DICKSON

DICKSON CONCEPTS (INTERNATIONAL) LIMITED
廸生創建(國際)有限公司
(incorporated in Bermuda with limited liability)

PRESS RELEASE

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

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

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

FINANCIAL RESULTS AND FINAL DIVIDEND

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

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

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

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

REVIEW OF OPERATIONS

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

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

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

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

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

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

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

FUTURE PROSPECTS

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

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

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

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

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

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

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

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

Hong Kong, 7th June, 2018