsidiary and associated companies of the Company by virtue of his interest in the Company.

Save as referred to above, as at 31st March, 2004, none of the directors had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept by the Company under Section 352 of the SFO or which are notified to the Company and the Stock Exchange pursuant to the Model Code.

Except as disclosed in the Connected Transactions section of this report, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

As at 31st March, 2004, no share options had been granted to the directors of the Company under the previous Share Option Scheme which was terminated on 26th August, 2003 and under the new Share Option Scheme which was adopted on 26th August, 2003.

Save as disclosed above, at no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Connected Transactions

1. During the year, the Group conducted business transactions with the ST Dupont Group (i.e. S.T. Dupont S.A., which is owned as to 55.52 per cent. of its issued share capital by a trust established for the benefit of members of Dr. Dickson Poon's family, and its subsidiary companies, and is principally engaged in the manufacture and distribution of luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches and fragrances) on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

    (a) The Group has sold certain S.T. Dupont merchandise to the members of the ST Dupont Group at or above the Group's purchase cost of this merchandise. The sale of merchandise by the Group during the year was HK$6,203,000.

    (b) The Group purchases merchandise including apparel, watches and accessories from the ST Dupont Group. The purchase prices of this merchandise are at the standard wholesale prices which are set by the ST Dupont Group. The purchase of merchandise by the Group during the year was HK$1,879,000.

    (c) Pursuant to a management agreement entered into between a member of the Group and a member of the ST Dupont Group on 8th February, 2000, the ST Dupont Group has agreed to provide various specialised services to the Group, including specialised knowledge, resources and data pertaining to the managing, marketing and sale of watches in Japan. The management fee is payable by the Group on a yearly basis and is calculated as 1 per cent. of annual turnover of this member of the Group, excluding value added tax, and 20 per cent. of annual pre-tax profit of this member of the Group, with a maximum of 20 million Yen (approximately HK$1.5 million). The management fee paid by this member of the Group to the ST Dupont Group during the year was HK$73,000.

    (d) Pursuant to a services agreement together with an agreement on personnel entered into between a member of the ST Dupont Group and a member of the Group on 22nd January, 2003 (collectively referred to as "the Agreements No. 1"), the Group has agreed to provide warehouse space, stock management services, centralised administrative and supporting functions including management, stock control and information technology to the ST Dupont Group for a period of one year commencing from 1st January, 2003 with automatic extension on the same terms on a year to year basis unless terminated by either party. The fee payable by the ST Dupont Group is calculated on a cost allocation basis under which the total overhead costs allocated to the ST Dupont Group are based on the actual area of the warehouse space used by the ST Dupont Group, the volume of transactions and the overhead costs incurred by the Group in providing these services to the ST Dupont Group. The fee paid by the ST Dupont Group to the Group during the year was HK$3,817,000.

        The directors, including the independent non-executive directors, confirm that the terms of the above arrangements are normal commercial terms which were negotiated at arm's length and are fair and reasonable.

    (e) The Group has from time to time provided interior design services relating to the retail outlets and sales corners of the ST Dupont Group. The interior design fees are charged at a rate of 10 per cent. of the total contract sum. The fee paid by the ST Dupont Group to the Group in respect of these services during the year was HK$102,000.

(f) Pursuant to a purchase and sale operation agreement dated 22nd January, 2003 ("the Agreement No. 2") entered into between a member of the ST Dupont Group and a member of the Group, this member of the ST Dupont Group has agreed to lease from this member of the Group a sales corner with a total area of about 244 sq. ft. in the Group's department store at Pacific Place, 88 Queensway, Hong Kong for a period of two years commencing from 12th September, 2002. The rental payable by this member of the ST Dupont Group is based on a certain percentage of the monthly sales made at this sales corner. The Agreement No. 2 was renewed on 21st August, 2003 ("the Renewed Agreement No. 1") due to relocation of the sales corner to another sales corner with a total area of about 570 sq. ft. in the same department store for a period of two years commencing from 2nd April, 2003 with all other terms remaining unchanged. The rental paid by this member of the ST Dupont Group to the Group under the Agreement No. 2 and the Renewed Agreement No. 1 during the year was HK$1,761,000.

The directors, including the independent non-executive directors, confirm that the terms of the above licensing arrangements are normal commercial terms which were negotiated at arm's length and are fair and reasonable.

(g) Pursuant to a sublicense agreement entered into between a member of the Group and a member of the ST Dupont Group on 1st April, 1999, the Group is required to pay the ST Dupont Group royalties on the S.T. Dupont products which the Group distributes in the PRC excluding Hong Kong. The royalties are calculated based on certain percentages on the wholesale turnover of S.T. Dupont products per year. The amount of royalties paid by the Group to this member of the ST Dupont Group during the year was HK$14,921,000.

2. During the year, the Group conducted business transactions with the Artland Group (i.e. Artland Watch Company Limited and Precision Watch Company Limited, together with their subsidiary companies, which are held by or through a discretionary trust set up by the late Mr. Poon Kam Kai, the father of Dr. Dickson Poon) on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

(a) The Group has sold to the Artland Group certain branded watches and jewellery. The selling prices of this merchandise to the Artland Group are equal to the retail prices less normal trade discounts. The gross sale of merchandise by the Group during the year was HK$2,768,000.

The directors, including the independent non-executive directors, confirm that the sale arrangements between the Group and the Artland Group are on normal commercial terms which are substantially the same as those arrangements of the Group and the Artland Group with other independent third parties in terms of the trade discount percentages.

(b) The Group has also purchased merchandise from the Artland Group. The purchase prices paid by the Group are equal to the retail prices less certain trade discount percentages. The gross purchase of merchandise by the Group during the year was HK$1,804,000.

The directors, including the independent non-executive directors, confirm that the purchase arrangements between the Group and the Artland Group are on normal commercial terms which are substantially the same as those arrangements of the Group and the Artland Group with other independent third parties in terms of the trade discount percentages.

(c) Pursuant to a licence agreement dated 22nd January, 2003 ("the Agreement No. 3") entered into between a member of the Artland Group and a member of the Group, this member of the Artland Group has agreed to lease from this member of the Group a sales corner with a total area of about 616 sq. ft. in the Group's department store at Pacific Place, 88 Queensway, Hong Kong for a period of two years commencing from 12th September, 2002 at a monthly rental of HK$246,400. The rental payment made by this member of the Artland Group to the Group during the year was HK$2,957,000.

The directors, including the independent non-executive directors, confirm that the terms of the above licensing arrangement are normal commercial terms which were negotiated at arm's length and are fair and reasonable.

Pursuant to a licence agreement dated 22nd January, 2003 ("the Agreement No. 4") entered into between a member of the Artland Group and a member of the Group, this member of the Artland Group has agreed to lease from this member of the Group a sales corner with a total area of about 760 sq. ft. in the Group's department store at Pacific Place, 88 Queensway, Hong Kong for a period of two years commencing from 15th August, 2002. The rental payable by this member of the Artland Group is based on certain percentages of the monthly sales made at the sales corner. The rental payment made by this member of the Artland Group to the Group during the year was HK$1,330,000.

Pursuant to a licence agreement dated 30th November, 2001 entered into between a member of the Artland Group and a member of the Group, this member of the Artland Group has agreed to lease from this member of the Group a sales corner with a total area of about 1,064 sq. ft. in the Group's department store at Pacific Place, 88 Queensway, Hong Kong for a period of two years commencing from 10th August, 2001. The rental payable by this member of the Artland Group is based on a certain percentage of the monthly sales made at the sales corner but subject to a minimum monthly rental of HK$159,600. The said licence agreement was renewed and a new licence agreement was entered into on 21st August, 2003 ("the Renewed Agreement No. 2") for a further period of two years commencing from 10th August, 2003 on the same terms. The rental payment made by this member of the Artland Group to the Group under the licence agreement dated 30th November, 2001 and the Renewed Agreement No. 2 during the year was HK$2,412,000.

The directors, including the independent non-executive directors, confirm that the terms of the above licensing arrangements are normal commercial terms which were negotiated at arm's length and are fair and reasonable.

Pursuant to a tenancy agreement dated 25th August, 1998 entered into between a member of the Artland Group and a member of the Group, this member of the Artland Group has agreed to lease from this member of the Group a shop space with a total area of about 2,180 sq. ft. at Style House, Causeway Bay, Hong Kong for a period of five years commencing from 14th June, 1998 at a monthly rental of HK$350,000. The said tenancy agreement was renewed and a new tenancy agreement was entered into on 21st August, 2003 ("the Renewed Agreement No. 3") for a further period from 14th June, 2003 to 12th May, 2004 at the same monthly rental for the period from 14th June, 2003 to 13th November, 2003, and with the monthly rental payable for the period commencing from 14th November, 2003 at open market rent of HK$469,512, with all other terms remaining unchanged. The rental payment made by this member of the Artland Group under the tenancy agreement dated 25th August, 1998 and the Renewed Agreement No. 3 during the year was HK$4,714,000. The Renewed Agreement No. 3 expired on 13th May, 2004.

The directors, including the independent non-executive directors, confirm that the terms of the above leasing arrangements are normal commercial terms which were negotiated at arm's length and are fair and reasonable.

3. During the year, the Group conducted business transactions with Dickson Communications Limited (which is wholly-owned by Dr. Dickson Poon and is principally engaged in the provision of advertising and promotion services) on normal commercial terms and in the ordinary and usual course of business of the Group.

   Dickson Communications Limited has provided advertising and promotion services to the Group. In consideration of the services provided to the Group, the Group pays a monthly retainer fee and a handling service fee charged at a rate of 10 per cent. of the media cost incurred and paid by the Group to third party media specialists. The retainer fee and the handling service fee paid by the Group during the year was HK$8,306,000.

4. During the year, the Group conducted business transactions with the DTG Group (i.e. Dickson Trading (S) Pte Ltd, which is wholly-owned by Dr. Dickson Poon, together with its group companies, which are principally engaged in the importing, exporting, wholesaling and retailing of merchandise and the provision of management and supporting services) on normal commercial terms and in the ordinary and usual course of business of the Group, details of which are set out as follows :-

(a) The Group wholesales merchandise including apparel, accessories and watches, of which the Group owns the distribution rights of the respective merchandise in Asia, to the DTG Group. The selling prices of this merchandise to the DTG Group are equal to the standard wholesale prices or with a trade discount ranging from 5 per cent. to 10 per cent.. The trade discount is given to the members of the DTG Group in Malaysia and Singapore as a promotional and brand building subsidy where the Group does not have a direct presence. The sale of merchandise to the DTG Group by the Group during the year was HK$99,400,000.

The directors, including the independent non-executive directors, confirm that the sale arrangements between the Group and the DTG Group are on normal commercial terms which are substantially the same as those arrangements of the Group and the DTG Group with other independent third parties.

(b) The Group has also purchased merchandise including watches and leather goods from the DTG Group. The purchase prices paid by the Group are equal to the standard wholesale prices. The purchase of merchandise from the DTG Group by the Group during the year was HK$815,000.

The directors, including the independent non-executive directors, confirm that the purchase arrangements between the Group and the DTG Group are on normal commercial terms which are substantially the same as those arrangements of the Group and the DTG Group with other independent third parties.

(c) The DTG Group has provided management and supporting services to the Group’s Singapore retail shops. The services include the maintenance of accounting records and management supervision. The service fee payable by the Group is based on the overhead costs incurred by the DTG Group in providing these services on a cost recovery basis to the Group. The service fee paid by the Group to the DTG Group during the year was HK$4,129,000.

The Group has provided handling services to the DTG Group in relation to the purchase of certain merchandise by the DTG Group. As the DTG Group is required to pay royalties on certain merchandise purchased directly from manufacturers and such royalties made by the DTG Group are paid through the Group, a handling service fee at a rate of 10 per cent. of the direct purchase cost is charged by the Group to fully recover such royalties paid on the DTG Group’s behalf. The handling service fee paid by the DTG Group to the Group during the year was HK$30,000.

(d) On 22nd January, 2003, a member of the Group agreed to lease from a member of the DTG Group a shop space in a shopping mall with a total area of about 689 sq. ft. located at #01-05/06, Centrepoint, No. 176 Orchard Road, Singapore for a period of two years commencing from 1st November, 2002 at a monthly rental payment of S$31,005 (approximately HK$144,390) (“the Agreement No. 5”). The rental payment made by this member of the Group to the DTG Group during the year was HK$1,678,000.

The directors, including the independent non-executive directors, confirm that the terms of the above lease arrangement are normal commercial terms which were negotiated at arm’s length and are fair and reasonable.

(e) The Group has from time to time provided interior design services to the DTG Group. The fee payable by the DTG Group is determined based on the experiences of designers employed and their time spent on providing the design services. The service fee paid by the DTG Group to the Group during the year was HK$30,000.

The above connected transactions have been reviewed by the directors of the Company (including the independent non-executive directors). The independent non-executive directors have confirmed that during the year the above connected transactions were conducted in a manner which satisfies conditions (A) to (C) below :-

(A) The connected transactions have been :-

(i) entered into in the ordinary and usual course of business of the Group;

(ii) conducted on normal commercial terms or, where there is no available comparison, on terms that are fair and reasonable so far as the Independent Shareholders (i.e. shareholders of the Company, other than Dr. Dickson Poon and his associates (within the meaning of the Listing Rules)) are concerned; and

(iii) entered into in accordance with the terms of the agreements governing the connected transactions or, if there are no such agreements, on terms no less favourable to the Group than those available to or from (as appropriate) independent third parties.

(B) The annual value of each of the nature of the connected transactions (except the sale of merchandise by the Group to the DTG Group ("Transaction Requiring Approval")) has not exceeded the higher of HK$10,000,000 or 3 per cent. of the net tangible asset value of the Group.

(C) The annual value of the Transaction Requiring Approval has not exceeded the cap amount of HK$180 million as mentioned below.

At the special general meeting of the Company held on 8th July, 2002, the Transaction Requiring Approval together with the relevant waiver application to the Stock Exchange were approved by the Independent Shareholders of the Company. On 15th July, 2002, the Stock Exchange granted to the Company a waiver from strict compliance with the disclosure requirements under the then Rule 14.25 of the Listing Rules in respect of the aforesaid connected transactions (except the Transaction Requiring Approval, the Agreements Nos. 1 to 5 and the Renewed Agreements Nos. 1 to 3) and a waiver from strict compliance with the disclosure and approval requirements under the then Rule 14.26 of the Listing Rules and the cap amount of HK$180 million in respect of the Transaction Requiring Approval. On 12th February, 2003 and 3rd September, 2003, the Stock Exchange granted to the Company another two waivers from strict compliance with the disclosure requirements under the then Rule 14.25 of the Listing Rules in respect of the Agreements Nos. 1 to 5 and the Renewed Agreements Nos. 1 to 3 respectively.

The above connected transactions have been reviewed by the auditors of the Company who have confirmed that during the year the above connected transactions were conducted in a manner which satisfies conditions (D) and (E) below :-

(D) The connected transactions have been :-

- (i) approved by the Board of Directors;
- (ii) entered into in accordance with the pricing policies as stated in the respective agreements; and
- (iii) entered into in accordance with the terms of the agreements governing the same.

(E) The cap amount as stated in paragraphs (B) or (C) above, as the case may be, has not been exceeded.

5. On 15th July, 1996, the Company made an interest-free loan of HK$80 million to Hong Kong Seibu Enterprise Company Limited ("HKSE") as part of the acquisition of a 85 per cent. controlling interest in HKSE. HK$50 million of the interest-free loan was repaid by HKSE on 2nd May, 2003. In addition, guarantees of HK$131 million were given by the Company to certain banks to secure facilities granted to HKSE. A guarantee fee was paid by HKSE to the Company during the year equal to 1.5 per cent. of the total facilities utilised.

   On 31st October, 2003, The Seibu Department Stores, Limited ("Seibu Japan") (which was not connected with the Company apart from being a former substantial shareholder of HKSE) and Raglan Resources Limited ("Raglan"), a wholly-owned subsidiary company of the Company, entered into a share purchase agreement. Pursuant to the share purchase agreement, Raglan agreed to acquire from Seibu Japan 13.16 per cent. of the issued share capital of HKSE for a total consideration of HK$23,220,000 ("the Acquisition"). The consideration was paid in full in cash and the Acquisition was completed on 31st October, 2003 whereby HKSE became a wholly-owned subsidiary company of the Company.

   Prior to the Acquisition, Raglan held 86.84 per cent. of the issued share capital of HKSE and Seibu Japan held the remaining 13.16 per cent.. The directors, including the independent non-executive directors, believed that the Acquisition was in the best interests of the Company which will consolidate the Group's interest in the profitable operations of the HKSE group and will further reinforce the Group's leading position in the retail industry in Asia.

Directors' Interests in Competing Businesses

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules :-

Mr. Walter Josef Wuest, an executive director of the Company, is a member of the Supervisory Board of S.T. Dupont S.A. and is deemed to have an interest in S.T. Dupont S.A. under Rule 8.10 of the Listing Rules.

Certain subsidiary companies of S.T. Dupont S.A. carry on the sale of S.T. Dupont products in Hong Kong, China, Taiwan, Singapore and Malaysia and are deemed as competing with the wholesale and retail businesses of the Group. However, the S.T. Dupont brand is targeted at its own specific customer base which is attracted by its unique history and exclusive product range. Given the distinct features of the S.T. Dupont brand, the Group considers that its interests are adequately safeguarded.

In order to further safeguard the interests of the Group, those directors of the Company not interested in this competing business would on a regular basis review the businesses and operations of the Group to ensure that its businesses are run on the basis that they are independent of, and at arm's length from, these subsidiary companies of S.T. Dupont S.A..

Substantial Shareholders And Others

As at 31st March, 2004, the interests and short positions of the persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows :-

Dickson Concepts (International) Limited

Name of shareholder	**Ordinary shares of HK$0.30 each**	**Percentage**(iv)	**Capacity**
Yu Kwai Chu, Pearl	140,920,371 (i)	54.95	Interest of spouse
Dickson Investment Holding Corporation (“DIHC”)	139,292,356(ii)	54.31	Trustee
Paicolex Trust Company (BVI) Limited (“Paicolex BVI”)	139,292,356(ii)	54.31	Trustee
Paicolex Trust Management AG (“Paicolex AG”)	139,292,356(ii)	54.31	Trustee
Lindsay William Ernest Cooper (“Mr. Lindsay Cooper”)	16,344,000(iii)	6.37	Interest of controlled corporations
Arisaig Partners (Mauritius) Limited (“Arisaig Partners”)	16,344,000(iii)	6.37	Fund Manager
Arisaig Greater China Fund (“Arisaig China”)	16,344,000(iii)	6.37	Beneficial owner

Note :-

(i) Ms. Pearl Yu is deemed to be interested in these shares as the spouse of Dr. Dickson Poon.

(ii) These shares refer to the same block of shares. DIHC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the interests (other than personal interests) of Dr. Dickson Poon as mentioned in the Directors' Interests section of this report.

(iii) These shares refer to the same block of shares. Arisaig Partners, which is indirectly owned as to 33.33 per cent. by Mr. Lindsay Cooper, is the fund manager of Arisaig China.

(iv) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as aforesaid and as disclosed in the Directors' Interests section of this report, the Company has not been notified by any person who had interest or short position in the shares or underlying shares of the Company as at 31st March, 2004 which are required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO.

Code of Best Practice

The non-executive directors of the Company are not appointed for any specific term of office but are subject to retirement by rotation in accordance with the new bye-laws of the Company. Save as aforesaid, the Company has complied with the requirements of Appendix 14 of the Listing Rules as they pertain to the year ended 31st March, 2004.

Auditors

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

Dickson Poon
Group Executive Chairman

Hong Kong, 24th June, 2004