



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

INTERIM REPORT
2009-2010

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
Lau Yu Hee, Gary
Ng Chan Lam

Independent Non-Executive Directors :
Bhanusak Asvaintra
Nicholas Peter Etches
Christopher Patrick Langley, OBE

Company Secretary :

Or Suk Ying, Stella

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 (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the Group’s unaudited consolidated results for the six months ended 30th September, 2009 together with the comparative figures are as follows :-

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2009

	NOTE	Six months ended 30th September,	
		2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Turnover	2	1,778,293	1,859,763
Cost of sales		<u>(759,095)</u>	<u>(777,613)</u>
Gross profit		1,019,198	1,082,150
Other income / (loss)		1,599	(1,866)
Selling and distribution expenses		(742,172)	(805,839)
Administrative expenses		(127,994)	(135,418)
Other operating expenses		<u>(46,525)</u>	<u>(52,425)</u>
Operating profit		104,106	86,602
Finance costs		(388)	(1,376)
Share of profits less losses of associated companies		<u>6,157</u>	<u>9,006</u>
Profit before taxation	3	109,875	94,232
Taxation	4	<u>(28,474)</u>	<u>(16,739)</u>
Profit for the period		<u>81,401</u>	<u>77,493</u>
Attributable to :-			
Equity shareholders of the Company		81,157	77,209
Minority interests		<u>244</u>	<u>284</u>
Profit for the period		<u>81,401</u>	<u>77,493</u>
Earnings per share (basic and diluted)	5	<u>21.8 cents</u>	<u>20.7 cents</u>
Dividend per share — Interim dividend declared after the balance sheet date	6	<u>13.0 cents</u>	<u>11.0 cents</u>

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September, 2009

	Six months ended 30th September,	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	81,401	77,493
Exchange differences on translation of accounts of overseas subsidiary and associated companies	<u>29,045</u>	<u>(10,415)</u>
Total comprehensive income for the period	<u><u>110,446</u></u>	<u><u>67,078</u></u>
Attributable to :-		
Equity shareholders of the Company	110,195	66,583
Minority interests	<u>251</u>	<u>495</u>
Total comprehensive income for the period	<u><u>110,446</u></u>	<u><u>67,078</u></u>

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 30th September, 2009

	NOTE	30/9/2009 (unaudited) HK\$'000	31/3/2009 (audited) HK\$'000
Non-current assets			
Fixed assets		189,540	203,061
Intangible asset	7	191,018	212,241
Goodwill		13,900	13,900
Associated companies		127,475	146,661
Deferred tax assets		39,135	52,106
		561,068	627,969
Current assets			
Stocks		938,588	1,012,056
Debtors, deposits and prepayments	8	391,560	400,512
Bills receivable		868	646
Tax recoverable		5,753	5,828
Cash and cash equivalents		756,027	579,302
		2,092,796	1,998,344
Current liabilities			
Bank loans		24,807	48,281
Bills payable		8,617	21,170
Creditors and accruals	9	685,207	665,872
Taxation		21,456	24,876
		740,087	760,199
Net current assets		1,352,709	1,238,145
Total assets less current liabilities		1,913,777	1,866,114
Non-current liabilities			
Deferred tax liabilities		8,696	4,463
Net assets		1,905,081	1,861,651
Capital and reserves			
Share capital	10	111,693	111,693
Reserves		1,785,765	1,742,586
Total equity attributable to equity shareholders of the Company		1,897,458	1,854,279
Minority interests		7,623	7,372
Total equity		1,905,081	1,861,651

The notes on pages 9 to 18 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30th September, 2009

	Attributable to equity shareholders of the Company						Minority interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total			
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
At 1st April, 2009	111,693	431,200	55,071	1,256,315	1,854,279	7,372	1,861,651	
Dividends approved / paid in respect of prior year (Note 6(b))	—	—	—	(67,016)	(67,016)	—	(67,016)	
Total comprehensive income for the period	—	—	29,038	81,157	110,195	251	110,446	
At 30th September, 2009	<u>111,693</u>	<u>431,200</u>	<u>84,109</u>	<u>1,270,456</u>	<u>1,897,458</u>	<u>7,623</u>	<u>1,905,081</u>	

The comparative figures for 2008 are set out as follows :-

	Attributable to equity shareholders of the Company						Minority interests	Total equity
	Share capital	Share premium	Exchange reserve	Retained profits	Total			
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
At 1st April, 2008	111,693	431,200	92,092	1,348,281	1,983,266	6,766	1,990,032	
Dividends approved / paid in respect of prior year (Note 6(b))	—	—	—	(102,386)	(102,386)	—	(102,386)	
Total comprehensive income for the period	—	—	(10,626)	77,209	66,583	495	67,078	
At 30th September, 2008	<u>111,693</u>	<u>431,200</u>	<u>81,466</u>	<u>1,323,104</u>	<u>1,947,463</u>	<u>7,261</u>	<u>1,954,724</u>	

The notes on pages 9 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30th September, 2009

	Six months ended 30th September,	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Operating profit before changes in working capital	177,009	195,236
Changes in working capital	<u>140,063</u>	<u>(258,895)</u>
Cash generated from / (used in) operations	317,072	(63,659)
Tax paid (net)	<u>(14,074)</u>	<u>(22,224)</u>
Net cash generated from / (used in) operating activities	302,998	(85,883)
Net cash used in investing activities	(35,233)	(53,235)
Net cash used in financing activities	<u>(93,414)</u>	<u>(96,842)</u>
Net increase / (decrease) in cash and cash equivalents	174,351	(235,960)
Cash and cash equivalents at 1st April	579,302	687,694
Effect of foreign exchange rate changes	<u>2,374</u>	<u>3,259</u>
Cash and cash equivalents at 30th September	<u><u>756,027</u></u>	<u><u>454,993</u></u>

Note :-

a. Cash and cash equivalents at 30th September

Cash and cash equivalents represent cash at bank and on hand at the end of the period.

The notes on pages 9 to 18 form part of this interim financial report.

NOTES ON THE INTERIM ACCOUNTS

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”).

This interim financial report has been prepared in accordance with the same principal accounting policies adopted in the 2009 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2010 annual accounts. Details of these 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 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 2009 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).

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 review report to the Board is included on page 19. 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, 2009 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, 2009 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 22nd June, 2009.

(b) Changes in accounting policies

HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial report :-

(i) HKAS 1 (Revised 2007), *Presentation of financial statements*

Entities can choose either to present one performance statement (the statement of comprehensive income) or two statements (the profit and loss account and statement of comprehensive income). The Group has elected to present two statements. The interim financial report has been prepared under the revised disclosure requirements.

(ii) HKFRS 8, *Operating segments*

An operating segment is a component of the Group that engages in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the periods presented, management has determined that the Group has a single reportable segment as the Group is only engaged in the sale of luxury goods.

2. TURNOVER / SEGMENTAL INFORMATION

Turnover represents the invoiced value of goods sold less discounts and returns, and income from concession and consignment sales.

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

Turnover by geographical location is based on the location of the customers.

	Six months ended 30th September,	
	2009 HK\$'000	2008 HK\$'000
Hong Kong	978,388	1,045,143
China	377,208	346,459
Taiwan	293,978	292,119
Other territories (Mainly Asia)	<u>128,719</u>	<u>176,042</u>
Total	<u><u>1,778,293</u></u>	<u><u>1,859,763</u></u>

Non-current assets by geographical location are based on the location of the assets.

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Hong Kong	218,262	239,992
China	211,660	235,712
Taiwan	87,769	89,083
Other territories (Mainly Asia)	<u>4,242</u>	<u>11,076</u>
Total	<u><u>521,933</u></u>	<u><u>575,863</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.

3. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging / (crediting) :-		
Amortisation of intangible asset	21,223	21,224
Depreciation	51,981	91,767
Interest income	(1,636)	(4,121)
Interest on bank overdrafts and loans repayable within five years	388	1,376
Share of associated companies' taxation	<u>2,418</u>	<u>2,902</u>

4. TAXATION

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	45	—
Under-provision in respect of prior years	<u>—</u>	<u>521</u>
	<u>45</u>	<u>521</u>
Current tax — Overseas		
Provision for the period	16,439	14,511
Over-provision in respect of prior years	<u>(6,164)</u>	<u>(3,641)</u>
	<u>10,275</u>	<u>10,870</u>
Deferred tax		
Origination and reversal of temporary differences	<u>18,154</u>	<u>5,348</u>
Total income tax expense	<u>28,474</u>	<u>16,739</u>

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2008 : 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.

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\$81,157,000 (2008 : HK\$77,209,000) and the weighted average number of 372,311,338 ordinary shares (2008 : 372,311,338 ordinary shares) in issue during the period.

6. DIVIDENDS

	Six months ended 30th September,	
	2009	2008
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : 13.0 cents (2008 : 11.0 cents) per ordinary share	<u>48,400</u>	<u>40,954</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of 18.0 cents (for the year ended 31st March, 2008 : 27.5 cents) per ordinary share	<u>67,016</u>	<u>102,386</u>

7. INTANGIBLE ASSET

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Cost :-		
At 1st April, 2009 and 1st April, 2008	<u>322,607</u>	<u>322,607</u>
At 30th September, 2009 and 31st March, 2009	<u>322,607</u>	<u>322,607</u>
Accumulated amortisation :-		
At 1st April, 2009 and 1st April, 2008	110,366	67,917
Amortisation for the period / year	<u>21,223</u>	<u>42,449</u>
At 30th September, 2009 and 31st March, 2009	<u>131,589</u>	<u>110,366</u>
Net book value :-		
At 30th September, 2009 and 31st March, 2009	<u>191,018</u>	<u>212,241</u>

The intangible asset represents 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 (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date :-

	30/9/2009 HK\$'000	31/3/2009 HK\$'000
Current	<u>114,110</u>	<u>114,012</u>
1 to 30 days overdue	4,063	4,377
31 to 60 days overdue	1,968	2,280
Over 60 days overdue	<u>2,276</u>	<u>2,488</u>
Amounts overdue	<u>8,307</u>	<u>9,145</u>
	<u>122,417</u>	<u>123,157</u>

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

9. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK\$182,036,000 (at 31st March, 2009 : HK\$177,887,000) and their ageing analysis is as follows :-

	30/9/2009	31/3/2009
	HK\$'000	HK\$'000
Current	159,280	155,402
1 to 30 days overdue	14,280	12,487
31 to 60 days overdue	5,477	7,322
Over 60 days overdue	<u>2,999</u>	<u>2,676</u>
	<u><u>182,036</u></u>	<u><u>177,887</u></u>

10. SHARE CAPITAL

	30/9/2009		31/3/2009	
	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 and carried forward	<u>372,311</u>	<u>111,693</u>	<u>372,311</u>	<u>111,693</u>

11. 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,	
	2009 HK\$'000	2008 HK\$'000
Sales of goods	11,430	29,550
Purchases of goods	5,033	10,135
Income from the provision of management and supporting service	762	459
Rental expenses	<u>3,781</u>	<u>3,424</u>

The net amount due from these associated companies at 30th September, 2009 amounted to HK\$6,129,000 (at 31st March, 2009 : HK\$17,011,000), 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,	
	2009 HK\$'000	2008 HK\$'000
Sales of goods	36,931	68,968
Purchases of goods	5,894	9,817
Management and supporting service expenses	772	603
Income from the provision of management and supporting service	4,824	5,693
Rental expenses	1,218	1,289
Rental income	4,251	4,177
Advertising and promotion service expenses	6,139	5,302
Commission expenses	<u>13,360</u>	<u>12,970</u>

The net amount due to these companies at 30th September, 2009 amounted to HK\$4,482,000 (at 31st March, 2009 : net amount due from these companies amounted to HK\$3,040,000), which is interest free, unsecured and has repayment terms ranging from 20 days to 90 days.

12. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2009 not provided for in the accounts were as follows :-

	30/9/2009 HK\$'000	31/3/2009 HK\$'000
Contracted for	7,248	24,321
Authorised but not contracted for	<u>—</u>	<u>—</u>
	<u>7,248</u>	<u>24,321</u>

13. CONTINGENT LIABILITIES

At 30th September, 2009, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$968,681,000 (at 31st March, 2009 : HK\$979,543,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$117,306,000 (at 31st March, 2009 : HK\$158,107,000) 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\$9,081,000 (at 31st March, 2009 : HK\$11,264,000) 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, 2009 and 31st March, 2009 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.

14. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDING 31ST MARCH, 2010

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, 2010 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
HKFRS 3 (Revised), <i>Business combinations</i>	1st July, 2009
Amendments to HKAS 27, <i>Consolidated and separate financial statements</i>	1st July, 2009
Amendments to HKAS 39, <i>Financial instruments : Recognition and measurement — Eligible hedged items</i>	1st July, 2009
HK(IFRIC) 17, <i>Distributions of non-cash assets to owners</i>	1st July, 2009
Improvements to HKFRSs 2009	1st July, 2009 or 1st January, 2010

15. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been provided to conform to the current period's presentation in respect of items disclosed for the first time in the current period. Further details of these developments are disclosed in note 1(b).

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 18 which comprises the consolidated balance sheet of Dickson Concepts (International) Limited as of 30th September, 2009 and the related consolidated profit and loss account, consolidated statement of comprehensive income, 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, 2009 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, 9th December, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Turnover for the six months ended 30th September, 2009 was HK\$1,778.3 million, a decrease of 4.4 per cent. compared with the same period last year.

At the beginning of the financial year, the Group faced unprecedented economic volatility and uncertainty in all its markets. As a result, the Group took an extremely prudent approach to all aspects of the Group's activities including cost and inventory controls as well as business investments.

By adopting such an approach, the Group's operating profit for the six months ended 30th September, 2009 was HK\$104.1 million, an increase of 20.2 per cent. compared with the corresponding period last year.

The Group's profit attributable to equity shareholders was HK\$81.2 million, an increase of 5.1 per cent. compared with the same period last year.

As at 30th September, 2009, the Group's net cash position stood at HK\$731.2 million, an increase of 37.7 per cent. compared with the figure at 31st March, 2009.

BUSINESS REVIEW

The Group has opened 83 new shops so far this year with a further 15 new shops to be opened by the end of the current financial year. In addition to opening shops for its core brands such as Brooks Brothers, Tommy Hilfiger and S.T. Dupont, the Group is also opening shops for new brands which it has secured exclusive distribution rights for various markets such as Roger Vivier, Versus, 1^A Classe Alviero Martini, Arté and Henry Cotton's.

In Hong Kong, the Group opened the first exclusive global boutique for Bertolucci, the luxury Swiss watch brand owned by the Group, at Manning House, Central. The boutique showcases all of Bertolucci's fine timepiece collections to its discerning clientele in comfortable, contemporary surroundings. It also represents the future model and direction for any potential expansion of the Bertolucci brand in China and South East Asia.

In China, 61 new shops have been opened so far this year under brands such as Brooks Brothers, Tommy Hilfiger, S.T. Dupont, 1^A Classe Alviero Martini and Henry Cotton's. With the Chinese economy continuing to achieve significant year-on-year growth, the Group will continue to place a significant focus on the expansion of its China operations.

In Taiwan, trading conditions have stabilised after a prolonged period of economic weakness. The Group has opened 14 shops in Taiwan including the exclusive launch of Roger Vivier and Christofle at the new Bellavita mall, and Arté jewellery at BR4 Sogo department store.

Elsewhere, the Group has also opened 2 shops in Singapore and will closely monitor economic developments throughout South East Asia.

With the opening of these 83 new shops, the Group's retail network currently totals 531 shops. This comprises 70 in Hong Kong, 296 in China, 3 in Macau, 124 in Taiwan and 38 in Singapore, Malaysia and the Philippines.

Geographically, Hong Kong represented 55 per cent. of sales, China was 21 per cent., Taiwan was 17 per cent. and the rest of Asia was 7 per cent..

The extended license agreement for the 'Polo' and 'Ralph Lauren' trademarks will expire on 31st December, 2009, and the Group will be paid US\$18.2 million on expiration as per the agreement. Excluding the Polo Ralph Lauren shops, the Group will continue to have a very meaningful retail network of in excess of 400 shops throughout the region.

FULL YEAR PROSPECTS

Global economic conditions seem to have stabilised, and should begin to show signs of improvement and a return to economic growth. The Group is therefore cautiously optimistic about its prospects for the second half of the year. Nevertheless, the Group will continue with its prudent approach until there is more certainty about the economic recovery.

With its comprehensive retail network of 531 shops throughout the region, and its net cash position of HK\$731.2 million and strong balance sheet, the Group is perfectly positioned to exploit any economic recovery and take advantage of any investment opportunities of exceptional value.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2009, the Group had 3,373 (2008 : 3,303) employees. Total staff costs (including directors' emoluments) amounted to HK\$239.4 million (2008 : HK\$256.6 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 were disclosed in the Company's 2009 annual report ("the 2009 Annual Report"). No share options were granted or exercised during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2009, the Group generated net cash from operating activities of HK\$302.9 million which was derived from operating cash flow of HK\$177.0 million and taking into account working capital changes net of tax payments which generated HK\$125.9 million.

The net cash from operating activities funded capital expenditure during the period under review and repayment of certain short-term bank borrowings totalling HK\$61.6 million and dividend paid of HK\$67.0 million leaving a net balance of HK\$174.3 million.

Accordingly, the Group's net liquid financial resources as at 30th September, 2009 totalled HK\$731.2 million represented by cash and bank deposits totalling HK\$756.0 million and short-term bank borrowings of HK\$24.8 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 and continuing positive cash flow generated by operations.

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. 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.

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, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks.

As at 30th September, 2009, the Group's current ratio, being current assets divided by current liabilities, was 2.8 times compared to 2.6 times as at 31st March, 2009. 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, 2009 : Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS

As at 30th September, 2009, 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	40.13
Edwin Ing	Beneficial owner	26,620	—	—	—	26,620	0.0071

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, Mr. 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, 2009, 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, 2009, no share options had been granted to the directors under the share option scheme which was adopted on 26th August, 2003.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 30th September, 2009, 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⁾	40.13	Interest of spouse
Dickson Investment Holding (PTC) Corporation (“DIHPTC”)	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
Paicolex Trust Company (BVI) Limited (“Paicolex BVI”)	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
Paicolex Trust Management AG (“Paicolex AG”)	149,395,699 ⁽ⁱⁱ⁾	40.13	Trustee
INVESCO Hong Kong Limited	21,691,075	5.83	Investment manager

Notes :-

- (i) These shares refer to the family interest attributable to Mr. 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 149,395,699 shares which were disclosed as “Other Interests” of Mr. Dickson Poon in the “Directors’ Interests” section of this report. Mr. 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, 2009 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 has resolved to declare an interim dividend of 13.0 cents (2008 : 11.0 cents) per ordinary share, an increase of 18.2 per cent. compared with the interim dividend paid per ordinary share last year. The interim dividend represents a dividend payout ratio of 59.6 per cent. and will absorb a total of about HK\$48.4 million (2008 : HK\$41.0 million). Shareholders whose names appear in the Register of Members of the Company on Friday, 8th January, 2010 will be entitled to the interim dividend which will be paid on Friday, 22nd January, 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 7th January, 2010 to Friday, 8th January, 2010, 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, 6th January, 2010.

SHARE PURCHASE, SALE AND REDEMPTION

At no time during the period under review was there any 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, 2009, 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 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 complied with all 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 2009 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 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 consolidated interim results of the Group for the six months ended 30th September, 2009 with the Board.

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

Executive Directors :

Dickson Poon (*Group Executive Chairman*)

Raymond Lee (*Deputy Chairman and*

Chief Executive Officer)

Chan Tsang Wing, Nelson

Edwin Ing

Lau Yu Hee, Gary

Ng Chan Lam

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, 9th December, 2009