DICKSON

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

PRESS RELEASE

FINANCIAL RESULTS AND FINAL DIVIDEND

* For the financial year ended 31st March, 2023, the Group achieved a turnover of HK$2,130.8 million, an increase of 5.5 per cent..

* Net profit attributable to equity shareholders was HK$252.6 million (2022: HK$200.9 million), an increase of 25.7 per cent..

* The increase in profit is the result of the increase in the Group's sales turnover and strict control of margins and costs at all levels of the Group's operation.

* In view of these results, the Board is recommending the payment of a final dividend of HK27 cents per ordinary share, which together with the interim dividend of HK8 cents per ordinary share paid, represents a total of HK35 cents per ordinary share as in the previous year. Based on the closing price of HK$4.01 per share on 31st March, 2023, the total proposed dividend represents a dividend yield of 8.73 per cent. per annum.

REVIEW OF OPERATIONS

* During the year under review, the retail environments in Hong Kong remained extremely difficult as a result of the outbreak of the 5th wave of COVID-19 and the consumer sentiments being very cautious. Despite the full re-opening of borders with Mainland China in early February 2023, the impact of post re-opening was inadequate to recover the decline in sales turnover recorded in the earlier months of the financial year. As a result, the Group's sales turnover in Hong Kong decreased by 2.6 per cent. in the financial year ended 31st March, 2023.

* In Taiwan, the Group successfully overcame the outbreak of the COVID-19 from April 2022 and managed to achieve a 22.1 per cent. growth in sales turnover and a 62.1 per cent. growth in profit in local currency terms during the year. This is a direct result of the continued improvement in sales and margins and aggressive cost and inventory control.

* In China, sales of the Group's retail and wholesale business grew by 7.6 per cent. in local currency terms. This is despite significant COVID-19 related impact during the year, where all of the Group's key stores experienced periods of temporary closure.

* The Group adopted the most conservative approach in managing its retail network. Today, the Group's retail network totals 62 stores, comprising 7 stores in Hong Kong, 29 in China and 26 in Taiwan.

* Geographically, Hong Kong contributed 69.7 per cent. of sales, Taiwan 25.4 per cent. and other territories 4.9 per cent..

* In terms of sales mix, watches and jewellery represented 46.0 per cent., cosmetics and beauty products 25.7 per cent., fashion and accessories 25.2 per cent. and securities trading 3.1 per cent..

* The global investment markets deteriorated and experienced extreme volatility during the year under review as the Federal Reserve increased interest rates at the fastest pace in 40 years. As a result, the Group's investment portfolio incurred a loss of HK$52.4 million during the period under review.

FUTURE PROSPECTS

* The Group expects the retail climate in Hong Kong to remain difficult. The downturn in the stock and property markets combined with inflation and increasing interest rates will undoubtedly have a negative impact on consumer spendings. Despite the re-opening of the borders with Mainland China and other countries, Hong Kong will face stiff competition from other markets such as Japan and Europe where retail prices for luxury goods are significantly cheaper due to their weak currencies and tax rebates to tourists.

* The Taiwan market remains to be our strongest market during the year with record sales and profit. However, with the presidential election scheduled to be held in January 2024, market conditions may be affected by political activities during the second half of the year.

* In China, although domestic consumption has partially recovered, consumer sentiment remains tepid and we expect to see a degree of domestic luxury spending being diverted internationally with the re-opening of borders. However, the Group remains optimistic regarding the long-term outlook of China and will seek to continue expanding its retail network in the region.

* The Group will continue to employ the most conservative approach to manage its retail network and investment portfolio, and will continue to rigorously control costs at all levels of operation.

* With net cash of HK$2,262.3 million and its strong balance sheet, the Group is in a strong position to cope with the risk of a potential worldwide recession and the difficult retail climate.

Hong Kong, 13th June, 2023