



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

INTERIM REPORT
2016-2017

Stock Code: 0113



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

INTERIM REPORT 2016-2017

Stock Code : 0113

CONTENTS

	Page
Corporate Information	3
Consolidated Statement of Profit or Loss	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Condensed Consolidated Cash Flow Statement	8
Notes on the Unaudited Interim Financial Report	9-19
Review Report to the Board of Directors	20-21
Management Discussion and Analysis	22-24
Disclosure of Interests	25-26
Other Information	27-28

CORPORATE INFORMATION

Board of Directors :

Group Executive Chairman :

Dickson Poon

Executive Directors :

Chan Tsang Wing, Nelson

(Chief Operating Officer)

Chan Hon Chung, Johnny Pollux

Lau Yu Hee, Gary

Independent Non-Executive Directors :

Bhanusak Asvaintra

Nicholas Peter Etches

Leung Kai Hung, Michael

Company Secretary :

Or Suk Ying, Stella

Audit Committee :

Nicholas Peter Etches **(Chairman)**

Bhanusak Asvaintra

Leung Kai Hung, Michael

Nomination Committee :

Dickson Poon **(Chairman)**

Bhanusak Asvaintra

Nicholas Peter Etches

Remuneration Committee :

Bhanusak Asvaintra **(Chairman)**

Chan Tsang Wing, Nelson

Nicholas Peter Etches

Independent Auditor :

KPMG

Certified Public Accountants,

Hong Kong.

Head Office and Principal Place of Business :

4th Floor, East Ocean Centre,

98 Granville Road,

Tsimshatsui East,

Kowloon, Hong Kong.

Registered Office :

Clarendon House,

2 Church Street,

Hamilton HM 11,

Bermuda.

Principal Bankers :

BNP Paribas

Crédit Agricole Corporate and Investment Bank

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

Share Registrar in Hong Kong :

Tricor Tengis Limited

Level 22, Hopewell Centre,

183 Queen's Road East,

Hong Kong.

Share Registrar in Bermuda :

Codan Services Limited

Clarendon House,

2 Church Street,

Hamilton HM 11,

Bermuda.

Place of Share Listing :

The Stock Exchange of Hong Kong Limited

Stock Code :

The Stock Exchange of Hong Kong Limited :

0113

Website :

<http://www.dickson.com.hk>

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, 2016 together with the comparative figures are as follows :-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30th September, 2016

	NOTE	Six months ended 30th September,	
		2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Revenue	2	1,411,538	1,807,915
Cost of sales		<u>(727,491)</u>	<u>(882,419)</u>
Gross profit		684,047	925,496
Other income / (loss)	3	58,240	(18,414)
Selling and distribution expenses		(611,235)	(812,937)
Administrative expenses		(95,126)	(110,284)
Other operating expenses		<u>(31,158)</u>	<u>(51,770)</u>
Operating profit / (loss)		4,768	(67,909)
Finance costs		(614)	(865)
Share of profits less losses of associated companies		<u>—</u>	<u>(5,541)</u>
Profit / (loss) before taxation	4	4,154	(74,315)
Taxation	5	<u>(2,422)</u>	<u>(1,910)</u>
Profit / (loss) for the period attributable to equity shareholders of the Company		<u>1,732</u>	<u>(76,225)</u>
Earnings / (loss) per share (basic and diluted)	6	<u>0.5 cents</u>	<u>(19.7) cents</u>

The notes on pages 9 to 19 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 7.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30th September, 2016

Six months ended 30th September,
2016 2015

(unaudited) (unaudited)
HK\$'000 HK\$'000

Profit / (loss) for the period 1,732 (76,225)

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) 3,471 (37,697)

Available-for-sale equity securities :

Changes in fair value recognised during the period **49,228** (21,649)

Reclassification adjustments for amounts transferred
to profit or loss :

— gains on disposal (Note 3) **(50,036)** (3,347)
— impairment losses (Note 3) — 23,123

Net movement in the fair value reserve during the
period recognised in other comprehensive income (Note) **(808)** (1,873)

Other comprehensive income for the period 2,663 (39,570)

**Total comprehensive income for the period attributable
to equity shareholders of the Company** 4,395 (115,795)

Note :-

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

The notes on pages 9 to 19 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2016

	NOTE	30/9/2016 (unaudited) HK\$'000	31/3/2016 (audited) HK\$'000
Non-current assets			
Property, plant and equipment		137,592	159,367
Associated company		24,106	24,898
Deferred tax assets		2,354	2,292
Other financial assets	8	<u>176,814</u>	<u>243,723</u>
		340,866	430,280
Current assets			
Inventories		684,570	652,063
Debtors, deposits and prepayments	9	301,150	308,732
Tax recoverable		2,913	4,598
Other financial assets	8	65,806	65,837
Cash and bank balances		<u>1,254,651</u>	<u>1,391,120</u>
		2,309,090	2,422,350
Current liabilities			
Bank loans	10	39,338	74,895
Bills payable		205	895
Creditors and accruals	11	568,205	689,996
Taxation		<u>13,996</u>	<u>14,625</u>
		621,744	780,411
Net current assets		<u>1,687,346</u>	<u>1,641,939</u>
Total assets less current liabilities		2,028,212	2,072,219
Non-current liabilities			
Deferred tax liabilities		24,603	30,386
Amount due to an associated company		<u>23,531</u>	<u>24,300</u>
Net assets		<u>1,980,078</u>	<u>2,017,533</u>
Capital and reserves			
Share capital	12	114,135	114,135
Reserves		<u>1,865,943</u>	<u>1,903,398</u>
Total equity attributable to equity shareholders of the Company		<u>1,980,078</u>	<u>2,017,533</u>

The notes on pages 9 to 19 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2016

	Attributable to equity shareholders of the Company					
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Fair value reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1st April, 2016	114,135	476,065	97,635	808	1,328,890	2,017,533
Dividends approved / paid in respect of prior year (Note 7(b))	—	—	—	—	(41,850)	(41,850)
Profit for the period	—	—	—	—	1,732	1,732
Other comprehensive income for the period	—	—	3,471	(808)	—	2,663
At 30th September, 2016	114,135	476,065	101,106	—	1,288,772	1,980,078

The comparative figures for 2015 are set out as follows :-

	Attributable to equity shareholders of the Company					
	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Exchange reserve HK\$'000 (unaudited)	Fair value reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
At 1st April, 2015	116,965	503,758	128,062	—	1,639,370	2,388,155
Dividends approved / paid in respect of prior year (Note 7(b))	—	—	—	—	(23,193)	(23,193)
Repurchase of shares of the Company	(1,001)	(10,030)	—	—	—	(11,031)
Loss for the period	—	—	—	—	(76,225)	(76,225)
Other comprehensive income for the period	—	—	(37,697)	(1,873)	—	(39,570)
At 30th September, 2015	115,964	493,728	90,365	(1,873)	1,539,952	2,238,136

The notes on pages 9 to 19 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2016

	Six months ended 30th September,	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Operating loss before changes in working capital (Note a)	(22,733)	(446)
Changes in working capital	<u>(83,211)</u>	<u>(84,103)</u>
Cash used in operations	(105,944)	(84,549)
Tax paid (net)	<u>(7,240)</u>	<u>(21,928)</u>
Net cash used in operating activities	(113,184)	(106,477)
Net cash generated from / (used in) investing activities	93,989	(115,394)
Net cash used in financing activities	<u>(77,553)</u>	<u>(18,639)</u>
Net decrease in cash and cash equivalents	(96,748)	(240,510)
Cash and cash equivalents at 1st April	1,354,909	1,312,711
Effect of foreign exchange rate changes	<u>(3,510)</u>	<u>(19,927)</u>
Cash and cash equivalents at 30th September (Note b)	<u><u>1,254,651</u></u>	<u><u>1,052,274</u></u>

Notes :-

- Operating loss before changes in working capital for the period ended 30th September, 2016 is arrived at after adjusting for depreciation (Note 4), gain on disposal of available-for-sale equity securities (Note 3), interest income (Note 3) and other non-cash items.
- Analysis of cash and bank balances :-

Cash and bank balances in the consolidated statement of financial position	1,254,651	1,087,434
Less : deposits with original maturity over three months	<u>—</u>	<u>(35,160)</u>
Cash and cash equivalents	<u><u>1,254,651</u></u>	<u><u>1,052,274</u></u>

The notes on pages 9 to 19 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

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 29th November, 2016.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 2016 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 on pages 20 to 21. 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, 2016 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 :-

- **Annual Improvements to HKFRSs 2012-2014 Cycle**
- **Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative***

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. REVENUE / SEGMENTAL INFORMATION

Revenue 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,	
	2016	2015
	HKS'000	HKS'000
Hong Kong (place of domicile)	<u>1,014,912</u>	<u>1,179,726</u>
Taiwan	297,122	308,095
China	30,367	199,836
Singapore / Malaysia	48,166	88,613
Other territories (Mainly Asia)	<u>20,971</u>	<u>31,645</u>
	<u>396,626</u>	<u>628,189</u>
Total	<u>1,411,538</u>	<u>1,807,915</u>

The following table sets out information about the geographical location of the Group's property, plant and equipment 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 property, plant and equipment, and the location of operations, in the case of interests in associated companies.

	30/9/2016	31/3/2016
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>95,490</u>	<u>106,663</u>
Taiwan	26,851	36,021
China	28,432	29,488
Singapore / Malaysia	8,072	8,289
Other territories (Mainly Asia)	<u>2,853</u>	<u>3,804</u>
	<u>66,208</u>	<u>77,602</u>
Total	<u><u>161,698</u></u>	<u><u>184,265</u></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 INCOME / (LOSS)

	Six months ended 30th September,	
	2016	2015
	HK\$'000	HK\$'000
Available-for-sale equity securities : reclassified from equity		
— on disposal	50,036	3,347
— on impairment	—	(23,123)
Dividend income from listed securities	388	1,121
Interest income	5,847	4,901
Loss on disposal of property, plant and equipment	(536)	(1,145)
Net foreign exchange gain / (loss)	468	(4,356)
Realised and unrealised gains / (losses)		
from financial assets designated at fair value		
through profit or loss :-		
— interest income	1,506	1,278
— net fair value gains / (losses)	<u>531</u>	<u>(437)</u>
	<u><u>58,240</u></u>	<u><u>(18,414)</u></u>

4. PROFIT / (LOSS) BEFORE TAXATION

	Six months ended 30th September,	
	2016	2015
	HK\$'000	HK\$'000
Profit / (loss) before taxation is arrived at after charging :-		
Amortisation of intangible asset	—	9,433
Depreciation	30,271	43,972
Interest on bank overdrafts and loans repayable within five years	614	865
	<u>614</u>	<u>865</u>

5. TAXATION

	Six months ended 30th September,	
	2016	2015
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	135	658
Under / (over)-provision in respect of prior years	128	(122)
	<u>263</u>	<u>536</u>
Current tax — Overseas		
Provision for the period	7,781	13,420
Under-provision in respect of prior years	161	294
	<u>7,942</u>	<u>13,714</u>
Deferred tax		
Origination and reversal of temporary differences	(5,783)	(12,340)
Total income tax expense	<u>2,422</u>	<u>1,910</u>

Taxation in the consolidated statement of profit or loss includes provision for Hong Kong Profits Tax at 16.5 per cent. (2015 : 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. EARNINGS / (LOSS) PER SHARE

The calculation of basic and diluted earnings / (loss) per share is based on the profit for the period attributable to ordinary equity shareholders of the Company of HK\$1,732,000 (2015 : loss for the period of HK\$76,225,000) and the weighted average number of 380,451,745 ordinary shares (2015 : 387,579,660 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

	Six months ended 30th September, 2016	2015
	Number of shares Thousands	Number of shares Thousands
Issued ordinary shares at 1st April	380,452	389,885
Effect of repurchases of shares (Note 12)	<u>—</u>	<u>(2,305)</u>
Weighted average number of ordinary shares at 30th September	<u>380,452</u>	<u>387,580</u>

7. DIVIDENDS

	Six months ended 30th September, 2016	2015
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : Nil (2015: Nil)	<u>—</u>	<u>—</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK11 cents (for the year ended 31st March, 2015 : HK6 cents) per ordinary share	<u>41,850</u>	<u>23,193</u>

8. OTHER FINANCIAL ASSETS

	30/9/2016 HK\$'000	31/3/2016 HK\$'000
Non-current assets		
Listed available-for-sale equity securities	—	28,100
Unlisted available-for-sale equity securities	<u>176,814</u>	<u>215,623</u>
	176,814	243,723
Current assets		
Listed debt securities designated at fair value through profit or loss	<u>65,806</u>	<u>65,837</u>
	<u>242,620</u>	<u>309,560</u>

Unlisted available-for-sale equity securities of HK\$176,814,000 (at 31st March, 2016 : HK\$215,623,000) do not have a quoted market price in an active market and their fair values cannot be reliably measured. They are recognised at cost less impairment losses.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

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 :-

	30/9/2016 HK\$'000	31/3/2016 HK\$'000
Current	<u>82,342</u>	<u>84,641</u>
1 to 30 days overdue	575	2,760
31 to 60 days overdue	113	11
Over 60 days overdue	<u>—</u>	<u>113</u>
Amounts overdue	<u>688</u>	<u>2,884</u>
	<u>83,030</u>	<u>87,525</u>

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

10. BANK LOANS

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

	30/9/2016 HK\$'000	31/3/2016 HK\$'000
Secured	8,842	10,183
Unsecured	30,496	64,712
	39,338	74,895

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\$65,806,000 (at 31st March, 2016 : HK\$38,639,000).

The effective borrowing interest rate at the end of the reporting period for the Group is 2.09 per cent. (at 31st March, 2016 : 2.24 per cent.) and its re-fixing date is within one year.

11. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors with the following ageing analysis based on due date as at the end of the reporting period :-

	30/9/2016 HK\$'000	31/3/2016 HK\$'000
Current	179,272	187,716
1 to 30 days overdue	965	14,611
31 to 60 days overdue	153	863
Over 60 days overdue	142	994
	180,532	204,184

12. SHARE CAPITAL

	30/9/2016		31/3/2016	
	Number of shares Thousands	Nominal value HK\$'000	Number of shares Thousands	Nominal value HK\$'000
Authorised :-				
Ordinary shares of HK\$0.30 each	<u>518,000</u>	<u>155,400</u>	<u>518,000</u>	<u>155,400</u>
Issued and fully paid :-				
Ordinary shares of HK\$0.30 each				
Balance brought forward	380,452	114,135	389,885	116,965
Repurchases of shares	<u>—</u>	<u>—</u>	<u>(9,433)</u>	<u>(2,830)</u>
Balance carried forward	<u>380,452</u>	<u>114,135</u>	<u>380,452</u>	<u>114,135</u>

During the year ended 31st March, 2016, the Company repurchased a total of 9,433,328 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$30,370,744. Such repurchased shares were subsequently cancelled during the year ended 31st March, 2016. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2016 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
October 2015	6,081,500	3.40	2.80	19,369,079
January 2016	13,500	2.22	2.15	29,610

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. During the six months ended 30th September, 2016, there were no share repurchases. As at the date of this report, the number of issued shares of the Company is 380,451,745 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.

13. MATERIAL RELATED PARTY TRANSACTIONS

The following material transactions with related parties were in the opinion of the directors carried out in the ordinary and usual course of business and on normal commercial terms :-

- (a) Transactions with an associated company :-

	Six months ended 30th September,	
	2016	2015
	HK\$'000	HK\$'000
Purchases of goods	<u>—</u>	<u>2,593</u>

There were no amount due from an associated company at 30th September, 2016 and 31st March, 2016. The amount due to an associated company at 30th September, 2016 amounted to HK\$23,531,000 (at 31st March, 2016 : HK\$24,300,000), which is interest free, unsecured and has no fixed term of repayment.

- (b) Transactions with companies in which a director of the Company has beneficial interests :-

	Six months ended 30th September,	
	2016	2015
	HK\$'000	HK\$'000
Sales of goods	6,897	30,803
Purchases of goods	42,871	4,125
Management and supporting service expenses	—	32
Income from the provision of management and supporting service	4,555	12,210
Rental income	9,655	9,656
Advertising and promotion service expenses	4,170	4,133
Commission expenses	<u>1,962</u>	<u>5,597</u>

The amount due from these companies at 30th September, 2016 amounted to HK\$7,418,000 (at 31st March, 2016 : HK\$4,741,000) and the amount due to these companies at 30th September, 2016 amounted to HK\$7,388,000 (at 31st March, 2016 : HK\$17,574,000), which are interest free, unsecured and have repayment terms ranging from 20 days to 90 days.

14. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2016 not provided for in the financial statements were as follows :-

	30/9/2016 HK\$'000	31/3/2016 HK\$'000
Contracted for	5,720	2,576
Authorised but not contracted for	<u>716</u>	<u>10,543</u>
	<u>6,436</u>	<u>13,119</u>

15. CONTINGENT LIABILITIES

At 30th September, 2016, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,030,340,000 (at 31st March, 2016 : HK\$1,049,360,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$153,169,000 (at 31st March, 2016 : HK\$204,090,000) 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\$12,584,000 (at 31st March, 2016 : HK\$11,150,000) 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, 2016 and 31st March, 2016 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. FAIR VALUE MEASUREMENT

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows :-

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Level 1 HK\$'000	Total HK\$'000
At 30th September, 2016		
Recurring fair value measurements		
Other financial assets		
Listed debt securities designated at fair value through profit or loss	<u>65,806</u>	<u>65,806</u>
	<u><u>65,806</u></u>	<u><u>65,806</u></u>
At 31st March, 2016		
Recurring fair value measurements		
Other financial assets		
Listed debt securities designated at fair value through profit or loss	65,837	65,837
Listed available-for-sale equity securities	<u>28,100</u>	<u>28,100</u>
	<u><u>93,937</u></u>	<u><u>93,937</u></u>

During the six months ended 30th September, 2016, there were no transfers among different levels of fair value hierarchy.



REVIEW REPORT TO THE BOARD OF DIRECTORS OF DICKSON CONCEPTS (INTERNATIONAL) LIMITED (incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 4 to 19 which comprises the consolidated statement of financial position of Dickson Concepts (International) Limited as of 30th September, 2016 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30th September, 2016 is not prepared, in all material respects, in accordance with HKAS 34 “Interim financial reporting”.

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

Hong Kong, 29th November, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30th September, 2016, the Group's turnover was HK\$1,411.5 million, a decrease of 21.9 per cent.. Comparable store sales decreased by 3.5 per cent. after adjusting for the discontinued Brooks Brothers operations and other discontinued and new stores. Overall margin decreased by 2.7 percentage points as a result of a change of sales mix.

Net loss from operations was HK\$47.5 million. A realised profit of HK\$49.2 million was derived from the Group's investments portfolio. Net profit attributable to equity shareholders was HK\$1.7 million.

BUSINESS REVIEW

During this six-month period, the Group has opened 2 new stores with 1 store in Hong Kong and 1 store in Singapore. Today, the Group's retail network totals 119 stores. This comprises 29 stores in Hong Kong, 18 in China, 59 in Taiwan, 5 in Singapore, 5 in Malaysia and 3 in Macau.

Geographically, Hong Kong contributed 72 per cent. of sales, Taiwan 21 per cent., China 2 per cent. and the rest of Asia 5 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 weak domestic spending. The Taiwan retail market has further declined due to significantly reduced tourist arrivals from China following the inauguration of the new president in May 2016. In China, consumer demand continues to be substantially affected by the reduced spending on gift-giving. 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.

On the investment side, the Group will continue to seek new investment opportunities to diversify and broaden its earnings base.

With net cash of HK\$1,215.3 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 continue to broaden its earnings base.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2016, the Group had 1,612 (2015 : 2,297) employees. Total staff costs (including directors' emoluments) amounted to HK\$211.3 million (2015 : HK\$277.2 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 2016 annual report ("the 2016 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, 2016, the Group utilised its cash to fund working capital requirements, capital expenditure and financing activities including payment of the final dividend for the previous financial year and bank loan repayment. Together with the net cash generated from investing activities including net proceeds from other financial assets, net cash utilisation totalled HK\$96.7 million.

As a result, the Group's net liquid financial resources as at 30th September, 2016 stood at HK\$1,215.3 million, represented by cash and bank balances of HK\$1,254.6 million less short-term bank borrowings of HK\$39.3 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, 2016, the Group's current ratio, being current assets divided by current liabilities, was 3.7 times compared to 3.1 times as at 31st March, 2016. 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, 2016 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2016, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“the SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“the Directors’ Model Code”) as set out in Appendix 10 of the Listing Rules were as follows :-

Dickson Concepts (International) Limited

Name of Director	Capacity	Personal Interests	Ordinary shares of HK\$0.30 each			Total	Percentage ⁽ⁱⁱ⁾
			Family Interests	Corporate Interests	Other Interests		
Dickson Poon	Beneficial owner and trust founder	15,358	—	—	197,157,847 ⁽ⁱ⁾	197,173,205	51.83

Notes :-

- (i) These shares are held through two trusts.
- (ii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

In addition, Sir Dickson Poon is deemed to be interested in the share capital of all the subsidiary and associated companies of the Company by virtue of his interest in the Company.

Save as referred to above, as at 30th September, 2016, none of the directors had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept by the Company under Section 352 of the SFO or which are notified to the Company and the Stock Exchange pursuant to the Directors’ Model Code.

As at 30th September, 2016, no share options had been granted to the directors under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2016, the interests and short positions of the persons (other than the directors) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows :-

Dickson Concepts (International) Limited

Name of shareholder	Ordinary shares of HK\$0.30 each	Percentage⁽ⁱⁱⁱ⁾	Capacity
Yu Kwai Chu, Pearl	197,173,205 ⁽ⁱ⁾	51.83	Interest of spouse
Dickson Investment Holding (PTC) Corporation (“DIHPTC”)	197,157,847 ⁽ⁱⁱ⁾	51.82	Trustee
Paicolex Trust Company (BVI) Limited (“Paicolex BVI”)	197,157,847 ⁽ⁱⁱ⁾	51.82	Trustee
Paicolex Trust Management AG (“Paicolex AG”)	197,157,847 ⁽ⁱⁱ⁾	51.82	Trustee
Brandes Investment Partners, L.P.	30,505,650	8.02	Investment manager

Notes :-

- (i) These shares refer to the family interest attributable to Sir Dickson Poon, the spouse of Ms. Yu Kwai Chu, Pearl.
- (ii) These shares refer to the same block of shares. DIHPTC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 197,157,847 shares which were disclosed as “Other Interests” of Sir Dickson Poon in the “Directors’ Interests” section of this report. Sir Dickson Poon is a director of DIHPTC.
- (iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as disclosed above and in the “Directors’ Interests” section of this report, the Company has not been notified by any person who had an interest or short position in the shares or underlying shares of the Company as at 30th September, 2016 which is required to be notified to the Company pursuant to Part XV of the SFO or which is recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, the Board resolved not to declare an interim dividend (2015 : 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 12 on page 16 of the interim financial report.

Save as disclosed in Note 12, 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 report.

SHARE OPTION SCHEME

As at 30th September, 2016, no share options had been granted to any of the directors or employees of the Company or any of its subsidiary companies under the Share Option Scheme.

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 2016 Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Directors' Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by the directors. Having made specific enquiries of all directors, all directors confirmed that they have complied with the required standard as set out in the Directors' Model Code throughout the period under review.

CHANGE IN DIRECTORS' INFORMATION

There was no change of directors' information since the date of the 2016 Annual Report that is required to be disclosed pursuant to Rules 13.51B(1) and 13.51(B)(2) of the Listing Rules.

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, 2016 with the Board.

As at the date of this report, 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

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, 29th November, 2016