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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, 2010**

The board of directors (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the Group’s consolidated final results for the year ended 31st March, 2010 together with last year’s corresponding comparative figures are as follows :-

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2010

|  | NOTE | Financial year ended 31st March, |                    |
|--|------|----------------------------------|--------------------|
|  |      | 2010<br>HK\$'000                 | 2009<br>HK\$'000   |
| Turnover   | 3    | <b>3,633,639</b>                 | 3,838,693          |
| Cost of sales  |      | <b><u>(1,588,370)</u></b>        | <u>(1,652,974)</u> |
| Gross profit   |      | <b>2,045,269</b>                 | 2,185,719          |
| Other income   | 4    | <b>144,379</b>                   | 735                |
| Selling and distribution expenses                    |      | <b>(1,464,279)</b>               | (1,607,426)        |
| Administrative expenses                              |      | <b>(267,458)</b>                 | (270,268)          |
| Other operating expenses                             |      | <b><u>(101,436)</u></b>          | <u>(105,465)</u>   |
| Operating profit                                     |      | <b>356,475</b>                   | 203,295            |
| Impairment loss on fixed assets                      | 9    | —                                | (116,123)          |
| Finance costs  |      | <b>(685)</b>                     | (2,555)            |
| Share of profits less losses of associated companies |      | <b><u>17,043</u></b>             | <u>16,099</u>      |
| Profit before taxation                               | 5    | <b>372,833</b>                   | 100,716            |
| Taxation   | 6    | <b><u>(69,099)</u></b>           | <u>(48,899)</u>    |
| Profit for the year                                  |      | <b><u>303,734</u></b>            | <u>51,817</u>      |
| Attributable to :-                                   |      |                                  |                    |
| Equity shareholders of the Company                   |      | <b>304,219</b>                   | 51,374             |
| Minority interests                                   |      | <b><u>(485)</u></b>              | <u>443</u>         |
| Profit for the year                                  |      | <b><u>303,734</u></b>            | <u>51,817</u>      |
| Earnings per share (basic and diluted)               | 8    | <b><u>81.7 cents</u></b>         | <u>13.8 cents</u>  |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2010

|  | Financial year ended 31st March, |                 |
|--|----------------------------------|-----------------|
|  | 2010                             | 2009            |
|  | HK\$'000                         | HK\$'000        |
| Profit for the year  | 303,734                          | 51,817          |
| Exchange differences on translation of accounts<br>of overseas subsidiary and associated<br>companies (Note) | <u>32,040</u>                    | <u>(36,858)</u> |
| Total comprehensive income for the year  | <u>335,774</u>                   | <u>14,959</u>   |
| Attributable to :-   |                                  |                 |
| Equity shareholders of the Company   | 336,238                          | 14,353          |
| Minority interests   | <u>(464)</u>                     | <u>606</u>      |
| Total comprehensive income for the year  | <u>335,774</u>                   | <u>14,959</u>   |

*Note :-*

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

## CONSOLIDATED BALANCE SHEET

At 31st March, 2010

|   | NOTE | 2010<br>HK\$'000        | 2009<br>HK\$'000 |
|---|------|-------------------------|------------------|
| Non-current assets  |      |                         |                  |
| Fixed assets  |      | <b>192,869</b>          | 203,061          |
| Intangible asset  | 10   | <b>169,793</b>          | 212,241          |
| Goodwill  |      | <b>13,900</b>           | 13,900           |
| Associated companies  |      | <b>138,169</b>          | 146,661          |
| Deferred tax assets   |      | <b>23,256</b>           | 52,106           |
| Other financial assets  | 11   | <b><u>192,081</u></b>   | —                |
|   |      | <b>730,068</b>          | 627,969          |
| Current assets  |      |                         |                  |
| Stocks  |      | <b>722,646</b>          | 1,012,056        |
| Debtors, deposits and prepayments                               | 12   | <b>309,575</b>          | 400,512          |
| Bills receivable  |      | <b>268</b>              | 646              |
| Tax recoverable   |      | <b>7,437</b>            | 5,828            |
| Cash and cash equivalents                                       |      | <b><u>1,003,548</u></b> | <u>579,302</u>   |
|   |      | <b>2,043,474</b>        | 1,998,344        |
|   |      | -----                   | -----            |
| Current liabilities   |      |                         |                  |
| Bank loans  |      | <b>11,410</b>           | 48,281           |
| Bills payable   |      | <b>6,224</b>            | 21,170           |
| Creditors and accruals  | 13   | <b>651,927</b>          | 665,872          |
| Taxation  |      | <b><u>10,156</u></b>    | <u>24,876</u>    |
|   |      | <b>679,717</b>          | 760,199          |
|   |      | =====                   | =====            |
| Net current assets  |      | <b><u>1,363,757</u></b> | <u>1,238,145</u> |
| Total assets less current liabilities                           |      | <b>2,093,825</b>        | 1,866,114        |
| Non-current liabilities   |      |                         |                  |
| Deferred tax liabilities  |      | <b><u>11,816</u></b>    | <u>4,463</u>     |
| Net assets  |      | <b><u>2,082,009</u></b> | <u>1,861,651</u> |
| Capital and reserves  |      |                         |                  |
| Share capital   | 14   | <b>111,693</b>          | 111,693          |
| Reserves  |      | <b><u>1,963,408</u></b> | <u>1,742,586</u> |
| Total equity attributable to equity shareholders of the Company |      | <b>2,075,101</b>        | 1,854,279        |
| Minority interests  |      | <b><u>6,908</u></b>     | <u>7,372</u>     |
| Total equity  |      | <b><u>2,082,009</u></b> | <u>1,861,651</u> |

## NOTES

### 1. PRINCIPAL ACCOUNTING POLICIES

These accounts 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”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These accounts 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 certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these accounts.

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

### 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s accounts :-

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*
- HK(IFRIC) 13, *Customer loyalty programmes*
- HK(IFRIC) 16, *Hedges of a net investment in a foreign operation*

Except for HKAS 1 (revised 2007), the remainder of these developments have had no material impact on the Group’s accounts.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expense in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

### 3. TURNOVER / SEGMENTAL INFORMATION

Turnover represents the invoiced value of goods sold less discounts and returns, and income from concession and consignment sales.

#### Business segments

The Group has a single reportable segment which is the sale of luxury goods. Accordingly, the segment information for this sole operating segment is equivalent to the consolidated figures.

#### Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

|                                 | <b>Financial year ended 31st March,</b> |                  |
|---------------------------------|---|------------------|
|                                 | <b>2010</b>                             | <b>2009</b>      |
|                                 | <b>HK\$'000</b>                         | <b>HK\$'000</b>  |
| Hong Kong (place of domicile)   | <b>2,038,793</b>                        | 2,104,383        |
|                                 | -----                                   | -----            |
| China                           | <b>781,276</b>                          | 767,403          |
| Taiwan                          | <b>598,181</b>                          | 615,553          |
| Other territories (Mainly Asia) | <b><u>215,389</u></b>                   | <u>351,354</u>   |
|                                 | <b>1,594,846</b>                        | 1,734,310        |
|                                 | -----                                   | -----            |
| Total                           | <b><u>3,633,639</u></b>                 | <u>3,838,693</u> |

The following table sets out information about the geographical location of the Group's fixed assets, intangible assets, goodwill and interests in associated companies. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associated companies.

|                                 | <b>Financial year ended 31st March,</b> |                 |
|---------------------------------|---|-----------------|
|                                 | <b>2010</b>                             | <b>2009</b>     |
|                                 | <b>HK\$'000</b>                         | <b>HK\$'000</b> |
| Hong Kong (place of domicile)   | <b>256,824</b>                          | 239,992         |
|                                 | -----                                   | -----           |
| China                           | <b>162,180</b>                          | 235,712         |
| Taiwan                          | <b>90,413</b>                           | 89,083          |
| Other territories (Mainly Asia) | <b>5,314</b>                            | 11,076          |
|                                 | -----                                   | -----           |
|                                 | <b>257,907</b>                          | 335,871         |
|                                 | -----                                   | -----           |
| Total                           | <b><u>514,731</u></b>                   | <u>575,863</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.

#### **4. OTHER INCOME**

Other income in the consolidated profit and loss account in current year includes US\$18.2 million (approximately HK\$141.1 million) received by the Company upon expiration of an apparel and accessories distribution license.

#### **5. PROFIT BEFORE TAXATION**

|   | <b>Financial year ended 31st March,</b> |                 |
|---|---|-----------------|
|   | <b>2010</b>                             | <b>2009</b>     |
|   | <b>HK\$'000</b>                         | <b>HK\$'000</b> |
| Profit before taxation is arrived at after charging /(crediting) :-             |   |                 |
| Amortisation of intangible asset  | <b>42,448</b>                           | 42,449          |
| Depreciation  | <b>83,034</b>                           | 176,921         |
| Interest income   | <b>(3,233)</b>                          | (6,919)         |
| Interest on bank overdrafts and loans repayable within five years               | <b>685</b>                              | 2,555           |
| Net gains from financial assets designated at fair value through profit or loss | <b>(3,834)</b>                          | —               |
| Share of associated companies' taxation   | <b><u>6,688</u></b>                     | <u>4,922</u>    |

## 6. TAXATION

|  | Financial year ended 31st March, |                |
|--|----------------------------------|----------------|
|  | 2010                             | 2009           |
|  | HK\$'000                         | HK\$'000       |
| Current tax - Hong Kong Profits Tax  |                                  |                |
| Provision for the year   | 64                               | —              |
| Under-provision in respect of prior years  | <u>137</u>                       | <u>679</u>     |
|  | <u>201</u>                       | <u>679</u>     |
|  | -----                            | -----          |
| Current tax - Overseas   |                                  |                |
| Provision for the year   | 37,543                           | 52,538         |
| Over-provision in respect of prior years   | <u>(5,843)</u>                   | <u>(3,807)</u> |
|  | <u>31,700</u>                    | <u>48,731</u>  |
|  | -----                            | -----          |
| Deferred tax   |                                  |                |
| Origination and reversal of temporary differences                                | 33,858                           | (511)          |
| Effect on deferred tax balances at 1st April resulting from a change in tax rate | <u>3,340</u>                     | <u>—</u>       |
|  | <u>37,198</u>                    | <u>(511)</u>   |
|  | -----                            | -----          |
| Total income tax expense   | <u>69,099</u>                    | <u>48,899</u>  |

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5 per cent. (2009 : 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.



## 7. DIVIDENDS

|   | Financial year ended 31st March, |               |
|---|----------------------------------|---------------|
|   | 2010                             | 2009          |
|   | HK\$'000                         | HK\$'000      |
| (a) Interim dividend declared and paid of 13.0 cents (2009 : 11.0 cents) per ordinary share                   | <u>48,400</u>                    | <u>40,954</u> |
| (b) Final dividend proposed after the balance sheet date of 18.0 cents (2009 : 18.0 cents) per ordinary share | <u>67,016</u>                    | <u>67,016</u> |
| (c) Special dividend proposed after the balance sheet date of 18.0 cents (2009 : Nil) per ordinary share      | <u>67,016</u>                    | <u>—</u>      |

## 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share in the current year is based on the profit attributable to ordinary equity shareholders of the Company of HK\$304,219,000 (2009 : HK\$51,374,000) and the weighted average number of 372,311,338 ordinary shares (2009 : 372,311,338 ordinary shares) in issue during the year.

## 9. IMPAIRMENT LOSS ON FIXED ASSETS

In the prior year, management performed an impairment assessment on certain fixed assets of the Group's more recent retail store investments. Based on the assessment, an impairment loss of HK\$116,123,000 was recognised in respect of the respective fixed assets and charged to the consolidated profit and loss account. The recoverable amounts of these fixed assets were determined based on the forecast future cash flows generated from these retail store investments. The pre-tax discount rate used in estimating the recoverable amounts was 9.5 per cent..

## 10. INTANGIBLE ASSET

|                             | Financial year ended 31st March, |                |
|-----------------------------|----------------------------------|----------------|
|                             | 2010                             | 2009           |
|                             | HK\$'000                         | HK\$'000       |
| Cost :-                     |                                  |                |
| At 1st April and 31st March | <u>322,607</u>                   | <u>322,607</u> |
| Accumulated amortisation :- |                                  |                |
| At 1st April                | 110,366                          | 67,917         |
| Amortisation for the year   | <u>42,448</u>                    | <u>42,449</u>  |
| At 31st March               | <u>152,814</u>                   | <u>110,366</u> |
| Net book value :-           |                                  |                |
| At 31st March               | <u>169,793</u>                   | <u>212,241</u> |

The intangible asset represents the exclusive distribution rights for Tommy Hilfiger apparel and other approved merchandise in Hong Kong, Taiwan, Singapore, Malaysia, Macau and certain cities in China.

The amortisation charge for the year is included in "Administrative expenses" in the consolidated profit and loss account.

## 11. OTHER FINANCIAL ASSETS

Other financial assets comprise unlisted debt securities issued by corporations and are classified as financial assets designated at fair value through profit or loss. The unlisted debt securities are perpetual, callable at the discretion of the issuers and traded over the counter. The securities carry fixed interest rates before the call dates and variable interest rates after the call dates and are denominated in United States dollars.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

|                                    | Financial year ended 31st March, |                 |
|------------------------------------|----------------------------------|-----------------|
|                                    | 2010                             | 2009            |
|                                    | HK\$'000                         | HK\$'000        |
| Trade debtors                      | 112,886                          | 145,001         |
| Less: allowance for doubtful debts | <u>(24,781)</u>                  | <u>(21,844)</u> |
|                                    | 88,105                           | 123,157         |
| Other debtors                      | <u>221,470</u>                   | <u>277,355</u>  |
|                                    | <u>309,575</u>                   | <u>400,512</u>  |

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK\$113,487,000 (2009 : HK\$138,378,000), 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 as at the balance sheet date :-

|                       | <b>Financial year ended 31st March,</b> |                 |
|-----------------------|---|-----------------|
|                       | <b>2010</b>                             | <b>2009</b>     |
|                       | <b>HK\$'000</b>                         | <b>HK\$'000</b> |
| Current               | <b>83,365</b>                           | 114,012         |
|                       | -----                                   | -----           |
| 1 to 30 days overdue  | <b>4,431</b>                            | 4,377           |
| 31 to 60 days overdue | <b>216</b>                              | 2,280           |
| Over 60 days overdue  | <b>93</b>                               | <u>2,488</u>    |
| Amounts overdue       | <b>4,740</b>                            | 9,145           |
|                       | =====                                   | =====           |
|                       | <b><u>88,105</u></b>                    | <u>123,157</u>  |

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

**13. CREDITORS AND ACCRUALS**

Included in creditors and accruals are trade creditors of HK\$182,039,000 (2009 : HK\$177,887,000) and their ageing analysis is as follows :-

|                       | <b>Financial year ended 31st March,</b> |                 |
|-----------------------|---|-----------------|
|                       | <b>2010</b>                             | <b>2009</b>     |
|                       | <b>HK\$'000</b>                         | <b>HK\$'000</b> |
| Current               | <b>163,869</b>                          | 155,402         |
| 1 to 30 days overdue  | <b>13,218</b>                           | 12,487          |
| 31 to 60 days overdue | <b>2,678</b>                            | 7,322           |
| Over 60 days overdue  | <b>2,274</b>                            | <u>2,676</u>    |
|                       | =====                                   | =====           |
|                       | <b><u>182,039</u></b>                   | <u>177,887</u>  |

#### 14. SHARE CAPITAL

|  | Financial year ended 31st March, |                              |                                  |                              |
|--|----------------------------------|------------------------------|----------------------------------|------------------------------|
|  | 2010                             |                              | 2009                             |                              |
|  | Number<br>of shares<br>Thousands | Nominal<br>value<br>HK\$'000 | Number<br>of shares<br>Thousands | Nominal<br>value<br>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 and<br>carried forward | <u>372,311</u>                   | <u>111,693</u>               | <u>372,311</u>                   | <u>111,693</u>               |

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.

#### 15. CAPITAL COMMITMENTS

Capital commitments outstanding at 31st March, 2010 not provided for in the accounts were as follows :-

|                                   | Financial year ended 31st March, |               |
|-----------------------------------|----------------------------------|---------------|
|                                   | 2010                             | 2009          |
|                                   | HK\$'000                         | HK\$'000      |
| Contracted for                    | 5,554                            | 24,321        |
| Authorised but not contracted for | <u>112</u>                       | <u>—</u>      |
|                                   | <u>5,666</u>                     | <u>24,321</u> |

#### 16. CONTINGENT LIABILITIES

At 31st March, 2010, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$962,532,000 (2009 : HK\$979,543,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$87,764,000 (2009 : HK\$158,107,000) at the balance sheet date.
- (b) Guarantees given to licensors to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was HK\$12,904,000 (2009 : HK\$11,264,000) at the balance sheet date.

As at the balance sheet date, 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, 2010 and 31st March, 2009.

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.

## **17. POST BALANCE SHEET EVENT**

On 31st March, 2010, Tommy Hilfiger Licensing LLC (“TH Licensing”) agreed to (i) extend its licence to the Company for the sale of products under the brand name of “Tommy Hilfiger” (“the Licensed Products”) in Hong Kong, Macau, Taiwan, Singapore and Malaysia (“the Territories”) to 31st March, 2019 with the exception of China (“the Excluded Territory”); and (ii) early terminate its licence to the Company for the sale of the Licensed Products in the Excluded Territory from 1st March, 2011, or such other date as the parties may otherwise agree in writing (“the Termination Date”). TH Licensing will pay US\$21 million (approximately HK\$163 million) to the Company on the Termination Date.

## **18. COMPARATIVE FIGURES**

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements* and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to the current year’s presentation and to provide comparative amounts in respect of items disclosed for the first time in 2010. Further details of these developments are disclosed in Note 2.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The year ended 31st March, 2010 saw profits increase 5.9 times compared with last year. This was achieved through a combination of improved operating profits and the payment received from the Polo Ralph Lauren Corporation. Although the global economy is showing signs of improvement, the Group expects volatile trading conditions to persist in the current financial year, and will therefore continue to adopt a prudent approach to all aspects of its business activities.

## **FINANCIAL RESULTS, FINAL DIVIDEND AND SPECIAL DIVIDEND**

Turnover for the year was HK\$3,633.6 million, a decrease of 5.3 per cent. compared with last year. This was mainly due to the cessation of the sale of Polo Ralph Lauren products during the last quarter of the year.

Profit for the year was HK\$303.7 million, an increase of HK\$251.9 million over last year.

In view of these results, the Board is recommending the payment of a final dividend of 18.0 cents per ordinary share.

To celebrate the Group's 30th Anniversary and thank shareholders for their support, the Board has also decided to recommend the payment of a special dividend of 18.0 cents per ordinary share.

The final dividend and special dividend together with the interim dividend of 13.0 cents per ordinary share amounts to a total dividend of 49.0 cents per ordinary share, an increase of 69.0 per cent. compared with 29.0 cents per ordinary share paid out last year.

## **REVIEW OF OPERATIONS**

As the global economy began to show signs of growth, the Group continued to maintain healthy inventory levels, implement strict buying budgets and seek new investment opportunities with its very strong net cash position of over HK\$990 million.

The Group's retail network at 31st March, 2010 totalled 381 shops. This comprised 49 in Hong Kong, 239 in China, 3 in Macau, 72 in Taiwan, 12 in Singapore and 6 in Malaysia.

In addition to opening new shops for core brands such as Brooks Brothers, Tommy Hilfiger and S.T. Dupont, the Group also opened shops for new brands which it has secured exclusive distribution rights for various markets such as Roger Vivier, Versus and Artē.

Geographically, 56 per cent. of sales was generated in Hong Kong, 22 per cent. in China, 16 per cent. in Taiwan and 6 per cent. in the rest of South East Asia.

The Group announced in March 2010 that its license for the sale of products under the name of "Tommy Hilfiger" in the territories of Hong Kong, Macau, Taiwan, Singapore and Malaysia would be extended to 31st March, 2019. The Group also agreed to terminate the territory of China on 28th February, 2011 or such other date as may be agreed. Tommy Hilfiger Licensing LLC would pay the Group US\$21 million upon such expiration.

The resilient performance achieved by all of the Group's operations during the year and the significant increase in its net cash position demonstrate the successful implementation of its business strategies and the popularity of its brand portfolio.

## **FUTURE PROSPECTS**

Although it appears that global economic conditions have begun to show signs of improvement, the continued volatility of international markets warrants the continuation of a very cautious approach to business development and expansion. Whilst the discontinuation of the Polo Ralph Lauren license has resulted in a loss of sales and profits from one of its historical revenue streams, the payment received together with the Group's strong net cash position will ensure that the Group has the financial resources to pursue any investment opportunities.

Earlier this month, the Group announced that it had entered into an exclusive franchise agreement with American Eagle Outfitters, Inc. to open stores in Hong Kong and China. American Eagle Outfitters is one of the most popular American brands with annual sales of nearly US\$3 billion, and operates more than 1,000 stores worldwide offering high-quality, on-trend clothing, accessories and personal care products at affordable prices.

A series of stores will be opened over the next several years with the first three planned for 2011 in Hong Kong, Beijing and Shanghai. Each store will be at least 6,000 sq. ft. in size. The Group expects that its initial investment in the development of American Eagle Outfitters will total HK\$120 million, and is confident that given the brand's proven popularity and success in North America, American Eagle Outfitters will be similarly well received in Asia.

In addition, the Group has opened 31 new shops so far this year for brands such as Rado, Brooks Brothers, Tommy Hilfiger, S.T. Dupont and Artē, with plans to open a further 40 shops before the end of the current financial year.

The Group is confident that its comprehensive retail network throughout China and the region, together with its net cash position of over HK\$990 million and strong balance sheet, will enable the Group to exploit any economic recovery and take advantage of any investment opportunities of exceptional value.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31st March, 2010, the Group had 2,553 (2009 : 3,303) employees. Total staff costs (including directors' emoluments) amounted to HK\$548.1 million (2009 : HK\$590.1 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. Details of the share option scheme are set out in the Company's 2010 annual report ("the 2010 Annual Report") which will be despatched to the shareholders in due course. No share options were granted or exercised during the year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the year, the Group generated net cash from operating activities of HK\$823.7 million (2009 : HK\$145.5 million) which included the HK\$141.1 million received by the Group upon expiration of an apparel and accessories distribution license.

The net cash from operating activities funded the Group's investing activities including capital expenditure and other financial assets of HK\$246.3 million and financing activities including repayment of certain short term bank borrowings and dividend payments of HK\$156.0 million.

The surplus of net cash inflow over utilisation increased the Group's cash and bank deposits as at 31st March, 2010 to HK\$1,003.5 million (2009 : HK\$579.3 million). The Group's net liquid financial resources as at 31st March, 2010 were HK\$992.1 million (2009 : HK\$531.0 million) comprising cash and bank deposits of HK\$1,003.5 million less short-term bank borrowings of HK\$11.4 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. The Group's outstanding foreign currency bank borrowings are a result of the application of this policy and comprise short-term bank loans drawn in Singapore Dollars by an operating subsidiary company.

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 and invested in debt securities issued by corporations with acceptable credit ratings.

As at 31st March, 2010, the Group's current ratio, being current assets divided by current liabilities, was 3.0 times compared to 2.6 times as at 31st March, 2009. 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, 2009 : Nil).

## **OTHER INFORMATION**

### **DIVIDENDS**

In view of the results, the Board is recommending the payment of a final dividend of 18.0 cents (2009 : 18.0 cents) and a special dividend of 18.0 cents (2009 : Nil) per ordinary share for the year ended 31st March, 2010. The final dividend and special dividend, which will be paid on Friday, 27th August, 2010, will absorb a total of about HK\$67,016,000 (2009 : HK\$67,016,000) and HK\$67,016,000 (2009 : Nil) respectively and will be paid to the shareholders whose names appear in the Register of Members of the Company on Thursday, 19th August, 2010. Together with the interim dividend of 13.0 cents per ordinary share, the total dividend payout is 49.0 cents per ordinary share.



## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 18th August, 2010 to Thursday, 19th August, 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and special dividend (subject to shareholders' approval at the annual general meeting of the Company to be held on Thursday, 19th August, 2010), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17th August, 2010.

## **SHARE PURCHASE, SALE AND REDEMPTION**

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

## **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 complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March, 2010. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report included in the 2010 Annual Report to be despatched to the shareholders in due course.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the consolidated final results of the Group for the year ended 31st March, 2010 with the Board.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of the shareholders of the Company will be held at 4th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 19th August, 2010 at 11:00 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](http://www.hkexnews.hk) and the website of the Company at [www.dickson.com.hk/doc/announcement/EAGM130710.pdf](http://www.dickson.com.hk/doc/announcement/EAGM130710.pdf) and included in the 2010 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*)

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, 23rd June, 2010

*\* For identification purposes only*