



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

INTERIM REPORT

2013-2014

Stock Code : 0113



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CONTENTS

	Page
Corporate Information	3
Consolidated Profit and Loss Account	4
Consolidated Profit and Loss Account and Other Comprehensive Income	5
Consolidated Balance Sheet	6
Consolidated Statement of Changes in Equity	7
Condensed Consolidated Cash Flow Statement	8
Notes on the Interim Accounts	9-18
Review Report to the Board of Directors	19
Management Discussion and Analysis	20-22
Disclosure of Interests	23-24
Other Information	25-26

CORPORATE INFORMATION

Board of Directors :

Group Executive Chairman :

Dickson Poon

Executive Directors :

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

Chan Tsang Wing, Nelson

(**Chief Operating Officer**)

Chan Hon Chung, Johnny Pollux

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

Nomination Committee :

Dickson Poon (**Chairman**)

Bhanusak Asvaintra

Nicholas Peter Etches

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 unaudited consolidated results of the Company and its subsidiary companies (“the Group”) for the six months ended 30th September, 2013 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2013

	NOTE	Six months ended 30th September,	
		2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Turnover	2	1,939,339	1,871,975
Cost of sales		<u>(936,534)</u>	<u>(845,043)</u>
Gross profit		1,002,805	1,026,932
Other income	3	11,269	18,906
Selling and distribution expenses		(767,222)	(829,740)
Administrative expenses		(133,758)	(110,296)
Other operating expenses		<u>(51,929)</u>	<u>(54,930)</u>
Operating profit		61,165	50,872
Finance costs		(785)	(991)
Share of profits less losses of associated companies		<u>(3,663)</u>	<u>1,684</u>
Profit before taxation	4	56,717	51,565
Taxation	5	<u>(12,737)</u>	<u>(10,204)</u>
Profit for the period attributable to equity shareholders of the Company		<u>43,980</u>	<u>41,361</u>
Earnings per share (basic and diluted)	6	<u>11.8 cents</u>	<u>11.1 cents</u>

The notes on pages 9 to 18 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 7.

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

For the period ended 30th September, 2013

Six months ended 30th September,

	2013 (unaudited) HK\$'000	2012 (unaudited) HK\$'000
Profit for the period	<u>43,980</u>	<u>41,361</u>
Other comprehensive income for the period :		
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note)	<u>12,693</u>	<u>(3,593)</u>
Other comprehensive income for the period	<u>12,693</u>	<u>(3,593)</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>56,673</u>	<u>37,768</u>

Note :-

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

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30th September, 2013

	NOTE	30/9/2013 (unaudited) HK\$'000	31/3/2013 (audited) HK\$'000
Non-current assets			
Fixed assets		356,993	381,868
Intangible asset	8	103,763	113,196
Goodwill		—	13,900
Associated companies		46,983	57,807
Deferred tax assets		6,286	6,363
Other financial assets	9	186,200	219,751
		<u>700,225</u>	<u>792,885</u>
Current assets			
Inventories		1,030,318	904,163
Debtors, deposits and prepayments	10	377,004	462,960
Tax recoverable		4,781	1,993
Other financial assets	9	219,483	184,780
Cash and cash equivalents		1,029,460	1,120,215
		<u>2,661,046</u>	<u>2,674,111</u>
Current liabilities			
Bank loans	11	80,786	99,078
Bills payable		17,279	20,235
Creditors and accruals	12	669,878	783,444
Taxation		26,800	22,673
		<u>794,743</u>	<u>925,430</u>
Net current assets		<u>1,866,303</u>	<u>1,748,681</u>
Total assets less current liabilities		<u>2,566,528</u>	<u>2,541,566</u>
Non-current liabilities			
Deferred tax liabilities		42,182	40,950
Amount due to associated companies		32,827	30,752
Net assets		<u>2,491,519</u>	<u>2,469,864</u>
Capital and reserves			
Share capital	13	114,439	111,693
Reserves		2,377,080	2,358,171
Total equity attributable to equity shareholders of the Company		<u>2,491,519</u>	<u>2,469,864</u>

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2013

	Attributable to equity shareholders of the Company				
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1st April, 2013	111,693	431,200	139,747	1,787,224	2,469,864
Dividends approved / paid in respect of prior year (Note 7(b))					
- by means of cash	—	—	—	(35,018)	(35,018)
- by means of scrip dividend (Note 13)	2,746	36,698	—	(39,444)	—
Profit for the period	—	—	—	43,980	43,980
Other comprehensive income for the period	—	—	12,693	—	12,693
At 30th September, 2013	114,439	467,898	152,440	1,756,742	2,491,519

The comparative figures for 2012 are set out as follows :-

	Attributable to equity shareholders of the Company				
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1st April, 2012	111,693	431,200	144,491	1,673,364	2,360,748
Dividends approved / paid in respect of prior year (Note 7(b))					
- by means of cash	—	—	—	(74,462)	(74,462)
Profit for the period	—	—	—	41,361	41,361
Other comprehensive income for the period	—	—	(3,593)	—	(3,593)
At 30th September, 2012	111,693	431,200	140,898	1,640,263	2,324,054

The notes on pages 9 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2013

	Six months ended 30th September,	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Operating profit before changes in working capital	114,035	108,614
Changes in working capital	<u>(150,486)</u>	<u>(150,864)</u>
Cash used in operations	(36,451)	(42,250)
Tax paid (net)	<u>(10,092)</u>	<u>(5,010)</u>
Net cash used in operating activities	(46,543)	(47,260)
Net cash generated from / (used in) investing activities	1,995	(90,340)
Net cash used in financing activities	<u>(52,698)</u>	<u>(69,883)</u>
Net decrease in cash and cash equivalents	(97,246)	(207,483)
Cash and cash equivalents at 1st April	1,120,215	937,948
Effect of foreign exchange rate changes	<u>6,491</u>	<u>(1,251)</u>
Cash and cash equivalents at 30th September (Note a)	<u><u>1,029,460</u></u>	<u><u>729,214</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 18 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”). It was authorised for issue on 28th November, 2013.

This interim financial report has been prepared in accordance with the same principal accounting policies adopted in the 2013 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2014 annual accounts. Details of these changes in accounting policies are set out in Note 1(b).

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 2013 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 19. 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, 2013 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, 2013 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 21st May, 2013.

(b) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's accounts :-

- Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- HKFRS 10, Consolidated financial statements
- HKFRS 13, Fair value measurement
- Revised HKAS 19, Employee benefits

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1st April, 2013.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim report. The Group has provided these disclosures in Note 9. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Revised HKAS 19, Employee benefits

Revised HKAS 19 introduces a number of amendments to the accounting for defined benefit plans. Among them, revised HKAS 19 eliminates the “corridor method” under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. Revised HKAS 19 also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

The adoption of revised HKAS 19 does not have any material impact on the Group’s net defined benefit retirement obligation.

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,	
	2013	2012
	HK\$’000	HK\$’000
Hong Kong (place of domicile)	<u>1,206,355</u>	<u>1,108,061</u>
Taiwan	325,015	333,360
China	197,910	248,733
Other territories (Mainly Asia)	<u>210,059</u>	<u>181,821</u>
	<u>732,984</u>	<u>763,914</u>
Total	<u>1,939,339</u>	<u>1,871,975</u>

The following table sets out information about the geographical location of the Group's fixed assets, intangible assets, 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.

	30/9/2013	31/3/2013
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>335,622</u>	<u>386,256</u>
Taiwan	72,774	87,493
China	56,513	61,920
Other territories (Mainly Asia)	<u>42,830</u>	<u>31,102</u>
	<u>172,117</u>	<u>180,515</u>
Total	<u><u>507,739</u></u>	<u><u>566,771</u></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. OTHER INCOME

	Six months ended 30th September,	
	2013	2012
	HK\$'000	HK\$'000
Interest income	5,127	4,372
Loss on disposal of fixed assets	(2,933)	(2,630)
Net foreign exchange gain	1,918	711
Realised and unrealised gains / (losses) from financial assets designated at fair value through profit or loss :-		
- interest income	11,455	10,989
- net fair value (losses) / gains	<u>(4,298)</u>	<u>5,464</u>
	<u><u>11,269</u></u>	<u><u>18,906</u></u>

4. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2013	2012
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset	9,433	9,434
Depreciation	59,608	66,503
Impairment loss on fixed assets written back on disposals	(20,720)	—
Impairment loss on goodwill (Note)	13,900	—
Interest on bank overdrafts and loans repayable within five years	<u>785</u>	<u>991</u>

Note :-

Impairment loss on goodwill of HK\$13,900,000 was recognised and charged to the consolidated profit and loss account in respect of a business which ceased operations during the period ended 30th September, 2013.

5. TAXATION

	Six months ended 30th September,	
	2013	2012
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	6,973	597
Over-provision in respect of prior years	<u>—</u>	<u>(139)</u>
	<u>6,973</u>	<u>458</u>
Current tax — Overseas		
Provision for the period	4,162	6,045
Under-provision in respect of prior years	<u>263</u>	<u>75</u>
	<u>4,425</u>	<u>6,120</u>
Deferred tax		
Origination and reversal of temporary differences	<u>1,339</u>	<u>3,626</u>
Total income tax expense	<u>12,737</u>	<u>10,204</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2012 : 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.

6. 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\$43,980,000 (2012 : HK\$41,361,000) and the weighted average number of 373,911,635 ordinary shares (2012 : 372,311,338 ordinary shares) in issue during the period.

7. DIVIDENDS

	Six months ended 30th September,	
	2013	2012
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 11.0 cents (2012 : 11.0 cents) per ordinary share	<u>41,961</u>	<u>40,954</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 20.0 cents (for the year ended 31st March, 2012 : 20.0 cents) per ordinary share	<u>74,462</u>	<u>74,462</u>

8. INTANGIBLE ASSET

	30/9/2013	31/3/2013
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2013 and 1st April, 2012	<u>322,607</u>	<u>322,607</u>
At 30th September, 2013 and 31st March, 2013	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2013 and 1st April, 2012	209,411	190,545
Amortisation for the period / year	<u>9,433</u>	<u>18,866</u>
At 30th September, 2013 and 31st March, 2013	<u>218,844</u>	<u>209,411</u>
Net book value :-		
At 30th September, 2013 and 31st March, 2013	<u>103,763</u>	<u>113,196</u>

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

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

9. OTHER FINANCIAL ASSETS

Other financial assets comprise debt securities issued by corporations and are classified as financial assets designated at fair value through profit or loss. The debt securities, which are listed, bear fixed or variable interest rates and are denominated in United States dollars. All of the debt securities held by the Group are also traded over the counter.

The debt securities are measured at fair value on a recurring basis and are categorised as level 1 (using quoted prices in active markets for identical assets that the Group can access at the measurement date) under the fair value hierarchy and there is no transfer among different levels of fair value hierarchy during the period ended 30th September, 2013.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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

	30/9/2013	31/3/2013
	HK\$'000	HK\$'000
Current	<u>127,034</u>	<u>171,390</u>
1 to 30 days overdue	4,706	2,436
31 to 60 days overdue	1,131	2,576
Over 60 days overdue	<u>982</u>	<u>3,218</u>
Amounts overdue	<u>6,819</u>	<u>8,230</u>
	<u>133,853</u>	<u>179,620</u>

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

11. BANK LOANS

At 30th September, 2013, the bank loans were secured as follows :-

	30/9/2013	31/3/2013
	HK\$'000	HK\$'000
Secured	21,882	—
Unsecured	<u>58,904</u>	<u>99,078</u>
	<u>80,786</u>	<u>99,078</u>

At 30th September, 2013, the banking facilities of a subsidiary company were secured by a charge over a debt security with carrying value of HK\$29,311,000 (at 31st March, 2013 : Nil).

12. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$188,335,000 (at 31st March, 2013 : HK\$265,572,000) and their ageing analysis based on due date as at the balance sheet date is as follows :-

	30/9/2013	31/3/2013
	HK\$'000	HK\$'000
Current	180,412	251,603
1 to 30 days overdue	3,956	7,677
31 to 60 days overdue	3,031	4,128
Over 60 days overdue	936	2,164
	<u>188,335</u>	<u>265,572</u>

13. SHARE CAPITAL

	30/9/2013		31/3/2013	
	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	372,311	111,693	372,311	111,693
New ordinary shares issued under scrip dividend scheme	<u>9,152</u>	<u>2,746</u>	<u>—</u>	<u>—</u>
Balance carried forward	<u>381,463</u>	<u>114,439</u>	<u>372,311</u>	<u>111,693</u>

During the six months ended 30th September, 2013, 9,151,696 new fully paid ordinary shares were issued and allotted at HK\$4.31 per share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2013.

14. 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,	
	2013	2012
	HK\$'000	HK\$'000
Purchases of goods	10,664	3,705
Income from the provision of management and supporting service	<u>—</u>	<u>126</u>

There was no amount due from these associated companies at 30th September, 2013 and 31st March, 2013. The amount due to these associated companies at 30th September, 2013 amounted to HK\$34,730,000 (at 31st March, 2013 : HK\$32,520,000), which is interest free and unsecured. Except for the amount of HK\$32,827,000 (at 31st March, 2013 : HK\$30,752,000) which has no fixed term of repayment, the balance has repayment term of 30 days.

- (b) Transactions with companies in which a director of the Company has beneficial interests :-

	Six months ended 30th September,	
	2013	2012
	HK\$'000	HK\$'000
Sales of goods	9,935	12,382
Purchases of goods / (net purchase return)	6,779	(923)
Management and supporting service expenses	39	71
Income from the provision of management and supporting service	6,614	10,175
Rental expenses	1,272	1,279
Rental income	9,241	9,222
Advertising and promotion service expenses	9,492	4,800
Commission expenses	<u>14,324</u>	<u>14,951</u>

The amount due from these companies at 30th September, 2013 amounted to HK\$13,487,000 (at 31st March, 2013 : HK\$14,716,000) and the amount due to these companies at 30th September, 2013 amounted to HK\$17,032,000 (at 31st March, 2013 : HK\$9,463,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

15. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2013 not provided for in the accounts were as follows :-

	30/9/2013	31/3/2013
	HK\$'000	HK\$'000
Contracted for	8,523	5,603
Authorised but not contracted for	<u>2,379</u>	<u>686</u>
	<u><u>10,902</u></u>	<u><u>6,289</u></u>

16. CONTINGENT LIABILITIES

At 30th September, 2013, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,100,398,000 (at 31st March, 2013 : HK\$1,097,338,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$161,262,000 (at 31st March, 2013 : HK\$199,616,000) 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\$8,024,000 (at 31st March, 2013 : HK\$8,994,000) 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, 2013 and 31st March, 2013 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.

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 18 which comprises the consolidated balance sheet of Dickson Concepts (International) Limited as of 30th September, 2013 and the related consolidated profit and loss account, consolidated profit and loss account and other 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, 2013 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, 28th November, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September, 2013, the Group's principal businesses performed satisfactorily. Turnover increased by 3.6 per cent. to HK\$1,939.3 million. Comparable store sales, adjusted for discontinued businesses and new store openings, increased by 9.5 per cent..

Profit attributable to equity shareholders was HK\$43.9 million, an increase of 6.3 per cent. compared to the corresponding period last year.

BUSINESS REVIEW

In the current financial year, the Group has opened 30 new stores to-date and plan a further 3 stores to be opened by 31st March, 2014. The new stores opened comprise of 17 in China, 6 in Taiwan and 1 each in Macau and Singapore. 5 new stores opened in Hong Kong including the world's first Rolex Icon store of 4,900 sq. ft. at the Hong Kong International Airport at Chek Lap Kok in August 2013 and the new 22,000 sq. ft. Beauty Avenue store at Langham Place in October 2013 offering the most comprehensive cosmetics and skincare products from leading international names.

Today, the Group's retail network totals 295 stores. This comprises 49 stores in Hong Kong, 128 in China, 86 in Taiwan, 17 in Singapore, 8 in Malaysia and 7 in Macau.

Geographically, Hong Kong contributed 62 per cent. of sales, Taiwan 17 per cent., China 10 per cent. and the rest of Asia 11 per cent..

FULL YEAR PROSPECTS

While economic growth in China and Asia seem to have stabilised at a sustainable level, consumer demand remains volatile. Thus, while the Group's businesses continue to benefit from solid consumer following, management will continue to adopt a prudent approach to all aspects of its business activities.

With its proven brand portfolio and businesses represented by a comprehensive network of 295 shops, the Group has a strong recurring income base and positive cash flow to further augment its substantial balance sheet. Together with net cash of HK\$948.7 million, the Group is well-positioned to take advantage of any economic recovery as well as undertake new investment opportunities it is actively seeking, in order to diversify and broaden its earnings base.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2013, the Group had 2,682 (2012 : 2,978) employees. Total staff costs (including directors' emoluments) amounted to HK\$290.3 million (2012 : HK\$304.2 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 old share option scheme ("the Old Share Option Scheme") which was adopted on 26th August, 2003 and terminated on 18th July, 2013 and the new share option scheme ("the New Share Option Scheme") which was adopted on 18th July, 2013 were disclosed in the Company's 2013 annual report ("the 2013 Annual Report") and the Company's circular dated 14th June, 2013. No share options were granted or exercised under the Old Share Option Scheme and the New Share Option Scheme respectively during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2013, the Group's net cash from operating activities was utilised to fund increased working capital requirements mainly arising from additional inventory due to new store openings. Together with payment of the final dividend for the previous financial year, net cash utilisation totalled HK\$97.2 million.

As a result, the Group's net liquid financial resources as at 30th September, 2013 stood at HK\$948.7 million represented by cash and bank deposits of HK\$1,029.5 million less short-term bank borrowings of HK\$80.8 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. In order to enhance interest income yield, a limited part of such surplus cash is invested in investment grade marketable corporate debt securities in accordance with guidelines issued by the Board.

As at 30th September, 2013, the Group's current ratio, being current assets divided by current liabilities, was 3.3 times compared to 2.9 times as at 31st March, 2013. 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, 2013 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2013, 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	14,691	—	—	165,728,525 ⁽ⁱ⁾	165,743,216	43.45
Christopher Patrick Langley, OBE	Beneficial owner	50,000	—	—	—	50,000	0.01

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, 2013, 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, 2013, no share options had been granted to the directors under the Old Share Option Scheme and the New Share Option Scheme respectively.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2013, 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	165,743,216 ⁽ⁱ⁾	43.45	Interest of spouse
Dickson Investment Holding (PTC) Corporation ("DIHPTC")	165,728,525 ⁽ⁱⁱ⁾	43.45	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	165,728,525 ⁽ⁱⁱ⁾	43.45	Trustee
Paicolex Trust Management AG ("Paicolex AG")	165,728,525 ⁽ⁱⁱ⁾	43.45	Trustee
Brandes Investment Partners, L.P.	19,286,078	5.06	Investment manager

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 165,728,525 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, 2013 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 11.0 cents (2012 : 11.0 cents) per ordinary share, the same as last year. The interim dividend represents a dividend payout ratio of 95.4 per cent. and will absorb a total of about HK\$42.0 million (2012 : HK\$41.0 million). Shareholders whose names appear in the Register of Members of the Company on Friday, 3rd January, 2014 will be entitled to the interim dividend which will be paid on Friday, 17th January, 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed from Thursday, 2nd January, 2014 to Friday, 3rd January, 2014, 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 Tuesday, 31st December, 2013.

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

In view of the expiration of the Old Share Option Scheme on 25th August, 2013 and in order to enable the continuity of the share option scheme of the Company, the Company adopted the New Share Option Scheme and terminated the Old Share Option Scheme by an ordinary resolution passed at the annual general meeting of the Company held on 18th July, 2013.

As at 30th September, 2013, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the Old Share Option Scheme and the New Share Option Scheme respectively.

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 applied the principles and complied with all the code provisions of the Corporate Governance Code 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 2013 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 enquiries of all directors, all directors confirmed that they have complied with the required standard as 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, 2013 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

(*Chief Operating Officer*)

Chan Hon Chung, Johnny Pollux

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, 28th November, 2013