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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 TRANSACTION

The Board announces that on 25th March, 2008, the MS&P Agreement was entered into between Castlereagh, a direct wholly-owned subsidiary company of the Company, as seller and Dickson Trading (S) and Top Creation S, both of which are members of the Singapore Group, as purchasers regarding the sales of certain merchandise by the Group to the Singapore Group.

As the Singapore Group is an associate of Mr. Dickson Poon, a Director and substantial shareholder of the Company, the Singapore Group is deemed to be a connected person of the Company for the purposes of the Listing Rules. Accordingly, the MS&P Agreement constitutes a Continuing Connected Transaction of the Company under Rule 14A.14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular, Independent Shareholders' approval and annual review requirements under Rules 14A.45 to 14A.54 and Rules 14A.37 to 14A.40 of the Listing Rules respectively.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the MS&P Agreement and the maximum annual caps of the Continuing Connected Transaction. In connection therewith, Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

A circular containing, among other matters, (i) the details of the Continuing Connected Transaction; (ii) the advice of the Independent Board Committee to the Independent Shareholders; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM will be despatched to the shareholders of the Company as soon as practicable.

The Board announces that on 25th March, 2008, the MS&P Agreement was entered into between Castlereagh, a direct wholly-owned subsidiary company of the Company, as seller and Dickson Trading (S) and Top Creation S, both of which are members of the Singapore Group, as purchasers regarding the sales of certain merchandise by the Group to the Singapore Group which (i) renewed the term of the merchandise sale and purchase agreement dated 25th April, 2005 (“the Old MS&P Agreement No. 1”) entered into between DCWL as seller and Dickson Trading (S) as purchaser regarding the sales of certain merchandise by the Group to the DTG Group upon its expiry on 31st March, 2008; and (ii) superseded the merchandise sale and purchase agreement dated 6th July, 2006 (“the Old MS&P Agreement No. 2”) entered into between THAP as seller and Top Creation S as purchaser regarding the sales of certain merchandise by the Group to Top Creation S, both of which will be for a term of three years commencing from 1st April, 2008 as detailed below :-

- Seller:** Castlereagh
- Purchasers:** Dickson Trading (S) and Top Creation S, both companies are members of the Singapore Group
- Subject:** Pursuant to the MS&P Agreement, the Group will sell certain merchandise of different brand names including, but not limited to, apparel, leather goods, accessories and watches, of which the Group owns the distribution rights of the respective merchandise in Asia, to the Singapore Group
- Term:** Three years commencing from 1st April, 2008 and ending on 31st March, 2011. Either party may terminate the MS&P Agreement without cause by serving the other party with not less than three months’ prior written notice. All parties may agree to and renew the MS&P Agreement in writing prior to its expiry on 31st March, 2011 for another three years subject to compliance with the applicable Listing Rules
- Selling Price:** The selling prices of the merchandise are at the standard wholesale prices or with a trade discount ranging from 5 per cent. to 10 per cent., due upon shipment of the merchandise and to be settled in cash with a credit period of up to 60 days

The details of the Old MS&P Agreement No. 1 were disclosed in the announcement of the Company dated 26th April, 2005 and the circular of the Company dated 18th May, 2005 and the Old MS&P Agreement No. 1 was approved by the then Independent Shareholders at the special general meeting of the Company held on 6th June, 2005 while details of the Old MS&P Agreement No. 2 were disclosed in the announcement of the Company dated 6th July, 2006 and the circular of the Company dated 28th July, 2006 regarding the THAP Acquisition.

The maximum annual caps received/receivable by the Group for the sales of certain merchandise to the DTG Group under the Old MS&P Agreement No. 1 for the financial years ended/ending 31st March, 2007 and 31st March, 2008 are HK\$120,000,000 and HK\$157,000,000 respectively as previously disclosed on 26th April, 2005. The actual transaction amount for the financial year ended 31st March, 2007 was HK\$65,871,000 which was below the maximum annual cap of HK\$120,000,000.

The maximum annual caps received/receivable by the Group for the sales of certain merchandise to Top Creation S under the Old MS&P Agreement No. 2 for the financial years ended/ending 31st March, 2007, 31st March, 2008, 31st March, 2009 and 31st March, 2010 are HK\$9,070,000 (seven months), HK\$20,210,000, HK\$26,270,000 and HK\$14,230,000 (five months) respectively (based on the assumption that the date of completion of the THAP Acquisition was 1st September, 2006) as previously disclosed on 6th July, 2006. The actual transaction amount for the period from 25th August, 2006 (date of completion of the THAP Acquisition) to 31st March, 2007 was HK\$9,070,000 which was the same as the maximum annual cap.

The maximum annual caps receivable by the Group for the sales of certain merchandise under the MS&P Agreement for each of the financial years ending 31st March, 2009, 31st March, 2010 and 31st March, 2011 will be HK\$138,000,000, HK\$179,000,000 and HK\$233,000,000 respectively. The said maximum annual caps were derived based on the historical figures of the said sales of merchandise to the DTG Group and Top Creation S respectively, the estimated annual growth of the said sales, the Singapore Group's plan for further expansion of its retail network, the prevailing as well as the expected market conditions and the estimated annual growth rate representing 30 per cent. of the historical figures of the said sales for the financial year ended 31st March, 2007.

REASONS FOR THE CONTINUING CONNECTED TRANSACTION

The Group sells merchandise of different brand names including apparel, leather goods, accessories and watches, of which the Group owns the distribution rights of the respective merchandise in Asia, to the Singapore Group. The selling prices of the merchandise are at the standard wholesale prices or with a trade discount ranging from 5 per cent. to 10 per cent. which is no less favourable to the Group than those available to independent third parties. The trade discount is given to the members of the Singapore Group in Malaysia and Singapore as promotional and brand building subsidy where the Group does not have a direct presence. Sales of merchandise to the Singapore Group will ensure steady income to the Group and can minimise the management and operational costs of the Group due to close proximity between the Group and the Singapore Group.

Given the above, the entering into of the MS&P Agreement is a practical and commercial decision of the Group. Furthermore, the transactions under the MS&P Agreement are in line with the Group's principal activity of the sales of luxury goods in Asia and will ensure continuous business growth and contribute to the Group's turnover and profits.

The Directors (excluding the independent non-executive Directors whose recommendation will be given in the circular to be despatched to the shareholders of the Company after taking into account the advice of the Independent Financial Adviser) consider that the entering into of the MS&P Agreement is in the ordinary and usual course of business of the Group and that the transactions contemplated thereunder are revenue in nature, on normal commercial terms which are fair and reasonable and negotiated at arm's length, and are no less favourable to the Group than those available to independent third parties. The terms of the MS&P Agreement are also in the interests of the Company and its shareholders as a whole, and the relevant maximum annual caps are fair and reasonable.

LISTING RULES IMPLICATIONS

As the Singapore Group is an associate of Mr. Dickson Poon, a Director and substantial shareholder of the Company, the Singapore Group is deemed to be a connected person of the Company for the purposes of the Listing Rules. Accordingly, the MS&P Agreement constitutes a Continuing Connected Transaction of the Company under Rule 14A.14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular, Independent Shareholders' approval and annual review requirements under Rules 14A.45 to 14A.54 and Rules 14A.37 to 14A.40 of the Listing Rules respectively.

The Company will therefore seek the approval of the MS&P Agreement and the maximum annual caps of the Continuing Connected Transaction by the Independent Shareholders on condition that the maximum annual caps of the Continuing Connected Transaction for the three financial years ending 31st March, 2009, 31st March, 2010 and 31st March, 2011 will be HK\$138,000,000, HK\$179,000,000 and HK\$233,000,000 respectively.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the MS&P Agreement and the maximum annual caps of the Continuing Connected Transaction. In connection therewith, Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

The SGM will be convened as soon as practicable at which resolution(s) will be proposed to approve the MS&P Agreement and the maximum annual caps of the Continuing Connected Transaction. In view of the interest of Mr. Dickson Poon in the Continuing Connected Transaction, he and his associates will abstain from voting at the SGM.

A circular containing, among other matters, (i) the details of the Continuing Connected Transaction; (ii) the advice of the Independent Board Committee to the Independent Shareholders; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM will be despatched to the shareholders of the Company as soon as practicable.

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 of over 430 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
“Castlereagh”	Castlereagh Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly-owned by the Company, the principal activity of which is the investment holding

“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 Transaction”	the continuing connected transaction as described in this Announcement which is subject to disclosure under the Listing Rules
“DCWL”	Dickson Concepts (Wholesale) Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Company, the principal activity of which is the sale of watches and fashion products
Dickson Trading (S)”	Dickson Trading (S) Pte Ltd, a company incorporated in the Republic of Singapore with limited liability and indirectly wholly-owned by Mr. Dickson Poon, together with its subsidiary companies, which are principally engaged in the importing, exporting, sale of fashion consumer goods and provision of management and supporting services. Dickson Trading (S) is a member of the Singapore Group
“Director(s)”	the director(s) of the Company
“DTG Group”	Dickson Trading (S) and its group companies
“Group”	the Company and its subsidiary companies
“Independent Board Committee”	an independent committee of the Board comprising the three independent non-executive Directors, namely, Mr. Bhanusak Asvaintra, Mr. Nicholas Peter Etches and Mr. Christopher Patrick Langley
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited
“Independent Shareholders”	shareholders of the Company, other than Mr. Dickson Poon and his associates
“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

“MS&P Agreement”	the merchandise sale and purchase agreement dated 25th March, 2008 entered into between Castlereagh as seller and Dickson Trading (S) and Top Creation S as purchasers regarding the sales of certain merchandise of different brand names including, but not limited to, apparel, leather goods, accessories and watches by the Group to the Singapore Group
“Singapore Group”	Dickson Trading (S) and Top Creation S, together with their group companies
“SGM”	the special general meeting, including any adjourned meeting thereof, of the Company to be convened to consider and approve the MS&P Agreement and the maximum annual caps of the Continuing Connected Transaction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THAP”	Tommy Hilfiger Asia-Pacific Limited, a company incorporated in the British Virgin Islands with limited liability and directly wholly-owned by Castlereagh, the principal activity of which is the sale of fashion products
“THAP Acquisition”	the acquisition of the entire issued share capital of THAP by Castlereagh from K.S.D.P. (International) Limited, a company incorporated in Bermuda with limited liability and indirectly wholly-owned by Mr. Dickson Poon, as previously disclosed in the announcement of the Company dated 6th July, 2006. The completion of the THAP Acquisition took place on 25th August, 2006
“Top Creation S”	Top Creation Singapore Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability and beneficially owned by Mr. Dickson Poon, the principal activity of which is the sale of fashion consumer goods. Top Creation S is a member of the Singapore Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Edwin Ing

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, 25th March, 2008

** For identification purposes only*