



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

PRESS RELEASE

- * For the financial year ended 31st March, 2016, the Group achieved sales of HK\$3,621.3 million. Comparable store sales, adjusted for discontinued and new stores, decreased by 13.6 per cent..
- * The Group's full year net loss from operations was HK\$126.3 million. As a result of the declining retail climate, a non-cash impairment charge of HK\$161.9 million was made on intangible asset and fixed assets of certain retail stores. Full year net loss attributable to equity shareholders was HK\$288.2 million.
- * It should also be noted that the impairment charge of HK\$161.9 million as a result of the poor retail climate is non-cash in nature and has no impact on the Group's cash position.
- * The Group has net cash of HK\$1.3 billion and is in an extremely strong financial position.

FINANCIAL RESULTS AND FINAL DIVIDEND

- * Turnover for the year ended 31st March, 2016 was HK\$3,621.3 million, a decrease of 16.2 per cent. compared to HK\$4,322.2 million in the previous year.
- * Loss attributable to equity shareholders was HK\$288.2 million compared to HK\$110.3 million in the previous year.
- * In view of these results but with the strong net cash position of the Group, the Board is recommending the payment of a final dividend of HK11 cents per ordinary share, compared to a final dividend of HK6 cents per ordinary share in the previous year.



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REVIEW OF OPERATIONS

- * The Group opened 11 new shops during the year. Its retail network as at 31st March, 2016 totalled 132 shops comprising 30 shops in Hong Kong, 23 in China, 4 in Macau, 65 in Taiwan and 10 in Singapore and Malaysia.
- * Since 2015, to tackle the poor retail climate, retailers and leading brands in all sectors have been very aggressive in sales and promotional activities with discounts much higher than in previous years. Sales were largely achieved at the expense of margin. This trend has continued into 2016 and there is no sign of improvement. To tackle this issue, the Group managed to successfully achieve an improvement in gross margin by 1.1 percentage point through a change of sales mix.
- * What the Hong Kong retail industry is facing is not just a slowing of the economy and a decline in mainland Chinese or high spending tourists from other countries, but it is coupled with an extremely high cost base, ranging from rental to marketing and staff costs. Additionally, leading international brands have also restructured their pricing strategies. Particularly impactful to Hong Kong is the fact that retail prices in Japan, which have traditionally been higher than Hong Kong, have been reduced to similar level as here. When coupled with any weakness of the Japanese Yen, retail prices can be 5 to 10 per cent. lower than in Hong Kong, making it even more attractive for tourists to shop in Japan.
- * In Taiwan, Singapore and Malaysia, the retail sentiments remain weak. Improvement is not expected in the near term.
- * Geographically, 68 per cent. of sales was generated in Hong Kong, 18 per cent. in Taiwan, 8 per cent. in China and 6 per cent. in the rest of South East Asia.
- * In terms of sales mix, fashion and accessories represented 51 per cent., watches and jewellery 24 per cent. and cosmetics and beauty products 25 per cent.



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- * The Group has actively been looking into diversifying its income base and, as announced on 5th April 2016, investing in listed and unlisted companies has become another core activity of the Group. We have actively been examining such opportunities and will continue to expand our investments.

FUTURE PROSPECTS

- * The Hong Kong retail market has further deteriorated and the retail climate in China and South East Asia remains to be extremely weak. As such, the Group regards the retail sector with pessimism in the foreseeable future and will rigorously control costs and expenses at all levels of operation. The Group will also adopt a very cautious approach to its further expansion and development strategies.
- * With its substantial net cash position of HK\$1,316.2 million, the Group is well positioned to take advantage of any suitable investment opportunities that arise and which will diversify and broaden its earnings base.

Hong Kong, 30th May, 2016