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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER, 2015**

The board of directors (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the unaudited consolidated results of the Company and its subsidiary companies (together “the Group”) for the six months ended 30th September, 2015 together with the comparative figures are as follows :-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30th September, 2015

		Six months ended 30th September,	
		2015	2014
	NOTE	(unaudited) HK\$'000	(unaudited) HK\$'000
Turnover	2	1,807,915	2,036,262
Cost of sales		<u>(882,419)</u>	<u>(1,052,692)</u>
Gross profit		925,496	983,570
Other (loss) / income	3	(18,414)	11,810
Selling and distribution expenses		(812,937)	(933,147)
Administrative expenses		(110,284)	(123,231)
Other operating expenses		<u>(51,770)</u>	<u>(62,047)</u>
Operating loss		(67,909)	(123,045)
Finance costs		(865)	(1,866)
Share of profits less losses of associated companies		<u>(5,541)</u>	<u>(165)</u>
Loss before taxation	4	(74,315)	(125,076)
Taxation	5	<u>(1,910)</u>	<u>(8,302)</u>
Loss for the period attributable to equity shareholders of the Company		<u>(76,225)</u>	<u>(133,378)</u>
Loss per share (basic and diluted)	6	<u>(19.7) cents</u>	<u>(34.8) cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30th September, 2015

	Six months ended 30th September,	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss for the period	<u>(76,225)</u>	<u>(133,378)</u>
Other comprehensive income for the period :		
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note)	<u>(37,697)</u>	<u>496</u>
Available-for-sale equity securities :		
Changes in fair value recognised during the period	(21,649)	59,627
Reclassification adjustments for amounts transferred to profit or loss :		
– gains on disposal (Note 3)	(3,347)	–
– impairment losses (Note 3)	<u>23,123</u>	<u>–</u>
Net movement in the fair value reserve during the period recognised in other comprehensive income (Note)	<u>(1,873)</u>	<u>59,627</u>
Other comprehensive income for the period	<u>(39,570)</u>	<u>60,123</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>(115,795)</u>	<u>(73,255)</u>

Note :-

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2015

	NOTE	30/9/2015 (unaudited) HK\$'000	31/3/2015 (audited) HK\$'000
Non-current assets			
Fixed assets		220,394	227,634
Intangible asset	8	66,031	75,464
Associated companies		25,273	37,167
Deferred tax assets		3,595	3,804
Other financial assets	9	<u>353,233</u>	<u>283,862</u>
		668,526	627,931
Current assets			
Inventories		848,371	844,629
Debtors, deposits and prepayments	10	377,969	354,058
Tax recoverable		4,898	4,739
Other financial assets	9	27,858	–
Cash and bank balances		<u>1,087,434</u>	<u>1,387,111</u>
		<u>2,346,530</u>	<u>2,590,537</u>
Current liabilities			
Bank loans	11	83,720	70,099
Bills payable		4,572	17,269
Creditors and accruals	12	618,252	643,309
Taxation		<u>14,832</u>	<u>22,458</u>
		<u>721,376</u>	<u>753,135</u>
Net current assets		<u>1,625,154</u>	<u>1,837,402</u>
Total assets less current liabilities		2,293,680	2,465,333
Non-current liabilities			
Deferred tax liabilities		30,879	43,219
Amount due to associated companies		<u>24,665</u>	<u>33,959</u>
Net assets		<u>2,238,136</u>	<u>2,388,155</u>
Capital and reserves			
Share capital	13	115,964	116,965
Reserves		<u>2,122,172</u>	<u>2,271,190</u>
Total equity attributable to equity shareholders of the Company		<u>2,238,136</u>	<u>2,388,155</u>

NOTES ON THE INTERIM FINANCIAL REPORT

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30th September, 2015 but are extracted from the interim financial report.

This interim financial report has been prepared in accordance 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"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 30th November, 2015.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in Note 1(b).

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA).

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board is included in the interim report to be sent to shareholders. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31st March, 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

(b) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company :-

- **Annual Improvements to HKFRSs 2010-2012 Cycle**
- **Annual Improvements to HKFRSs 2011-2013 Cycle**

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

2. TURNOVER / SEGMENTAL INFORMATION

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

Business Segment

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 are delivered.

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>1,179,726</u>	<u>1,329,042</u>
Taiwan	308,095	363,637
China	199,836	167,212
Singapore / Malaysia	88,613	136,993
Other territories (Mainly Asia)	<u>31,645</u>	<u>39,378</u>
	<u>628,189</u>	<u>707,220</u>
Total	<u>1,807,915</u>	<u>2,036,262</u>

The following table sets out information about the geographical location of the Group's fixed assets, intangible assets 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 the location of operations, in the case of interests in associated companies.

	30/9/2015	31/3/2015
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>183,312</u>	<u>204,069</u>
Taiwan	74,253	70,471
China	38,510	45,224
Singapore / Malaysia	6,460	9,497
Other territories (Mainly Asia)	<u>9,163</u>	<u>11,004</u>
	<u>128,386</u>	<u>136,196</u>
Total	<u>311,698</u>	<u>340,265</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*.

3. OTHER (LOSS) / INCOME

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Available-for-sale equity securities : reclassified from equity		
– on disposal	3,347	—
– on impairment	(23,123)	—
Dividend income from listed securities	1,121	—
Interest income	4,901	8,844
Loss on disposal of fixed assets	(1,145)	(1,736)
Net foreign exchange loss	(4,356)	(119)
Realised and unrealised gains / (losses) from financial assets designated at fair value through profit or loss :-		
– interest income	1,278	7,339
– net fair value losses	<u>(437)</u>	<u>(2,518)</u>
	<u>(18,414)</u>	<u>11,810</u>

4. LOSS BEFORE TAXATION

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Loss before taxation is arrived at after charging :-		
Amortisation of intangible asset	9,433	9,433
Depreciation	43,972	60,479
Impairment loss on fixed assets recognised	—	81,757
Interest on bank overdrafts and loans repayable within five years	<u>865</u>	<u>1,866</u>

5. TAXATION

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	658	2,149
Over-provision in respect of prior years	<u>(122)</u>	<u>(788)</u>
	<u>536</u>	<u>1,361</u>
Current tax — Overseas		
Provision for the period	13,420	6,277
Under-provision in respect of prior years	<u>294</u>	<u>196</u>
	<u>13,714</u>	<u>6,473</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(12,340)</u>	<u>468</u>
Total income tax expense	<u>1,910</u>	<u>8,302</u>

Taxation in the consolidated statement of profit or loss includes provision for Hong Kong Profits Tax at 16.5 per cent. (2014 : 16.5 per cent.) on the estimated assessable profits for the period.

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

6. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss for the period attributable to ordinary equity shareholders of the Company of HK\$76,225,000 (2014 : HK\$133,378,000) and the weighted average number of 387,579,660 ordinary shares (2014 : 382,808,078 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

	Six months ended 30th September,	
	2015	2014
	Number of shares Thousands	Number of shares Thousands
Issued ordinary shares at 1st April	389,885	381,463
Effect of scrip dividend (Note 13)	—	1,345
Effect of repurchases of shares (Note 13)	<u>(2,305)</u>	<u>—</u>
Weighted average number of ordinary shares at 30th September	<u>387,580</u>	<u>382,808</u>

7. DIVIDENDS

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : Nil (2014 : Nil)	<u>—</u>	<u>—</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK6.0 cents (for the year ended 31st March, 2014 : HK20.0 cents) per ordinary share	<u>23,193</u>	<u>76,293</u>

8. INTANGIBLE ASSET

	30/9/2015	31/3/2015
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2015 and 1st April, 2014	<u>322,607</u>	<u>322,607</u>
At 30th September, 2015 and 31st March, 2015	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2015 and 1st April, 2014	247,143	228,277
Amortisation for the period / year	<u>9,433</u>	<u>18,866</u>
At 30th September, 2015 and 31st March, 2015	<u>256,576</u>	<u>247,143</u>
Net book value :-		
At 30th September, 2015 and 31st March, 2015	<u>66,031</u>	<u>75,464</u>

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

The amortisation charge for the period is included in “Administrative expenses” in the consolidated statement of profit or loss.

9. OTHER FINANCIAL ASSETS

	30/9/2015	31/3/2015
	HK\$'000	HK\$'000
Non-current assets		
Listed debt securities designated at fair value through profit or loss	39,772	68,853
Listed available-for-sale equity securities	97,838	61,426
Unlisted available-for-sale equity securities	<u>215,623</u>	<u>153,583</u>
	353,233	283,862
Current assets		
Listed debt securities designated at fair value through profit or loss	<u>27,858</u>	—
	<u>381,091</u>	<u>283,862</u>

Unlisted available-for-sale equity securities of HK\$215,623,000 (at 31st March, 2015 : HK\$153,583,000) 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.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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 :-

	30/9/2015 HK\$'000	31/3/2015 HK\$'000
Current	<u>120,063</u>	<u>119,851</u>
1 to 30 days overdue	4,645	1,027
31 to 60 days overdue	1,380	430
Over 60 days overdue	<u>11,446</u>	<u>270</u>
Amounts overdue	<u>17,471</u>	<u>1,727</u>
	<u>137,534</u>	<u>121,578</u>

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

11. BANK LOANS

At the end of the reporting period, the bank loans were secured as follows :-

	30/9/2015 HK\$'000	31/3/2015 HK\$'000
Secured	11,134	11,090
Unsecured	<u>72,586</u>	<u>59,009</u>
	<u>83,720</u>	<u>70,099</u>

At the end of the reporting period, the banking facilities of a subsidiary company were secured by a charge over certain debt securities with carrying value of HK\$39,772,000 (at 31st March, 2015 : HK\$40,238,000).

The effective borrowing interest rate at the end of the reporting period for the Group is 2.34 per cent. (at 31st March, 2015 : 2.03 per cent.) and its re-fixing date is within one year.

12. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$218,284,000 (at 31st March, 2015 : HK\$197,307,000) and their ageing analysis based on due date as at the end of the reporting period is as follows :-

	30/9/2015 HK\$'000	31/3/2015 HK\$'000
Current	213,320	190,770
1 to 30 days overdue	2,057	4,419
31 to 60 days overdue	1,759	1,257
Over 60 days overdue	<u>1,148</u>	<u>861</u>
	<u>218,284</u>	<u>197,307</u>

13. SHARE CAPITAL

	30/9/2015		31/3/2015	
	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	389,885	116,965	381,463	114,439
New ordinary shares issued under scrip dividend scheme	—	—	9,467	2,840
Repurchases of shares	<u>(3,338)</u>	<u>(1,001)</u>	<u>(1,045)</u>	<u>(314)</u>
Balance carried forward	<u>386,547</u>	<u>115,964</u>	<u>389,885</u>	<u>116,965</u>

During the year ended 31st March, 2015, 9,467,039 new fully paid ordinary shares were issued and allotted at HK\$4.40 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, 2014.

During the year ended 31st March, 2015, the Company repurchased a total of 1,045,000 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$3,260,310 and such repurchased shares were cancelled on 8th May, 2015. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2015 are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary share HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
March 2015	1,045,000	3.30	3.10	3,260,310

During the six months ended 30th September, 2015, the Company repurchased a total of 3,338,328 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$10,972,055. Such repurchased shares were cancelled during the reporting period. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period are as follows:-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary share HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
April 2015	408,500	3.35	3.30	1,362,970
May 2015	1,000,000	3.30	3.25	3,295,875
June 2015	1,929,828	3.29	3.25	6,313,210

Subsequent to the end of the reporting period and up to the date of this announcement, the Company repurchased a total of 6,081,500 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$19,369,079. Such repurchased shares were subsequently cancelled on 5th November, 2015. Details of the ordinary shares repurchased after the end of the reporting period are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary share HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
October 2015	6,081,500	3.40	2.80	19,369,079

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the reporting period and after the end of the reporting period on 5th November, 2015. As at the date of this announcement, the number of issued shares of the Company is 380,465,245 ordinary shares.

The directors believe that the above share repurchases are in the best interests of the Company and its shareholders and that such share repurchases would lead to an enhancement of the net assets value and / or earnings per share of the Company.

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2015 not provided for in the financial statements were as follows :-

	30/9/2015	31/3/2015
	HK\$'000	HK\$'000
Contracted for	5,309	10,199
Authorised but not contracted for	<u>—</u>	<u>—</u>
	<u>5,309</u>	<u>10,199</u>

15. CONTINGENT LIABILITIES

At 30th September, 2015, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,032,834,000 (at 31st March, 2015 : HK\$1,086,089,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$151,456,000 (at 31st March, 2015 : HK\$173,045,000) 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\$10,376,000 (at 31st March, 2015 : HK\$11,717,000) 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 30th September, 2015 and 31st March, 2015 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.

16. EVENT AFTER THE REPORTING PERIOD

The Group announced on 12th June, 2015 that the Group and Brooks Brothers International, LLC (“BBI”) had mutually agreed to allow BBI’s licence (“the Licence”) to the Group for the sale of the products under the brand name of “Brooks Brothers” in Hong Kong, Macau, China and other designated territories in Asia to expire on 31st December, 2015. BBI will pay the Group for the business assets and an amount for the goodwill on expiry of the Licence.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September, 2015, the Group's turnover was HK\$1,807.9 million, a decrease of 11.2 per cent.. Comparable store sales, adjusted for discontinued and new stores, decreased by 10.5 per cent.. Overall margin improved by 2.9 percentage points as a result of a change of sales mix and tight control over promotional activities.

Net loss from operations was HK\$53.1 million. A non-cash impairment charge of HK\$23.1 million was made on a listed equity investment as a result of the decline in market price. Loss attributable to equity shareholders totalled HK\$76.2 million.

BUSINESS REVIEW

During this six-month period, the Group has opened 11 new stores with 7 stores in China, 3 stores in Taiwan and 1 store in Malaysia. Today, the Group's retail network totals 220 stores. This comprises 41 stores in Hong Kong, 74 in China, 78 in Taiwan, 11 in Singapore, 9 in Malaysia and 7 in Macau.

Geographically, Hong Kong contributed 65 per cent. of sales, Taiwan 17 per cent., China 11 per cent. and the rest of Asia 7 per cent..

FULL YEAR PROSPECTS

The Group expects the retail climate in Hong Kong, China and South East Asia to remain weak in the foreseeable future. The Hong Kong retail market has further deteriorated as a result of the decline in Mainland Chinese tourist arrivals, and coupled with a structural change which resulted in significant retail price reduction in our neighbouring countries such as Japan and Korea, thereby further weakening the attractiveness of shopping in Hong Kong. Given these difficult conditions, the Group will rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

The Group announced on 12th June, 2015 that the Group and Brooks Brothers International, LLC ("BBI") had mutually agreed to allow BBI's licence ("the Licence") to the Group for the sale of the products under the brand name of "Brooks Brothers" in Hong Kong, Macau, China and other designated territories in Asia to expire on 31st December, 2015. BBI will pay the Group for the business assets and an amount for the goodwill on expiry of the Licence. Notwithstanding the expiration of the Licence, the Group will continue the development of its other luxury brand-name businesses and seek new investment opportunities cautiously to further enhance its strong revenue stream.

With net cash of HK\$1,003.7 million and its strong balance sheet, the Group is in an excellent position to take advantage of any recovery in market condition as well as to undertake new investment opportunities to diversify and broaden its earnings base.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2015, the Group had 2,297 (2014 : 2,495) employees. Total staff costs (including directors' emoluments) amounted to HK\$277.2 million (2014 : HK\$305.4 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 ("the Share Option Scheme") were disclosed in the Company's 2015 annual report ("the 2015 Annual Report"). No share options were granted or exercised under the Share Option Scheme during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2015, the Group utilised its cash to fund increase in working capital requirements and net investing activities which included capital expenditure and other financial assets. Together with payment of the final dividend for the previous financial year and repurchases of shares, net cash utilisation totalled HK\$240.5 million.

As a result, the Group's net liquid financial resources as at 30th September, 2015 stood at HK\$1,003.7 million, represented by cash and bank balances of HK\$1,087.4 million less short-term bank borrowings of HK\$83.7 million.

The Group also maintains substantial uncommitted short-term loan facilities with selected international banks for day-to-day requirements and funding flexibility. Utilisation of these facilities over and above prevailing levels during the second half of the current financial year is not anticipated given the Group's net cash position.

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

As at 30th September, 2015, the Group's current ratio, being current assets divided by current liabilities, was 3.3 times compared to 3.4 times as at 31st March, 2015. The Group has maintained a net surplus cash position throughout the period 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, 2015 : Nil).

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, the Board resolved not to declare an interim dividend (2014 : Nil).

SHARE PURCHASE, SALE AND REDEMPTION

Details of ordinary shares repurchased by the Company on the Stock Exchange during the period under review are set out in Note 13 on pages 13 and 14 of this announcement.

Save as disclosed in Note 13, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's ordinary shares during the period under review and up to the date of this announcement.

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 period under review 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 was set out in the Corporate Governance Report included in the 2015 Annual Report.

REVIEW OF GROUP INTERIM RESULTS

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2015 with the Board.

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

Executive Directors:

Dickson Poon (*Group Executive Chairman*)
Chan Tsang Wing, Nelson
(*Chief Operating Officer*)
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary
Ng Chan Lam

Independent Non-Executive Directors:

Bhanusak Asvaintra
Nicholas Peter Etches
Leung Kai Hung, Michael

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

Hong Kong, 30th November, 2015

** For identification purposes only*