DICKSON

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

(Stock Code : 0113)

GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2005

* Group celebrates silver jubilee by recording its highest profit levels since Asian financial crisis and is today the most profitable luxury goods group listed in Hong Kong.

* Turnover of HK$2,803 million, an increase of 7.4 per cent. compared with last year.

* Profit attributable to shareholders of HK$203.1 million, an increase of 68.9 per cent. over previous year.

* Net cash position increased to over HK$800 million.

* Board recommending final dividend of 30 cents per share.

* With Group's strong positive cash flow and in celebration of silver jubilee, Board also recommending payment of special dividend of 46 cents per share.

* Taking into account bonus issue in August 2004, total dividend payout for the year of HK$251.1 million represents actual increase of 292 per cent..

* Bonus issue of one share for every ten existing shares held also being proposed in view of Group's strong growth prospects in current financial year.

* With comprehensive retail network of nearly 400 shops throughout Asia and China, opening of Harvey Nichols at The Landmark, Seibu store in Chengdu and at least 50 new shops this year, Group is extremely confident that, barring unforeseen circumstances, strong future earnings growth in the immediate, medium and longer term will be achieved.

The Board of Directors of Dickson Concepts (International) Limited ("the Company") announces that the Group's audited consolidated results for the financial year ended 31st March, 2005 together with last year's corresponding comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

			Financial year ended 31st March,	
		NOTE	**2005 HK$'000**	2004 HK$'000
Turnover		1	**2,803,004**	2,609,915
Cost of sales			**(1,514,819)**	(1,512,233)
Gross profit			**1,288,185**	1,097,682
Other income			**39,198**	29,803
Selling and distribution expenses			**(880,165)**	(777,756)
Administrative expenses			**(176,663)**	(164,029)
Other operating expenses			**(50,820)**	(50,558)
Operating profit			**219,735**	135,142
Finance costs			**(1,687)**	(1,905)
Share of profits less losses of associated companies			**16,373**	11,441
Profit from ordinary activities before taxation		2	**234,421**	144,678
Taxation		3	**(30,803)**	(22,254)
Profit from ordinary activities after taxation			**203,618**	122,424
Minority interests			**(501)**	(2,145)
Profit attributable to shareholders			**203,117**	120,279
Earnings per share		4	**72.0 cents**	42.6 cents
Dividend per share	- Interim dividend declared and paid		**13.0 cents**	2.7 cents
	- Final dividend proposed after the balance sheet date		**30.0 cents**	20.0 cents
	- Special dividend proposed after the balance sheet date		**46.0 cents**	–
			89.0 cents	22.7 cents

NOTES

1. TURNOVER/SEGMENTAL INFORMATION

Turnover represents sales of own bought and concession goods (less returns). The sales of own bought goods of HK$2,325,572,000 (2004 : HK$2,188,925,000) is the only significant category of revenue of the Group during the year.

Business segment

The Group has only one single business segment which is the sales of luxury goods. Accordingly, the segment information for this sole business segment is equivalent to the consolidated figures.

Geographical segments

In presenting information on the basis of geographical segments, segment turnover is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Financial year ended 31st March, 2005		
	Turnover HK$'000	**Capital expenditure HK$'000**	**Total assets HK$'000**
Hong Kong	**1,659,070**	**43,798**	**1,173,256**
Other territories mainly in Asia	**1,143,934**	**27,359**	**716,650**
	2,803,004	**71,157**	**1,889,906**
Associated companies			**112,636**
Total assets			**2,002,542**

	Financial year ended 31st March, 2004		
	Turnover HK$'000	Capital expenditure HK$'000	Total Assets HK$'000
Hong Kong	1,584,407	21,165	1,215,462
Other territories mainly in Asia	1,025,508	24,793	489,584
	2,609,915	45,958	1,705,046
Associated companies			105,781
Total assets			1,810,827

There is no major disparity in the ratios between turnover and profit in relation to the above geographical locations, hence no analysis is given of the profit contributions from the above geographical locations.

2. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

	Financial year ended 31st March,	
	2005	2004
	HK$'000	HK$'000
Profit from ordinary activities before taxation is arrived at after charging / (crediting) :-		
Depreciation	**57,743**	51,661
Interest on bank overdrafts and loans repayable within five years	**1,687**	1,905
Realised gain on other investments	**(265)**	(1,072)
Interest income	**(8,383)**	(6,242)
Gain on disposal of associated companies	**–**	(872)

3. TAXATION

	Financial year ended 31st March,	
	2005	2004
	HK$'000	HK$'000
Current tax		
Hong Kong	**228**	9
Overseas	**25,186**	10,883
	25,414	10,892
Deferred tax		
Origination and reversal of temporary differences	**3,526**	8,433
Effect of change in tax rate on deferred tax	**–**	669
	3,526	9,102
Share of associated companies' tax	**1,863**	2,260
Total income tax expense	**30,803**	22,254

The provision for Hong Kong Profits Tax for 2005 is calculated at 17.5 per cent. (2004 : 17.5 per cent.) of the estimated assessable profits for the year. Taxation for overseas subsidiary companies is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

4. EARNINGS PER SHARE

The calculation of basic earnings per share in the current year is based on the profit after taxation and minority interests of HK$203,117,000 (2004 : HK$120,279,000) and the weighted average number of 282,101,217 shares (2004 : 282,101,217 shares after adjusting for the one for ten bonus issue during the year) in issue during the year.

5. RECENTLY ISSUED ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005.

The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st March, 2005. The Group has already commenced an assessment of the impact of these new HKFRSs and has so far concluded that the adoption of the new HKFRS3 "Business combinations" would have impact on the accounts as set out below :-

At present, positive goodwill is amortised in the consolidated profit and loss account on a straight-line basis over its estimated useful life. Following the adoption of the new HKFRS3 for the financial year beginning 1st April, 2005, in respect of previously recognised positive goodwill, amortisation shall be discontinued and the goodwill shall be tested for impairment in accordance with Hong Kong Accounting Standard 36 "Impairment of assets".

The Group will be continuing with the assessment of the impact of the other new HKFRSs and other significant changes may be identified as a result.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is celebrating its silver jubilee by recording its highest profit levels since the Asian financial crisis and achieving its stated objective of a balanced increase in sales growth and margins improvement.

The Group is perfectly positioned to take advantage of the continued economic improvement in the region and the increases in consumer spending and tourist arrivals. Barring unforeseen circumstances, the Group remains extremely confident about its future growth prospects.

FINANCIAL RESULTS

Turnover for the year was HK$2,803 million, an increase of 7.4 per cent. compared with last year.

Profit attributable to shareholders was HK$203.1 million, an increase of 68.9 per cent. over the previous year.

In view of these results, the Board is recommending the payment of a final dividend of 30 cents per share.

With the Group's strong positive cash flow and in celebration of its silver jubilee, the Board has also decided to recommend the payment of a special dividend of 46 cents per share.

The total of the final dividend and special dividend together with the interim dividend of 13 cents per share paid in January 2005, amounts to 89 cents per share for the year or a total payout of

HK$251.1 million. Taking into account the bonus issue of 25,645,565 shares in August 2004, the total dividend payment represents an actual increase of 292 per cent. over that of last year.

In view of the Group's strong growth prospects in the current financial year, the Board is also recommending a bonus issue to shareholders in the proportion of one share for every ten existing shares held.

REVIEW OF OPERATIONS

Asian Retailing

The Group's retail network at 31st March, 2005 totalled 379 shops and shop-in-shops. This comprised 49 in Hong Kong, 140 in China, 143 in Taiwan and 47 in Singapore, Malaysia and the Philippines.

Hong Kong

In its home territory of Hong Kong, the Group continued to achieve significant turnover and profits growth.

During the year, the Group opened new shops, relocated existing shops to larger premises and introduced new brands.

A 50/50 joint venture has been formed with Michael Kors of the United States which will be the exclusive licensee for all Michael Kors brands in South East Asia and China. In this regard, following the opening of the first Michael Kors flagship shop at The Landmark in March 2005, a Michael Kors Collection shop will be opened this Fall at Harvey Nichols. The Group considers the Michael Kors investment to be at least a 42 shops opportunity over the next 5 years and hence it is another brand that represents strong potential within the Group.

The third Hong Kong Seibu store at Langham Place, Mongkok, has exceeded budget expectations since its opening in November 2004 and is on target to achieve profitability within its first year of operation. Together with the two established stores at Pacific Place and Windsor House, Hong Kong Seibu is expected to make an increasingly significant contribution to the Group's turnover and profits.

The first Harvey Nichols store in South East Asia will be launched as planned during the fourth quarter of 2005 at The Landmark. Occupying 60,000 s.f. of prime retailing space, this Harvey Nichols store will offer a vast array of international brands, many of which will be new to Asia. The store will set new standards in innovation and style and simultaneously define what the Group considers to be the next generation of luxury retailing. While the store is expected to attract both domestic consumers and international tourists alike, over 300 staff will be employed to manage and operate the Harvey Nichols business which, as a result, will further stimulate the local employment market and contribute to the future economic growth of Hong Kong.

The strong performance of the Group's 49 shops in Hong Kong coupled with the three Hong Kong Seibu stores and the opening of the Harvey Nichols store, places the Group in an ideal position to capitalise on the strong growth of the Hong Kong economy.

China

During the year under review, the Group opened 42 Polo Ralph Lauren, Polo Jeans Company, Brooks Brothers and S.T. Dupont shops and shop-in-shops in China.

As the Group invested in China over 12 years ago, the Group's brands are well-established there. With over 140 shops located in over 25 provinces throughout first tier to fourth tier cities, the Group's geographical reach in China is significant.

Having established Seibu as the leading lifestyle store in southern China over the past 10 years, the Group has been approached by many leading local developers and domestic developers from China to be their anchor tenant and open Seibu stores at their shopping centres. As a result, the Group intends to aggressively expand its Seibu store network in China and expects each of these stores to be a profit contributor from their second year of operation. Since each store will be of a size ranging from 20,000 s.f. to over 100,000 s.f., they will obviously have significant impact in terms of bottom line contribution once established. This big box format will represent an additional business model and important profit centre for the Group in the coming years in addition to investing in opening shops for new international brands.

The Group will open its first Seibu store in western China in Chengdu, the capital of Sichuan province at the end of the year. This large format store of over 100,000 s.f. at the heart of Chengdu's business and commercial centre is expected to breakeven in its first year of operation and to contribute profits from the second year. The Group expects this store to become the undisputed leading destination for upmarket retailing in Chengdu.

The expanded Seibu operations in China together with the Group's comprehensive retail network in the country will enable the Group to take advantage of increased consumer spending in China as well as benefit from the increase in Chinese tourists to Hong Kong and South East Asia.

Taiwan

In Taiwan, the Group opened an additional 19 shops during the year and now owns and operates a comprehensive retail network of over 140 shops throughout the island. With strong domestic consumer spending, the Group continues to expect strong growth in sales and profits in the years ahead.

Other Asian Markets

With a retail network of 47 shops and shop-in-shops in Singapore, Malaysia and the Philippines, the Group is well placed to take advantage of any improvement in economic conditions in these countries.

Bertolucci

During the year, the Group completed the acquisition of the entire issued share capital of Bertolucci SA, the luxury watch company based in Marin, near Neuchatel, in Switzerland.

With the Group's comprehensive watch and jewellery retail network in South East Asia, Bertolucci will be provided with prime locations and tremendous exposure to reinforce the prestige of the brand as well as for the Group to enjoy first in last out margins. Furthermore, Bertolucci's international network of 19 agents together with the Group's proven expertise in the watch and jewellery business will enable Bertolucci to significantly enhance its international popularity.

The Group considers Bertolucci to be a tremendously undervalued asset with very significant upside potential both in terms of profits and capital appreciation once the Group has completed the implementation of its development strategies in the years ahead.

FUTURE PROSPECTS

The Group's unparalleled retail network of nearly 400 shops and shop-in-shops throughout the region and China will be the foundation for the Group's strong growth in the immediate future.

The opening of the Harvey Nichols store at The Landmark and the Seibu store in Chengdu, coupled with the additional 50 new shops being opened during the current financial year, will provide the Group with strong earnings growth in the medium term.

The planned expansion of large format Seibu stores in China and the implementation of its development plans for Bertolucci will provide the Group with additional strong revenue streams. Together with the expansion of its existing businesses as well as the introduction of new brands such as Michael Kors, strong turnover and profits growth for the Group will be ensured for the longer term.

Together with its net cash position of over HK$800 million and its strong balance sheet, the Group is perfectly positioned to take full advantage of continued economic growth in Asia and China and to exploit any investment opportunities of exceptional value.

Since the founding of the Group in 1980, a number of major local and international crises have seriously affected trading conditions over the past 25 years. As it celebrates its silver jubilee, the Group is extremely proud that all these challenges have been surmounted and that the Group has successfully emerged as the most geographically diversified and profitable luxury goods group listed in Hong Kong. The Group is pleased to have achieved its highest profit levels since the Asian financial crisis and looks forward with supreme confidence to years of strong growth ahead.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March, 2005, the Group had 1,965 employees. Remuneration policies are reviewed regularly by the Board of Directors of the Company. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective countries and businesses in which the Group operates.

LIQUIDITY AND FINANCIAL RESOURCES

The principal businesses of the Group in Hong Kong and overseas recorded steady and consistent growth throughout the year.

Together with continued improvement in margins and tight control over costs and inventory, the Group further consolidated its financial resources and liquidity.

Cash generated from the Group's operations totalling HK$315.4 million was more than sufficient to fund all of the Group's capital expenditure and investments of HK$79.2 million, net reduction in short term bank loans of HK$42.2 million and dividends paid of HK$93.1 million.

The net surplus cash generated from the Group's operations of HK$118.4 million and proceeds from the disposal of certain associated company interests of HK$10.2 million increased the Group's total cash balances at 31st March, 2005 to HK$898.8 million representing an increase of over 16 per cent. compared to HK$769.3 million in the previous year. After deducting bank borrowings of HK$56.6 million, the Group's net surplus cash position as at 31st March, 2005 stood at HK$842.2 million.

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

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

FOREIGN CURRENCY EXPOSURE

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

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

The Group's purchases are mainly denominated in United States Dollars, Swiss Francs and Euros. Forward exchange contracts are utilised, where appropriate, to purchase the relevant currency to settle amounts due. It is the Group's policy that forward exchange contracts or foreign currency purchases are strictly limited to approved purchase budget amounts or purchase commitments made.

FINANCIAL MANAGEMENT

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

Surplus cash is held mainly in United States and Hong Kong Dollars with the majority placed on short-term time deposits with international financial institutions. The average duration of the Group's surplus funds placed on time deposits is 0.5 month providing the Group with the flexibility to access such funds at short notice in the event any appropriate investment or yield enhancement opportunity arises.

As at 31st March, 2005, the Group's current ratio, being current assets divided by current liabilities, was 2.75 times compared to 2.79 times last year. The Group has maintained a net surplus cash position throughout the period under review. Thus, its gearing ratio, being total bank borrowings net of cash balances over the Group's shareholders' funds is Nil (as at 31st March, 2004 : Nil).

COMMITMENTS

Commitments outstanding at 31st March, 2005 and not provided for in the accounts were as follows :-

Capital commitments :-

	Financial year ended 31st March,	
	2005	2004
	HK$'000	HK$'000
Contracted for	**52,885**	823
Authorised but not contracted for	—	—
	52,885	823

CONTINGENT LIABILITIES

At 31st March, 2005, the Company had the following contingent liabilities in respect of :-

(a) Guarantees of HK$847,851,000 (2004 : HK$819,262,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK$190,822,000 (2004 : HK$158,160,000) 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$13,490,000 (2004 : HK$9,169,000) at the balance sheet date.

DIVIDENDS

In view of these results, the Board of Directors is recommending the payment of a final dividend of 30 cents per share (2004 : 20 cents per share as adjusted), an increase of 50 per cent. over last year as adjusted and a special dividend of 46 cents per share (2004 : Nil). The final dividend and the special dividend, which will be paid on Friday, 2nd September, 2005, will absorb a total of about HK$84,630,000 (2004 : HK$56,420,000) and HK$129,767,000 (2004 : Nil) respectively and will be paid to Shareholders whose names appear in the Register of Members of the Company on Thursday, 25th August, 2005. Together with the interim dividend of 13 cents per share, the total dividend payout of 89 cents per share represents an increase of 292 per cent. compared with the previous year as adjusted.

BONUS ISSUE OF SHARES

The Board of Directors is also recommending a bonus issue to Shareholders in the proportion of one share for every ten existing shares held in view of the Group's confidence in the performance of its operations in the current financial year. The bonus shares will not rank for the recommended final dividend and special dividend but will rank pari passu in all other respects with the existing shares of the Company. Details of the bonus issue of shares will be included in a circular to be despatched to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 24th August, 2005 to Thursday, 25th August, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, the special dividend and the bonus shares, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23rd August, 2005.

SHARE PURCHASE, SALE AND REDEMPTION

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of the Company will be held on Thursday, 25th August, 2005.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraphs 45(1) to 45(3) of Appendix 16 (in force prior to 31st March, 2004) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

As at the date of this announcement, the Board of Directors of the Company comprises :-

Executive Directors :
Dickson Poon *(Group Executive Chairman)*
Raymond Lee *(Deputy Chairman)*
Chan Tsang Wing, Nelson
Ching Sau Hong, Kevin
Edwin Ing
Ng Chan Lam
Walter Josef Wuest

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, 22nd June, 2005

* *For identification purpose only*