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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**

**PLACING OF EXISTING SHARES  
SUBSCRIPTION FOR NEW SHARES  
AND  
RESUMPTION OF TRADING**

**Placing Agent**

**Morgan Stanley**

On 11 October 2007, the Vendor and the Placing Agent entered into the Placing Agreement under which the Placing Agent has conditionally agreed to place, on a fully underwritten basis, the Placing Shares held by the Vendor to independent placees at the Placing Price.

On the same day, the Vendor and the Company entered into the Subscription Agreement under which the Vendor has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue to the Vendor, the Subscription Shares at the Subscription Price.

The net proceeds to be received by the Company from the Subscription will amount to approximately HK\$450 million. The Company intends to use approximately HK\$360 million to finance the capital expenditure and working capital requirements of its planned store expansion, in particular, two new Seibu stores in China within the next 18 months and 30 licensed brand freestanding stores and corners in Hong Kong, China and Taiwan during the second half of the current financial year. The balance of the proceeds will be partly utilised to repay certain short term borrowings of the Group and the remainder to further strengthen its net cash position.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Vendor has made an application to the Executive Director of the Corporate Finance Division of the SFC for a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code consequent on its acquisition of the Subscription Shares.

**As the Placing and the Subscription are subject to the satisfaction of a number of conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 9:30 a.m. on 11 October 2007 pending release of this announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 12 October 2007.

## **PLACING AGREEMENT DATED 11 OCTOBER 2007**

### **Parties**

- (i) the Vendor;
- (ii) the Company; and
- (iii) the Placing Agent (as placing agent and underwriter of the Placing).

### **Number of Placing Shares**

The Placing Agent has conditionally agreed to place, on a fully underwritten basis, 62,000,000 Shares, representing approximately 19.98% of the Company's existing issued share capital and approximately 16.65% of its issued share capital as enlarged by the issue of the Subscription Shares.

## **The placees**

The Placing Shares will be placed by the Placing Agent to not less than six independent placees (which will be professional, institutional and/or individual investors).

## **Placing Price**

HK\$7.37 per Share, representing (i) a discount of approximately 9.01% to the closing price of HK\$8.10 per Share quoted on the Stock Exchange on 10 October 2007, the latest trading day prior to the date of the Placing Agreement; (ii) a discount of approximately 9.79% to the average closing price of HK\$8.17 per Share quoted on the Stock Exchange from 4 October 2007 to 10 October 2007, both dates inclusive, being the last five trading days prior to the issuance of this announcement; and (iii) a discount of approximately 9.53% to the average closing price of HK\$8.146 per Share quoted on the Stock Exchange from 25 September 2007 to 10 October 2007, both dates inclusive, being the last ten trading days prior to the issuance of this announcement. After deduction of the placing commission and other related expenses, the net placing price is approximately HK\$7.26 per Share.

The Placing Price has been determined after arm's length negotiations between the parties.

## **Rights**

The Placing Shares will be sold free of any encumbrances and third-party rights. The placees will receive all dividends and distributions declared, made or paid after the date of the Placing Agreement.

## **Independence of the Placing Agent and the placees**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent (which is also one of the placees) is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is also independent of and is not acting in concert with the Vendor or any person acting in concert with it (as defined in the Takeovers Code). The ultimate beneficial parent company of the Placing Agent is Morgan Stanley, a public company incorporated in the State of Delaware, United States of America.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the other placees (and their ultimate beneficial owners) is independent of and is not acting in concert with the Vendor or any person acting in concert with it (as defined in the Takeovers Code). They are also not connected with the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiary companies or an associate of any of them.

## **Conditions of the Placing**

Completion of the Placing is conditional upon:

- (a) there shall not have occurred any breach of, or any event rendering untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement;
- (b) trading generally not having been suspended or materially limited on, or by, any of the stock exchanges in Hong Kong, New York or the PRC;
- (c) trading of any securities of the Company not being suspended on any exchange or in any over the counter market, other than being suspended as a result of the Placing;
- (d) a material disruption in securities settlement, payment or clearance services in Hong Kong, the United States or the PRC not having occurred;
- (e) any moratorium on commercial banking activities not having been declared by Hong Kong, PRC or Federal or New York State authorities;
- (f) there not having occurred any outbreak or escalation of hostilities, declaration of a national emergency or war, or any change in financial markets, currency exchange rates or controls or any calamity or crisis that, in the Placing Agent's judgment, is material and adverse and which, singly or together with any other event specified in the Placing Agreement, makes it, in the Placing Agent's judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Placing Shares on the terms and in the manner contemplated herein;
- (g) the Subscription Agreement having been entered into by the parties thereto on the date of the Placing Agreement and not subsequently having been revoked, terminated or modified;
- (h) the receipt by the Placing Agent of:
  - (i) one signed original of the legal opinion from the Vendor's BVI legal counsel opining on the Vendor's due incorporation and valid existence, corporate power and authority to enter into and perform the Placing Agreement and the legal and binding effect and enforceability of the Placing Agreement against the Vendor, provided that if the relevant expedited searches had been conducted for this purpose at the BVI companies registry on 10 October 2007 (BVI time) and all reasonable endeavours have been taken by or on behalf of the Vendor to obtain the results of such searches prior to completion of the Placing Agreement but not all such results were obtained by the date on which completion takes place (Hong Kong time), then such part of the above legal opinion that is accepted by the Placing Agent to be dependent on the outstanding search results shall be delivered as soon as possible after the date of completion but in any event by no later than 17 October 2007;
  - (ii) certified copies of the board minutes of the Company and the Vendor dated the date of the Placing Agreement approving or ratifying the Placing and the Subscription;

- (iii) a certified copy of the executed version of the Subscription Agreement;
- (iv) one original executed lock-up undertaking dated the date of the Placing Agreement in favour of the Placing Agent from Mr. Dickson Poon; and
- (v) one signed original “no registration” legal opinion issued by United States legal counsel in relation to the Placing Agreement and the transactions contemplated thereunder,

each in a form satisfactory to the Placing Agent.

If any of the conditions set out above shall not have been fulfilled to the satisfaction of the Placing Agent or waived by the Placing Agent by 15 October 2007 or such other date as the Company and the Placing Agent may agree, the Placing Agreement and the obligations of the Placing Agent under the Placing Agreement shall cease and terminate at that time. Shareholders and investors are therefore advised to exercise caution when dealing in Shares.

### **Completion of the Placing**

It is expected that completion of the Placing will take place on 15 October 2007 (or such other date as the Vendor and the Placing Agent may agree in writing).

### **Lock-up**

The Vendor undertakes to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing Agreement) from the date of the Placing Agreement until (and including) the date being 180 days after the Closing Date, it will not, and shall procure that any companies controlled by it will not, (without the prior written consent of the Placing Agent) (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company (including for the avoidance of doubt the Shares to be subscribed for by the Vendor under the Subscription Agreement and any Share acquired after the date of the Placing Agreement) or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests, or (ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

The Company undertakes to the Placing Agent, and the Vendor undertakes to the Placing Agent it will procure the Company, not to, from the date of the Placing Agreement and until (and including) the date being 180 days after the Closing Date (without the prior written consent of the Placing Agent) (i) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right

or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company or any interests therein or any securities convertible into or exercisable or exchangeable for any such shares or interests, or (ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company, whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, provided that the Company may issue Shares to the Vendor pursuant to and in accordance with the terms and conditions of the Subscription Agreement.

## **SUBSCRIPTION AGREEMENT DATED 11 OCTOBER 2007**

### **Parties**

- (i) the Vendor; and
- (ii) the Company.

### **Number of Subscription Shares**

62,000,000 new Shares, representing approximately 19.98% of the Company's existing issued share capital, and approximately 16.65% of its issued share capital as enlarged by the issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price shall equal to the sum of (i) the Placing Price multiplied by the number of Subscription Shares and (ii) any interest actually earned and received on the proceeds of the Placing from the date of closing to completion of the Subscription and less the expenses payable by the Company in connection with the Placing and the Subscription, divided by the number of Subscription Shares. The net proceeds of the Subscription amount to approximately HK\$450 million.

### **Mandate to issue new Shares**

The Subscription Shares will be issued under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 23 August 2007. Under such general mandate, the Company is allowed to allot and issue up to 62,062,267 Shares. As at the date of this announcement, no Share has been allotted and issued pursuant to such general mandate.

## **Ranking**

The Subscription Shares, when fully paid, will rank equally with the existing issued Shares.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (a) completion of the Placing pursuant to the Placing Agreement;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares; and
- (c) the Executive Director of the Corporate Finance Division of the SFC granting a waiver from the obligation of the Vendor or any party deemed to be acting in concert with it to make a general offer under Rule 26 of the Takeovers Code as a result of the Placing and Subscription.

## **Completion of the Subscription**

Completion of the Subscription will take place on the next business day after the date upon which the last of the conditions is satisfied or such other date as the Vendor and the Company may agree, provided that completion will not be later than a date falling 14 days after the date of the Placing Agreement (i.e. 25 October 2007).

In the event that the conditions are not fulfilled within 14 days after the date of the Placing Agreement (or such later date as may be agreed between the parties and subject to compliance with the Listing Rules), then the Subscription Agreement and all rights and obligations thereunder will cease and terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise.

If completion of the Subscription takes place more than 14 days after the date of the Placing Agreement, the Subscription would not fall within the exemption under Listing Rule 14A.31(3)(d) and would be subject to the relevant requirements of the Listing Rules regarding connected transactions.

## **Application for listing from Stock Exchange and waiver from SFC**

The Company will apply to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

As the percentage shareholding (and voting rights) of the Vendor and parties acting in concert with it will be reduced from 48.15% to 28.17% immediately after completion of the Placing and will be increased back to 40.13% immediately after completion of the Subscription, the Vendor is required to make a general offer under Rule 26 of the Takeovers Code. Thus, the Vendor has made an application to the Executive Director of the Corporate Finance Division of the SFC for a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code consequent on its acquisition of the Subscription Shares.

## EFFECT OF THE PLACING AND THE SUBSCRIPTION

The shareholding structure of the Company before and after the Placing and the Subscription is summarised as follows (Note 1):

|   | At the date of this announcement |        | Immediately after completion of the Placing but before the Subscription |        | Immediately after completion of the Placing and the Subscription |        |
|---|----------------------------------|--------|---|--------|--|--------|
|   | No. of Shares                    | %      | No. of Shares   | %      | No. of Shares  | %      |
| The Vendor and parties acting in concert with it (as defined in the Takeovers Code) | 149,409,739                      | 48.15  | 87,409,739  | 28.17  | 149,409,739  | 40.13  |
| <b>Other substantial Shareholder</b>  |                                  |        |   |        |  |        |
| Matthews International Capital Management, LLC                                      | 31,272,400                       | 10.08  | 31,272,400  | 10.08  | (Note 3)   |        |
| <b>Public Shareholders</b>  |                                  |        |   |        |  |        |
| Placees (Note 2)  |                                  |        | 62,000,000  | 19.98  | 62,000,000   | 16.65  |
| Other public Shareholders (Note 3)  | 129,629,199                      | 41.77  | 129,629,199   | 41.77  | 160,901,599  | 43.22  |
| <b>Sub-total</b>  | 129,629,199                      | 41.77  | 191,629,199   | 61.75  | 222,901,599  | 59.87  |
| <b>Total</b>  | 310,311,338                      | 100.00 | 310,311,338   | 100.00 | 372,311,338  | 100.00 |

Note:

- (1) As at the date of this announcement, no options have been issued pursuant to the share option scheme of the Company.



- (2) No placees will become a substantial Shareholder upon completion of the Placing.
- (3) Matthews International Capital Management, LLC will hold approximately 8.40% of the then issued share capital of the Company immediately upon completion of the Placing and the Subscription. Accordingly, it will cease to be a substantial Shareholder and become part of the public (as defined in the Listing Rules). Matthews International Capital Management, LLC is not a party acting in concert with the Vendor.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Directors (including the independent non-executive Directors) consider that it is in the interest of the Company to raise additional equity capital in order to enhance the capital base of the Group and broaden its shareholder base.

The net proceeds receivable by the Company will be approximately HK\$450 million. The Company intends to use approximately HK\$360 million to finance the capital expenditure and working capital requirements of its planned store expansion, in particular, two new Seibu stores in China within the next 18 months and 30 licensed brand freestanding stores and corners in Hong Kong, China and Taiwan during the second half of the current financial year. The balance of the proceeds will be partly utilised to repay certain short term borrowings of the Group and the remainder to further strengthen its net cash position.

The Directors (including the independent non-executive Directors) believe the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and are in the best interest of the Company.

The Company has not raised funds by way of any issue of equity securities in the 12 months immediately preceding the date of the Placing Agreement and Subscription Agreement.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 9:30 a.m. on 11 October 2007 pending release of this announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange from 9.30 a.m. on 12 October 2007.

## **DEFINITIONS**

- |             |   |
|-------------|---|
| “associate” | has the meaning ascribed to it in the Listing Rules |
| “BVI”       | British Virgin Islands                              |

|                     |   |
|---------------------|---|
| “Closing Date”      | the business day (i.e. any day excluding Saturdays, Sundays and public holidays in Hong Kong on which licensed banks generally are open for business in Hong Kong) after the day on which all the conditions set out in the Placing Agreement have been satisfied, but in any event no later than 15 October 2007, or such other date as the Vendor and the Placing Agent may agree   |
| “Company”           | Dickson Concepts (International) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange  |
| “Director(s)”       | the director(s) of the Company  |
| “Group”             | the Company and its subsidiaries  |
| “HK\$”              | Hong Kong dollars   |
| “Listing Committee” | the Listing Committee of the Stock Exchange   |
| “Listing Rules”     | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Placing”           | the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement  |
| “Placing Agent”     | Morgan Stanley & Co. International plc. In so far as the Placing Agent, in performing its functions under the Placing Agreement, is "dealing in securities" as defined in Schedule 5 of the SFO, it shall only do so through its agent Morgan Stanley Asia Limited and only in circumstances such that none of the sub-provisions (I), (II), (III), (IV) and (V) in sub-paragraph (iv) to the definition of "dealing in securities" in Part 2 of Schedule 5 of the SFO are applicable |
| “Placing Agreement” | the share placing agreement dated 11 October 2007 entered into between the Vendor, the Company and the Placing Agent in relation to the Placing   |
| “Placing Price”     | HK\$7.37 per Placing Share  |
| “Placing Shares”    | 62,000,000 Shares currently owned by the Vendor   |
| “PRC”               | The People’s Republic of China  |
| “SFC”               | the Securities and Futures Commission   |

|                          |   |
|--------------------------|---|
| “SFO”                    | Securities and Futures Ordinance  |
| “Share(s)”               | share(s) of nominal value of HK\$0.30 each in the share capital of the Company  |
| “Shareholders”           | shareholders of the Company   |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited   |
| “Subscription”           | the subscription of the Subscription Shares by the Vendor at the Subscription Price pursuant to the Subscription Agreement  |
| “Subscription Agreement” | the subscription agreement dated 11 October 2007 entered into between the Vendor and the Company in relation to the Subscription  |
| “Subscription Price”     | the amount per Subscription Share which is equal to the amount of the sum of (i) the Placing Price multiplied by the number of Subscription Shares and (ii) any interest actually earned and received on the proceeds of the Placing from the date of closing to completion of the Subscription and less the expenses which are payable by the Company in connection with the Placing and Subscription divided by the number of Subscription Shares |
| “Subscription Shares”    | 62,000,000 new Shares to be subscribed by the Vendor at the Subscription Price under the Subscription Agreement and which shall be the same as the number of Placing Shares placed under the Placing Agreement  |
| “Takeovers Code”         | the Hong Kong Code on Takeovers and Mergers   |
| “trading day”            | has the meaning ascribed to it in the Listing Rules   |
| “Vendor”                 | Dickson Investment Holding Corporation, a limited liability company incorporated in the BVI, being the trustee and legal owner of the Placing Shares, the ultimate beneficiaries of which include Mr. Dickson Poon's family members   |

By Order of the Board

Or Suk Ying, Stella

*Company Secretary*

Hong Kong, 11 October 2007

As at the date of this announcement, the board of Directors comprises:

***Executive Directors:***

Dickson Poon (*Group Executive Chairman*)  
Raymond Lee (*Deputy Chairman and Chief Executive Officer*)  
Chan Tsang Wing, Nelson  
Edwin Ing  
Ng Chan Lam  
Walter Josef Wuest

***Independent Non-Executive Directors:***

Bhanusak Asvaintra  
Nicholas Peter Etches  
Christopher Patrick Langley, OBE

*All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement misleading.*

*\* For identification purposes only*