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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)

TWO CONTINUING CONNECTED TRANSACTIONS

- (I) The Board announces that on 23rd September, 2019, the New 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 new sales corner with lettable area of about 2,898 sq. ft. (“the New Sales Corner”) in the PP Harvey Nichols Store by the Group to PWCL for a period of three years commencing from 16th September, 2019 and expiring on 15th September, 2022 which will supersede the existing licence agreement dated 26th September, 2018 (“the Existing Licence Agreement”) in respect of the licensing of the previous sales corner (“the Previous Sales Corner”) in the PP Harvey Nichols Store.

As PWCL is an associate of Sir Dickson Poon, an executive Director and substantial shareholder of the Company, PWCL is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New Licence Agreement constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules.

Given that the maximum annual cap receivable by the Group under the New Licence Agreement is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the New Licence Agreement is subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and is exempt from the circular and Independent Shareholders’ approval requirements under the Listing Rules.

- (II) Reference is made to the announcement of the Company dated 13th March, 2018 (“the Mar 2018 Announcement”) in which the Company announced its new retail strategy to combine physical retail stores and e-Commerce via a strategic partnership with HNGL. A 3-year Partnership and Technical Services Agreement was entered into on 13th March, 2018 (“the Existing P&T Services Agreement”) between HNGL as partner and service provider and HNHKL, an indirect wholly-owned subsidiary company of the Company, as partner and service receiver. This partnership enabled the Group to gain access to HNGL’s digital

expertise and allowed HNGL to accelerate its global e-Commerce strategy by combining the highly curated fashion edits from two iconic international locations online. Under the Existing P&T Services Agreement, the Group will pay an annual technical service fee to HNGL based on the sales transactions made by customers of the Group on the e-Commerce site (www.harveynichols.com/en-hk) (“the HK Website”) which is owned by HNGL. The actual technical service fee paid by the Group to HNGL for the financial year ended 31st March, 2019 was HK\$1,965,000 which was under the de minimis level for exemption from announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively.

As a result of growth in business of the partnership, the Board further announces that on 23rd September, 2019, the New P&T Services Agreement was entered into between HNGL as partner and service provider and HNHKL, an indirect wholly-owned subsidiary company of the Company, as partner and service receiver setting out new terms and conditions in relation to the sales transactions made by customers of the Group on the HK Website for a period of three years commencing from 1st October, 2019 and ending on 30th September, 2022 which will supersede the Existing P&T Services Agreement.

As HNGL is an associate of each of Sir Dickson Poon, an executive Director and substantial shareholder of the Company, and Mr. Pearson Poon, an executive Director and a shareholder of the Company, HNGL is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New P&T Services Agreement constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules.

Given that the maximum annual cap receivable by the Group under the New P&T Services Agreement is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the New P&T Services Agreement is subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and is exempt from the circular and Independent Shareholders’ approval requirements under the Listing Rules.

(I) CONTINUING CONNECTED TRANSACTION WITH PWCL

Licensing of a New Sales Corner

- New Licence Agreement

The Board announces that on 23rd September, 2019, the New 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 new sales corner with lettable area of about 2,898 sq. ft. (“the New Sales Corner”) in the PP Harvey Nichols Store by the Group to PWCL for a period of three years commencing from 16th September, 2019 and expiring on 15th September, 2022 which will supersede the existing licence agreement dated 26th September, 2018 (“the Existing Licence Agreement”) in respect of the licensing of previous sales corner (“the Previous Sales Corner”) in the PP Harvey Nichols Store as detailed below :-

Grantor : HNHKL

Licensee : PWCL

Premises :	the New Sales Corner in the PP Harvey Nichols Store
Lettable Area :	About 2,898 sq. ft.
Term of the Agreement :	Three years commencing from 16th September, 2019 and expiring on 15th September, 2022
Licence Fee and Payment Term :	Monthly licence fee payment of HK\$676,500, to be paid in cash within 25 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.

PWCL has been the licensee of the Previous Sales Corner in the PP Harvey Nichols Store since 7th October, 2011. The details of the Existing Licence Agreement was disclosed in the announcement of the Company dated 26th September, 2018 (“the Sept 2018 Announcement”).

The maximum annual caps received / receivable by the Group for the licensing of the Previous Sales Corner in the PP Harvey Nichols Store by the Group to PWCL under the Existing Licence Agreement for the financial years ended / ending 31st March, 2019 and 31st March, 2020, based on the monthly licence fee of HK\$1,375,000, as disclosed in the Sept 2018 Announcement, are HK\$7,984,000 (five months and twenty-five days) and HK\$8,517,000 (six months and six days) respectively. The licence fee received by the Group from PWCL in respect of the licensing of the Previous Sales Corner in the PP Harvey Nichols Store by the Group to PWCL under the Existing Licence Agreement for the financial year ended 31st March, 2019 was HK\$7,984,000 (five months and twenty-five days) which was the same as the maximum annual cap.

The maximum annual caps receivable by the Group for the licensing of the New Sales Corner in the PP Harvey Nichols Store by the Group to PWCL under the New Licence Agreement for the financial years ending 31st March, 2020, 31st March, 2021, 31st March, 2022 and 31st March, 2023, based on the monthly licence fee of HK\$676,500, will be HK\$4,398,000 (six months and fifteen days), HK\$8,118,000, HK\$8,118,000 and HK\$3,721,000 (five months and fifteen days) respectively which is more than 0.1 per cent. but 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 New 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) CONTINUING CONNECTED TRANSACTION WITH HNGL

Sales Transactions Made on the HK Website - New P&T Services Agreement

Reference is made to the announcement of the Company dated 13th March, 2018 (“the Mar 2018 Announcement”) in which the Company announced its new retail strategy to combine physical retail stores and e-Commerce via a strategic partnership with HNGL. A 3-year Partnership and Technical Services Agreement was entered into on 13th March, 2018 (“the Existing P&T Services Agreement”) between HNGL as partner and service

provider and HNHKL, an indirect wholly-owned subsidiary company of the Company, as partner and service receiver. This partnership enabled the Group to gain access to HNGL's digital expertise and allowed HNGL to accelerate its global e-Commerce strategy by combining the highly curated fashion edits from two iconic international locations online. Under the Existing P&T Services Agreement, the Group will pay an annual technical service fee to HNGL based on the sales transactions made by customers of the Group on the e-Commerce site (www.harveynichols.com/en-hk) ("the HK Website") which is owned by HNGL. The actual technical service fee paid by the Group to HNGL for the financial year ended 31st March, 2019 was HK\$1,965,000 which was under the de minimis level for exemption from announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively.

As a result of growth in business of the partnership, the Board further announces that on 23rd September, 2019, the New P&T Services Agreement was entered into between HNGL as partner and service provider and HNHKL, an indirect wholly-owned subsidiary company of the Company, as partner and service receiver setting out new terms and conditions in relation to the sales transactions made by customers of the Group on the HK Website for a period of three years commencing from 1st October, 2019 and ending on 30th September, 2022 which will supersede the Existing P&T Services Agreement as detailed below :-

Partner and Service Provider : HNGL

Partner and Service Receiver : HNHKL

Subject : Pursuant to the New P&T Services Agreement, the Group and HNGL will work together on the marketing and promotion of the HK Website, as well as sourcing merchandise selection suitable for the HK Website with an aim to maximise the growth potential of the HK Website and at the same time allowing customers of the Group to shop live with Harvey Nichols' in-store stylists in the United Kingdom, enabling Hong Kong's online shoppers to connect and interact with associates from HNGL's stores in the United Kingdom via instant messaging, photo sharing, and live video streaming, and to shop HNGL's iconic 8 stores in the United Kingdom in the comfort of their own homes.

Term of the Agreement : Three years commencing from 1st October, 2019 and ending on 30th September, 2022

Net Proceeds and Payment Term : Under the New P&T Services Agreement, HNGL shall pay the Group the amount received from sales transactions made by customers of the Group on the HK Website after deduction of all attributable costs ("the Net Proceeds"). The Net Proceeds as a percentage of the HK Website sales revenue are estimated to be about 10 to 30 per cent.. HNGL shall generate a monthly statement showing details of the Net Proceeds 30 days after month end and shall remit to the Group within 10 working days after providing the monthly statement. The Net Proceeds shall be paid to the Group in GBP or other agreed currency.

The Net Proceeds were derived based on the historical figures of the sales transactions made by customers of the Group on the HK Website, the estimated growth of the said sales transactions as well as the prevailing and the expected market conditions.

The maximum annual caps of the Net Proceeds receivable by the Group for the sales transactions made by the customers of the Group on the HK Website under the New P&T Services Agreement for the financial years ending 31st March, 2020, 31st March, 2021, 31st March, 2022 and 31st March, 2023 will be HK\$10,000,000 (six months), HK\$26,000,000, HK\$33,800,000 and HK\$22,000,000 (six months) respectively which are more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company. The said maximum annual caps were derived based on the historical figures of the sales transactions made by customers of the Group on the HK Website, the estimated growth of the said sales transactions as well as the prevailing and the expected market conditions.

REASONS FOR AND BENEFITS OF 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 New Sales Corner in the PP Harvey Nichols Store under the New Licence Agreement will be used by PWCL as a retail corner and the licensing of the New Sales Corner by the Group to PWCL in the PP Harvey Nichols Store will ensure steady income to the Group. The housing of the New Sales Corner 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 New Licence Agreement was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the New 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 new retail strategy to combine retail stores and e-Commerce via a strategic partnership with HNGL under the New P&T Services Agreement enabled the Group to gain access to HNGL's digital expertise and allowed HNGL to accelerate its global e-Commerce strategy by combining the highly curated fashion edits from two iconic international locations online. This allowed customers of the Group to shop live with Harvey Nichols' in-store stylists in the United Kingdom, enabling Hong Kong's online shoppers to connect and interact with associates from HNGL's stores in the United Kingdom via instant messaging, photo sharing, and live video streaming, and to shop HNGL's iconic 8 stores in the United Kingdom in the comfort of their own homes with an aim to maximise the growth potential of the HK Website.

The Net Proceeds receivable by the Group from HNGL under the New P&T Services Agreement was derived based on the historical figures of the sales transactions made by customers of the Group on the HK Website, the estimated growth of the said sales transactions as well as the prevailing and the expected market conditions.

Given the above, the entering into of each of the New Licence Agreement and the New P&T Services Agreement is a practical commercial decision of the Group. Furthermore, the transactions under the New Licence Agreement and the New P&T Services 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 (i) Sir Dickson Poon who was considered to be materially interested in the transaction under each of the the New Licence Agreement and the New P&T Services Agreement due to his relationship with each of PWCL and HNGL and did not vote on the relevant resolutions regarding the New Licence Agreement and the New P&T Services Agreement; and (ii) Mr. Pearson Poon who was considered to be materially interested in the transaction under the New P&T Services Agreement due to his relationship with HNGL and did not vote on the relevant resolution regarding the New P&T Services Agreement), including the independent non-executive Directors, consider that (i) the entering of each of the New Licence Agreement and the New P&T Services 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 PWCL is an associate of Sir Dickson Poon, an executive Director and substantial shareholder of the Company as disclosed in the "General" section below, PWCL is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New Licence Agreement constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules. In view of the interest of Sir Dickson Poon in the New Licence Agreement, he has abstained from voting on the relevant resolution regarding the New Licence Agreement.

As HNGL is an associate of each of Sir Dickson Poon, an executive Director and substantial shareholder of the Company, and Mr. Pearson Poon, an executive Director and a shareholder of the Company (as disclosed in the "General" section below), HNGL is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New P&T Services Agreement constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules. In view of the interests of Sir Dickson Poon and Mr. Pearson Poon in the New P&T Services Agreement, they have abstained from voting on the relevant resolution regarding the New P&T Services Agreement.

Given that the maximum annual cap receivable by the Group under each of the New Licence Agreement and the New P&T Services Agreement is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the New Licence Agreement and the New P&T Services Agreement are subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and is exempt from the circular and Independent Shareholders' approval requirements under the Listing Rules.

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 113 shops throughout Asia and in securities investments.

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 (迪生創建(國際)有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing connected transaction(s) as described in this announcement which is/are subject to disclosure under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiary companies
“HN&CL”	Harvey Nichols and Company Limited, a company incorporated in England and Wales with limited liability and wholly-owned by HNGL
“HNGL”	Harvey Nichols Group Limited, a company incorporated in England and Wales with limited liability and wholly-owned by a trust established for the benefit of the members of Sir Dickson Poon’s family, the principal activity of which is the operation of “Harvey Nichols” stores in the United Kingdom and an online store at www.harveynichols.com
“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”, “Beauty Avenue” and “Beauty Bazaar” stores
“Independent Shareholders”	shareholders of the Company, other than Sir Dickson Poon and Mr. Pearson Poon and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Pearson Poon”	Mr. Poon Dickson Pearson Guanda, an executive Director and a shareholder of the Company. He is also a son of Sir Dickson Poon and an executive Director of HN&CL
“New Licence Agreement”	the new licence agreement dated 23rd September, 2019 entered into between HNHKL as grantor and PWCL as licensee regarding the licensing of a new sales corner with lettable area of about 2,898 sq. ft. in the PP Harvey Nichols Store by the Group to PWCL for a period of three years commencing from 16th September, 2019 and expiring on 15th September, 2022
“New P&T Services Agreement”	the New Partnership and Technical Services Agreement dated 23rd September, 2019 entered into between HNGL as partner and service provider and HNHKL as partner and service receiver setting out new terms and conditions in relation to the sales transactions made by customers of the Group on the HK Website for a period of three years commencing from 1st October, 2019 and ending on 30th September, 2022
“percentage ratio(s)”	has the meaning as ascribed under the Listing Rules
“PP Harvey Nichols Store”	a “Harvey Nichols” store located at Two Pacific Place, 88 Queensway, Hong Kong
“PWCL”	Precision Watch Company Limited (金輪錶行有限公司), a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Sir Dickson Poon, the principal activity of which is the retailing of watches
“Sir Dickson Poon”	Sir Dickson Poon, the group executive chairman of the Group and a substantial shareholder of the Company. He is also the father of Mr. Pearson Poon and an executive Director of HNGL
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“GBP”	British Pound Sterlings, the lawful currency of the United Kingdom

As at the date of this announcement, 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, 23rd September, 2019

** For identification purposes only*