



During the year ended 31st March, 2001, the economic climate in Asia which had started to improve at the start of the financial year deteriorated. As a result, the Group faced an increasingly difficult trading environment around the region. This was particularly the case during the second half of the year when retail sentiment weakened considerably as a result of volatile regional stock markets and the exceptionally warm weather during the Fall / Winter 2000 season.

### ***Group Results and Final Dividend***

Turnover for the year ended 31st March, 2001 was HK\$2,233.1 million. On a comparable basis, this represents a decrease of 1.8 per cent. compared with the adjusted turnover of HK\$2,274.4 million for the same period last year.

Gross profit as a percentage of turnover for the full year increased to 43.2 per cent. compared to the 40.2 per cent. achieved for the same period last year.

Whilst selling and distribution expenses as a percentage of turnover were maintained at a similar level, total operating expenses for the year represented 39.9 per cent. of sales compared to 38.5 per cent. last year. This increase was due to administrative and other operating expenses such as staff, office and advertising and promotion costs incurred in establishing the Group's e-commerce operations. Moreover, unabsorbed fixed overheads were incurred during the renovation of the two Seibu stores in Hong Kong.

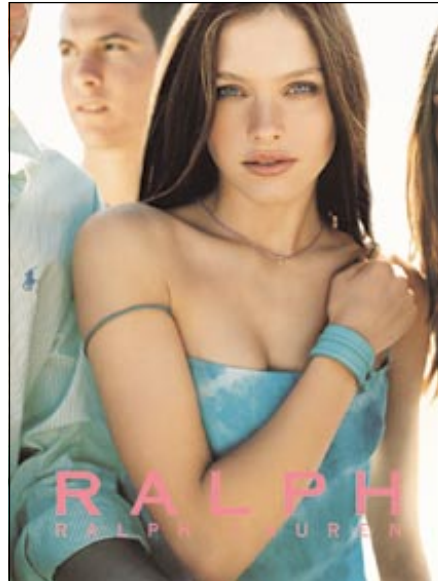
The Group's profit attributable to shareholders for the year was HK\$56.2 million, which represents a decrease of 62.9 per cent. compared with last year's figure of HK\$151.5 million. This was primarily due to a HK\$60.9 million loss attributable to Dickson Cyber Concepts Limited. However, after excluding this loss and adjusting for all the non-operating items during the year under review and last year, the Group's profit attributable to shareholders would have decreased 9.7 per cent..

During the year, the Group bought back 3,232,000 of its shares at an average price of HK\$7.06 per share. Despite this programme, the Group's net cash position at the end of the financial year was still about HK\$400 million.

In view of these results, the Board is not recommending the payment of a final dividend.

### ***Review of Operations***

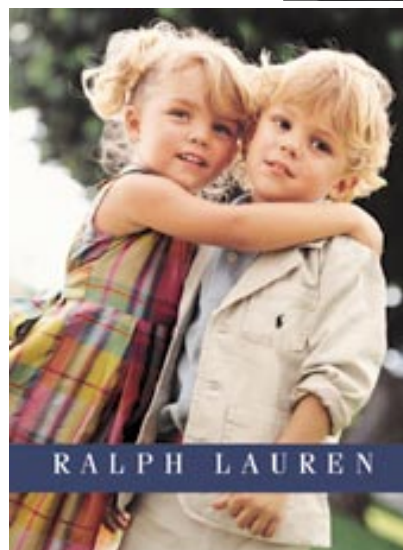
During the year ended 31st March, 2001, the Group opened 48 new shops and corners throughout Asia, thereby increasing its retail network in Asia to over 230 shops and corners.



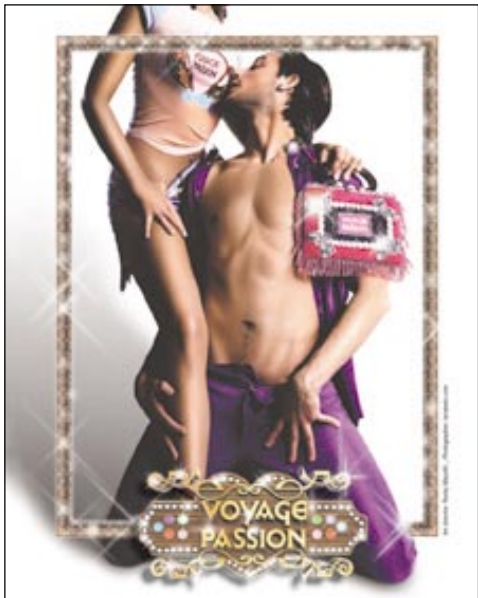
*Ralph ladieswear by Ralph Lauren.*  
「Ralph Lauren」的「Ralph」女士服裝。



*Purple Label menswear by Ralph Lauren.*  
「Ralph Lauren」的「Purple Label」男士服裝。



*Ralph Lauren for children.*  
「Ralph Lauren」兒童服裝。



*Voyage Passion.*  
「Voyage Passion」  
服裝。



*The exclusive Personal Shopping area at Pacific Place Seibu.*  
太古廣場「香港西武」的專享個人購物部。

### Hong Kong

In Hong Kong, the Group opened 16 shops and corners during the year under review. The Ralph line of ladies apparel was successfully launched with the opening of three corners at Pacific Place Seibu, Windsor House Seibu and Sogo department store. Additional Bvlgari, Brooks Brothers and Polo Jeans Company corners were also opened at Sogo department store. Dickson Warehouse outlets have been opened at Olympia Plaza, North Point and at Dickson CyberExpress, whilst the first free-standing French Connection boutique was opened at Harbour City. After the year's end, the first exclusive Voyage boutique in Asia was opened at The Landmark to an enthusiastic reception from this label's many customers.

Following a major refurbishment programme which necessitated the closure of both Hong Kong Seibu stores during July and August 2000, the new-look Windsor House and Pacific Place stores were officially re-opened for business on 29th August and 19th September, 2000 respectively.

Pacific Place Seibu has further strengthened its offer of fashionable menswear, ladieswear, childrenswear and accessories. This is complemented by its revitalised Loft section and the most complete range of cosmetics, skincare, fragrances and beauty products in Hong Kong. The Pacific Place store has also launched a Personal Shopping division which, in providing an exclusive one-to-one shopping experience, is able to offer its clients a comprehensive range of merchandise from Hong Kong Seibu and all of the Dickson group's operations. At Windsor House, the store has been reformatted to provide a wide selection of fashionwear, accessories, cosmetics and beauty products targetted at Causeway Bay's younger consumer base.

### Taiwan

With a total of 72 shops and corners, Taiwan is today one of the Group's most important markets. As part of the aggressive expansion of its retail network, 19 new shops and department store corners were opened during the year ended 31st March, 2001 under the brands of Polo/Ralph Lauren, Polo Jeans Company, Ralph, Tod's, Brooks Brothers, Kenneth Cole and Charles Jourdan. These new openings are in the major cities of Taipei, Taichung and Kaohsiung. Together with its comprehensive wholesale operations, the Group has ensured maximum exposure and market penetration for its brands in Taiwan.

### Other Asian Markets

With the anticipated recovery in Asian economies, the Group opened 13 new shops and corners in Singapore, Malaysia and the Philippines. These include a Kenneth Cole corner at Isetan Orchard department store, Singapore, a Charles Jourdan menswear boutique in Petaling Jaya and a Charles Jourdan corner at Metrojaya department store in Kuala Lumpur, Malaysia, and a Polo Jeans Company shop at Shoemart Megamall, Mandaluyong City, Philippines. The Group has also taken the opportunity to refurbish some of its more established locations, including the Polo/Ralph Lauren corners at the Isetan Scotts and Takashimaya department stores, the Coach boutique at Raffles Hotel and the Coach corner at Takashimaya department store in Singapore.

Should trading conditions in South East Asia continue to improve, the Group is well positioned to achieve growth in these markets.



Coach leather goods.  
「Coach」皮具。



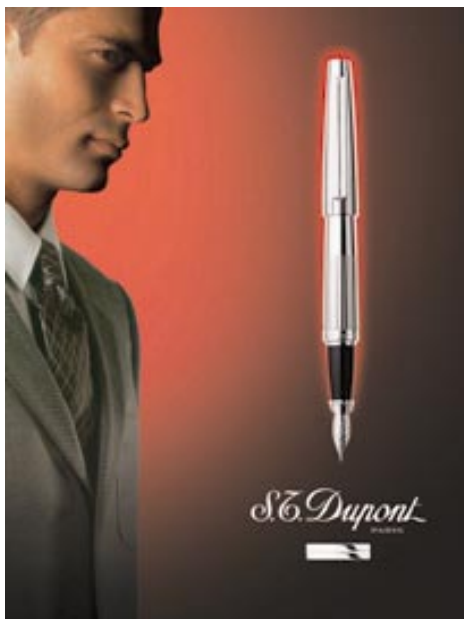
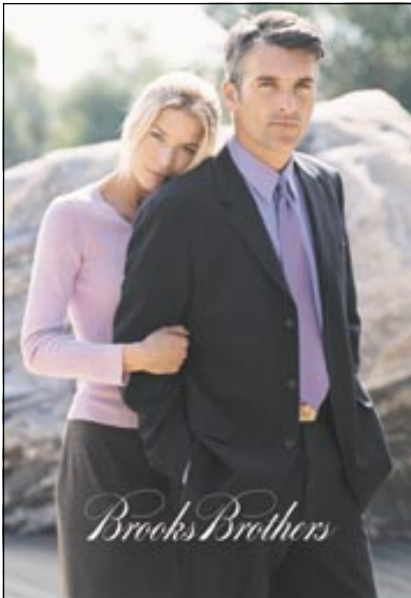
Menswear and shoes  
by Kenneth Cole.  
「Kenneth Cole」男士  
服装及皮鞋。



Ladies shoes by  
Charles Jourdan.  
「卓丹」女士皮鞋。



Brooks Brothers is being launched in China.  
「Brooks Brothers」將被引進中國大陸。



Writing instrument by  
S.T. Dupont.  
「都彭」書寫文具。

### China

The Group first entered the China market in 1993, and has since built up a significant presence there with the Jin Jiang Dickson Centre in Shanghai, the Seibu department store in Shenzhen, and nearly 60 shops and corners throughout the country.

With the gradual improvement in consumer spending power and China's imminent entry into the World Trade Organisation, the Group has identified China as a key growth market. As part of an aggressive expansion programme, it intends to open 12 Polo/Ralph Lauren shops and corners and over 20 S.T. Dupont ready-to-wear shops in China during the current financial year. Moreover, the Group also intends to introduce Brooks Brothers in China with the opening of at least four shops and corners in major cities in China.

### E-commerce and E-tailing

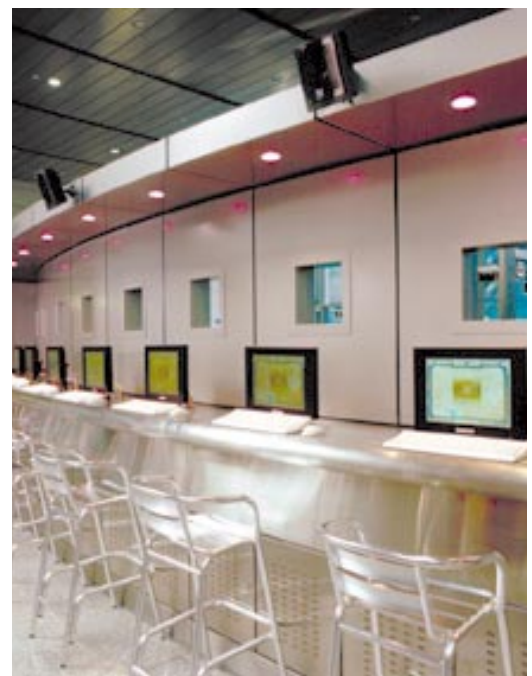
In establishing the first fully integrated "clicks and bricks" concept in Asia, the Group's e-commerce subsidiary, Dickson Cyber Concepts Limited, has simultaneously developed and launched DicksonCyber.com, which comprises six lifestyle portals, and Dickson CyberExpress, the hi-tech physical mall occupying 70,000 sq. ft. at Kowloon Station. Officially opened on 16th September, 2000 by the Honorable Mr. Tung Chee-Hwa, the Chief Executive of The Hong Kong Special Administrative Region, the six worlds of Dickson CyberExpress mirror the six lifestyle portals of DicksonCyber.com. A Food Gallery also opened for business on 4th December, 2000 offering a comprehensive range of refreshments to visitors to the mall.

Following the launch, due to the dramatic slowdown in e-commerce business development around the world, a restructuring of Dickson CyberExpress took place in February 2001. Existing operations were consolidated through cross-merchandising in three of the existing zones. This enabled Dickson CyberExpress to introduce two new product categories, namely furniture and household goods, through concessioning in the areas vacated. Moreover, an 'outlet' zone is also being developed which offers fashion, golf and electrical / electronic goods at tremendous value. Additional 'outlet' categories will be introduced, thereby providing customers at Dickson CyberExpress with more variety and interest.

The restructuring also resulted in operating costs, in particular staff costs, being substantially reduced. A one-off charge of HK\$36 million arising from the restructuring of Dickson CyberExpress has therefore been taken for the year ended 31st March, 2001.

By broadening the appeal of its operations, together with the significant reduction in operational overheads, Dickson Cyber expects to significantly reduce its losses in the current financial year.

On 5th July, 2000, Dickson Cyber Concepts Limited entered into a strategic Investment Agreement with Saks Direct, Inc., a direct business unit of Saks Incorporated containing the operations of Saks Fifth Avenue's catalog and internet retail business. Under the agreement, each party issued to the other new shares representing three per cent. of their respective enlarged issued share capitals. As neither company has any plans to go public in the immediate future, these new shares were subsequently exchanged back by the exercise of the put right by both parties at the end of the year under review.



*Dickson CyberExpress at Kowloon Station.  
位於機鐵九龍站的「迪生數碼世界」。*



***Board of Directors and Employees***

During the year, Mr. Leung Kai Hung, Michael was appointed as an Independent Non-Executive Director of the Company on 1st November, 2000. On 31st December, 2000, Mr. Karl Scheufele resigned as an Independent Non-Executive Director of the Company.

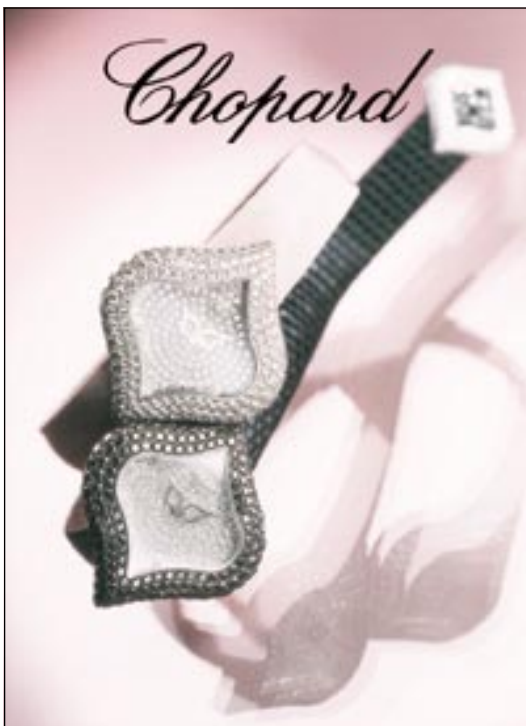
On behalf of my fellow Directors, I would like to welcome Mr. Michael Leung to the Board and take this opportunity to once again thank Mr. Karl Scheufele for his valuable contribution to the Company.

I would also like to take this opportunity to sincerely thank all the other Directors of the Group and our employees, without whose unswerving loyalty, dedication and hard work, the Group would not have been able to achieve such success.

***Future Prospects***

As Asian economies slowly continue their recovery, the Group is in an excellent position to exploit any such recovery to the full.

In addition to further developing its core business operations in South East Asia, the Group is in the process of implementing its aggressive expansion plan for China. This programme will see the Group's retail network in China reach nearly 100 shops and corners. Together with the other shop openings planned around the region, the Group's retail network in Asia will total nearly 300 shops and corners by the end of the current financial year.

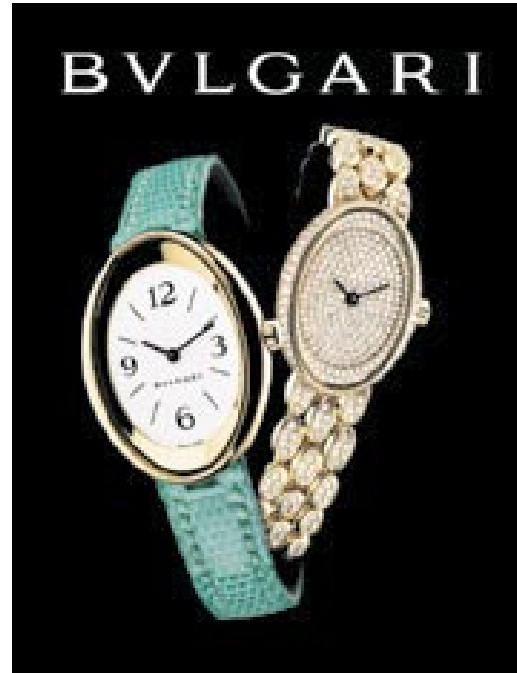


*Luxury watches and jewellery by Chopard.*

「蕭邦」名貴手錶及珠寶首飾。

The Group has the most comprehensive infrastructure in Asia and an unparalleled portfolio of luxury brands and exclusive distribution agreements. Additionally, the Group's expertise in retail, wholesale, manufacturing and licensing activities will ensure that the Group is positioned as the preferred choice for new principals to work with should they wish to enter the Asian market.

With its net cash position of about HK\$400 million and its strong balance sheet, the Group has the financial capability to explore and take advantage of any investment opportunities of exceptional value, thereby reinforcing its position as the dominant leader in Asia.



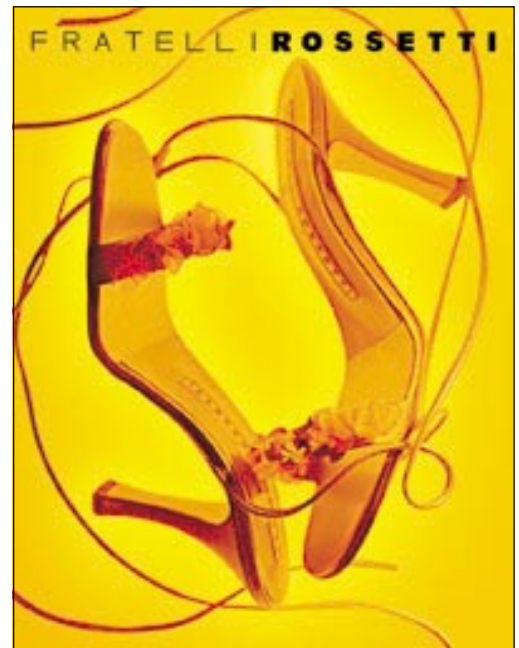
*Bvlgari watches.*  
「寶格麗」手錶。

A handwritten signature in black ink, appearing to read "Dickson Poon".

**Dickson Poon**

*Group Executive Chairman*

Hong Kong, 26th June, 2001



*Shoes by Fratelli Rossetti.*  
「Fratelli Rossetti」皮鞋。