DICKSON

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

**(Stock Code: 0113)**

# GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2010

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, 2010 together with the comparative figures are as follows :-

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 30th September, 2010

| | | **Six months ended 30th September,** | |
|---|---|---|---|
| | | **2010** | 2009 |
| | | **(unaudited)** | (unaudited) |
| | NOTE | **HK$'000** | HK$'000 |
| Turnover | 2 | **1,450,335** | 1,778,293 |
| Cost of sales | | **(663,056)** | (759,095) |
| Gross profit | | **787,279** | 1,019,198 |
| Other income | | **16,724** | 1,599 |
| Selling and distribution expenses | | **(581,072)** | (742,172) |
| Administrative expenses | | **(102,872)** | (127,994) |
| Other operating expenses | | **(40,499)** | (46,525) |
| Operating profit | | **79,560** | 104,106 |
| Finance costs | | **(238)** | (388) |
| Share of profits less losses of associated companies | | **4,857** | 6,157 |
| Profit before taxation | 3 | **84,179** | 109,875 |
| Taxation | 4 | **(22,938)** | (28,474) |
| Profit for the period | | **61,241** | 81,401 |
| Attributable to :- | | | |
| Equity shareholders of the Company | | **61,073** | 81,157 |
| Non-controlling interests | | **168** | 244 |
| Profit for the period | | **61,241** | 81,401 |
| Earnings per share (basic and diluted) | 5 | **16.4 cents** | 21.8 cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30th September, 2010

| | Six months ended 30th September, | |
|---|---|---|
| | **2010** | 2009 |
| | **(unaudited)** | (unaudited) |
| | **HK$'000** | HK$'000 |
| Profit for the period | **61,241** | 81,401 |
| Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note) | **19,621** | 29,045 |
| Total comprehensive income for the period | **80,862** | 110,446 |
| Attributable to :- | | |
| Equity shareholders of the Company | **80,542** | 110,195 |
| Non-controlling interests | **320** | 251 |
| Total comprehensive income for the period | **80,862** | 110,446 |

*Note :-*

There is no tax effect relating to the above component of the comprehensive income.

# CONSOLIDATED BALANCE SHEET

At 30th September, 2010

| | NOTE | **30/9/2010 (unaudited) HK$'000** | 31/3/2010 (audited) HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Fixed assets | | **186,649** | 192,869 |
| Intangible asset | 7 | **160,360** | 169,793 |
| Goodwill | | **13,900** | 13,900 |
| Associated companies | | **129,517** | 138,169 |
| Deferred tax assets | | **23,724** | 23,256 |
| Other financial assets | 8 | **275,527** | 192,081 |
| | | **789,677** | 730,068 |
| Current assets | | | |
| Stocks | | **729,903** | 722,646 |
| Debtors, deposits and prepayments | 9 | **310,751** | 309,575 |
| Bills receivable | | **1,118** | 268 |
| Tax recoverable | | **6,318** | 7,437 |
| Cash and cash equivalents | | **864,789** | 1,003,548 |
| | | **1,912,879** | 2,043,474 |
| Current liabilities | | | |
| Bank loans | | **26,044** | 11,410 |
| Bills payable | | **8,203** | 6,224 |
| Creditors and accruals | 10 | **612,553** | 651,927 |
| Taxation | | **11,573** | 10,156 |
| | | **658,373** | 679,717 |
| Net current assets | | **1,254,506** | 1,363,757 |
| Total assets less current liabilities | | **2,044,183** | 2,093,825 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | **15,344** | 11,816 |
| Net assets | | **2,028,839** | 2,082,009 |
| Capital and reserves | | | |
| Share capital | 11 | **111,693** | 111,693 |
| Reserves | | **1,909,918** | 1,963,408 |
| Total equity attributable to equity shareholders of the Company | | **2,021,611** | 2,075,101 |
| Non-controlling interests | | **7,228** | 6,908 |
| Total equity | | **2,028,839** | 2,082,009 |

# 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 2010 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 2010 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 in the interim report to be sent to shareholders. 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, 2010 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, 2010 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 23rd June, 2010.

**(b) Changes in accounting policies**

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. The adoption of these developments has no material impact on the Group's operating results.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 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 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**

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

| | **Six months ended 30th September,** | |
|---|---|---|
| | **2010** | 2009 |
| | **HK$'000** | HK$'000 |
| Hong Kong (place of domicile) | **772,222** | 978,388 |
| China | **322,687** | 377,208 |
| Taiwan | **235,029** | 293,978 |
| Other territories (Mainly Asia) | **120,397** | 128,719 |
| | **678,113** | 799,905 |
| Total | **1,450,335** | 1,778,293 |

The following table sets out information about the geographical location of the Group's fixed assets, intangible asset, goodwill and interests in associated companies. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associated companies.

| | 30/9/2010 HK$'000 | 31/3/2010 HK$'000 |
|---|---|---|
| Hong Kong (place of domicile) | **249,157** | 256,824 |
| China | **149,304** | 162,180 |
| Taiwan | **87,453** | 90,413 |
| Other territories (Mainly Asia) | **4,512** | 5,314 |
| | **241,269** | 257,907 |
| Total | **490,426** | 514,731 |

**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, *Operating segments*.

## 3. PROFIT BEFORE TAXATION

| | Six months ended 30th September, 2010 HK$'000 | 2009 HK$'000 |
|---|---|---|
| Profit before taxation is arrived at after charging / (crediting) :- | | |
| Amortisation of intangible asset | **9,433** | 21,223 |
| Depreciation | **33,851** | 51,981 |
| Interest income | **(2,173)** | (1,636) |
| Interest on bank overdrafts and loans repayable within five years | **238** | 388 |
| Net gains from financial assets designated at fair value through profit or loss | **(9,900)** | — |
| Including :- Interest income on financial assets | **(7,980)** | — |
| Share of associated companies' taxation | **1,589** | 2,418 |

## 4. TAXATION

| | Six months ended 30th September, | |
|---|---|---|
| | **2010** | 2009 |
| | **HK$'000** | HK$'000 |
| Current tax — Hong Kong Profits Tax | **345** | 45 |
| Current tax — Overseas | | |
| Provision for the period | **19,486** | 16,439 |
| Over-provision in respect of prior years | **(128)** | (6,164) |
| | **19,358** | 10,275 |
| Deferred tax | | |
| Origination and reversal of temporary differences | **3,235** | 18,154 |
| Total income tax expense | **22,938** | 28,474 |

Taxation in the consolidated profit and loss account includes provision for Hong Kong Profits Tax at 16.5 per cent. (2009 : 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$61,073,000 (2009 : HK$81,157,000) and the weighted average number of 372,311,338 ordinary shares (2009 : 372,311,338 ordinary shares) in issue during the period.

## 6. DIVIDENDS

| | Six months ended 30th September, **2010** HK$'000 | 2009 HK$'000 |
|---|---|---|
| (a) Interim dividend declared after the interim period end : 13.0 cents (2009 : 13.0 cents) per ordinary share | **48,400** | 48,400 |
| (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, 2009 : 18.0 cents) per ordinary share | **67,016** | 67,016 |
| (c) Special 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, 2009 : Nil) per ordinary share | **67,016** | – |

## 7. INTANGIBLE ASSET

| | **30/9/2010** **HK$'000** | 31/3/2010 HK$'000 |
|---|---|---|
| Cost :- | | |
| At 1st April, 2010 and 1st April, 2009 | **322,607** | 322,607 |
| At 30th September, 2010 and 31st March, 2010 | **322,607** | 322,607 |
| Accumulated amortisation :- | | |
| At 1st April, 2010 and 1st April, 2009 | **152,814** | 110,366 |
| Amortisation for the period / year | **9,433** | 42,448 |
| At 30th September, 2010 and 31st March, 2010 | **162,247** | 152,814 |
| Net book value :- | | |
| At 30th September, 2010 and 31st March, 2010 | **160,360** | 169,793 |

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.

On 31st March, 2010, Tommy Hilfiger Licensing LLC agreed to extend its licence to the Company for the sale of products under the brand name of "Tommy Hilfiger" in Hong Kong, Macau, Taiwan, Singapore and Malaysia ("the Territories") to 31st March, 2019 with the exception of China. Prior to this extension, the intangible asset is amortised over the remaining 4 years at an annual amortisation of HK$42,448,000. As a result of this extension, the remaining useful life of the exclusive distribution rights in the Territories has been extended from 4 years to 9 years from 1st April, 2010. The Group's annual amortisation expense is expected to be HK$18,866,000 for each of the nine years ending 31st March, 2019.

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

## 8. OTHER FINANCIAL ASSETS

Other financial assets comprise unlisted debt securities issued by corporations and are classified as financial assets designated at fair value through profit or loss. The unlisted debt securities are traded over the counter and are denominated in United States dollars.

## 9. 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 :-

| | **30/9/2010**<br>**HK$'000** | 31/3/2010<br>HK$'000 |
|---|---|---|
| Current | **98,862** | 83,365 |
| 1 to 30 days overdue | **1,949** | 4,431 |
| 31 to 60 days overdue | **1,855** | 216 |
| Over 60 days overdue | **149** | 93 |
| Amounts overdue | **3,953** | 4,740 |
| | **102,815** | 88,105 |

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

## 10. CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors of HK$176,329,000 (at 31st March, 2010 : HK$182,039,000) and their ageing analysis is as follows :-

| | **30/9/2010** | 31/3/2010 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Current | **167,570** | 163,869 |
| 1 to 30 days overdue | **4,468** | 13,218 |
| 31 to 60 days overdue | **3,030** | 2,678 |
| Over 60 days overdue | **1,261** | 2,274 |
| | **176,329** | 182,039 |

## 11. SHARE CAPITAL

| | **30/9/2010** | | 31/3/2010 | |
|---|---|---|---|---|
| | **Number of shares** | **Nominal value** | Number of shares | Nominal value |
| | **Thousands** | **HK$'000** | Thousands | HK$'000 |
| Authorised :- | | | | |
| Ordinary shares of HK$0.30 each | **518,000** | **155,400** | 518,000 | 155,400 |
| Issued and fully paid :- | | | | |
| Ordinary shares of HK$0.30 each | | | | |
| Balance brought forward and carried forward | **372,311** | **111,693** | 372,311 | 111,693 |

## 12. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2010 not provided for in the accounts were as follows :-

| | **30/9/2010** | 31/3/2010 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Contracted for | **23,906** | 5,554 |
| Authorised but not contracted for | **2,809** | 112 |
| | **26,715** | 5,666 |

## 13. CONTINGENT LIABILITIES

At 30th September, 2010, the Company had the following contingent liabilities in respect of :-

(a) Guarantees of HK$990,643,000 (at 31st March, 2010 : HK$962,532,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK$119,283,000 (at 31st March, 2010 : HK$87,764,000) 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$10,918,000 (at 31st March, 2010 : HK$12,904,000) 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, 2010 and 31st March, 2010 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULTS

For the six months ended 30th September, 2010, the Group's existing businesses as a whole performed satisfactorily and achieved double digit percentage increases in both turnover and profits. However, as a direct result of the cessation of the Polo Ralph Lauren operation after its expiration on 31st December, 2009, there was a reduction in the Group's earnings when compared with the same period last year.

Turnover for the six months ended 30th September, 2010 was HK$1,450.3 million, a decrease of 18.4 per cent. compared with the same period last year. However, turnover on a like-for-like basis increased 14.6 per cent.

Profit attributable to equity shareholders was HK$61.1 million, a decrease of 24.7 per cent. compared with the same period last year.

## BUSINESS REVIEW

The Group has opened 96 new shops so far this year with a further 22 new shops to be opened by the end of the current financial year. Key brands for which shops are being opened include Brooks Brothers, Tommy Hilfiger, Tod's, Hogan, S.T. Dupont, Artē and $1^{\underline{A}}$ Classe Alviero Martini, as well as Dickson Watch & Jewellery and individual shops for leading watch brands such as Rolex, Tudor, Chopard, Panerai, Longines, Rado and Oris.

American Eagle Outfitters will be launched in Hong Kong with the opening of a 7,000 sq. ft. store at Harbour City in March 2011 to be followed by a 12,000 sq. ft. flagship store in Shanghai and 2 stores in Beijing later in the year.

A new Harvey Nichols flagship store will open in Pacific Place in October 2011. Occupying 83,000 sq. ft., this flagship store will complement the new look and upgraded facilities at Pacific Place which has been transformed by a HK$2 billion contemporisation project.

Harvey Nichols has a reputation for offering the best edited fashion, accessories and beauty selections, and to ensure consistency with the Harvey Nichols DNA, the Group will work in conjunction with the Harvey Nichols UK team to oversee the development and delivery of the store and its merchandise.

Harvey Nichols at Pacific Place will be the second Harvey Nichols store in Hong Kong and, together with the store at The Landmark, will reinforce Harvey Nichols' leading position in the luxury sector of Hong Kong retailing and act as a major growth engine for the Group in the years ahead.

The Group will also be launching an exciting new beauty concept, Beauty Bazaar by Harvey Nichols, in December 2010 at The ONE, the newly opened shopping mall on Nathan Road, Tsimshatsui. Occupying over 18,000 sq. ft., the store will offer a comprehensive range of premium beauty products including over 50 of the world's most prestigious and desired cosmetics, skincare and fragrance brands as well as Harvey Nichols' unique Beyond Beauty concept in a stylish, contemporary environment.

In China, it has been agreed that the Group will extend its operation of the Tommy Hilfiger business there from March 2011 until August 2011 and will receive the payment of US$21 million as previously agreed for the early termination of this licence. With the Chinese economy continuing to achieve significant year-on-year growth, the Group has opened 65 new shops so far this year in cities throughout the country, and will continue to place a significant focus on the expansion of its China operations.

In Taiwan, the Group's businesses have achieved a meaningful increase in turnover and profits. With a network of over 80 shops in important retail locations throughout the island, the Group is well positioned to take further advantage of the improvement in economic conditions.

The Group has 24 shops in Singapore and Malaysia, and will open flagship stores for Dickson Watch & Jewellery in December 2010 and Brooks Brothers and Tommy Hilfiger in January 2011 as the anchor tenant of Knightsbridge, a prime retail location on Orchard Road, Singapore. The stores will enable the Group to enhance the positioning of these brands in this regional market.

With the opening of these 96 new shops, the Group's retail network currently totals 436 shops as of 30th November, 2010. This comprises 53 in Hong Kong, 275 in China, 3 in Macau, 81 in Taiwan and 24 in Singapore and Malaysia. Geographically, Hong Kong represented 53 per cent. of sales, China was 22 per cent., Taiwan was 16 per cent. and the rest of Asia was 9 per cent.

## FULL YEAR PROSPECTS

The global economy has shown signs of improvement despite continued volatility. The Group is cautiously optimistic about its future prospects and will continue to expand its existing businesses and pursue new business opportunities.

With the strong recurring income generated by its comprehensive retail network of over 430 shops throughout the region, the launch of exciting new retail concepts such as Beauty Bazaar by Harvey Nichols, the introduction of new brands such as American Eagle Outfitters and the opening of the second Harvey Nichols store at Pacific Place together with its net cash position of HK$838.7 million and strong balance sheet, the Group is perfectly positioned to exploit the improvement in economic conditions and take advantage of any investment opportunities of exceptional value.

## EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2010, the Group had 2,634 (2009 : 3,373) employees. Total staff costs (including directors' emoluments) amounted to HK$221.6 million (2009 : HK$239.4 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 2010 annual report ("the 2010 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, 2010, the Group generated net cash from operating activities of HK$76.4 million which was derived from operating cash flow of HK$111.4 million less decrease in working capital and tax payments totaling HK$35.0 million.

Such net cash generated was utilised in the Group's investing activities including capital expenditure and purchase of other financial assets amounting to HK$101.2 million and dividend payments of HK$134.0 million.

As at 30th September, 2010, the Group's net liquid financial resources stood at HK$838.7 million represented by cash and bank deposits of HK$864.8 million less short-term bank borrowings of HK$26.1 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 Singapore Dollars by an operating subsidiary company.

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, New Taiwan Dollars, Hong Kong Dollars and Renminbi with the majority placed on short-term deposits with established international banks and invested in debt securities issued by corporations with acceptable credit ratings.

As at 30th September, 2010, the Group's current ratio, being current assets divided by current liabilities, was 2.9 times compared to 3.0 times as at 31st March, 2010. 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, 2010 : Nil).

## OTHER INFORMATION

### INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of 13.0 cents (2009 : 13.0 cents) per ordinary share, the same as last year. The interim dividend represents a dividend payout ratio of 79.3 per cent. and will absorb a total of about HK$48.4 million (2009 : HK$48.4 million). Shareholders whose names appear in the Register of Members of the Company on Friday, 7th January, 2011 will be entitled to the interim dividend which will be paid on Friday, 21st January, 2011.

### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 6th January, 2011 to Friday, 7th January, 2011, 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, 5th January, 2011.

## 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.

## 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 2010 Annual Report.

## AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2010 with the Board.

As at the date of this announcement, 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, 30th November, 2010

* *For identification purposes only*