



DICKSON CONCEPTS (INTERNATIONAL) LIMITED

迪生創建(國際)有限公司

(incorporated in Bermuda with limited liability)

INTERIM REPORT

2007-2008

Stock Code : 0113



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CORPORATE INFORMATION

Board of Directors :

Group Executive Chairman :

Dickson Poon

Executive Directors :

Raymond Lee (**Deputy Chairman and Chief Executive Officer**)

Chan Tsang Wing, Nelson

Edwin Ing

Ng Chan Lam

Walter Josef Wuest (will retire and resign with effect from 1st January, 2008)

Independent Non-Executive Directors :

Bhanusak Asvaintra

Nicholas Peter Etches

Christopher Patrick Langley, OBE

Company Secretary :

Or Suk Ying, Stella

Qualified Accountant :

Raymond Lee

Audit Committee :

Nicholas Peter Etches (**Chairman**)

Bhanusak Asvaintra

Christopher Patrick Langley, OBE

Remuneration Committee :

Bhanusak Asvaintra (**Chairman**)

Nicholas Peter Etches

Raymond Lee

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 :

Bank of Bermuda Building,

6 Front Street,

Hamilton HM 11,

Bermuda.

Principal Bankers :

BNP Paribas

CALYON

Standard Chartered Bank (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

Share Registrar in Hong Kong :

Tricor Tengis Limited

26th Floor,

Tesbury Centre,

28 Queen's Road East,

Wanchai, Hong Kong.

Share Registrar in Bermuda :

The Bank of Bermuda Limited

Bank of Bermuda Building,

6 Front 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 of Dickson Concepts (International) Limited (“the Company”) announces that the Group’s unaudited consolidated results for the six months ended 30th September, 2007 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2007

	NOTE	Six months ended 30th September,	
		2007 (unaudited) HK\$’000	2006 (unaudited) HK\$’000
Turnover	2	1,719,016	1,326,044
Cost of sales		<u>(750,608)</u>	<u>(591,694)</u>
Gross profit		968,408	734,350
Other income		5,258	10,137
Selling and distribution expenses		(713,887)	(533,727)
Administrative expenses		(129,885)	(95,299)
Other operating expenses		<u>(52,542)</u>	<u>(35,246)</u>
Operating profit		77,352	80,215
Finance costs		(3,355)	(1,283)
Share of profits less losses of associated companies		<u>5,913</u>	<u>4,755</u>
Profit before taxation	3	79,910	83,687
Taxation	4	<u>(4,144)</u>	<u>(11,194)</u>
Profit after taxation		<u>75,766</u>	<u>72,493</u>
Attributable to :-			
Equity shareholders of the Company	11	75,645	72,382
Minority interests	11	<u>121</u>	<u>111</u>
Profit after taxation	11	<u>75,766</u>	<u>72,493</u>
Earnings per share (basic and diluted)	5	<u>24.4 cents</u>	<u>23.3 cents</u>
Dividend per share — Interim dividend declared after the balance sheet date	6	<u>13.8 cents</u>	<u>13.8 cents</u>

The notes on pages 9 to 17 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30th September, 2007

	NOTE	30/9/2007 (unaudited) HK\$'000	31/3/2007 (audited) HK\$'000
Non-current assets			
Fixed assets		409,475	405,230
Intangible asset	7	275,915	297,139
Goodwill		13,900	13,900
Associated companies		136,873	115,597
Deferred tax assets		39,414	25,372
		875,577	857,238
Current assets			
Stocks		889,163	834,621
Debtors, deposits and prepayments	8	421,441	380,754
Bills receivable		827	824
Tax recoverable		2,718	1,816
Cash and cash equivalents		292,056	187,793
		1,606,205	1,405,808
Current liabilities			
Bank loans and overdrafts		246,147	141,713
Bills payable		48,656	52,102
Creditors and accruals	9	759,943	643,972
Taxation		20,484	21,528
		1,075,230	859,315
Net current assets		530,975	546,493
Total assets less current liabilities		1,406,552	1,403,731
Non-current liabilities			
Deferred tax liabilities		2,078	1,938
Net assets		1,404,474	1,401,793
Capital and reserves			
Share capital	10	93,093	93,093
Reserves	11	1,305,079	1,302,668
Total equity attributable to equity shareholders of the Company		1,398,172	1,395,761
Minority interests	11	6,302	6,032
Total equity		1,404,474	1,401,793

The notes on pages 9 to 17 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2007

	Six months ended 30th September,			
		2007	2006	2006
	NOTE	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Total equity at 1st April		<u>1,401,793</u>		<u>1,340,781</u>
Translation of accounts of overseas subsidiary and associated companies		<u>12,251</u>		<u>1,890</u>
Net gain for the period recognised directly in equity		12,251		1,890
Net profit for the period		<u>75,766</u>		<u>72,493</u>
Total recognised income for the period		<u>88,017</u>		<u>74,383</u>
Attributable to :-				
Equity shareholders of the Company		87,747		74,164
Minority interests		<u>270</u>		<u>219</u>
		<u>88,017</u>		<u>74,383</u>
Transfer of minority interests to creditors on liquidation of a subsidiary company			—	(8,141)
Dividends paid in respect of prior year	6(b)	<u>(85,336)</u>		<u>(85,336)</u>
Total equity at 30th September		<u>1,404,474</u>		<u>1,321,687</u>

The notes on pages 9 to 17 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2007

	Six months ended 30th September,	
	2007	2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash generated from / (used in) operating activities	148,129	(7,855)
Net cash used in investing activities	(60,962)	(385,681)
Net cash generated from / (used in) financing activities	14,343	(20,975)
Net increase / (decrease) in cash and cash equivalents	101,510	(414,511)
Cash and cash equivalents at 1st April	187,793	571,896
Effect of foreign exchange rate changes	2,753	2,075
Cash and cash equivalents at 30th September	<u>292,056</u>	<u>159,460</u>
	At 30/9/2007	At 30/9/2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Analysis of the balances of cash and cash equivalents		
Cash on hand and balances with banks	<u>292,056</u>	<u>161,576</u>
Cash and cash equivalents in the consolidated balance sheet	<u>292,056</u>	<u>161,576</u>
Bank loans and overdrafts	(246,147)	(131,959)
Less : Bank loans	<u>246,147</u>	<u>129,843</u>
Bank overdrafts	<u>—</u>	<u>(2,116)</u>
Cash and cash equivalents in the consolidated cash flow statement	<u>292,056</u>	<u>159,460</u>

Note :-

a. Acquisition of subsidiary companies

In the prior period, the Group acquired certain subsidiary companies. The fair value of assets acquired and liabilities assumed were as follows :-

	HK\$'000
Cash	41,210
Stocks	49,695
Debtors, deposits and prepayments	48,202
Fixed assets	13,921
Deferred tax assets	4,472
Creditors and accruals	(76,837)
Taxation	<u>(3,000)</u>
Net tangible assets acquired	77,663
Intangible asset (Note 7)	<u>322,607</u>
Fair value of net assets acquired	<u>400,270</u>
Satisfied by cash	<u>400,270</u>
Analysis of the net outflow of cash and cash equivalents in respect of the purchase of new subsidiary companies :-	
Cash consideration	400,270
Cash acquired	<u>(41,210)</u>
Net outflow of cash and cash equivalents in respect of the purchase of new subsidiary companies (included in "net cash used in investing activities" in the condensed consolidated cash flow statement for the six months ended 30th September, 2006)	<u>359,060</u>

The notes on pages 9 to 17 form part of this interim financial report.

NOTES ON THE INTERIM ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

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”).

The interim financial report has been prepared in accordance with the same principal accounting policies adopted in the 2007 annual accounts.

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 accounts 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 2007 annual accounts. The condensed consolidated interim accounts and notes thereon do not include all of the information required for a full set of accounts 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).

The 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 review report to the Board of directors is included on page 18. 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, 2007 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31st March, 2007 are available from both the Stock Exchange’s website and the Company’s website. The auditors have expressed an unqualified opinion on those accounts in their report dated 26th June, 2007.

2. TURNOVER / SEGMENTAL INFORMATION

Turnover 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 business segment which is the sale of luxury goods. Accordingly, the segment information for this sole business segment is equivalent to the consolidated figures.

Geographical segments

In presenting information on the basis of geographical segments, segment turnover is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	For the six months ended 30th September, 2007		At 30/9/2007
	Turnover HK\$'000	Capital expenditure HK\$'000	Total assets HK\$'000
Hong Kong	939,775	30,341	1,136,300
Taiwan	348,563	16,893	507,480
China	262,215	15,311	529,719
Other territories (Mainly Asia)	<u>168,463</u>	<u>6,527</u>	<u>171,410</u>
	<u>1,719,016</u>	<u>69,072</u>	<u>2,344,909</u>
Associated companies			<u>136,873</u>
Total assets			<u>2,481,782</u>

	For the six months ended 30th September, 2006		At 31/3/2007
	Turnover HK\$'000	Capital expenditure HK\$'000	Total assets HK\$'000
Hong Kong	753,117	8,431	1,024,949
Taiwan	281,875	9,204	521,106
China	173,691	14,739	472,785
Other territories (Mainly Asia)	<u>117,361</u>	<u>1,269</u>	<u>128,609</u>
	<u>1,326,044</u>	<u>33,643</u>	<u>2,147,449</u>
Associated companies			<u>115,597</u>
Total assets			<u>2,263,046</u>

3. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset	21,224	4,235
Depreciation	60,726	41,589
Interest income	(1,461)	(6,880)
Interest on bank overdrafts and loans repayable within five years	3,355	1,283
Share of associated companies' taxation	<u>1,003</u>	<u>1,868</u>

4. TAXATION

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
Current tax - Hong Kong Profits Tax		
Provision for the period	2,292	170
Over-provision in respect of prior years	<u>(1,265)</u>	—
	<u>1,027</u>	170
Current tax - Overseas		
Provision for the period	15,543	11,049
Under-provision in respect of prior years	<u>1,262</u>	920
	<u>16,805</u>	11,969
Deferred tax		
Origination and reversal of temporary differences	<u>(13,688)</u>	(945)
Total income tax expense	<u>4,144</u>	<u>11,194</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 17.5 per cent. (2006 : 17.5 per cent.) on the estimated assessable profits for the period. Provision for overseas taxation is calculated based on the relevant legislation and on the estimated assessable profits of the individual company concerned.

5. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share in the current period is based on the profit attributable to ordinary equity shareholders of the Company of HK\$75,645,000 (2006 : HK\$72,382,000) and the weighted average number of 310,311,338 ordinary shares (2006 : 310,311,338 ordinary shares) in issue during the period.

6. DIVIDENDS

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 13.8 cents (2006 : 13.8 cents) per ordinary share	<u>51,379</u>	<u>42,823</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 27.5 cents (for the year ended 31st March, 2006 : 27.5 cents) per ordinary share	<u>85,336</u>	<u>85,336</u>

7. INTANGIBLE ASSET

	HK\$'000
Cost :-	
At 1st April, 2007 and 30th September, 2007	<u>322,607</u>
Accumulated amortisation :-	
At 1st April, 2007	25,468
Amortisation for the period	<u>21,224</u>
At 30th September, 2007	<u>46,692</u>
Net book value :-	
At 30th September, 2007	<u>275,915</u>
At 31st March, 2007	<u>297,139</u>

On 25th August, 2006, the Group acquired the entire issued capital of Tommy Hilfiger Asia-Pacific Limited together with its branch and subsidiary companies. The intangible asset represents the portion of the purchase consideration attributable to the exclusive distribution rights for Tommy Hilfiger apparel and other approved merchandise in Hong Kong, Taiwan, Singapore, Malaysia, Macau and certain cities in China.

The amortisation charge for the period is included in "Administrative expenses" in the consolidated profit and loss account.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors of HK\$143,726,000 (at 31st March, 2007 : HK\$137,694,000) and their age analysis is as follows :-

	30/9/2007	31/3/2007
	HK\$'000	HK\$'000
Current	125,728	127,480
1 to 30 days overdue	10,446	7,889
31 to 60 days overdue	3,760	740
Over 60 days overdue	3,792	1,585
	<u>143,726</u>	<u>137,694</u>

The Group has a credit policy with terms ranging from 30 days to 90 days.

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$216,990,000 (at 31st March, 2007 : HK\$172,091,000) and their age analysis is as follows :-

	30/9/2007	31/3/2007
	HK\$'000	HK\$'000
Current	184,743	150,263
1 to 30 days overdue	19,717	13,960
31 to 60 days overdue	8,883	3,679
Over 60 days overdue	3,647	4,189
	<u>216,990</u>	<u>172,091</u>

10. SHARE CAPITAL

There were no movements in the share capital of the Company during the period under review.

A placing of 62,000,000 existing ordinary shares of nominal value of HK\$0.30 each in the share capital of the Company at a price of HK\$7.37 per ordinary share was made by a shareholder to independent investors on 11th October, 2007. The same number of new ordinary shares were subscribed by the shareholder of the aforesaid placing at approximately HK\$7.26 per new ordinary share which was equivalent to the placing price after deduction of commission and related expenses net of interest income earned.

11. RESERVES AND MINORITY INTERESTS

	Reserves attributable to equity shareholders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
Retained profits			
At 1st April, 2007	1,302,668	6,032	1,308,700
Dividends approved / paid in respect of prior year (Note 6(b))	(85,336)	—	(85,336)
Profit for the period	75,645	121	75,766
Translation of accounts of overseas subsidiary and associated companies	<u>12,102</u>	<u>149</u>	<u>12,251</u>
At 30th September, 2007	<u>1,305,079</u>	<u>6,302</u>	<u>1,311,381</u>
At 1st April, 2006	1,233,989	13,699	1,247,688
Dividends approved / paid in respect of prior year (Note 6(b))	(85,336)	—	(85,336)
Dividends declared / paid in respect of the current year (Note 6(a))	(42,823)	—	(42,823)
Profit for the year	186,176	213	186,389
Translation of accounts of overseas subsidiary and associated companies	10,662	261	10,923
Transfer of minority interests to creditors on liquidation of a subsidiary company	<u>—</u>	<u>(8,141)</u>	<u>(8,141)</u>
At 31st March, 2007	<u>1,302,668</u>	<u>6,032</u>	<u>1,308,700</u>

12. 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 associated companies :-

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
Sales of goods	23,799	17,464
Purchases of goods	7,603	7,328
Income from the provision of management and supporting service	885	1,083
Rental expenses	3,753	1,924
Rental income	627	1,080

The net amount due from these associated companies at 30th September, 2007 amounted to HK\$16,634,000 (at 31st March, 2007 : HK\$6,866,000), which is interest free, unsecured and has repayment terms ranging from 20 days to 60 days.

- (b) Transactions with companies in which certain directors of the Company have a beneficial interest :-

	Six months ended 30th September,	
	2007	2006
	HK\$'000	HK\$'000
Sales of goods	49,315	36,934
Purchases of goods	5,726	7,515
Management and supporting service expenses	661	405
Income from the provision of management and supporting service	3,499	4,078
Rental expenses	1,121	914
Rental income	3,686	6,022
Advertising and promotion service expenses	5,441	1,282
Commission expenses	11,924	12,226

The net amount due to these companies at 30th September, 2007 amounted to HK\$7,213,000 (at 31st March, 2007 : net amount due from these companies amounted to HK\$3,353,000).

13. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2007 and not provided for in the accounts were as follows :-

	30/9/2007	31/3/2007
	HK\$'000	HK\$'000
Contracted for	4,875	12,980
Authorised but not contracted for	<u>2,890</u>	<u>186</u>
	<u><u>7,765</u></u>	<u><u>13,166</u></u>

14. CONTINGENT LIABILITIES

At 30th September, 2007, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,015,102,000 (at 31st March, 2007 : HK\$971,675,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$376,146,000 (at 31st March, 2007 : HK\$265,839,000) at the balance sheet date.
- (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\$27,901,000 (at 31st March, 2007 : HK\$29,628,000) at the balance sheet date.

As at the balance sheet date, 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, 2007 and 31st March, 2007.

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.

15. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDING 31ST MARCH, 2008

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting year ending 31st March, 2008 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the accounts :-

		Effective for accounting periods beginning on or after
HKAS 23 (Revised)	Borrowing Costs	1st January, 2009
HKFRS 8	Operating Segments	1st January, 2009
HK(IFRIC) - Int 13	Customer Loyalty Programmes	1st July, 2008
HK(IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1st January, 2008

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 17 which comprises the consolidated balance sheet of Dickson Concepts (International) Limited as of 30th September, 2007 and the related consolidated profit and loss account, 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, 2007 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, 6th December, 2007

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Turnover for the six months ended 30th September, 2007 was HK\$1,719 million, an increase of 29.6 per cent. compared with the same period last year.

By exercising tight controls on sale and discount policies, gross margins also increased from 55.4 per cent. up to 56.3 per cent..

Profit attributable to equity shareholders was HK\$75.6 million, an increase of 4.5 per cent. compared with the corresponding period last year.

Strong profits growth was achieved by the Group's existing core operations together with the Tommy Hilfiger group acquired last year. However, the three new Seibu stores in Chengdu and Shenyang in China and at Kowloon Hotel in Hong Kong are still in the early stages of their development, and this has led to a short-term impact on the Group's profits growth. Once these businesses mature, the Group is confident that they will become the engine for the Group's strong and sustained growth in the medium to longer term.

BUSINESS REVIEW

A total of 26 shops were opened during the period under review, and the Group's retail network currently totals 451 shops. This comprises 67 in Hong Kong, 234 in China, 3 in Macau, 108 in Taiwan and 39 in Singapore, Malaysia and the Philippines.

In Hong Kong, Harvey Nichols achieved significant sales growth and further expanded its customer base by introducing new lines and broadening its merchandise offer.

Hong Kong Seibu's two stores at Pacific Place and Langham Place performed strongly during the period under review. The third store at Kowloon Hotel has been undergoing disruptive facade improvement works and once they are completed this month and the store becomes more established, it is expected that the turnover and profits contribution from Hong Kong Seibu will be further increased.

As Hong Kong's economy continues to grow, the Group is extremely confident about the future prospects of its Hong Kong operations.

In China, an additional 25 Brooks Brothers, Tommy Hilfiger, S.T. Dupont and Dickson Watch & Jewellery stores have been opened this year, thereby increasing the Group's retail network to over 230 stores with a geographic reach of over 25 provinces. Given the encouraging customer feedback received with the opening during the last financial year of the two Seibu stores in Chengdu and Shenyang, the Group is extremely confident about the medium to longer term contributions of these stores, and is actively seeking to open additional Seibu stores of at least 100,000 sq. ft. in other major cities. The Group also intends to introduce new brands and product categories to its portfolio in order to further expand its business activities in China.

With the rapid expansion of the Chinese economy and the strong growth in consumer demand for luxury goods, the Group is well placed to further exploit the potential of the Chinese market.

The Group has entered the Macau market with the opening of Brooks Brothers, Tommy Hilfiger and S.T. Dupont stores at The Grand Canal Shoppes at The Venetian. Once a better understanding of the potential of the Macau market has been gained, the Group intends to further expand its retail network there.

In the rest of Asia, although political uncertainty persists in Taiwan, the Group achieved double digit sales growth and will continue to expand its retail network of over 100 stores when suitable opportunities arise. In Malaysia, the Group opened 5 shops in Kuala Lumpur at The Pavilion and the Parkson department store located there under the brand names of Polo Ralph Lauren, Ralph Lauren childrenswear, Brooks Brothers, Tommy Hilfiger and Hilfiger Denim. Together with its 34 other shops in Singapore, Malaysia and the Philippines, the Group is well placed to take advantage of any improvements in market conditions in these countries.

Since its acquisition by the Group, Bertolucci has undertaken major development strategies to enhance its position in the luxury jewellery watch sector. With its latest watch collections being well received, it is the Group's intention to develop Bertolucci into a meaningful asset for the Group in the longer term.

FULL YEAR PROSPECTS

With the opening of 26 shops during the period under review and the further 27 shops opening by the end of the current financial year, the Group will have a comprehensive retail network of over 460 shops throughout the region providing the Group with a strong cash flow and recurring income base.

Given its strong net cash position and balance sheet, the Group intends to continue its aggressive store opening programme with the opening of additional Seibu stores in China and the expansion of its retail network throughout the region.

Although the investments made in this programme last year will continue to have a short-term impact on the Group's profits growth for the full year, the Group is confident that as they mature, they will make major contributions to the Group's turnover and profits growth in future years.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2007, the Group had 3,020 (2006 : 2,852) employees. Total staff costs (including directors' emoluments) amounted to HK\$232.1 million (2006 : HK\$172.9 million). Remuneration policies are reviewed regularly by the Board of directors of the Company 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 were disclosed in the Company's annual report for the year ended 31st March, 2007. No share options were granted or exercised during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group generated net cash from operating activities of HK\$148.1 million before capital expenditure and dividend distribution.

Such net cash generated was utilised in the Group's capital expenditure and other investing activities totalling HK\$60.9 million and dividend payment of HK\$85.3 million.

As at 30th September, 2007, the Group's net liquid financial resources stood at HK\$46.0 million represented by cash and bank deposits of HK\$292.1 million and short-term bank borrowings of HK\$246.1 million.

The Group maintains substantial uncommitted short-term loan facilities with its relationship banks for day-to-day requirements and funding flexibility. Material utilisation of these facilities over and above present levels during the second half of the current financial year is not anticipated given the current net cash position and the continuing positive cash flow generated by the Group's operations.

The Group's net cash position was further strengthened by the net proceeds totalling HK\$450.1 million from an issue of 62,000,000 new ordinary shares at HK\$7.26 per ordinary share on 18th October, 2007.

FOREIGN CURRENCY EXPOSURE AND FINANCIAL MANAGEMENT

The cost of merchandise purchased by the Group is mainly denominated in United States Dollars, Euros, Swiss Francs and Pound Sterling and where appropriate, forward foreign exchange contracts are utilised to purchase the relevant currency to settle amounts due. It is the Group's policy that 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 in cash generated from local sales. The Group's outstanding foreign currency bank borrowings are a result of the application of this policy and comprise short-term bank loans drawn in New Taiwan Dollars and Singapore Dollars by the respective operating subsidiary companies.

The Group's financial risk management is the responsibility of its treasury function based in Hong Kong which implements the policies and guidelines established from time to time by the Board of directors. Surplus cash is held mainly in United States Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term time deposits with international financial institutions.

As at 30th September, 2007, the Group's current ratio, being current assets divided by current liabilities, was 1.5 times compared to 1.6 times as at 31st March, 2007. With the exception of a short interval during the period under review when the Group's loan facilities were drawn upon to meet seasonal purchase payments, the Group has maintained a net surplus cash position. Thus 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, 2007 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2007, 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	Ordinary shares of HK\$0.30 each				Total	Percentage(iii)
		Personal Interests	Family Interests	Corporate Interests	Other Interests		
Dickson Poon	Beneficial owner and trust founder	14,040	—	—	149,395,699(i)	149,409,739	48.15
Edwin Ing	Beneficial owner	26,620	—	—	—	26,620	0.0086
Walter Josef Wuest	Beneficial owner	3,951,043	—	—	9,146,575(ii)	13,097,618	4.22

Note :-

- (i) These shares are held through two trusts.
- (ii) These shares are jointly held by Mr. Walter Josef Wuest and his spouse, Mrs. Evelyn Apryl Wuest.
- (iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

In addition, Dr. 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, 2007, 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, 2007, no share options had been granted to the directors under the share option scheme which was adopted on 26th August, 2003.

SUBSTANTIAL SHAREHOLDERS AND OTHERS' INTERESTS

As at 30th September, 2007, 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	149,409,739(i)	48.15	Interest of spouse
Dickson Investment Holding Corporation ("DIHC")	149,395,699(ii)	48.14	Trustee
Paicolex Trust Company (BVI) Limited ("Paicolex BVI")	149,395,699(ii)	48.14	Trustee
Paicolex Trust Management AG ("Paicolex AG")	149,395,699(ii)	48.14	Trustee
Matthews International Capital Management, LLC	31,272,400	10.08	Investment manager
INVESCO Hong Kong Limited	24,975,075	8.04	Investment manager

Note :-

- (i) These shares refer to the family interest attributable to Dr. Dickson Poon, the spouse of Ms. Pearl Yu.
- (ii) These shares refer to the same block of shares. DIHC, Paicolex BVI and Paicolex AG are trustees of two trusts. These shares are also included in the 149,395,699 shares which were disclosed as "Other Interests" of Dr. Dickson Poon in the Directors' Interests section of this report.
- (iii) Percentage which the aggregate long position in shares represents to the issued share capital of the Company.

Save as aforesaid and as disclosed 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, 2007 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 of directors has resolved to declare an interim dividend of 13.8 cents (2006 : 13.8 cents) per ordinary share, the same as last corresponding period. The interim dividend, which will be paid on Friday, 18th January, 2008, will absorb a total of about HK\$51,379,000 (2006 : HK\$42,823,000) and will be paid to the shareholders whose names appear in the Register of Members of the Company on Friday, 4th January, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 3rd January, 2008 to Friday, 4th January, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 2nd January, 2008.

SHARE PURCHASE, SALE AND REDEMPTION

During the six months ended 30th September, 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's shares.

SHARE OPTION SCHEME

As at 30th September, 2007, 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 which was adopted on 26th August, 2003.

CORPORATE GOVERNANCE

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 complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the period under review. Detailed information on the Company's corporate governance practices was set out in the corporate governance report included in the Company's annual report for the year ended 31st March, 2007.

DIRECTORS' MODEL CODE

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 directors. Having made specific enquiry of all directors, all directors confirmed that they have complied with the required standard set out in the Directors' Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim financial results of the Group for the six months ended 30th September, 2007 with the Board of directors.

As at the date of this report, the Board of directors of the Company comprises :-

Executive Directors :

Dickson Poon (*Group Executive Chairman*)

Raymond Lee (*Deputy Chairman and
Chief Executive Officer*)

Chan Tsang Wing, Nelson

Edwin Ing

Ng Chan Lam

Walter Josef Wuest

Independent Non-Executive Directors :

Bhanusak Asvaintra

Nicholas Peter Etches

Christopher Patrick Langley, OBE

By Order of the Board
Or Suk Ying, Stella
Company Secretary

Hong Kong, 6th December, 2007