



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

INTERIM REPORT
2020-2021

Stock Code : 0113



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CORPORATE INFORMATION

Board of Directors :

Group Executive Chairman :

Dickson Poon

Executive Directors :

Chan Hon Chung, Johnny Pollux

Lau Yu Hee, Gary

Poon Dickson Pearson Guanda

Independent Non-Executive Directors :

Bhanusak Asvaintra

Nicholas Peter Etches

Fung Yue Ming, Eugene Michael

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches (**Chairman**)

Bhanusak Asvaintra

Fung Yue Ming, Eugene Michael

Nomination Committee :

Dickson Poon (**Chairman**)

Bhanusak Asvaintra

Nicholas Peter Etches

Remuneration Committee :

Bhanusak Asvaintra (**Chairman**)

Chan Hon Chung, Johnny Pollux

Nicholas Peter Etches

Investment Committee :

Dickson Poon (**Chairman**)

Chan Hon Chung, Johnny Pollux

Poon Dickson Pearson Guanda

Lo Ming Yue, Edmund Thomas

Independent Auditor :

KPMG

Certified Public Accountants

Public Interest Entity Auditor

registered in accordance with the

Financial Reporting Council Ordinance

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 54, Hopewell Centre,

183 Queen's Road East,

Hong Kong.

Share Registrar in Bermuda :

Conyers Corporate Services (Bermuda) 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>

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS AND INTERIM DIVIDEND

For the six months ended 30th September, 2020, the Group's turnover was HK\$981.1 million, a decrease of 42.7 per cent..

The catastrophic retail climate in Hong Kong resulted in a 47.4 per cent. decrease in turnover during the period. The Group succeeded in offsetting this decrease through a substantial increase in profit contribution from the investment portfolio, a doubling of profit in Taiwan, profit contribution from China and tight control in operating costs at all levels of operation.

Net profit attributable to equity shareholders was HK\$133.4 million (2019 : HK\$119.0 million). The Group's investment portfolio contributed a net profit of HK\$62.2 million (2019 : HK\$11.8 million).

In view of these results, the Board has resolved to declare an interim dividend of HK8 cents (2019 : HK8 cents) per ordinary share.

BUSINESS REVIEW

During the period under review, the Group faced one of the worst retail environments that Hong Kong has ever faced as a result of the continued outbreak of COVID-19. The pandemic has resulted in Hong Kong's unemployment rate soaring to a level not seen in nearly 16 years, while GDP experienced record declines during the year. Meanwhile, tourism has literally come to a complete halt. This has resulted in Hong Kong's retail sales declining for 20 months in a row on a year-on-year basis. As a result, the Group's turnover in Hong Kong decreased by 47.4 per cent. during the period and the Group's retail operations in Hong Kong incurred substantial negative cash flows.

In Taiwan, the Group achieved profits increase of over 100 per cent. in the first half. This is a direct result of continued improvement in consumer sentiment, together with margin improvement and aggressive cost and inventory control.

In China, the Group successfully restructured its organisation and expanded both its retail and digital presence, while growing like-for-like sales of its retail stores significantly. This has successfully enabled the Group to turnaround its China operation from loss making to profits contributing.

The investment market has continued to be extremely volatile as a result of the worldwide impact of COVID-19. The Group has always been very cautious in managing its investment portfolio and has succeeded in achieving a profit of HK\$62.2 million during the period under review.

FULL YEAR PROSPECTS

The Group is extremely pessimistic about the retail climate in Hong Kong. With the arrival of the fourth wave of the coronavirus and with the Employment Support Scheme from the Government coming to an end on 30th November this year, the unemployment rate in Hong Kong may further increase and local consumer sentiment may further weaken from the current depressed levels. Despite the possibilities of the re-opening of our borders with China and other Asian countries in the near future, the Group does not expect a significant return of tourists in the foreseeable future.

On the investment side, the Group will continue to seek new investment opportunities to diversify and broaden its earnings base.

The Group will continue to employ the most conservative approach to manage its retail network and will continue to rigorously control costs at all levels of operation. With its strong balance sheet, the Group is confident in coping with Hong Kong's recession and the very difficult retail climate.

Dickson Poon

Group Executive Chairman

Hong Kong, 26th November, 2020



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 7 to 25 which comprises the consolidated statement of financial position of Dickson Concepts (International) Limited as of 30th September, 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and 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, 2020 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, 26th November, 2020

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, 2020 together with the comparative figures are as follows :-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30th September, 2020

	NOTE	Six months ended 30th September,	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Revenue	2	981,057	1,712,925
Cost of sales		<u>(601,169)</u>	<u>(956,426)</u>
Gross profit		379,888	756,499
Other income	3	68,628	515,268
Selling and distribution expenses		(226,401)	(931,141)
Administrative expenses		(57,814)	(129,399)
Other operating expenses		<u>(13,169)</u>	<u>(21,511)</u>
Operating profit		151,132	189,716
Finance costs		<u>(17,801)</u>	<u>(18,780)</u>
Profit before taxation	4	133,331	170,936
Tax credit / (expense)	5	<u>115</u>	<u>(51,927)</u>
Profit for the period attributable to equity shareholders of the Company		<u>133,446</u>	<u>119,009</u>
Earnings per share (basic and diluted)	6	<u>33.9 cents</u>	<u>29.8 cents</u>

The notes on pages 13 to 25 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30th September, 2020

Six months ended 30th September,
2020 2019

(unaudited) (unaudited)
HK\$'000 HK\$'000

Profit for the period 133,446 119,009

Other comprehensive income for the period :

Item that may be reclassified subsequently to profit or loss :

Exchange differences on translation of financial statements
of overseas subsidiary companies (Note) 16,566 (5,218)

**Total comprehensive income for the period attributable
to equity shareholders of the Company** 150,012 113,791

Note :-

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

The notes on pages 13 to 25 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2020

	NOTE	30/9/2020 (unaudited) HK\$'000	31/3/2020 (audited) HK\$'000
Non-current assets			
Property, plant and equipment		41,832	47,813
Right-of-use assets		77,253	113,646
Deferred tax assets		—	1,995
Other financial assets	8	<u>1,151,860</u>	<u>1,195,424</u>
		1,270,945	1,358,878
Current assets			
Inventories		216,899	323,477
Debtors, deposits and prepayments	9	307,334	374,323
Tax recoverable		9,623	5,365
Other financial assets	8	225,026	239,601
Cash and bank balances		<u>3,368,488</u>	<u>3,323,006</u>
		<u>4,127,370</u>	<u>4,265,772</u>
Current liabilities			
Bank loans	10	945,786	1,059,774
Creditors and accruals	11	579,882	465,035
Lease liabilities		290,453	314,965
Taxation		15,578	52,824
		<u>1,831,699</u>	<u>1,892,598</u>
Net current assets		<u>2,295,671</u>	<u>2,373,174</u>
Total assets less current liabilities		<u>3,566,616</u>	<u>3,732,052</u>
Non-current liabilities			
Lease liabilities		607,547	738,498
Deferred tax liabilities		<u>21,132</u>	<u>20,353</u>
Total non-current liabilities		<u>628,679</u>	<u>758,851</u>
Net assets		<u>2,937,937</u>	<u>2,973,201</u>
Capital and reserves			
Share capital	12	118,261	118,261
Reserves		<u>2,819,676</u>	<u>2,854,940</u>
Total equity attributable to equity shareholders of the Company		<u>2,937,937</u>	<u>2,973,201</u>

The notes on pages 13 to 25 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2020

	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)
Balance at 1st April, 2020	118,261	502,561	110,271	2,242,108	2,973,201
Dividends approved and paid in respect of prior year (Notes 7(b) and 7(c)) — by means of cash	—	—	—	(185,276)	(185,276)
Profit for the period	—	—	—	133,446	133,446
Other comprehensive income for the period	—	—	16,566	—	16,566
Balance at 30th September, 2020	118,261	502,561	126,837	2,190,278	2,937,937

The comparative figures for 2019 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)
Balance at 1st April, 2019	119,999	526,415	113,703	1,734,945	2,495,062
Dividends approved and paid in respect of prior year (Note 7(b)) — by means of cash	—	—	—	(107,673)	(107,673)
Repurchases of shares of the Company	(1,536)	(21,157)	—	—	(22,693)
Profit for the period	—	—	—	119,009	119,009
Other comprehensive income for the period	—	—	(5,218)	—	(5,218)
Balance at 30th September, 2019	118,463	505,258	108,485	1,746,281	2,478,487

The notes on pages 13 to 25 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2020

	Six months ended 30th September,	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Cash generated from operations before changes in working capital (Note a)	163,056	778,501
Decrease in inventories	111,246	68,636
Decrease / (increase) in debtors, deposits and prepayments	67,926	(42,233)
Decrease in other financial assets held for trading	7,776	203,168
Increase / (decrease) in creditors and accruals	116,227	(159,688)
Other changes in working capital	(185)	169
Cash generated from operations	466,046	848,553
Tax paid (net)	(40,283)	(10,366)
Net cash generated from operating activities	425,763	838,187
Payment for purchase of property, plant and equipment	(6,926)	(11,147)
Payment for purchase of other financial assets	(110,070)	(527,064)
Net proceeds from sales / redemption of other financial assets	186,811	—
Decrease in bank deposits with original maturity over three months	21,742	921,096
Other cash flows arising from investing activities	12,814	30,791
Net cash generated from investing activities	104,371	413,676
(Repayments) / proceeds of bank loans	(113,988)	591,392
Capital element of lease rentals paid	(158,998)	(189,448)
Interest element of lease rentals paid	(13,141)	(13,734)
Dividends paid	(185,276)	(107,673)
Other cash flows arising from financing activities	(5,028)	(27,739)
Net cash (used in) / generated from financing activities	(476,431)	252,798
Net increase in cash and cash equivalents	53,703	1,504,661
Cash and cash equivalents at 1st April	3,301,308	818,046
Effect of foreign exchange rate changes	13,477	(3,363)
Cash and cash equivalents at 30th September (Note b)	3,368,488	2,319,344

Notes :-

- a. Cash generated from operations before changes in working capital is arrived at after adjusting for depreciation (Note 4), impairment loss on right-of-use assets (Note 4), net realised and unrealised gain / loss on unlisted equity securities (Note 3), interest income (Note 3) and other non-cash items.
- b. Cash and cash equivalents represent cash and bank balances at the end of the period.

The notes on pages 13 to 25 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

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 26th November, 2020.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any 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 financial statements 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 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 6. 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, 2020 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

(b) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report.

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

2. REVENUE AND SEGMENTAL INFORMATION

(a) Revenue

The principal activities of the Group are the Sale of Luxury Goods and Securities Investment.

Revenue represents the invoiced value of goods sold less discounts and returns, income from concession and consignment sales, net realised gain / (loss) on securities held for trading, dividend income, and interest income from debt securities and short-term bank deposits under Securities Investment segment.

The amount of each significant category of revenue is as follows :-

	Six months ended 30th September,	
	2020 HK\$'000	2019 HK\$'000
Revenue from Sale of Luxury Goods and net income from concession and consignment sales		
Watches and jewellery	467,640	780,998
Cosmetics and beauty products	285,743	523,282
Fashion and accessories	<u>203,998</u>	<u>389,023</u>
	957,381	1,693,303
Revenue from Securities Investment	<u>23,676</u>	<u>19,622</u>
	<u>981,057</u>	<u>1,712,925</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*.

(b) Segment reporting

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments :-

Sale of Luxury Goods business : The sale of luxury goods to retail and wholesale customers and net income from concession and consignment sales.

Securities Investment business : The investment in listed and unlisted securities.

(i) Segment results

Information regarding the Group's reportable segments for the six months ended 30th September, 2020 and 30th September, 2019 respectively is set out below.

	Sale of Luxury Goods		Securities Investment		Total	
	Six months ended 30th September,		Six months ended 30th September,		Six months ended 30th September,	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	957,381	1,693,303	23,676	19,622	981,057	1,712,925
Reportable segment revenue	957,381	1,693,303	23,676	19,622	981,057	1,712,925
Reportable segment profit	71,291	107,164	62,155	11,845	133,446	119,009

Revenue and expenses are allocated to the reportable segments with reference to the sales generated and expenses incurred by those segments. The measure used for reporting segment profit is profit after taxation.

(ii) Reconciliations of reportable segment revenue and profit or loss

Revenue and profit

No reconciliation of revenue and profit after taxation is required as the total reportable segments' figures are equal to the Group's consolidated figures.

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment and right-of-use assets. The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of property, plant and equipment and right-of-use assets.

	<u>Revenues from external customers</u>		<u>Specified non-current assets</u>	
	Six months ended 30th September,			
	2020 HK\$'000	2019 HK\$'000	30/9/2020 HK\$'000	31/3/2020 HK\$'000
Hong Kong (place of domicile)	<u>737,681</u>	1,403,553	<u>85,000</u>	109,728
Taiwan	<u>193,932</u>	259,428	<u>26,689</u>	39,993
Other territories	<u>49,444</u>	49,944	<u>7,396</u>	11,738
	<u>243,376</u>	309,372	<u>34,085</u>	51,731
Total	<u>981,057</u>	1,712,925	<u>119,085</u>	161,459

3. OTHER INCOME

	Six months ended 30th September,	
	2020 HK\$'000	2019 HK\$'000
Unrealised gain / (loss) on unlisted equity securities	27,287	(2,371)
Unrealised gain on listed debt and equity securities held for trading	15,633	—
Unrealised gain on investment in securities held for trading at fair value	3,935	—
Realised gain on listed debt securities measured at amortised cost	757	—
Impairment loss on listed debt securities measured at amortised cost	(123)	—
Interest income	12,800	19,114
Loss on disposal of property, plant and equipment	(43)	(163)
Net foreign exchange loss	(1,618)	(2,092)
Other income (Note)	<u>10,000</u>	500,780
	<u>68,628</u>	515,268

Note :-

Other income represents amounts received / receivable by the Group for termination / expiration of store and distribution licences.

4. PROFIT BEFORE TAXATION

Six months ended 30th September,
2020 2019
HK\$'000 HK\$'000

Profit before taxation is arrived at after charging :-

Depreciation		
— property, plant and equipment	12,066	12,613
— right-of-use assets	40,271	187,034
Interest on bank loans	5,028	5,046
Interest on lease liabilities	12,773	13,734
Impairment loss on right-of-use assets	—	410,000
	<u>12,066</u>	<u>410,000</u>

5. TAXATION

Six months ended 30th September,
2020 2019
HK\$'000 HK\$'000

Current tax — Hong Kong Profits Tax		
Provision for the period	—	9,185
(Over) / under-provision in respect of prior years	(3,179)	300
	<u>(3,179)</u>	<u>9,485</u>
Current tax — Overseas		
Provision for the period	1,611	42,746
Over-provision in respect of prior years	(594)	(304)
	<u>1,017</u>	<u>42,442</u>
Deferred tax		
Origination and reversal of temporary differences	2,047	—
	<u>2,047</u>	<u>—</u>
Total income tax (credit) / expense	<u>(115)</u>	<u>51,927</u>

Taxation in the consolidated statement of profit or loss includes provision for Hong Kong Profits Tax at 16.5 per cent. (2019 : 16.5 per cent.) on the estimated assessable profits for the period after deducting tax losses brought forward from previous years.

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 is based on the profit for the period attributable to ordinary equity shareholders of the Company of HK\$133,446,000 (2019 : HK\$119,009,000) and the weighted average number of 394,202,808 ordinary shares (2019 : 398,836,290 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

	Six months ended 30th September, 2020	2019
	Number of shares Thousands	Number of shares Thousands
Issued ordinary shares at 1st April	394,203	399,998
Effect of shares repurchased	<u>—</u>	<u>(1,162)</u>
Weighted average number of ordinary shares at 30th September	<u>394,203</u>	<u>398,836</u>

7. DIVIDENDS

	Six months ended 30th September, 2020	2019
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : HK8 cents (2019 : HK8 cents) per ordinary share	<u>31,536</u>	<u>31,536</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK27 cents (for the year ended 31st March, 2019 : HK27 cents) per ordinary share	<u>106,435</u>	<u>107,673</u>
(c) Special dividend in respect of the previous financial year, approved and paid during the interim period, of HK20 cents (for the year ended 31st March, 2019 : Nil) per ordinary share	<u>78,841</u>	<u>—</u>

8. OTHER FINANCIAL ASSETS

	30/9/2020 HK\$'000	31/3/2020 HK\$'000
Non-current assets		
Unlisted equity securities designated at fair value through profit or loss	102,601	75,314
Listed debt securities measured at amortised cost net of loss allowance	<u>1,049,259</u>	<u>1,120,110</u>
	<u>1,151,860</u>	<u>1,195,424</u>
Current assets		
Listed debt and equity securities held for trading	208,959	141,046
Investment in securities held for trading at fair value	—	75,689
Listed debt securities measured at amortised cost net of loss allowance	<u>16,067</u>	<u>22,866</u>
	<u>225,026</u>	<u>239,601</u>
	<u>1,376,886</u>	<u>1,435,025</u>

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors (net of loss allowance) with the following ageing analysis based on due date as at the end of the reporting period :-

	30/9/2020 HK\$'000	31/3/2020 HK\$'000
Current	<u>47,283</u>	<u>33,796</u>
	<u>47,283</u>	<u>33,796</u>

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

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK\$103,960,000 (as at 31st March, 2020 : HK\$104,158,000), are expected to be recovered or recognised as an expense within one year.

10. BANK LOANS

At the end of the reporting period, the bank loans were repayable within one year and secured as follows :-

	30/9/2020 HK\$'000	31/3/2020 HK\$'000
Secured	<u>945,786</u>	<u>1,059,774</u>

At 30th September, 2020, the banking facilities of subsidiary companies were secured by charges over certain debt and equity securities with total carrying value of HK\$1,274,285,000 (as at 31st March, 2020 : HK\$1,359,711,000).

The effective borrowing interest rate at 30th September, 2020 for the Group was 0.89 per cent. (as at 31st March, 2020 : 1.78 per cent.) per annum.

11. CREDITORS AND ACCRUALS

	30/9/2020 HK\$'000	31/3/2020 HK\$'000
Trade creditors	145,144	93,447
Contract liabilities	36,553	41,447
Net defined benefit asset	(2,124)	(2,036)
Other creditors and accruals	<u>400,309</u>	<u>332,177</u>
	<u>579,882</u>	<u>465,035</u>

Included in creditors and accruals are trade creditors with the following ageing analysis based on due date as at the end of the reporting period :-

	30/9/2020 HK\$'000	31/3/2020 HK\$'000
Current	145,113	93,447
1 to 30 days overdue	<u>31</u>	<u>—</u>
	<u>145,144</u>	<u>93,447</u>

12. SHARE CAPITAL

	30/9/2020		31/3/2020	
	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	394,203	118,261	399,998	119,999
Repurchases of shares	<u>—</u>	<u>—</u>	<u>(5,795)</u>	<u>(1,738)</u>
Balance carried forward	<u>394,203</u>	<u>118,261</u>	<u>394,203</u>	<u>118,261</u>

During the year ended 31st March, 2020, the Company repurchased a total of 5,795,500 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$25,479,095 and such repurchased shares were subsequently cancelled during the year ended 31st March, 2020. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2020 are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary share HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
July 2019	1,462,500	4.95	4.35	6,899,540
August 2019	1,393,000	4.50	4.13	5,966,755
September 2019	2,264,500	4.30	4.19	9,730,610
October 2019	675,500	4.28	4.18	2,882,190

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the year ended 31st March, 2020. During the six months ended 30th September, 2020, there were no share repurchases. As at the date of this report, the number of issued shares of the Company is 394,202,808 ordinary shares.

The directors believe that the above share repurchases are in the best interests of the Company and its shareholders and that such shares repurchases would lead to an enhancement of the net assets value and / or earnings per share of the Company.

13. 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 :-

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

	Six months ended 30th September,	
	2020	2019
	HK\$'000	HK\$'000
Sales of goods	16,484	20,733
Purchases of goods	8,992	16,160
Income from the provision of management and supporting service	3,343	2,632
Rental income	4,059	3,754
Advertising and promotion service expenses	3,013	4,166
Commission expenses	3,846	2,822
Net proceeds from e-Commerce	1,119	—
	<u>16,814</u>	<u>40,067</u>

The amounts due from these companies at 30th September, 2020 amounted to HK\$3,397,000 (at 31st March, 2020 : HK\$362,000) and the amounts due to these companies at 30th September, 2020 amounted to HK\$2,650,000 (at 31st March, 2020 : HK\$2,606,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days. The amounts due from these companies are included in debtors, deposits and prepayments (Note 9) and the amounts due to these companies are included in creditors and accruals (Note 11).

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2020 not provided for in the consolidated financial statements were as follows :-

	30/9/2020	31/3/2020
	HK\$'000	HK\$'000
Contracted for	4,928	1,339
Authorised but not contracted for	86	—
	<u>5,014</u>	<u>1,339</u>

15. CONTINGENT LIABILITIES

At 30th September, 2020, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$849,322,000 (at 31st March, 2020 : HK\$853,709,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$97,068,000 (at 31st March, 2020 : HK\$97,053,000) at the end of the reporting period.

- (b) Guarantees given to licensors and landlords to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was Nil (at 31st March, 2020 : HK\$6,430,000) at the end of the reporting period.

As at the end of the reporting period, 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, 2020 and 31st March, 2020.

16. FAIR VALUE MEASUREMENT

- (a) Other financial assets carried at fair value

- (i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows :-

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30th September, 2020				
Recurring fair value measurements				
Other financial assets				
Listed debt and equity securities held for trading	208,959	—	—	208,959
Unlisted equity securities designated at fair value through profit or loss	—	—	102,601	102,601
	<u>208,959</u>	<u>—</u>	<u>102,601</u>	<u>311,560</u>
At 31st March, 2020				
Recurring fair value measurements				
Other financial assets				
Listed equity securities held for trading	141,046	—	—	141,046
Investment in securities held for trading at fair value	—	75,689	—	75,689
Unlisted equity securities designated at fair value through profit or loss	—	—	75,314	75,314
	<u>141,046</u>	<u>75,689</u>	<u>75,314</u>	<u>292,049</u>

During the six months ended 30th September, 2020, there were no transfers among different levels of fair value hierarchy.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the Group's Level 2 financial instruments is based on valuation techniques taking into account the market closing prices of the underlying equity securities and / or volatilities and interest rates, which are observable market data, at the end of the reporting period.

(iii) Information about Level 3 fair value measurements

The Group's Level 3 financial instruments represent unlisted equity securities which their fair values are based on unobservable inputs. The directors of the Group perform the valuation on Level 3 financial instruments for financial reporting purposes. Their fair values have been determined using adjusted recent financing approach or with reference to the pricing of the recent transactions.

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

	2020	2019
Unlisted equity securities :	HK\$'000	HK\$'000
At 1st April	75,314	224,710
Payment for purchases	—	2,113
Net unrealised gains / (losses) recognised in profit or loss	27,287	(2,371)
At 30th September	<u>102,601</u>	<u>224,452</u>

(b) Fair value of other financial assets carried at other than fair value

For other financial instruments carried at amortised cost as at 30th September, 2020 and 31st March, 2020, their carrying amounts and fair value and level of fair value hierarchy are disclosed below :-

	Carrying amount as at 30th September, 2020 HK\$'000	Fair value as at 30th September, 2020 HK\$'000	Fair value Measurements as at 30th September, 2020 categorised into Level 1 HK\$'000
Listed debt securities measured at amortised cost	1,065,326	1,086,397	1,086,397

	Carrying amount as at 31st March, 2020 HK\$'000	Fair value as at 31st March, 2020 HK\$'000	Fair value Measurements as at 31st March, 2020 categorised into Level 1 HK\$'000
Listed debt securities measured at amortised cost	1,142,976	1,075,215	1,075,215

17. GOVERNMENT SUBSIDIES

During the period, the Group recognised subsidies of HK\$18,604,000 under the Hong Kong SAR government's Employment Support Scheme and one-off subsidies of HK\$640,000 under Retail Sector Subsidy Scheme in the consolidated statement of profit or loss. The subsidies were deducted from operating expenses.

18. EVENT AFTER THE REPORTING PERIOD

On 20th November, 2020, ContextLogic Inc. ("Wish"), a company in which the Group holds a small equity investment, filed its preliminary prospectus in connection with its proposed initial public offering. Wish is an e-commerce company that operates the Wish e-commerce platform.

The Group currently holds 48,587 shares of the common stock of Wish ("the Wish Shares"). Based on disclosure in the preliminary prospectus, the Group understands that following completion of the proposed initial public offering, this shareholding will represent less than 0.1 per cent. of the then issued common stock of Wish. The Group's book value of the Wish Shares as at 30th September, 2020 was US\$8,239,000 based on Wish's latest fundraising price of US\$169.573 per share prior to this proposed initial public offering.

The preliminary prospectus does not include any indication on the timeframe for completion of the proposed initial public offering nor the offer price for the proposed initial public offering. However, the preliminary prospectus does disclose that the offer price will be at a premium to the price paid by investors in prior fundraisings by Wish.

Pursuant to a lock-up arrangement which applies to the Wish Shares and the terms of the preliminary prospectus, the Group will, following the proposed initial public offering (if it occurs), be unable to sell the Wish Shares until the earlier of: (i) 181 days following the date of the final prospectus (the date of the final prospectus is not yet known); and (ii) the opening of trading on the second trading day immediately following Wish's release of earnings for the second quarter following completion of the proposed initial public offering.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2020, 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	Personal Interests	Ordinary shares of HK\$0.30 each			Total	Percentage ⁽ⁱⁱ⁾
			Family Interests	Corporate Interests	Other Interests		
Dickson Poon	Beneficial owner and trust founder	17,361	—	—	233,464,065 ⁽ⁱ⁾	233,481,426	59.23
Poon Dickson Pearson Guanda	Beneficial owner and beneficiary of a discretionary trust	83,000	—	—	233,464,065 ⁽ⁱ⁾	233,547,065	59.25

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, Sir Dickson Poon and Mr. Poon Dickson Pearson Guanda are deemed to be interested in the share capital of all the subsidiary and associated companies of the Company by virtue of their interests in the Company.

Save as referred to above, as at 30th September, 2020, 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, 2020, no share options had been granted to the directors under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2020, 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	233,481,426 ⁽ⁱ⁾	59.23	Interest of spouse
Dickson Investment Holding (PTC) Corporation (“DIHPTC”)	233,464,065 ⁽ⁱⁱ⁾	59.22	Trustee
Paicolex Trust Company (BVI) Limited (“Paicolex BVI”)	233,464,065 ⁽ⁱⁱ⁾	59.22	Trustee
Paicolex Trust Management AG (“Paicolex AG”)	233,464,065 ⁽ⁱⁱ⁾	59.22	Trustee

Notes :-

- (i) These shares refer to the family interest attributable to Sir 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 233,464,065 shares which were disclosed as “Other Interests” of Sir Dickson Poon and Mr. Poon Dickson Pearson Guanda in the “Directors’ Interests” section of this report. Sir 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, 2020 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

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2020, the Group had 802 (2019 : 997) employees. Total staff costs (including directors' emoluments) amounted to HK\$112.9 million (2019 : HK\$237.8 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 ("the Share Option Scheme") were disclosed in the Company's 2020 annual report ("the 2020 Annual Report"). No share options were granted or exercised under the Share Option Scheme during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's net liquid financial resources as at 30th September, 2020 stood at HK\$2,422.7 million, represented by cash and bank balances of HK\$3,368.5 million less short-term bank borrowings of HK\$945.8 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.

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.

As at 30th September, 2020, the Group's current ratio, being current assets divided by current liabilities, was 2.3 times (as at 31st March, 2020 : 2.3 times). 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, 2020 : Nil).

INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of HK8 cents (2019 : HK8 cents) per ordinary share. The interim dividend represents a dividend payout ratio of 23.63 per cent. (2019 : 26.50 per cent.) and will absorb a total of about HK\$31.54 million (2019 : HK\$31.54 million). Shareholders whose names appear in the Register of Members of the Company on Tuesday, 5th January, 2021 will be entitled to the interim dividend which will be paid on Tuesday, 19th January, 2021.

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 Monday, 4th January, 2021 to Tuesday, 5th January, 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 31st December, 2020.

SHARE PURCHASE, SALE AND REDEMPTION

Details of ordinary shares repurchased by the Company on the Stock Exchange during the period under review are set out in Note 12 on page 21 of this report.

Save as disclosed in Note 12, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's ordinary shares during the period under review and up to the date of this report.

SHARE OPTION SCHEME

As at 30th September, 2020, 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 the functions of the Chief Executive Officer are now performed by Sir 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 2020 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.

ESTABLISHMENT OF INVESTMENT COMMITTEE AND ADDITION OF ROLE AND FUNCTION OF DIRECTORS

During the reporting period, an Investment Committee of the Company was established which comprises four members and is chaired by Sir Dickson Poon, the Group Executive Chairman, with Mr. Chan Hon Chung, Johnny Pollux and Mr. Poon Dickson Pearson Guanda, Executive Directors, and Mr. Lo Ming Yue, Edmund Thomas, Managing Director - Business Development of Dreams Concept Limited (a wholly-owned subsidiary company of the Company), as members.

CHANGES IN DIRECTORS' INFORMATION

There was no change of directors' information since the date of the 2020 Annual Report that is required to be disclosed pursuant to Rules 13.51B(1) and 13.51(B)(2) of the Listing Rules.

REVIEW OF GROUP INTERIM RESULTS

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2020 with the Board.

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

Executive Directors:

Dickson Poon (*Group Executive Chairman*)
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary
Poon Dickson Pearson Guanda

Independent Non-Executive Directors:

Bhanusak Asvaintra
Nicholas Peter Etches
Fung Yue Ming, Eugene Michael

By Order of the Board
Or Suk Ying, Stella
Company Secretary

Hong Kong, 26th November, 2020