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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)

**GROUP FINAL RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2018**

The board of directors (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the consolidated final results of the Company and its subsidiary companies (together “the Group”) for the year ended 31st March, 2018 together with last year’s corresponding comparative figures are as follows :-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March, 2018

		Financial year ended 31st March,	
		2018	2017
	NOTE	HK\$’000	HK\$’000
Revenue	2	3,635,599	3,144,822
Cost of sales		<u>(1,948,219)</u>	<u>(1,566,470)</u>
Gross profit		1,687,380	1,578,352
Other income	3	29,100	66,114
Selling and distribution expenses		(1,316,334)	(1,264,820)
Administrative expenses		(175,618)	(223,694)
Other operating expenses		<u>(60,705)</u>	<u>(68,011)</u>
Operating profit		163,823	87,941
Finance costs		(1,557)	(1,654)
Share of loss of an associated company		<u>(1)</u>	<u>(1)</u>
Profit before taxation	4	162,265	86,286
Taxation	5	<u>(10,456)</u>	<u>(6,125)</u>
Profit for the year attributable to equity shareholders of the Company		<u>151,809</u>	<u>80,161</u>
Earnings per share (basic and diluted)	7	<u>39.2 cents</u>	<u>21.1 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2018

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Profit for the year	<u>151,809</u>	<u>80,161</u>
Other comprehensive income for the year :		
Items that will not be reclassified to profit or loss :		
Remeasurement of net defined benefit liability (after tax credit of HK\$10,000 (2017 : tax expense of HK\$11,000))	<u>348</u>	<u>818</u>
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note)	<u>33,022</u>	<u>16,493</u>
Available-for-sale equity securities :		
Changes in fair value recognised during the year	—	52,327
Reclassification adjustments for amounts transferred to profit or loss :		
— gains on disposal (Note 3)	<u>—</u>	<u>(53,135)</u>
Net movement in the fair value reserve during the year recognised in other comprehensive income (Note)	<u>—</u>	<u>(808)</u>
Other comprehensive income for the year	<u>33,370</u>	<u>16,503</u>
Total comprehensive income for the year attributable to equity shareholders of the Company	<u>185,179</u>	<u>96,664</u>

Note :-

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2018

	NOTE	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment		110,781	140,787
Interest in an associated company		25,895	23,354
Deferred tax assets		3,171	2,460
Other financial assets	8	<u>215,869</u>	<u>176,824</u>
		355,716	343,425
Current assets			
Inventories		472,271	645,186
Debtors, deposits and prepayments	9	317,427	286,122
Tax recoverable		2,138	3,049
Other financial assets	8	175,793	78,971
Cash and bank balances		<u>1,754,795</u>	<u>1,420,372</u>
		<u>2,722,424</u>	<u>2,433,700</u>
Current liabilities			
Bank loans		126,439	43,156
Bills payable		9	897
Creditors and accruals	10	652,546	598,106
Taxation		<u>18,977</u>	<u>15,336</u>
		<u>797,971</u>	<u>657,495</u>
Net current assets		<u>1,924,453</u>	<u>1,776,205</u>
Total assets less current liabilities		2,280,169	2,119,630
Non-current liabilities			
Deferred tax liabilities		24,417	24,482
Amount due to an associated company		<u>25,272</u>	<u>22,801</u>
Net assets		<u>2,230,480</u>	<u>2,072,347</u>
Capital and reserves			
Share capital	11	117,975	114,135
Reserves		<u>2,112,505</u>	<u>1,958,212</u>
Total equity attributable to equity shareholders of the Company		<u>2,230,480</u>	<u>2,072,347</u>

NOTES

The Group's final results set out in this announcement do not constitute the Group's financial statements for the year ended 31st March, 2018 but are extracted from those financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply 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").

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group.

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

2. REVENUE / 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 gain / (loss) on debt securities and 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 :-

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Revenue from Sale of Luxury Goods		
Fashion and accessories	1,357,650	1,351,705
Watches and jewellery	1,129,172	860,571
Cosmetics and beauty products	<u>1,142,623</u>	<u>909,496</u>
	3,629,445	3,121,772
Revenue from Securities Investment	<u>6,154</u>	<u>23,050</u>
	<u>3,635,599</u>	<u>3,144,822</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.

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

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases :-

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 / (loss) is adjusted profit / (loss) before taxation. The adjusted profit / (loss) before taxation is measured consistently with the Group's profit / (loss) before taxation except that certain interest income, unallocated expenses and certain finance costs are excluded from such measurement.

Segment assets include all current and non-current assets with the exception of other unallocated corporate assets.

Segment liabilities include creditors and accruals and bills payable attributable to the operation of individual segments and bank loans managed directly by the segments.

Information regarding the Group's reportable segments for the years ended 31st March, 2018 and 31st March, 2017 respectively is set out below.

	<u>Sale of Luxury Goods</u>		<u>Securities Investment</u>		<u>Total</u>	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
	Financial year ended 31st March,					
Revenue from external customers	3,629,445	3,121,772	6,154	23,050	3,635,599	3,144,822
Reportable segment revenue	3,629,445	3,121,772	6,154	23,050	3,635,599	3,144,822
Reportable segment profit	247,113	110,731	6,463	78,662	253,576	189,393
Reportable segment assets	1,923,391	1,838,672	1,126,439	255,795	3,049,830	2,094,467
Interest in an associated company	25,895	23,354	—	—	25,895	23,354
Additions to non-current segment assets during the year	32,218	56,043	—	—	32,218	56,043
Reportable segment liabilities	1,301,600	1,259,945	1,059,149	194,969	2,360,749	1,454,914

	<u>Sale of Luxury Goods</u>		<u>Securities Investment</u>		<u>Total</u>	
	Financial year ended 31st March,					
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment profit included :						
Interest income	869	1,176	8,256	3,089	9,125	4,265
Interest expenses	(114)	(901)	(1,443)	(451)	(1,557)	(1,352)
Depreciation	(53,291)	(66,762)	—	—	(53,291)	(66,762)
Share of loss of an associated company	(1)	(1)	—	—	(1)	(1)
Loss on disposal of property, plant and equipment	(1,433)	(275)	—	—	(1,433)	(275)
Gain on disposal of available-for-sale equity securities	—	—	—	53,135	—	53,135

- (ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

Revenue

No reconciliation of revenue is required as the total reportable segments' figure is equal to the Group's consolidated figure.

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Profit		
Reportable segment profit	253,576	189,393
Unallocated interest income and other revenue	21,451	12,593
Other unallocated central overheads	<u>(112,762)</u>	<u>(115,700)</u>
Consolidated profit before taxation	<u>162,265</u>	<u>86,286</u>

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Assets		
Reportable segment assets	3,049,830	2,094,467
Elimination of inter-segment receivables	(602,584)	(532,470)
Other unallocated corporate assets	<u>630,894</u>	<u>1,215,128</u>
Consolidated total assets	<u>3,078,140</u>	<u>2,777,125</u>

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Liabilities		
Reportable segment liabilities	2,360,749	1,454,914
Elimination of inter-segment payables	(1,529,890)	(782,277)
Unallocated corporate liabilities	<u>16,801</u>	<u>32,141</u>
Consolidated total liabilities	<u><u>847,660</u></u>	<u><u>704,778</u></u>

(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 interest in an associated company. 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 the asset, in the case of property, plant and equipment, and the location of operations, in the case of interest in an associated company.

	Revenues from		Specified	
	external customers		non-current assets	
	Financial year ended 31st March,			
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>2,766,879</u>	<u>2,306,216</u>	<u>85,697</u>	<u>101,011</u>
Taiwan	643,921	613,749	16,763	25,270
China	102,327	77,178	27,694	27,408
Singapore / Malaysia	82,230	89,400	5,977	8,541
Other territories	<u>40,242</u>	<u>58,279</u>	<u>545</u>	<u>1,911</u>
	<u><u>868,720</u></u>	<u><u>838,606</u></u>	<u><u>50,979</u></u>	<u><u>63,130</u></u>
Total	<u><u>3,635,599</u></u>	<u><u>3,144,822</u></u>	<u><u>136,676</u></u>	<u><u>164,141</u></u>

3. OTHER INCOME

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Available-for-sale equity securities : reclassified from equity		
– on disposal	—	53,135
Dividend income from listed securities	—	388
Interest income	11,694	12,511
Gain / (loss) on disposal of property, plant and equipment	3,862	(637)
Net foreign exchange gain / (loss)	13,544	(3,727)
Realised and unrealised gains from financial assets designated at fair value through profit or loss :-		
– interest income	—	3,089
– net fair value gains	<u>—</u>	<u>1,355</u>
	<u>29,100</u>	<u>66,114</u>

4. PROFIT BEFORE TAXATION

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Depreciation	58,136	73,472
Impairment loss on trade debtors (written back) / recognised	(734)	1,227
Interest on bank overdrafts and loans repayable within five years	<u>1,557</u>	<u>1,654</u>

5. TAXATION

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	270	135
Under-provision in respect of prior years	<u>40</u>	<u>124</u>
	<u>310</u>	<u>259</u>
Current tax – Overseas		
Provision for the year	10,517	11,871
Under / (over)-provision in respect of prior years	<u>253</u>	<u>(72)</u>
	<u>10,770</u>	<u>11,799</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(624)</u>	<u>(5,933)</u>
Total income tax expense	<u>10,456</u>	<u>6,125</u>

The provision for Hong Kong Profits Tax for 2018 is calculated at 16.5 per cent. (2017 : 16.5 per cent.) of the estimated assessable profits for the year.

Taxation for overseas subsidiary companies is charged at the appropriate current rates of taxation ruling in the relevant countries.

6. DIVIDENDS

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
No interim dividend was declared and paid (2017 : Nil)	<u>—</u>	<u>—</u>
Final dividend proposed after the end of the reporting period of HK23 cents (2017 : HK17 cents) per ordinary share	<u>90,448</u>	<u>64,677</u>

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit for the year attributable to ordinary equity shareholders of the Company of HK\$151,809,000 (2017 : HK\$80,161,000) and the weighted average number of 387,675,621 ordinary shares (2017 : 380,451,745 ordinary shares) in issue during the year.

Weighted average number of ordinary shares

	Financial year ended 31st March,	
	2018	2017
	Number	Number
	of shares	of shares
	Thousands	Thousands
Issued ordinary shares at 1st April	380,452	380,452
Effect of scrip dividend	<u>7,224</u>	<u>—</u>
Weighted average number of ordinary shares at 31st March	<u>387,676</u>	<u>380,452</u>

Basic earnings per share are the same as diluted earnings per share for both years as the Company has no dilutive potential shares outstanding for both years.

8. OTHER FINANCIAL ASSETS

Other financial assets comprise :-

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Non-current assets		
Unlisted available-for-sale equity securities	<u>215,869</u>	<u>176,824</u>
Current assets		
Listed equity securities held for trading	148,000	—
Listed debt securities designated at fair value through profit or loss	<u>27,793</u>	<u>78,971</u>
	<u>175,793</u>	<u>78,971</u>
	<u>391,662</u>	<u>255,795</u>

Unlisted available-for-sale equity securities of HK\$215,869,000 (2017 : HK\$176,824,000) do not have a quoted market price in an active market and their fair values cannot be reliably measured. They are recognised at cost less impairment losses.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Trade debtors	125,949	80,101
Less: allowance for doubtful debts	<u>(5,586)</u>	<u>(6,314)</u>
	120,363	73,787
Other debtors, deposits and prepayments	<u>197,064</u>	<u>212,335</u>
	<u>317,427</u>	<u>286,122</u>

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK\$133,450,000 (2017 : HK\$134,335,000), are expected to be recovered or recognised as an expense within one year.

(a) Ageing analysis

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

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Current	<u>120,119</u>	<u>73,647</u>
1 to 30 days overdue	244	140
31 to 60 days overdue	—	—
Over 60 days overdue	<u>—</u>	<u>—</u>
Amounts overdue	<u>244</u>	<u>140</u>
	<u>120,363</u>	<u>73,787</u>

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

10. CREDITORS AND ACCRUALS

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Trade creditors	277,404	221,211
Net defined benefit asset	(711)	(345)
Other creditors and accruals	<u>375,853</u>	<u>377,240</u>
	<u>652,546</u>	<u>598,106</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 :-

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Current	277,189	220,092
1 to 30 days overdue	179	873
31 to 60 days overdue	36	173
Over 60 days overdue	<u>—</u>	<u>73</u>
	<u>277,404</u>	<u>221,211</u>

The amount of the Group's creditors and accruals expected to be settled after more than one year is HK\$66,144,000 (2017 : HK\$67,749,000).

11. SHARE CAPITAL

	Financial year ended 31st March,			
	2018		2017	
	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	380,452	114,135	380,452	114,135
New ordinary shares issued under scrip dividend scheme	<u>12,799</u>	<u>3,840</u>	<u>—</u>	<u>—</u>
Balance carried forward	<u>393,251</u>	<u>117,975</u>	<u>380,452</u>	<u>114,135</u>

During the year ended 31st March, 2018, 12,799,586 new fully paid ordinary shares were issued and allotted at HK\$2.94 per share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2017.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

At no time during the year ended 31st March, 2018 was there any purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's ordinary shares.

12. CAPITAL COMMITMENTS

Capital commitments outstanding at 31st March, 2018 not provided for in the financial statements were as follows :-

	Financial year ended 31st March,	
	2018	2017
	HK\$'000	HK\$'000
Contracted for	9,592	1,921
Authorised but not contracted for	<u>689</u>	<u>—</u>
	<u>10,281</u>	<u>1,921</u>

13. CONTINGENT LIABILITIES

At 31st March, 2018, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,067,817,000 (2017 : HK\$1,068,774,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$115,773,000 (2017 : HK\$146,739,000) at the end of the reporting period.
- (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\$16,105,000 (2017 : HK\$13,072,000) 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 31st March, 2018 and 31st March, 2017 respectively.

The Company has not recognised any deferred income in respect of the guarantees given as their fair value cannot be reliably measured and their transaction price was Nil.

14. COMPARATIVE FIGURES

As a result of the re-classification of the Group's investment in debt securities to the Securities Investment business segment, certain comparative figures for segmental information in Note 2 have been adjusted to conform to current year's presentation.

15. SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31st March, 2018 as set out in the preliminary announcement have been compared by the Company's Independent Auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Independent Auditor.

MANAGEMENT DISCUSSION AND ANALYSIS

For the financial year ended 31st March, 2018, the Group achieved sales of HK\$3,635.6 million, an increase of 15.6 per cent.. Comparable store sales increased by 18.6 per cent..

Net profit attributable to equity shareholders was HK\$151.8 million. The investment portfolio contributed a net profit of HK\$6.5 million.

The increase in profit is the result of solid growth in sales turnover in the year ended 31st March, 2018 compared to a decrease in the previous year, together with continued tight control in operating costs and expenses at all levels of operation.

FINANCIAL RESULTS AND FINAL DIVIDEND

Turnover for the financial year ended 31st March, 2018 was HK\$3,635.6 million, an increase of 15.6 per cent. compared to HK\$3,144.8 million in the previous year.

Profit attributable to shareholders was HK\$151.8 million as compared to HK\$80.2 million in the previous year.

In view of these results, the Board is recommending the payment of a final dividend of HK23 cents per ordinary shares, compared to a final dividend of HK17 cents per ordinary share in the previous year.

Shareholders will have an option to receive the final dividend either in cash or wholly or partly in the form of new and fully paid ordinary shares in lieu of cash under the Company's Scrip Dividend Scheme. A circular with details of the Scrip Dividend Scheme and the relevant election form are expected to be despatched to shareholders on or about Monday, 13th August, 2018.

REVIEW OF OPERATIONS

The retail climate in Hong Kong, China and South East Asia has improved in the second half of the financial year.

In Hong Kong, the Group has benefited from the increase in tourist arrivals which, in particular, benefited the categories of beauty and luxury watches. As a result, the Group has achieved growth in sales turnover in the year ended 31st March 2018. However, the Group continued to face the risk of a very high operating cost base from rental and staff cost, together with potential market volatilities.

In Taiwan, while the Group achieved growth in sales turnover, the luxury retail market remains weak due to a major drop in Mainland Chinese tourists. As a result of the poor political relationship between Mainland China and Taiwan, there are no signs of meaningful improvement in the luxury retail market condition.

The Group adopted a very cautious approach to its expansion and opened only 7 new shops during the year. Today, the Group's retail network totals 107 stores comprising 25 stores in Hong Kong, 13 in China, 56 in Taiwan, 5 in Singapore, 5 in Malaysia and 3 in Macau.

Geographically, Hong Kong contributed 76.1 per cent. of sales, Taiwan 17.7 per cent., China 2.8 per cent. and other territories 3.4 per cent..

In terms of sales mix, fashion and accessories represented 37.3 per cent., watches and jewellery 31.1 per cent., cosmetics and beauty products 31.4 per cent. and securities trading 0.2 per cent..

The Group continued to make additional direct investments in companies with high growth potential and did not dispose of any of its direct investments during the year. The Group made a net profit of HK\$6.5 million from its investment portfolio.

FUTURE PROSPECTS

While the retail climate in Hong Kong, China and South East Asia has improved, the Group continues to face a very high operating cost base from rental and staff cost, together with the risks of volatile market conditions. In particular, there are major uncontrollable factors such as :-

- a. A slowdown of the Chinese tourists arrival;
- b. Any weakening of RMB and any reduction in import duty, VAT or consumption tax in China, as any of these scenarios will reduce the price differences between Hong Kong and China;
- c. Any trade war between U.S. and China; and
- d. Severe margins pressure from online operators internationally.

As such, the Group will continue to rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

We believe multi-brand fashion operators without direct brand ownerships will face unprecedented margins pressure from online operators internationally and in particular, those from Europe. Retailers need to successfully change their retail formats or face possible elimination.

The Group has entered into a strategic partnership with Harvey Nichols, the luxury international department store group with its flagship store in Knightsbridge. The partnership will enable the Group to gain complete access to Harvey Nichols' digital expertise, and allow the Group to accelerate its e-commerce strategy by offering Harvey Nichols highly curated fashion edits through its e-commerce on-line platform. The Group will create a new retail format combining physical and e-commerce businesses.

The partnership with Harvey Nichols demonstrates the Group's commitment in embracing digital technologies and developing its e-commerce business to define a completely new retail format for Hong Kong, re-enforcing the Group's belief that e-commerce will become a dominant part of retail internationally.

On the investment side, the Group will continue to seek investment opportunities for long term direct investments as well as trading investments in major international markets.

With net cash of HK\$1,628.4 million and its strong balance sheet, the Group is in an excellent position to take advantage of any further improvement in market condition as well as to undertake new investment opportunities to diversify and broaden its earnings base.

CORPORATE STRATEGY

The Group's strategy is to cater to the Asian market's demand for quality branded products through a combination of licensed brands, the Group's own brands, and own retail platforms. Our corporate values rest in growing the presence of our existing businesses and identifying new business and investment opportunities not limited to our current businesses in order to deliver value to both our customers and our shareholders. All such opportunities will continue to be diligently and carefully evaluated by the Board with the primary view of further enhancing the Group's financial and market position as well as delivering value to our shareholders. We believe implementing disciplined business strategies and prudent financial management serves this purpose by preserving the longevity and sustainability of our businesses. We also believe in maintaining a conservative balance sheet so we can take advantage of any investment opportunities of exceptional value as and when they arise.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March, 2018, the Group had 1,433 (2017 : 1,514) employees. Total staff costs (including directors' emoluments) amounted to HK\$454.5 million (2017 : HK\$435.8 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.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group generated net cash from operating activities of HK\$256.6 million (2017 : HK\$120.3 million) which included operating cash flow after changes in working capital of HK\$263.4 million (2017 : HK\$130.3 million) and net tax payments of HK\$6.8 million (2017 : HK\$10.1 million).

The net cash surplus from investing activities was HK\$10.8 million (2017 : HK\$24.1 million) during the year which included net cash surplus from other financial assets of HK\$11.8 million (2017 : HK\$106.2 million) and net capital expenditure of HK\$22.0 million (2017 : HK\$136.5 million).

Together with other financing activities including dividend payments of HK\$27.0 million (2017 : HK\$41.9 million), the surplus of net cash inflow over utilisation increased the Group's cash and bank deposits as at 31st March, 2018 to HK\$1,754.8 million (2017 : HK\$1,420.4 million). The Group's net liquid financial resources as at 31st March, 2018 were HK\$1,628.4 million (2017 : HK\$1,377.2 million) comprising cash and bank deposits of HK\$1,754.8 million less short-term bank borrowings of HK\$126.4 million.

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 31st March, 2018, the Group's current ratio, being current assets divided by current liabilities, was 3.4 times (as at 31st March, 2017 : 3.7 times). The Group has maintained a net surplus cash position throughout the financial year 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, 2017 : Nil).

OTHER INFORMATION

DIVIDENDS

In view of the results, the Board is recommending the payment of a final dividend of HK23 cents (2017 : HK17 cents) per ordinary share for the year ended 31st March, 2018. The final dividend, which will be paid on or about Monday, 10th September, 2018, will absorb a total of about HK\$90,448,000 (2017 : HK\$64,677,000) and will be paid to the shareholders whose names appear in the Register of Members of the Company on Friday, 3rd August, 2018. As no interim dividend was declared and paid, the dividend payout is HK23 cents (2017 : HK17 cents) per ordinary share. The Board also proposed to offer a scrip dividend alternative to allow shareholders to elect to receive the final dividend wholly or partly in the form of new and fully paid ordinary shares in the share capital of the Company in lieu of cash.

SCRIP DIVIDEND ALTERNATIVE

Subject to shareholders' approval of the proposed final dividend and a general mandate to issue shares at the annual general meeting of the shareholders of the Company to be held on Thursday, 26th July, 2018 ("the 2018 AGM"), the final dividend will be payable in cash with a scrip dividend alternative to shareholders whose names appear on the Register of Members of the Company on Friday, 3rd August, 2018. The scrip dividend alternative is also conditional upon the Stock Exchange's granting the listing of, and permission to deal in, the new ordinary shares of the Company to be issued pursuant thereto.

A circular containing details of the scrip dividend alternative, where available, together with an election form will be despatched to the shareholders on or about Monday, 13th August, 2018. Definitive share certificates in respect of the scrip dividend and dividend warrants will be despatched to the shareholders on or about Monday, 10th September, 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' right to attend and vote at the 2018 AGM, and entitlement to the proposed final dividend, the Register of Members of the Company will be closed as set out below :-

- (i) For ascertaining shareholders' right to attend and vote at the 2018 AGM :-

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 20th July, 2018
Closure of Register of Members	Monday, 23rd July, 2018 to Thursday, 26th July, 2018 (both days inclusive)
Record Date	Thursday, 26th July, 2018

(ii) For ascertaining shareholders' entitlement to the proposed final dividend :-

Latest time to lodge transfer documents for registration 4:30 p.m. on Wednesday, 1st August, 2018

Closure of Register of Members Thursday, 2nd August, 2018 to Friday, 3rd August, 2018 (both days inclusive)

Record Date Friday, 3rd August, 2018

During the above closure periods, no transfer of shares will be effected. In order to be eligible to attend and vote at the 2018 AGM and to qualify for the proposed final 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than the abovementioned "latest time".

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 ordinary shares.

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 year ended 31st March, 2018 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 is set out in the Corporate Governance Report included in the 2018 Annual Report which will be despatched to the shareholders in due course.

REVIEW OF GROUP FINAL RESULTS

The Audit Committee has reviewed the consolidated final results of the Group for the year ended 31st March, 2018 with the Board.

ANNUAL GENERAL MEETING

The 2018 AGM will be held at 4th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 26th July, 2018 at 11:30 a.m.. The Notice of the Annual General Meeting will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.dickson.com.hk/doc/announcement/EAGM030718.pdf and included in the 2018 Annual Report which will be despatched to the shareholders in due course.

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

Independent Non-Executive Directors :

Bhanusak Asvaintra
Nicholas Peter Etches
Leung Kai Hung, Michael

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

Hong Kong, 7th June, 2018

** For identification purposes only*