



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

INTERIM REPORT 2010-2011

Stock Code : 0113

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CORPORATE INFORMATION

Board of Directors :

Group Executive Chairman :
Dickson Poon

Executive Directors :
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

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches (**Chairman**)
Bhanusak Asvaintra
Christopher Patrick Langley, OBE

Remuneration Committee :

Bhanusak Asvaintra (**Chairman**)
Nicholas Peter Etches
Raymond Lee

Independent Auditor :

KPMG
Certified Public Accountants,
Hong Kong.

Head Office and Principal Place of Business :

4th Floor, East Ocean Centre,
98 Granville Road,
Tsimshatsui East,
Kowloon, Hong Kong.

Registered Office :

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Principal Bankers :

BNP Paribas
Crédit Agricole Corporate and Investment Bank
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Share Registrar in Hong Kong :

Tricor Tengis Limited
26th Floor,
Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong.

Share Registrar in Bermuda :

Codan Services Limited
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda.

Place of Share Listing :

The Stock Exchange of Hong Kong Limited

Stock Code :

The Stock Exchange of Hong Kong Limited :
0113

Website :

<http://www.dickson.com.hk>

The board of directors (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the Group’s unaudited consolidated results for the six months ended 30th September, 2010 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2010

	NOTE	Six months ended 30th September,	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Turnover	2	1,450,335	1,778,293
Cost of sales		<u>(663,056)</u>	<u>(759,095)</u>
Gross profit		787,279	1,019,198
Other income		16,724	1,599
Selling and distribution expenses		(581,072)	(742,172)
Administrative expenses		(102,872)	(127,994)
Other operating expenses		<u>(40,499)</u>	<u>(46,525)</u>
Operating profit		79,560	104,106
Finance costs		(238)	(388)
Share of profits less losses of associated companies		<u>4,857</u>	<u>6,157</u>
Profit before taxation	3	84,179	109,875
Taxation	4	<u>(22,938)</u>	<u>(28,474)</u>
Profit for the period		<u><u>61,241</u></u>	<u><u>81,401</u></u>
Attributable to :-			
Equity shareholders of the Company		61,073	81,157
Non-controlling interests		<u>168</u>	<u>244</u>
Profit for the period		<u><u>61,241</u></u>	<u><u>81,401</u></u>
Earnings per share (basic and diluted)	5	<u><u>16.4 cents</u></u>	<u><u>21.8 cents</u></u>

The notes on pages 9 to 17 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in Note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September, 2010

	Six months ended 30th September,	
	2010	2009
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	61,241	81,401
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note)	<u>19,621</u>	<u>29,045</u>
Total comprehensive income for the period	<u>80,862</u>	<u>110,446</u>
Attributable to :-		
Equity shareholders of the Company	80,542	110,195
Non-controlling interests	<u>320</u>	<u>251</u>
Total comprehensive income for the period	<u>80,862</u>	<u>110,446</u>

Note :-

There is no tax effect relating to the above component of the comprehensive income.

The notes on pages 9 to 17 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30th September, 2010

	NOTE	30/9/2010 (unaudited) HK\$'000	31/3/2010 (audited) HK\$'000
Non-current assets			
Fixed assets		186,649	192,869
Intangible asset	7	160,360	169,793
Goodwill		13,900	13,900
Associated companies		129,517	138,169
Deferred tax assets		23,724	23,256
Other financial assets	8	275,527	192,081
		789,677	730,068
Current assets			
Stocks		729,903	722,646
Debtors, deposits and prepayments	9	310,751	309,575
Bills receivable		1,118	268
Tax recoverable		6,318	7,437
Cash and cash equivalents		864,789	1,003,548
		1,912,879	2,043,474
Current liabilities			
Bank loans		26,044	11,410
Bills payable		8,203	6,224
Creditors and accruals	10	612,553	651,927
Taxation		11,573	10,156
		658,373	679,717
Net current assets		1,254,506	1,363,757
Total assets less current liabilities		2,044,183	2,093,825
Non-current liabilities			
Deferred tax liabilities		15,344	11,816
Net assets		2,028,839	2,082,009
Capital and reserves			
Share capital	11	111,693	111,693
Reserves		1,909,918	1,963,408
Total equity attributable to equity shareholders of the Company		2,021,611	2,075,101
Non-controlling interests		7,228	6,908
Total equity		2,028,839	2,082,009

The notes on pages 9 to 17 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2010

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1st April, 2010	111,693	431,200	87,090	1,445,118	2,075,101	6,908	2,082,009
Dividends approved / paid in respect of prior year (Notes 6(b) and 6(c))	—	—	—	(134,032)	(134,032)	—	(134,032)
Total comprehensive income for the period	—	—	19,469	61,073	80,542	320	80,862
At 30th September, 2010	<u>111,693</u>	<u>431,200</u>	<u>106,559</u>	<u>1,372,159</u>	<u>2,021,611</u>	<u>7,228</u>	<u>2,028,839</u>

The comparative figures for 2009 are set out as follows :-

	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1st April, 2009	111,693	431,200	55,071	1,256,315	1,854,279	7,372	1,861,651
Dividends approved / paid in respect of prior year (Notes 6(b) and 6(c))	—	—	—	(67,016)	(67,016)	—	(67,016)
Total comprehensive income for the period	—	—	29,038	81,157	110,195	251	110,446
At 30th September, 2009	<u>111,693</u>	<u>431,200</u>	<u>84,109</u>	<u>1,270,456</u>	<u>1,897,458</u>	<u>7,623</u>	<u>1,905,081</u>

The notes on pages 9 to 17 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2010

	Six months ended 30th September,	
	2010	2009
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Operating profit before changes in working capital	111,420	177,009
Changes in working capital	<u>(17,694)</u>	<u>140,063</u>
Cash generated from operations	93,726	317,072
Tax paid (net)	<u>(17,305)</u>	<u>(14,074)</u>
Net cash generated from operating activities	76,421	302,998
Net cash used in investing activities	(101,215)	(35,233)
Net cash used in financing activities	<u>(120,858)</u>	<u>(93,414)</u>
Net (decrease) / increase in cash and cash equivalents	(145,652)	174,351
Cash and cash equivalents at 1st April	1,003,548	579,302
Effect of foreign exchange rate changes	<u>6,893</u>	<u>2,374</u>
Cash and cash equivalents at 30th September	<u><u>864,789</u></u>	<u><u>756,027</u></u>

Note :-

a. Cash and cash equivalents at 30th September

Cash and cash equivalents represent cash at bank and on hand at the end of the period.

The notes on pages 9 to 17 form part of this interim financial report.

NOTES ON THE INTERIM ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

This interim financial report has been prepared in accordance 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”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This interim financial report has been prepared in accordance with the same principal accounting policies adopted in the 2010 annual accounts.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated accounts and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual accounts. The condensed consolidated interim accounts and notes thereon do not include all of the information required for a full set of accounts prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA).

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s review report to the Board is included on page 18. In addition, this interim financial report has been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31st March, 2010 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31st March, 2010 are available from both the Stock Exchange’s website and the Company’s website. The auditors have expressed an unqualified opinion on those accounts in their report dated 23rd June, 2010.

(b) Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. The adoption of these developments has no material impact on the Group's operating results.

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 reportable segment which is the sale of luxury goods. Accordingly, the segment information for this sole operating segment is equivalent to the consolidated figures.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

	Six months ended 30th September,	
	2010	2009
	HKS'000	HKS'000
Hong Kong (place of domicile)	<u>772,222</u>	<u>978,388</u>
China	322,687	377,208
Taiwan	235,029	293,978
Other territories (Mainly Asia)	<u>120,397</u>	<u>128,719</u>
	<u>678,113</u>	<u>799,905</u>
Total	<u>1,450,335</u>	<u>1,778,293</u>

The following table sets out information about the geographical location of the Group's fixed assets, intangible asset, goodwill and interests in associated companies. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associated companies.

	30/9/2010	31/3/2010
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>249,157</u>	<u>256,824</u>
China	149,304	162,180
Taiwan	87,453	90,413
Other territories (Mainly Asia)	<u>4,512</u>	<u>5,314</u>
	<u>241,269</u>	<u>257,907</u>
Total	<u>490,426</u>	<u>514,731</u>

Information about major customers

The Group sells goods to numerous individual customers without concentration of reliance. There is no disclosable information of major customers under HKFRS 8, *Operating segments*.

3. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2010	2009
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset	9,433	21,223
Depreciation	33,851	51,981
Interest income	(2,173)	(1,636)
Interest on bank overdrafts and loans repayable within five years	238	388
Net gains from financial assets designated at fair value through profit or loss	(9,900)	—
Including :-		
Interest income on financial assets	(7,980)	—
Share of associated companies' taxation	<u>1,589</u>	<u>2,418</u>

4. TAXATION

	Six months ended 30th September,	
	2010	2009
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax	<u>345</u>	<u>45</u>
Current tax — Overseas		
Provision for the period	19,486	16,439
Over-provision in respect of prior years	<u>(128)</u>	<u>(6,164)</u>
	<u>19,358</u>	<u>10,275</u>
Deferred tax		
Origination and reversal of temporary differences	<u>3,235</u>	<u>18,154</u>
Total income tax expense	<u>22,938</u>	<u>28,474</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2009 : 16.5 per cent.) on the estimated assessable profits for the period.

Taxation for overseas subsidiary companies is charged at the appropriate current rates of taxation ruling in the relevant countries.

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share in the current period is based on the profit attributable to ordinary equity shareholders of the Company of HK\$61,073,000 (2009 : HK\$81,157,000) and the weighted average number of 372,311,338 ordinary shares (2009 : 372,311,338 ordinary shares) in issue during the period.

6. DIVIDENDS

	Six months ended 30th September,	
	2010	2009
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 13.0 cents (2009 : 13.0 cents) per ordinary share	<u>48,400</u>	<u>48,400</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 18.0 cents (for the year ended 31st March, 2009 : 18.0 cents) per ordinary share	<u>67,016</u>	<u>67,016</u>
(c) Special dividend in respect of the previous financial year, approved and paid during the interim period, of 18.0 cents (for the year ended 31st March, 2009 : Nil) per ordinary share	<u>67,016</u>	<u>—</u>

7. INTANGIBLE ASSET

	30/9/2010	31/3/2010
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2010 and 1st April, 2009	<u>322,607</u>	<u>322,607</u>
At 30th September, 2010 and 31st March, 2010	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2010 and 1st April, 2009	<u>152,814</u>	110,366
Amortisation for the period / year	<u>9,433</u>	<u>42,448</u>
At 30th September, 2010 and 31st March, 2010	<u>162,247</u>	<u>152,814</u>
Net book value :-		
At 30th September, 2010 and 31st March, 2010	<u>160,360</u>	<u>169,793</u>

The intangible asset represents the exclusive distribution rights for Tommy Hilfiger apparel and other approved merchandise in Hong Kong, Taiwan, Singapore, Malaysia, Macau and certain cities in China.

On 31st March, 2010, Tommy Hilfiger Licensing LLC agreed to extend its licence to the Company for the sale of products under the brand name of “Tommy Hilfiger” in Hong Kong, Macau, Taiwan, Singapore and Malaysia (“the Territories”) to 31st March, 2019 with the exception of China. Prior to this extension, the intangible asset is amortised over the remaining 4 years at an annual amortisation of HK\$42,448,000. As a result of this extension, the remaining useful life of the exclusive distribution rights in the Territories has been extended from 4 years to 9 years from 1st April, 2010. The Group’s annual amortisation expense is expected to be HK\$18,866,000 for each of the nine years ending 31st March, 2019.

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

8. OTHER FINANCIAL ASSETS

Other financial assets comprise unlisted debt securities issued by corporations and are classified as financial assets designated at fair value through profit or loss. The unlisted debt securities are traded over the counter and are denominated in United States dollars.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date :-

	30/9/2010	31/3/2010
	HK\$'000	HK\$'000
Current	<u>98,862</u>	<u>83,365</u>
1 to 30 days overdue	1,949	4,431
31 to 60 days overdue	1,855	216
Over 60 days overdue	<u>149</u>	<u>93</u>
Amounts overdue	<u>3,953</u>	<u>4,740</u>
	<u>102,815</u>	<u>88,105</u>

Trade debtors are due within 30 to 90 days from the date of billing.

10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$176,329,000 (at 31st March, 2010 : HK\$182,039,000) and their ageing analysis is as follows :-

	30/9/2010	31/3/2010
	HK\$'000	HK\$'000
Current	167,570	163,869
1 to 30 days overdue	4,468	13,218
31 to 60 days overdue	3,030	2,678
Over 60 days overdue	<u>1,261</u>	<u>2,274</u>
	<u>176,329</u>	<u>182,039</u>

11. SHARE CAPITAL

	30/9/2010		31/3/2010	
	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>518,000</u>	<u>155,400</u>	<u>518,000</u>	<u>155,400</u>
Issued and fully paid :-				
Ordinary shares of HK\$0.30 each				
Balance brought forward and carried forward	<u>372,311</u>	<u>111,693</u>	<u>372,311</u>	<u>111,693</u>

12. MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions with related parties were in the opinion of the directors carried out in the ordinary and usual course of business and on normal commercial terms :-

- (a) Transactions with associated companies :-

	Six months ended 30th September,	
	2010	2009
	HK\$'000	HK\$'000
Sales of goods	12,816	11,430
Purchases of goods	2,504	5,033
Income from the provision of management and supporting service	118	762
Rental expenses	<u>1,644</u>	<u>3,781</u>

The net amount due from these associated companies at 30th September, 2010 amounted to HK\$4,663,000 (at 31st March, 2010 : HK\$4,968,000), which is interest free, unsecured and has repayment terms ranging from 20 days to 60 days.

- (b) Transactions with companies in which certain directors of the Company have a beneficial interest :-

	Six months ended 30th September,	
	2010	2009
	HK\$'000	HK\$'000
Sales of goods	21,933	36,931
Purchases of goods	7,430	5,894
Management and supporting service expenses	196	772
Income from the provision of management and supporting service	4,922	4,824
Rental expenses	1,180	1,218
Rental income	4,307	4,251
Advertising and promotion service expenses	4,424	6,139
Commission expenses	<u>13,262</u>	<u>13,360</u>

The net amount due to these companies at 30th September, 2010 amounted to HK\$10,286,000 (at 31st March, 2010 : HK\$5,530,000), which is interest free, unsecured and has repayment terms ranging from 20 days to 90 days.

13. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2010 not provided for in the accounts were as follows :-

	30/9/2010	31/3/2010
	HK\$'000	HK\$'000
Contracted for	23,906	5,554
Authorised but not contracted for	<u>2,809</u>	<u>112</u>
	<u><u>26,715</u></u>	<u><u>5,666</u></u>

14. CONTINGENT LIABILITIES

At 30th September, 2010, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$990,643,000 (at 31st March, 2010 : HK\$962,532,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$119,283,000 (at 31st March, 2010 : HK\$87,764,000) 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\$10,918,000 (at 31st March, 2010 : HK\$12,904,000) 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 30th September, 2010 and 31st March, 2010 respectively.

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 Nil.

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDING 31ST MARCH, 2011

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ending 31st March, 2011 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the accounts :-

	Effective for accounting periods beginning on or after
HKFRS 9, Financial instruments	1st January, 2013
HKAS 24 (Revised), Related party disclosures	1st January, 2011
Improvements to HKFRSs 2010	1st January, 2011

REVIEW REPORT TO THE BOARD OF DIRECTORS OF DICKSON CONCEPTS (INTERNATIONAL) LIMITED (incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 4 to 17 which comprises the consolidated balance sheet of Dickson Concepts (International) Limited as of 30th September, 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the HKICPA. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30th September, 2010 is not prepared, in all material respects, in accordance with HKAS 34 “Interim financial reporting”.

KPMG
Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

Hong Kong, 30th November, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September, 2010, the Group's existing businesses as a whole performed satisfactorily and achieved double digit percentage increases in both turnover and profits. However, as a direct result of the cessation of the Polo Ralph Lauren operation after its expiration on 31st December, 2009, there was a reduction in the Group's earnings when compared with the same period last year.

Turnover for the six months ended 30th September, 2010 was HK\$1,450.3 million, a decrease of 18.4 per cent. compared with the same period last year. However, turnover on a like-for-like basis increased 14.6 per cent.

Profit attributable to equity shareholders was HK\$61.1 million, a decrease of 24.7 per cent. compared with the same period last year.

BUSINESS REVIEW

The Group has opened 96 new shops so far this year with a further 22 new shops to be opened by the end of the current financial year. Key brands for which shops are being opened include Brooks Brothers, Tommy Hilfiger, Tod's, Hogan, S.T. Dupont, Artē and 1^A Classe Alviero Martini, as well as Dickson Watch & Jewellery and individual shops for leading watch brands such as Rolex, Tudor, Chopard, Panerai, Longines, Rado and Oris.

American Eagle Outfitters will be launched in Hong Kong with the opening of a 7,000 sq. ft. store at Harbour City in March 2011 to be followed by a 12,000 sq. ft. flagship store in Shanghai and 2 stores in Beijing later in the year.

A new Harvey Nichols flagship store will open in Pacific Place in October 2011. Occupying 83,000 sq. ft., this flagship store will complement the new look and upgraded facilities at Pacific Place which has been transformed by a HK\$2 billion contemporisation project.

Harvey Nichols has a reputation for offering the best edited fashion, accessories and beauty selections, and to ensure consistency with the Harvey Nichols DNA, the Group will work in conjunction with the Harvey Nichols UK team to oversee the development and delivery of the store and its merchandise.

Harvey Nichols at Pacific Place will be the second Harvey Nichols store in Hong Kong and, together with the store at The Landmark, will reinforce Harvey Nichols' leading position in the luxury sector of Hong Kong retailing and act as a major growth engine for the Group in the years ahead.

The Group will also be launching an exciting new beauty concept, Beauty Bazaar by Harvey Nichols, in December 2010 at The ONE, the newly opened shopping mall on Nathan Road, Tsimshatsui. Occupying over 18,000 sq. ft., the store will offer a comprehensive range of premium beauty products including over 50 of the world's most prestigious and desired cosmetics, skincare and fragrance brands as well as Harvey Nichols' unique Beyond Beauty concept in a stylish, contemporary environment.

In China, it has been agreed that the Group will extend its operation of the Tommy Hilfiger business there from March 2011 until August 2011 and will receive the payment of US\$21 million as previously agreed for the early termination of this licence. With the Chinese economy continuing to achieve significant year-on-year growth, the Group has opened 65 new shops so far this year in cities throughout the country, and will continue to place a significant focus on the expansion of its China operations.

In Taiwan, the Group's businesses have achieved a meaningful increase in turnover and profits. With a network of over 80 shops in important retail locations throughout the island, the Group is well positioned to take further advantage of the improvement in economic conditions.

The Group has 24 shops in Singapore and Malaysia, and will open flagship stores for Dickson Watch & Jewellery in December 2010 and Brooks Brothers and Tommy Hilfiger in January 2011 as the anchor tenant of Knightsbridge, a prime retail location on Orchard Road, Singapore. The stores will enable the Group to enhance the positioning of these brands in this regional market.

With the opening of these 96 new shops, the Group's retail network currently totals 436 shops as of 30th November, 2010. This comprises 53 in Hong Kong, 275 in China, 3 in Macau, 81 in Taiwan and 24 in Singapore and Malaysia. Geographically, Hong Kong represented 53 per cent. of sales, China was 22 per cent., Taiwan was 16 per cent. and the rest of Asia was 9 per cent..

FULL YEAR PROSPECTS

The global economy has shown signs of improvement despite continued volatility. The Group is cautiously optimistic about its future prospects and will continue to expand its existing businesses and pursue new business opportunities.

With the strong recurring income generated by its comprehensive retail network of over 430 shops throughout the region, the launch of exciting new retail concepts such as Beauty Bazaar by Harvey Nichols, the introduction of new brands such as American Eagle Outfitters and the opening of the second Harvey Nichols store at Pacific Place together with its net cash position of HK\$838.7 million and strong balance sheet, the Group is perfectly positioned to exploit the improvement in economic conditions and take advantage of any investment opportunities of exceptional value.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2010, the Group had 2,634 (2009 : 3,373) employees. Total staff costs (including directors' emoluments) amounted to HK\$221.6 million (2009 : HK\$239.4 million). Remuneration policies are reviewed regularly by the Board 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 were disclosed in the Company's 2010 annual report ("the 2010 Annual Report"). No share options were granted or exercised during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2010, the Group generated net cash from operating activities of HK\$76.4 million which was derived from operating cash flow of HK\$111.4 million less decrease in working capital and tax payments totaling HK\$35.0 million.

Such net cash generated was utilised in the Group's investing activities including capital expenditure and purchase of other financial assets amounting to HK\$101.2 million and dividend payments of HK\$134.0 million.

As at 30th September, 2010, the Group's net liquid financial resources stood at HK\$838.7 million represented by cash and bank deposits of HK\$864.8 million less short-term bank borrowings of HK\$26.1 million.

The Group also maintains substantial uncommitted short-term loan facilities with selected international banks for day-to-day requirements and funding flexibility. Utilisation of these facilities over and above prevailing levels during the second half of the current financial year is not anticipated given the Group's net cash position and continuing positive cash flow generated by operations.

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 Singapore Dollars by an operating subsidiary company.

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. Surplus cash is held mainly in United States Dollars, New Taiwan Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks and invested in debt securities issued by corporations with acceptable credit ratings.

As at 30th September, 2010, the Group's current ratio, being current assets divided by current liabilities, was 2.9 times compared to 3.0 times as at 31st March, 2010. The Group has maintained a net surplus cash position throughout the period 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, 2010 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2010, 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 Securities and Futures Ordinance (“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 Issuers (“the Directors’ Model Code”) as set out in Appendix 10 of the Listing Rules were as follows :-

Dickson Concepts (International) Limited

Name of Director	Capacity	Ordinary shares of HK\$0.30 each				Total	Percentage ⁽ⁱⁱ⁾
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Dickson Poon	Beneficial owner and trust founder	14,040	—	—	149,395,699 ⁽ⁱ⁾	149,409,739	40.13
Edwin Ing	Beneficial owner	26,620	—	—	—	26,620	0.0071

Notes :-

- (i) These shares are held through two trusts.
- (ii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

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

Save as referred to above, as at 30th September, 2010, 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 Directors’ Model Code.

As at 30th September, 2010, no share options had been granted to the directors under the share option scheme which was adopted on 26th August, 2003.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2010, 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 ⁽ⁱⁱⁱ⁾	Capacity
Yu Kwai Chu, Pearl	149,409,739 ⁽ⁱ⁾	40.13	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
Paicolex Trust Management AG ("Paicolex AG")	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee

Notes :-

- (i) These shares refer to the family interest attributable to Mr. Dickson Poon, the spouse of Ms. Yu Kwai Chu, Pearl.
- (ii) These shares refer to the same block of shares. DIHPTC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 149,395,699 shares which were disclosed as "Other Interests" of Mr. Dickson Poon in the "Directors' Interests" section of this report. Mr. Dickson Poon is a director of DIHPTC.
- (iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as disclosed above and in the "Directors' Interests" section of this report, the Company has not been notified by any person who had an interest or short position in the shares or underlying shares of the Company as at 30th September, 2010 which is required to be notified to the Company pursuant to Part XV of the SFO or which is recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of 13.0 cents (2009 : 13.0 cents) per ordinary share, the same as last year. The interim dividend represents a dividend payout ratio of 79.3 per cent. and will absorb a total of about HK\$48.4 million (2009 : HK\$48.4 million). Shareholders whose names appear in the Register of Members of the Company on Friday, 7th January, 2011 will be entitled to the interim dividend which will be paid on Friday, 21st January, 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 6th January, 2011 to Friday, 7th January, 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 5th January, 2011.

SHARE PURCHASE, SALE AND REDEMPTION

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

SHARE OPTION SCHEME

As at 30th September, 2010, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the share option scheme which was adopted on 26th August, 2003.

CORPORATE GOVERNANCE PRACTICES

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 all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period under review. Detailed information on the Company's corporate governance practices was set out in the corporate governance report included in the 2010 Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Directors' Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by the directors. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Directors' Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2010 with the Board.

As at the date of this report, 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, 30th November, 2010