



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

INTERIM REPORT
2014-2015

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
(**Chief Operating Officer**)

Chan Hon Chung, Johnny Pollux

Lau Yu Hee, Gary

Ng Chan Lam

Tsang Chi Kin

Independent Non-Executive Directors :

Bhanusak Asvaintra

Nicholas Peter Etches

Christopher Patrick Langley, OBE[#]

Leung Kai Hung, Michael

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches (**Chairman**)

Bhanusak Asvaintra

Christopher Patrick Langley, OBE[#]

Leung Kai Hung, Michael

Nomination Committee :

Dickson Poon (**Chairman**)

Bhanusak Asvaintra

Nicholas Peter Etches

Remuneration Committee :

Bhanusak Asvaintra (**Chairman**)

Chan Tsang Wing, Nelson^Δ

Nicholas Peter Etches

Raymond Lee*

Independent Auditor :

KPMG

Certified Public Accountants,

Hong Kong.

* Resigned on 1st July, 2014

^Δ Appointed on 1st July, 2014

[#] Retired on 24th July, 2014

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

Level 22, Hopewell Centre,

183 Queen's Road East,

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 (together “the Group”) for the six months ended 30th September, 2014 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2014

	NOTE	Six months ended 30th September,	
		2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Turnover	2	2,036,262	1,939,339
Cost of sales		<u>(1,052,692)</u>	<u>(936,534)</u>
Gross profit		983,570	1,002,805
Other income	3	11,810	11,269
Selling and distribution expenses		(933,147)	(767,222)
Administrative expenses		(123,231)	(133,758)
Other operating expenses		<u>(62,047)</u>	<u>(51,929)</u>
Operating (loss) / profit		(123,045)	61,165
Finance costs		(1,866)	(785)
Share of profits less losses of associated companies		<u>(165)</u>	<u>(3,663)</u>
(Loss) / profit before taxation	4	(125,076)	56,717
Taxation	5	<u>(8,302)</u>	<u>(12,737)</u>
(Loss) / profit for the period attributable to equity shareholders of the Company		<u>(133,378)</u>	<u>43,980</u>
(Loss) / earnings per share (basic and diluted)	6	<u>(34.8) cents</u>	<u>11.8 cents</u>

The notes on pages 9 to 20 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September, 2014

Six months ended 30th September,

	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
(Loss) / profit for the period	<u>(133,378)</u>	<u>43,980</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)	496	12,693
Available-for-sale securities : movement in fair value reserve (Note)	<u>59,627</u>	<u>—</u>
Other comprehensive income for the period	<u>60,123</u>	<u>12,693</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>(73,255)</u>	<u>56,673</u>

Note :-

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

The notes on pages 9 to 20 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30th September, 2014

	NOTE	30/9/2014 (unaudited) HK\$'000	31/3/2014 (audited) HK\$'000
Non-current assets			
Fixed assets		225,136	305,795
Intangible asset	8	84,897	94,330
Associated companies		41,439	49,117
Deferred tax assets		4,737	4,729
Other financial assets	9	364,662	224,443
		<u>720,871</u>	678,414
Current assets			
Inventories		961,591	968,299
Debtors, deposits and prepayments	10	399,938	356,674
Tax recoverable		5,290	3,816
Other financial assets	9	145,780	291,624
Cash, bank balances and deposits		1,544,512	1,106,999
		<u>3,057,111</u>	2,727,412
Current liabilities			
Bank loans	11	547,526	95,453
Bills payable		1,372	17,194
Creditors and accruals	12	691,946	651,035
Taxation		19,225	17,938
		<u>1,260,069</u>	781,620
Net current assets		<u>1,797,042</u>	1,945,792
Total assets less current liabilities		2,517,913	2,624,206
Non-current liabilities			
Deferred tax liabilities		43,417	42,949
Amount due to associated companies		33,959	32,827
Net assets		<u>2,440,537</u>	2,548,430
Capital and reserves			
Share capital	13	117,279	114,439
Reserves		2,323,258	2,433,991
Total equity attributable to equity shareholders of the Company		<u>2,440,537</u>	2,548,430

The notes on pages 9 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2014

	Attributable to equity shareholders of the Company					
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Fair value reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1st April, 2014	114,439	467,898	140,621	—	1,825,472	2,548,430
Dividends approved / paid in respect of prior year (Note 7(b))						
- by means of cash	—	—	—	—	(34,638)	(34,638)
- by means of scrip dividend (Note 13)	2,840	38,815	—	—	(41,655)	—
Loss for the period	—	—	—	—	(133,378)	(133,378)
Other comprehensive income for the period	—	—	496	59,627	—	60,123
At 30th September, 2014	117,279	506,713	141,117	59,627	1,615,801	2,440,537

The comparative figures for 2013 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)	Fair value 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 notes on pages 9 to 20 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2014

	Six months ended 30th September,	
	2014 (unaudited) HK\$'000	2013 (unaudited) HK\$'000
Operating profit before changes in working capital	16,695	114,035
Changes in working capital	<u>(13,829)</u>	<u>(150,486)</u>
Cash generated from / (used in) operations	2,866	(36,451)
Tax paid (net)	<u>(8,047)</u>	<u>(10,092)</u>
Net cash used in operating activities	(5,181)	(46,543)
Net cash (used in) / generated from investing activities	(477,910)	1,995
Net cash generated from / (used in) financing activities	<u>416,452</u>	<u>(52,698)</u>
Net decrease in cash and cash equivalents	(66,639)	(97,246)
Cash and cash equivalents at 1st April	1,106,999	1,120,215
Effect of foreign exchange rate changes	<u>302</u>	<u>6,491</u>
Cash and cash equivalents at 30th September (Note a)	<u><u>1,040,662</u></u>	<u><u>1,029,460</u></u>

Note :-

a. Analysis of cash, bank balances and deposits :-

Cash, bank balances and deposits in the consolidated balance sheet	1,544,512	1,029,460
Less : pledged deposits with original maturity over three months	(465,900)	—
deposits with original maturity over three months	<u>(37,950)</u>	<u>—</u>
Cash and cash equivalents	<u><u>1,040,662</u></u>	<u><u>1,029,460</u></u>

The notes on pages 9 to 20 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 27th November, 2014.

This interim financial report has been prepared in accordance with the same principal accounting policies adopted in the 2014 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2015 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 2014 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 independent review report to the Board is included on page 21. 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, 2014 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, 2014 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 28th May, 2014.

(b) Changes in accounting policies

The HKICPA has issued 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. Of these, the following development is relevant to the Group's accounts :-

– Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The adoption of these amendments does not have an impact on the Group's interim financial report.

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 are delivered.

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>1,329,042</u>	<u>1,206,355</u>
Taiwan	363,637	325,015
China	167,212	197,910
Singapore / Malaysia	136,993	166,317
Other territories (Mainly Asia)	<u>39,378</u>	<u>43,742</u>
	<u>707,220</u>	<u>732,984</u>
Total	<u>2,036,262</u>	<u>1,939,339</u>

The following table sets out information about the geographical location of the Group's fixed assets, intangible assets 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 the location of operations, in the case of interests in associated companies.

	30/9/2014	31/3/2014
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>214,485</u>	<u>304,417</u>
Taiwan	64,895	65,148
China	44,388	51,979
Singapore / Malaysia	15,491	23,455
Other territories (Mainly Asia)	<u>12,213</u>	<u>4,243</u>
	<u>136,987</u>	<u>144,825</u>
Total	<u>351,472</u>	<u>449,242</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,	
	2014	2013
	HK\$'000	HK\$'000
Interest income	8,844	5,127
Loss on disposal of fixed assets	(1,736)	(2,933)
Net foreign exchange (loss) / gain	(119)	1,918
Realised and unrealised gains / (losses) from financial assets designated at fair value through profit or loss :-		
- interest income	7,339	11,455
- net fair value losses	<u>(2,518)</u>	<u>(4,298)</u>
	<u>11,810</u>	<u>11,269</u>

4. (LOSS) / PROFIT BEFORE TAXATION

Six months ended 30th September,

2014	2013
HK\$'000	HK\$'000

(Loss) / profit before taxation is arrived at after charging / (crediting) :-

Amortisation of intangible asset	9,433	9,433
Depreciation	60,479	59,608
Impairment loss on fixed assets recognised / (written back on disposals) (Note)	81,757	(20,720)
Impairment loss on goodwill	—	13,900
Interest on bank overdrafts and loans repayable within five years	<u>1,866</u>	<u>785</u>

Note :-

During the period ended 30th September, 2014, management performed an impairment assessment on certain fixed assets of the Group's retail store investments in accordance with the accounting policy on impairment of assets. Based on the assessment, an impairment loss of HK\$81,757,000 was recognised in respect of the respective fixed assets and charged to the consolidated profit and loss account. The recoverable amounts of these fixed assets were determined based on the estimated future cash flows generated from these retail store investments.

5. TAXATION

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	2,149	6,973
Over-provision in respect of prior years	(788)	—
	<u>1,361</u>	<u>6,973</u>
Current tax — Overseas		
Provision for the period	6,277	4,162
Under-provision in respect of prior years	196	263
	<u>6,473</u>	<u>4,425</u>
Deferred tax		
Origination and reversal of temporary differences	<u>468</u>	<u>1,339</u>
Total income tax expense	<u>8,302</u>	<u>12,737</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2013 : 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. (LOSS) / EARNINGS PER SHARE

The calculation of basic and diluted (loss) / earnings per share is based on the loss for the period attributable to ordinary equity shareholders of the Company of HK\$133,378,000 (2013 : profit for the period of HK\$43,980,000) and the weighted average number of 382,808,078 ordinary shares (2013 : 373,911,635 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

	Six months ended 30th September,	
	2014	2013
	Number of shares Thousands	Number of shares Thousands
Issued ordinary shares at 1st April	381,463	372,311
Effect of scrip dividend (Note 13)	<u>1,345</u>	<u>1,601</u>
Weighted average number of ordinary shares at 30th September	<u>382,808</u>	<u>373,912</u>

7. DIVIDENDS

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : Nil (2013 : HK11.0 cents per ordinary share)	<u>—</u>	<u>41,961</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK20.0 cents (for the year ended 31st March, 2013 : HK20.0 cents) per ordinary share	<u>76,293</u>	<u>74,462</u>

8. INTANGIBLE ASSET

	30/9/2014	31/3/2014
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2014 and 1st April, 2013	<u>322,607</u>	<u>322,607</u>
At 30th September, 2014 and 31st March, 2014	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2014 and 1st April, 2013	<u>228,277</u>	<u>209,411</u>
Amortisation for the period / year	<u>9,433</u>	<u>18,866</u>
At 30th September, 2014 and 31st March, 2014	<u>237,710</u>	<u>228,277</u>
Net book value :-		
At 30th September, 2014 and 31st March, 2014	<u>84,897</u>	<u>94,330</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

	30/9/2014 HK\$'000	31/3/2014 HK\$'000
Non-current assets		
Listed debt securities designated at fair value through profit or loss	69,223	69,249
Listed available-for-sale equity securities	217,748	—
Unlisted available-for-sale equity securities	<u>77,691</u>	<u>155,194</u>
	364,662	224,443
Current assets		
Listed debt securities designated at fair value through profit or loss	<u>145,780</u>	<u>291,624</u>
	<u>510,442</u>	<u>516,067</u>

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 :-

	30/9/2014 HK\$'000	31/3/2014 HK\$'000
Current	<u>124,706</u>	<u>124,477</u>
1 to 30 days overdue	976	1,849
31 to 60 days overdue	6,474	369
Over 60 days overdue	<u>12,854</u>	<u>6,472</u>
Amounts overdue	<u>20,304</u>	<u>8,690</u>
	<u>145,010</u>	<u>133,167</u>

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

11. BANK LOANS

At the balance sheet date, the bank loans were secured as follows :-

	30/9/2014 HK\$'000	31/3/2014 HK\$'000
Secured	472,448	44,958
Unsecured	<u>75,078</u>	<u>50,495</u>
	<u>547,526</u>	<u>95,453</u>

At the balance sheet date, the banking facilities of a subsidiary company were secured by a charge over certain debt securities with carrying value of HK\$67,858,000 (at 31st March, 2014 : HK\$69,038,000) and deposits of HK\$465,900,000 (at 31st March, 2014 : Nil).

The effective borrowing interest rate at the balance sheet date for the Group is 0.97 per cent. (at 31st March, 2014 : 1.37 per cent.) and its re-fixing date is within one year.

12. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$227,614,000 (at 31st March, 2014 : HK\$213,967,000) and their ageing analysis based on due date as at the balance sheet date is as follows :-

	30/9/2014 HK\$'000	31/3/2014 HK\$'000
Current	221,385	205,578
1 to 30 days overdue	2,989	4,452
31 to 60 days overdue	2,218	2,571
Over 60 days overdue	<u>1,022</u>	<u>1,366</u>
	<u>227,614</u>	<u>213,967</u>

13. SHARE CAPITAL

	30/9/2014		31/3/2014	
	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	381,463	114,439	372,311	111,693
New ordinary shares issued under scrip dividend scheme	<u>9,467</u>	<u>2,840</u>	<u>9,152</u>	<u>2,746</u>
Balance carried forward	<u>390,930</u>	<u>117,279</u>	<u>381,463</u>	<u>114,439</u>

During the six months ended 30th September, 2014, 9,467,039 new fully paid ordinary shares were issued and allotted at HK\$4.40 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, 2014.

During the year ended 31st March, 2014, 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,	
	2014	2013
	HK\$'000	HK\$'000
Purchases of goods	<u>8,627</u>	<u>10,664</u>

There were no amount due from these associated companies at 30th September, 2014 and 31st March, 2014. The amount due to these associated companies at 30th September, 2014 amounted to HK\$34,884,000 (at 31st March, 2014 : HK\$33,411,000), which is interest free and unsecured. Except for the amount of HK\$33,959,000 (at 31st March, 2014 : HK\$32,827,000) 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,	
	2014	2013
	HK\$'000	HK\$'000
Sales of goods	23,555	9,935
Purchases of goods	10,045	6,779
Management and supporting service expenses	37	39
Income from the provision of management and supporting service	6,573	6,614
Rental expenses	—	1,272
Rental income	9,648	9,241
Advertising and promotion service expenses	12,018	9,492
Commission expenses	<u>5,536</u>	<u>14,324</u>

The amount due from these companies at 30th September, 2014 amounted to HK\$30,240,000 (at 31st March, 2014 : HK\$10,145,000) and the amount due to these companies at 30th September, 2014 amounted to HK\$11,374,000 (at 31st March, 2014 : HK\$13,122,000), 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, 2014 not provided for in the accounts were as follows :-

	30/9/2014	31/3/2014
	HK\$'000	HK\$'000
Contracted for	22,860	13,454
Authorised but not contracted for	<u>1,919</u>	<u>1,210</u>
	<u><u>24,779</u></u>	<u><u>14,664</u></u>

16. CONTINGENT LIABILITIES

At 30th September, 2014, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,075,250,000 (at 31st March, 2014 : HK\$1,077,213,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$159,245,000 (at 31st March, 2014 : HK\$154,352,000) 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\$10,117,000 (at 31st March, 2014 : HK\$9,013,000) 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, 2014 and 31st March, 2014 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.

17. FAIR VALUE MEASUREMENT

Fair value of other financial assets are measured based on quoted prices in active markets, value inputs that are observable either directly or indirectly and / or value inputs that are not based on observable market data.

An analysis of the Group's other financial assets based on the degree to which their fair values are observable is as follows :-

Level 1: quoted prices in active markets

Level 2: value inputs, other than quoted prices, that are observable either directly or indirectly

Level 3: value inputs that are not based on observable market data

	Level 1 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30th September, 2014			
Recurring fair value measurements			
Other financial assets			
Listed debt securities designated at fair value through profit or loss	215,003	—	215,003
Listed available-for-sales equity securities	217,748	—	217,748
Unlisted available-for-sale equity securities (Note)	—	77,691	77,691
At 31st March, 2014			
Recurring fair value measurements			
Other financial assets			
Listed debt securities designated at fair value through profit or loss	360,873	—	360,873
Unlisted available-for-sale equity securities (Note)	—	155,194	155,194

Note :-

The fair value of unlisted available-for-sale equity securities of HK\$77,691,000 (at 31st March, 2014 : HK\$77,584,000) which do not have a quoted market price is assessed based on unobservable inputs available from the issuer of the securities. The directors are of the opinion that the carrying amount of the unlisted available-for-sale equity securities does not significantly deviate from its fair value. Sensitivity analysis on significant unobservable inputs is not performed given the transaction-based valuation as of 30th September, 2014.

The movement during the period in the balance of Level 3 fair value measurements is as follows :-

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
At 1st April	155,194	—
Transfer out of Level 3 to Level 1 upon listing	(77,610)	—
Unrealised gains recognised in other comprehensive income during the period	<u>107</u>	<u>—</u>
At 30th September	<u>77,691</u>	<u>—</u>

Other than the above, there were no transfers among different levels of fair value hierarchy.

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 20 which comprises the consolidated balance sheet of Dickson Concepts (International) Limited as of 30th September, 2014 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, 2014 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, 27th November, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September, 2014, the Group's turnover increased by 5.0 per cent. to HK\$2,036.3 million. Comparable store sales, adjusted for discontinued and new stores, decreased by 3.0 per cent.. As a result of a change in sales mix and in order to maximise sales in the face of the significant decline in the retail markets in which the Group operates, particularly in Hong Kong, China and Singapore, margins were lowered by 3.4 percentage points.

Net loss from operations was HK\$51.6 million. A non-cash impairment charge of HK\$81.8 million was also made on the fixed assets of certain retail stores as a result of the declining retail climate. Loss attributable to equity shareholders totalled HK\$133.4 million.

BUSINESS REVIEW

During this six-month period, the Group has opened 13 new stores and plans to have a further 9 stores opened by 31st March, 2015. New stores to be opened in Hong Kong include a 5,300 sq. ft. Beauty Avenue store at Tsuen Wan Plaza in November 2014 offering the most comprehensive cosmetics and skincare products from leading international names and a 3,100 sq. ft. Tommy Hilfiger store at the Moko Mall in Mongkok in December 2014.

Today, the Group's retail network totals 249 stores. This comprises 44 stores in Hong Kong, 93 in China, 81 in Taiwan, 16 in Singapore, 8 in Malaysia and 7 in Macau.

Geographically, Hong Kong contributed 65 per cent. of sales, Taiwan 18 per cent., China 8 per cent. and the rest of Asia 9 per cent..

FULL YEAR PROSPECTS

The Group expects the retail climate in Asia and China to remain weak in the immediate future. The Hong Kong retail market has further deteriorated as a result of Occupy Central. Given these difficult conditions, the Group will rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

With net cash of HK\$997.0 million and its strong balance sheet, the Group is in an excellent position to take advantage of any recovery in market condition as well as to undertake new investment opportunities to diversify and broaden its earnings base.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2014, the Group had 2,495 (2013 : 2,682) employees. Total staff costs (including directors' emoluments) amounted to HK\$305.4 million (2013 : HK\$290.3 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 which was adopted on 18th July, 2013 ("the Share Option Scheme") were disclosed in the Company's 2014 annual report ("the 2014 Annual Report"). No share options were granted or exercised under the Share Option Scheme during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2014, the Group's net cash from operating activities was utilised to fund increase in working capital requirements and capital expenditure. Together with payment of the final dividend for the previous financial year, net cash utilisation totalled HK\$66.6 million.

As a result, the Group's net liquid financial resources as at 30th September, 2014 stood at HK\$997.0 million, represented by cash, bank balances and deposits of HK\$1,544.5 million less short-term bank borrowings of HK\$547.5 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.

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, 2014, the Group's current ratio, being current assets divided by current liabilities, was 2.4 times compared to 3.5 times as at 31st March, 2014. 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, 2014 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2014, 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	15,358	—	—	174,182,347 ⁽ⁱ⁾	174,197,705	44.56

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, 2014, 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, 2014, no share options had been granted to the directors under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2014, 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	174,197,705 ⁽ⁱ⁾	44.56	Interest of spouse
Dickson Investment Holding (PTC) Corporation (“DIHPTC”)	174,182,347 ⁽ⁱⁱ⁾	44.56	Trustee
Paicolex Trust Company (BVI) Limited (“Paicolex BVI”)	174,182,347 ⁽ⁱⁱ⁾	44.56	Trustee
Paicolex Trust Management AG (“Paicolex AG”)	174,182,347 ⁽ⁱⁱ⁾	44.56	Trustee
Brandes Investment Partners, L.P.	26,737,578	6.84	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 174,182,347 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, 2014 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 resolved not to declare an interim dividend (2013 : HK11.0 cents per ordinary share).

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 ordinary shares.

SHARE OPTION SCHEME

As at 30th September, 2014, 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.

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 ("the CG Code") as set out in Appendix 14 of the Listing Rules throughout the period under review except code provision A.2.1 of the CG Code as following the resignation of Mr. Raymond Lee as an Executive Director and the Chief Executive Officer ("CEO") of the Company with effect from 1st July, 2014, the functions of the CEO is now performed by Mr. Dickson Poon, the Group Executive Chairman.

Detailed information on the Company's other corporate governance practices was set out in the Corporate Governance Report included in the 2014 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, 2014 with the Board.

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

Executive Directors:

Dickson Poon (*Group Executive Chairman*)

Chan Tsang Wing, Nelson

(*Chief Operating Officer*)

Chan Hon Chung, Johnny Pollux

Lau Yu Hee, Gary

Ng Chan Lam

Tsang Chi Kin

Independent Non-Executive Directors:

Bhanusak Asvaintra

Nicholas Peter Etches

Leung Kai Hung, Michael

By Order of the Board

Or Suk Ying, Stella

Company Secretary

Hong Kong, 27th November, 2014