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DICKSON CONCEPTS (INTERNATIONAL) LIMITED

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

(Stock Code: 0113)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 23rd September, 2011, (I) the PW Licence Agreement was entered into between HNHKL, an indirect wholly-owned subsidiary company of the Company, as grantor and PWCL as licensee regarding the licensing of a sales corner in the PP Harvey Nichols Store by the Group to PWCL; (II) the STD Licence Agreement was entered into between HNHKL as grantor and STDML as licensee regarding the licensing of a sales corner in the PP Harvey Nichols Store by the Group to STDML; and (III) the New Lease Agreement was entered into between DISPL as lessor and DSPL, an indirect wholly-owned subsidiary company of the Company, as lessee regarding the renewal of the leasing of a shop space in Singapore by DISPL to the Group.

As each of PWCL, STDML and DISPL is an associate of Mr. Dickson Poon, a Director and substantial shareholder of the Company, each of these parties is deemed to be a connected person of the Company for the purpose of the Listing Rules. Accordingly, the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement constitute Continuing Connected Transactions of the Company under Rule 14A.14 of the Listing Rules.

For the purpose of calculating the applicable percentage ratios of the Company under the Listing Rules, the transaction under each of the PW Licence Agreement and the STD Licence Agreement are aggregated as they are of similar nature and both of them involve the licensing of a sales corner in the PP Harvey Nichols Store by the Group.

Given that (i) the aggregate maximum annual cap receivable by the Group under the PW Licence Agreement and the STD Licence Agreement; and (ii) the maximum annual cap payable by the Group under the New Lease Agreement each represents less than 5 per cent. of each of the applicable percentage ratios of the Company, the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement are subject to reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules respectively and no Independent Shareholders' approval is required.

The Board announces that on 23rd September, 2011, (I) the PW Licence Agreement was entered into between HNHKL, an indirect wholly-owned subsidiary company of the Company, as grantor and PWCL as licensee regarding the licensing of a sales corner in the PP Harvey Nichols Store by the Group to PWCL; (II) the STD Licence Agreement was entered into between HNHKL as grantor and STDML as licensee regarding the licensing of a sales corner in the PP Harvey Nichols Store by the Group to STDML; and (III) the New Lease Agreement was entered into between DISPL as lessor and DSPL, an indirect wholly-owned subsidiary company of the Company, as lessee regarding the renewal of the leasing of a shop space in Singapore by DISPL to the Group as detailed below :-

**(I) Licensing of a Sales Corner
- PW Licence Agreement**

HNHKL, an indirect wholly-owned subsidiary company of the Company, as grantor and PWCL as licensee entered into the PW Licence Agreement on 23rd September, 2011 regarding the licensing of a sales corner in the PP Harvey Nichols Stores by the Group to PWCL for a period of two years commencing from 7th October, 2011 and expiring on 6th October, 2013 (both days inclusive) as detailed below :-

Grantor: HNHKL

Licensee: PWCL

Premises: A sales corner in the PP Harvey Nichols Store

Lettable Area: About 4,095 sq. ft.

Period: Two years commencing from 7th October, 2011 and expiring on 6th October, 2013 (both days inclusive)

Licence Fee: Monthly licence fee payment of HK\$1,310,400, to be paid in cash within 20 days from the end of each month in arrears. This licence fee was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions

The maximum annual cap receivable by the Group for the licensing of the sales corner in the PP Harvey Nichols Store by the Group to PWCL under the PW Licence Agreement for each of the financial years ending 31st March, 2012, 31st March, 2013 and 31st March, 2014, based on the monthly licence fee of HK\$1,310,400, will be HK\$7,609,000 (five months and twenty-five days), HK\$15,725,000 and HK\$8,117,000 (six months and six days) respectively which represents less than 5 per cent. of each of the applicable percentage ratios of the Company. The said monthly licence fee was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions.

**(II) Licensing of a Sales Corner
- STD Licence Agreement**

HNHKL, an indirect wholly-owned subsidiary company of the Company, as grantor and STDML as licensee entered into the STD Licence Agreement on 23rd September, 2011 regarding the licensing of a sales corner in the PP Harvey Nichols Stores by the Group to STDML for a period of two years commencing from 7th October, 2011 and expiring on 6th October, 2013 (both days inclusive) as detailed below :-

Grantor: HNHKL

Licensee: STDML

Premises: A sales corner in the PP Harvey Nichols Store

Lettable Area: About 685 sq. ft.

Period: Two years commencing from 7th October, 2011 and expiring on 6th October, 2013 (both days inclusive)

Licence Fee: Based on a certain percentage of the monthly gross turnover made at the sales corner but subject to a minimum monthly licence fee payment of HK\$219,200 (which was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions), to be paid in cash within 20 days from the end of each month in arrears

The maximum annual cap receivable by the Group for the licensing of the sales corner in the PP Harvey Nichols Store by the Group to STDML under the STD Licence Agreement for each of the financial years ending 31st March, 2012, 31st March, 2013 and 31st March, 2014 will be HK\$1,586,000 (five months and twenty-five days), HK\$3,934,000 and HK\$2,437,000 (six months and six days) respectively which represents less than 5 per cent. of each of the applicable percentage ratios of the Company. The said maximum annual caps were determined with reference to the licence fee of HK\$2,732,000 received by the Group from STDML in respect of the licensing of a similar size sales corner in the former PP Seibu Store by the Group to STDML for the financial year ended 31st March, 2011, the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products, the prevailing and the expected market conditions as well as the input of the management and general managers based on their experience and expertise. The estimated annual growth rate representing 20 per cent. of the licence fee of HK\$2,732,000 received by the Group from STDML in respect of the licensing of a similar size sales corner in the former PP Seibu Store by the Group to STMDL for the financial year ended 31st March, 2011.

(III) Leasing of a Shop Space
- New Lease Agreement

DISPL as lessor and DSPL, an indirect wholly-owned subsidiary company of the Company, as lessee entered into the New Lease Agreement on 23rd September, 2011 regarding the renewal of the leasing of a shop space in Singapore by DISPL to the Group for a further period of one year commencing from 1st November, 2011 and expiring on 31st October, 2012 (both days inclusive) which will supersede the lease agreement dated 8th October, 2010 (“the Old Lease Agreement”) upon its expiry on 31st October, 2011 as detailed below :-

Lessor:	DISPL
Lessee:	DSPL
Premises:	A shop space in a shopping mall at #01-05/06, Centrepoint, No. 176 Orchard Road, Singapore
Area:	About 689 sq. ft.
Period:	One year commencing from 1st November, 2011 and expiring on 31st October, 2012 (both days inclusive)
Rental:	Monthly rental payment of S\$34,450 (about HK\$216,000), to be paid in cash on the first day of each month in advance. The monthly rental was derived in accordance with the open market for properties of similar size and location and the prevailing as well as the expected market conditions

DSPL has been the lessee of the above premises since 1st February, 2002. The details of the Old Lease Agreement were disclosed in the announcement of the Company dated 8th October, 2010.

The maximum annual caps paid/payable by the Group for the leasing of the shop space in Singapore by DISPL to the Group under the Old Lease Agreement for the financial years ended/ending 31st March, 2011 and 31st March, 2012 are S\$173,000 (about HK\$1,083,000) (five months) and S\$242,000 (about HK\$1,515,000) (seven months) respectively as disclosed in the announcement of the Company dated 8th October, 2010. The rental paid by the Group to DISPL in respect of the leasing of the shop space in Singapore by DISPL to the Group under the Old Lease Agreement for the financial year ended 31st March, 2011 was S\$172,000 (about HK\$1,077,000) (five months) which was below the maximum annual cap of S\$173,000 (about HK\$1,083,000) (five months).

The maximum annual caps payable by the Group for the leasing of the shop space in Singapore by DISPL to the Group under the New Lease Agreement for each of the financial years ending 31st March, 2012 and 31st March, 2013, based on the monthly rental of S\$34,450 (about HK\$216,000), will be S\$173,000 (about HK\$1,083,000) (five months) and S\$242,000 (about HK\$1,515,000) (seven months) respectively which represent less than 5 per cent. of each of the applicable percentage ratios of the Company. The said monthly rental was derived in accordance with the open market for properties of similar size and location and the prevailing as well as the expected market conditions.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group.

The sales corners in the PP Harvey Nichols Store under the PW Licence Agreement and the STD Licence Agreement will each be used by PWCL and STDML as a retail corner and the licensing of the said sales corners by the Group to PWCL and STDML respectively in the PP Harvey Nichols Store is a practical commercial decision of the Group and will ensure steady income to the Group. The housing of the said sales corners in the PP Harvey Nichols Store will reinforce Harvey Nichols' status as one of the most prestigious store groups in Hong Kong.

The monthly licence fee receivable by the Group from PWCL under the PW Licence Agreement and the minimum monthly licence fee receivable by the Group from STDML under the STD Licence Agreement were each derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions.

The shop space under the New Lease Agreement is currently used by DSPL as a retail shop and the renewal of the Old Lease Agreement for continued operation of the said retail shop is a practical commercial decision of the Group. The monthly rental payable by the Group to DISPL under the New Lease Agreement was derived in accordance with the open market for properties of similar size and location and the prevailing as well as the expected market conditions.

The transactions under the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement are in line with the Group's principal activity of the sale of luxury goods in Asia and will ensure continuous business growth and contribute to the Group's turnover and profits.

The Directors (except Mr. Dickson Poon who was considered to be materially interested in the transaction under each of the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement due to his relationship with each of PWCL, STDML and DISPL and did not vote on the relevant resolutions regarding the Continuing Connected Transactions), including the independent non-executive Directors, consider that (i) the entering of the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and were negotiated at arm's length, are no less favourable to the Group than those available to or from (as appropriate) independent third parties; and (ii) the Continuing Connected Transactions are in the interests of the Company and its shareholders as a whole, and that the relevant maximum annual caps are fair and reasonable.

LISTING RULES IMPLICATIONS

As each of PWCL, STDML and DISPL is an associate of Mr. Dickson Poon, a Director and substantial shareholder of the Company as disclosed in the “General” section below, each of these parties is deemed to be a connected person of the Company for the purpose of the Listing Rules. Accordingly, the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement constitute Continuing Connected Transactions of the Company under Rule 14A.14 of the Listing Rules. In view of the interest of Mr. Dickson Poon in the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement, he abstained from voting on the relevant resolutions regarding the Continuing Connected Transactions.

For the purpose of calculating the applicable percentage ratios of the Company under the Listing Rules, the transaction under each of the PW Licence Agreement and the STD Licence Agreement are aggregated as they are of similar nature and both of them involve the licensing of a sales corner in the PP Harvey Nichols Store by the Group.

In view of the above, the aggregate maximum annual cap receivable by the Group under the PW Licence Agreement and the STD Licence Agreement for the financial year ending 31st March, 2013 will be HK\$19,659,000.

Given that (i) the aggregate maximum annual cap receivable by the Group under the PW Licence Agreement and the STD Licence Agreement; and (ii) the maximum annual cap payable by the Group under the New Lease Agreement each represents less than 5 per cent. of each of the applicable percentage ratios of the Company, the PW Licence Agreement, the STD Licence Agreement and the New Lease Agreement are subject to reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules respectively and no Independent Shareholders’ approval is required.

GENERAL

The Company is an investment holding company and the Group is principally engaged in the sale of luxury goods with a comprehensive retail network totalling 439 shops throughout Asia.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise :-

“associate(s)”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“Company”	Dickson Concepts (International) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Continuing Connected Transactions”	the continuing connected transactions as described in this announcement which are subject to disclosure under the Listing Rules

“DISPL”	Dickson Investment (Singapore) Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability and directly wholly-owned by Mr. Dickson Poon, the principal activities of which are the leasing out of its leasehold shopping units and investment holding
“DSPL”	Dickson Stores Pte Ltd, a company incorporated in the Republic of Singapore with limited liability and indirectly wholly-owned by the Company, the principal activity of which is the sale of watches and fashion products
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiary companies
“HNHKL”	Harvey Nichols (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Company, the principal activity of which is the operation of Harvey Nichols and Beauty Bazaar stores and the sale of fashion products
“Independent Shareholders”	shareholders of the Company, other than Mr. Dickson Poon and his associates
“New Lease Agreement”	the lease agreement dated 23rd September, 2011 entered into between DISPL as lessor and DSPL as lessee regarding the renewal of the leasing of a shop space in Singapore by DISPL to the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dickson Poon”	Mr. Dickson Poon, the group executive chairman of the Group and a substantial shareholder of the Company
“PP Harvey Nichols Store”	a Harvey Nichols store located at Two Pacific Place, 88 Queensway, Hong Kong
“PP Seibu Store”	a Seibu store located at Two Pacific Place, 88 Queensway, Hong Kong which was closed in June 2011
“PWCL”	Precision Watch Company Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Mr. Dickson Poon, the principal activity of which is the retailing of watches

“PW Licence Agreement”	the licence agreement dated 23rd September, 2011 entered into between HNHKL as grantor and PWCL as licensee regarding the licensing of a sales corner in the PP Harvey Nichols Store by the Group to PWCL
“STDML”	S.T. Dupont Marketing Limited, a company incorporated in Hong Kong with limited liability and directly wholly-owned by STDSA, the principal activity of which is the sale of S.T. Dupont products including luxury lighters and writing instruments, leather goods, fashion and accessories
“STDSA”	S.T. Dupont S.A., a company incorporated in France with limited liability, the shares of which are listed on the Paris Bourse in France and which is owned as to 72.50 per cent. of its issued share capital by a trust established for the benefit of the members of Mr. Dickson Poon’s family, together with its subsidiary companies, which are principally engaged in the manufacture and distribution of luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches and fragrances
“STD Licence Agreement”	the licence agreement dated 23rd September, 2011 entered into between HNHKL as grantor and STDML as licensee regarding the licensing of a sales corner in the PP Harvey Nichols Store by the Group to STDML
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore

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

Executive Directors:

Dickson Poon (*Group Executive Chairman*)

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

Chan Tsang Wing, Nelson
(*Chief Operating Officer*)

Chan Hon Chung, Johnny Pollux

Lau Yu Hee, Gary

Ng Chan Lam

Independent Non-Executive Directors:

Bhanusak Asvaintra

Nicholas Peter Etches

Christopher Patrick Langley, OBE

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

Hong Kong, 23rd September, 2011

** For identification purposes only*