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DICKSON CONCEPTS (INTERNATIONAL) LIMITED

迪生創建(國際)有限公司*
(incorporated in Bermuda with limited liability)

(Stock Code: 0113)

CONTINUING CONNECTED TRANSACTION

The Board announces that on 26th September, 2018, the New Licence Agreement was entered into between HNHKL, an indirect wholly-owned subsidiary company of the Company, as grantor and PWCL as licensee regarding the renewal of the licensing of a sales corner in the PP Harvey Nichols Store by the Group to PWCL.

As PWCL is an associate of Sir Dickson Poon, a Director and substantial shareholder of the Company, PWCL is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New Licence Agreement constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules.

Given that the maximum annual cap receivable by the Group under the New Licence Agreement is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the New Licence Agreement is subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and is exempt from the circular and Independent Shareholders' approval requirements under the Listing Rules.

The Board announces that on 26th September, 2018, the New Licence Agreement was entered into between HNHKL, an indirect wholly-owned subsidiary company of the Company, as grantor and PWCL as licensee regarding the renewal of the licensing of a sales corner in the PP Harvey Nichols Store by the Group to PWCL for a further period of one year commencing from 7th October, 2018 and expiring on 6th October, 2019 (both days inclusive) which will supersede the existing licence agreement dated 25th September, 2017 ("the Existing Licence Agreement") upon its expiry on 6th October, 2018 as detailed below :-

- Grantor:** HNHKL
- Licensee:** PWCL
- Premises:** A sales corner in the PP Harvey Nichols Store
- Lettable Area:** About 4,095 sq. ft.
- Period:** One year commencing from 7th October, 2018 and expiring on 6th October, 2019 (both days inclusive)
- Licence Fee:** Monthly licence fee payment of HK\$1,375,000, to be paid in cash within 20 days from the end of each month in arrears. This licence fee was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions

PWCL has been the licensee of the above premises since 7th October, 2011. The details of the Existing Licence Agreement were disclosed in the announcement of the Company dated 25th September, 2017 (“the Sept 2017 Announcement”).

The maximum annual caps received / receivable by the Group for the licensing of the sales corner in the PP Harvey Nichols Store by the Group to PWCL under the Existing Licence Agreement for the financial years ended / ending 31st March, 2018 and 31st March, 2019, based on the monthly licence fee of HK\$1,375,000, as disclosed in the Sept 2017 Announcement, are HK\$7,984,000 (five months and twenty-five days) and HK\$8,517,000 (six months and six days) respectively. The licence fee received by the Group from PWCL in respect of the licensing of the sales corner in the PP Harvey Nichols Store by the Group to PWCL under the Existing Licence Agreement for the financial year ended 31st March, 2018 was HK\$7,984,000 (five months and twenty-five days) which was the same as the maximum annual cap.

The maximum annual caps receivable by the Group for the licensing of the sales corner in the PP Harvey Nichols Store by the Group to PWCL under the New Licence Agreement for the financial years ending 31st March, 2019 and 31st March, 2020, based on the monthly licence fee of HK\$1,375,000, will be HK\$7,984,000 (five months and twenty-five days) and HK\$8,517,000 (six months and six days) respectively which is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company. The said monthly licence fee was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

The Continuing Connected Transaction is conducted on normal commercial terms and in the ordinary and usual course of business of the Group.

The sales corner in the PP Harvey Nichols Store under the New Licence Agreement will be used by PWCL as a retail corner and the licensing of the said sales corner by the Group to PWCL in the PP Harvey Nichols Store is a practical commercial decision of the Group and will ensure steady income to the Group. The housing of the said sales corner in the PP Harvey Nichols Store will reinforce Harvey Nichols' status as one of the most prestigious store groups in Hong Kong.

The monthly licence fee receivable by the Group from PWCL under the New Licence Agreement was derived in accordance with the prevailing market rental within the PP Harvey Nichols Store, the size and location of the sales corner within the PP Harvey Nichols Store, the prestige of the relevant brand and its products and the prevailing as well as the expected market conditions.

The transaction under the New Licence Agreement is in line with the Group's principal activity of the sale of luxury goods in Asia and will ensure continuous business growth and contribute to the Group's turnover and profits.

The Directors (except Sir Dickson Poon who was considered to be materially interested in the transaction under the New Licence Agreement due to his relationship with PWCL and did not vote on the relevant resolution regarding the Continuing Connected Transaction), including the independent non-executive Directors, consider that (i) the entering of the New Licence Agreement is in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and were negotiated at arm's length, are no less favourable to the Group than those available to independent third parties; and (ii) the Continuing Connected Transaction is in the interests of the Company and its shareholders as a whole, and that the relevant maximum annual caps are fair and reasonable.

LISTING RULES IMPLICATIONS

As PWCL is an associate of Sir Dickson Poon, a Director and substantial shareholder of the Company as disclosed in the "General" section below, PWCL is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the New Licence Agreement constitutes a Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules. In view of the interest of Sir Dickson Poon in the New Licence Agreement, he abstained from voting on the relevant resolution regarding the Continuing Connected Transaction.

Given that the maximum annual cap receivable by the Group under the New Licence Agreement is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the New Licence Agreement is subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and is exempt from the circular and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

The Company is an investment holding company and the Group is principally engaged in the sale of luxury goods with a comprehensive retail network totalling 107 shops throughout Asia and in securities investments.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise :-

“associate(s)”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“Company”	Dickson Concepts (International) Limited (迪生創建(國際)有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed under the Listing Rules
“Continuing Connected Transaction”	the continuing connected transaction as described in this announcement which is subject to disclosure under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiary companies
“HNHKL”	Harvey Nichols (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Company, the principal activity of which is the operation of Harvey Nichols, Beauty Bazaar, Harvey Nichols and Beauty Avenue stores
“Independent Shareholders”	shareholders of the Company, other than Sir Dickson Poon and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Licence Agreement”	the licence agreement dated 26th September, 2018 entered into between HNHKL as grantor and PWCL as licensee regarding the renewal of the licensing of a sales corner in the PP Harvey Nichols Store by the Group to PWCL for a further period of one year commencing from 7th October, 2018 to 6th October, 2019 (both days inclusive)
“percentage ratio(s)”	has the meaning as ascribed under the Listing Rules
“PP Harvey Nichols Store”	a Harvey Nichols store located at Two Pacific Place, 88 Queensway, Hong Kong

“PWCL”	Precision Watch Company Limited (金輪錶行有限公司), a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Sir Dickson Poon, the principal activity of which is the retailing of watches
“Sir Dickson Poon”	Sir Dickson Poon, the group executive chairman of the Group and a substantial shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Executive Directors:

Dickson Poon (*Group Executive Chairman*)
Chan Hon Chung, Johnny Pollux
Lau Yu Hee, Gary

Independent Non-Executive Directors:

Bhanusak Asvaintra
Nicholas Peter Etches
Leung Kai Hung, Michael

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

Hong Kong, 26th September, 2018

** For identification purposes only*