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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)

**GROUP INTERIM RESULTS
FOR THE SIX MONTHS ENDED
30TH SEPTEMBER, 2018**

The board of directors (“the Board”) of Dickson Concepts (International) Limited (“the Company”) announces that the unaudited consolidated results of the Company and its subsidiary companies (together “the Group”) for the six months ended 30th September, 2018 together with the comparative figures are as follows :-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30th September, 2018

		Six months ended 30th September,	
		2018	2017
		(unaudited)	(unaudited)
	NOTE	HK\$'000	HK\$'000
Revenue	2	1,834,078	1,578,719
Cost of sales		<u>(951,016)</u>	<u>(849,511)</u>
Gross profit		883,062	729,208
Other income	3	7,365	15,950
Selling and distribution expenses		(641,404)	(616,741)
Administrative expenses		(85,132)	(90,141)
Other operating expenses		<u>(27,340)</u>	<u>(28,414)</u>
Operating profit		136,551	9,862
Finance costs		(2,284)	(639)
Share of profit / (loss) of an associated company		<u>1</u>	<u>(1)</u>
Profit before taxation	4	134,268	9,222
Taxation	5	<u>(5,380)</u>	<u>(1,172)</u>
Profit for the period attributable to equity shareholders of the Company		<u>128,888</u>	<u>8,050</u>
Earnings per share (basic and diluted)	6	<u>32.6 cents</u>	<u>2.1 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30th September, 2018

	Six months ended 30th September,	
	2018	2017
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	128,888	8,050
Other comprehensive income for the period :		
Item that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of accounts of overseas subsidiary and associated companies (Note a)	<u>(29,228)</u>	<u>7,081</u>
Total comprehensive income for the period attributable to equity shareholders of the Company	<u>99,660</u>	<u>15,131</u>

Notes :-

- (a) There is no tax effect relating to the above component of the comprehensive income.
- (b) The Group has initially applied HKFRS 15 and HKFRS 9 at 1st April, 2018. Under the transition methods chosen, comparative information is not restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2018

	NOTE	30/9/2018 (unaudited) HK\$'000	31/3/2018 (audited) HK\$'000
Non-current assets			
Property, plant and equipment		94,897	110,781
Associated company		23,562	25,895
Deferred tax assets		3,028	3,171
Other financial assets	8	<u>221,536</u>	<u>215,869</u>
		343,023	355,716
Current assets			
Inventories		454,173	472,271
Debtors, deposits and prepayments	9	317,905	317,427
Tax recoverable		1,059	2,138
Other financial assets	8	338,049	175,793
Cash and bank balances		<u>1,794,974</u>	<u>1,754,795</u>
		<u>2,906,160</u>	<u>2,722,424</u>
Current liabilities			
Bank loans	10	214,321	126,439
Bills payable		—	9
Creditors and accruals	11	651,849	652,546
Taxation		<u>17,425</u>	<u>18,977</u>
		<u>883,595</u>	<u>797,971</u>
Net current assets		<u>2,022,565</u>	<u>1,924,453</u>
Total assets less current liabilities		2,365,588	2,280,169
Non-current liabilities			
Deferred tax liabilities		24,416	24,417
Amount due to an associated company		<u>23,004</u>	<u>25,272</u>
Net assets		<u>2,318,168</u>	<u>2,230,480</u>
Capital and reserves			
Share capital	12	122,887	117,975
Reserves		<u>2,195,281</u>	<u>2,112,505</u>
Total equity attributable to equity shareholders of the Company		<u>2,318,168</u>	<u>2,230,480</u>

Note :-

The Group has initially applied HKFRS 15 and HKFRS 9 at 1st April, 2018. Under the transition methods chosen, comparative information is not restated.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30th September, 2018 but are extracted from the interim financial report.

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"). It was authorised for issue on 29th November, 2018.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any 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 financial statements 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 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements 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 independent 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, 2018 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

(b) Changes in accounting policies

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

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*

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

The Group has been impacted by HKFRS 9 in relation to classification and measurement of financial assets and impacted by HKFRS 15 in relation to presentation of contract liabilities. Details of the changes in accounting policies are discussed in Note 1(b)(i) for HKFRS 9 and Note 1(b)(ii) for HKFRS 15.

(i) HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1st April, 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1st April, 2018. Therefore, comparative information continues to be reported under HKAS 39.

(1) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories :-

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

- FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss.

The Group decides not to elect this designation option (irrevocably designate as FVTOCI) for any of the investments held on 1st April, 2018 and will recognise any fair value changes in respect of these investments in profit or loss as they arise.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS39 carrying amount at 31st March, 2018 HK\$'000	Reclassification HK\$'000	Remeasurement HK\$'000	HKFRS 9 carrying amount at 1st April, 2018 HK\$'000
Financial assets carried at FVTPL				
Unlisted equity securities	—	215,869	23,829	239,698
Listed equity securities held for trading	148,000	—	—	148,000
Listed debt securities	<u>27,793</u>	<u>—</u>	<u>—</u>	<u>27,793</u>
	<u>175,793</u>	<u>215,869</u>	<u>23,829</u>	<u>415,491</u>
Financial assets classified as available-for-sales under HKAS 39				
Unlisted equity securities	<u>215,869</u>	<u>(215,869)</u>	<u>—</u>	<u>—</u>

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1st April, 2018 have not been impacted by initial application of HKFRS 9.

(2) Credit losses

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the expected credit losses (“ECL”) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in HKAS 39.

The Group applies the new ECL model to debtors, deposits and prepayments. The adoption of the new ECL model has no significant impact to the consolidated financial statements of the Group.

(ii) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services.

Further details of the nature and effect of the changes on previous accounting policies are set out below :-

(1) Timing of revenue recognition

The adoption of HKFRS 15 does not have a significant impact on the Group’s revenue recognition.

(2) Presentation of contract liabilities

Under HKFRS 15, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. Such balances are recognised as contract liabilities rather than payables.

As a result of this new presentation, the Group has reclassified “advances received from gift certificates” and “receipt in advance” totalling to HK\$20,698,000 as at 31st March, 2018 which were previously included in other creditors and accruals to contract liabilities under creditors and accruals.

2. REVENUE / SEGMENTAL INFORMATION

(a) Revenue

The principal activities of the Group are the Sale of Luxury Goods and Securities Investment.

Revenue represents the invoiced value of goods sold less discounts and returns, income from concession and consignment sales, net gain / (loss) on debt securities and securities held for trading, dividend income, and interest income from debt securities and short-term bank deposits under Securities Investment segment.

The amount of each significant category of revenue is as follows :-

	Six months ended 30th September,	
	2018	2017
	HK\$'000	HK\$'000
Revenue from Sale of Luxury Goods and net income from concession and consignment sales		
Fashion and accessories	597,821	589,116
Watches and jewellery	591,247	504,976
Cosmetics and beauty products	<u>634,833</u>	<u>478,826</u>
	1,823,901	1,572,918
Revenue from Securities Investment	<u>10,177</u>	<u>5,801</u>
	<u>1,834,078</u>	<u>1,578,719</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, *Operating segments*.

(b) Segment reporting

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments :-

Sale of Luxury Goods business : The sale of luxury goods to retail and wholesale customers and net income from concession and consignment sales.

Securities Investment business : The investment in listed and unlisted securities.

(i) Segment results

Information regarding the Group's reportable segments for the six months ended 30th September, 2018 and 30th September, 2017 respectively is set out below.

	Sale of Luxury Goods		Securities Investment		Total	
	Six months ended 30th September,		Six months ended 30th September,		Six months ended 30th September,	
	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>1,823,901</u>	<u>1,572,918</u>	<u>10,177</u>	<u>5,801</u>	<u>1,834,078</u>	<u>1,578,719</u>
Reportable segment revenue	<u>1,823,901</u>	<u>1,572,918</u>	<u>10,177</u>	<u>5,801</u>	<u>1,834,078</u>	<u>1,578,719</u>
Reportable segment profit	165,498	43,803	10,310	5,284	175,808	49,087

Revenue and expenses are allocated to the reportable segments with reference to the sales generated and expenses incurred by those segments. The measure used for reporting segment profit is adjusted profit before taxation. The adjusted profit before taxation is measured consistently with the Group's profit before taxation except that certain interest income, unallocated expenses and certain finance costs are excluded from such measurement.

(ii) Reconciliations of reportable segment revenue and profit or loss

Revenue

No reconciliation of revenue is required as the total reportable segments' figure is equal to the Group's consolidated figure.

	Six months ended 30th September,	
	2018	2017
	HK\$'000	HK\$'000
Profit		
Reportable segment profit	175,808	49,087
Unallocated interest income and other revenue	4,661	11,234
Other unallocated central overheads	<u>(46,201)</u>	<u>(51,099)</u>
Consolidated profit before taxation	<u>134,268</u>	<u>9,222</u>

(iii) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment and interest in an associated company. The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of operations, in the case of interest in an associated company.

	Revenues from external customers		Specified non-current assets	
	Six months ended 30th September, 2018		30/9/2018	31/3/2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	<u>1,445,125</u>	<u>1,194,389</u>	<u>74,486</u>	<u>85,697</u>
Taiwan	297,397	290,345	14,723	16,763
China	33,456	43,286	24,834	27,694
Singapore and Malaysia	41,228	34,026	4,352	5,977
Other territories	<u>16,872</u>	<u>16,673</u>	<u>64</u>	<u>545</u>
	<u>388,953</u>	<u>384,330</u>	<u>43,973</u>	<u>50,979</u>
Total	<u>1,834,078</u>	<u>1,578,719</u>	<u>118,459</u>	<u>136,676</u>

3. OTHER INCOME

	Six months ended 30th September,	
	2018	2017
	HK\$'000	HK\$'000
Net realised and unrealised gain on unlisted equity securities	3,524	—
Interest income	7,091	8,111
Loss on disposal of property, plant and equipment	(169)	(618)
Net foreign exchange (loss) / gain	<u>(3,081)</u>	<u>8,457</u>
	<u>7,365</u>	<u>15,950</u>

4. PROFIT BEFORE TAXATION

	Six months ended 30th September,	
	2018	2017
	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging :-		
Depreciation	29,729	30,118
Interest on bank overdrafts and loans	<u>2,284</u>	<u>639</u>

5. TAXATION

	Six months ended 30th September,	
	2018	2017
	HK\$'000	HK\$'000
Current tax — Hong Kong Profits Tax		
Under-provision in respect of prior years	<u>24</u>	<u>38</u>
	<u>24</u>	<u>38</u>
Current tax — Overseas		
Provision for the period	5,322	1,405
Under-provision in respect of prior years	<u>35</u>	<u>141</u>
	<u>5,357</u>	<u>1,546</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(1)</u>	<u>(412)</u>
Total income tax expense	<u>5,380</u>	<u>1,172</u>

Taxation in the consolidated statement of profit or loss includes provision for Hong Kong Profits Tax at 16.5 per cent. (2017 : 16.5 per cent.) on the estimated assessable profits for the period after deducting tax losses brought forward from previous years.

Taxation for overseas subsidiary companies is charged at the appropriate current rates of taxation ruling in the relevant countries.

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to ordinary equity shareholders of the Company of HK\$128,888,000 (2017 : HK\$8,050,000) and the weighted average number of 395,139,314 ordinary shares (2017 : 382,130,379 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

	Six months ended 30th September,	
	2018	2017
	Number	Number
	of shares	of shares
	Thousands	Thousands
Issued ordinary shares at 1st April	393,251	380,452
Effect of scrip dividend (Note 12)	2,095	1,678
Effect of shares repurchased (Note 12)	<u>(207)</u>	<u>—</u>
Weighted average number of ordinary shares at 30th September	<u>395,139</u>	<u>382,130</u>

7. DIVIDENDS

	Six months ended 30th September,	
	2018	2017
	HK\$'000	HK\$'000
(a) Interim dividend declared after the interim period end : HK8 cents per ordinary share (2017: Nil)	<u>32,463</u>	<u>—</u>
(b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK23 cents (for the year ended 31st March, 2017 : HK17 cents) per ordinary share	<u>90,448</u>	<u>64,677</u>

8. OTHER FINANCIAL ASSETS

	30/9/2018 HK\$'000	31/3/2018 HK\$'000
Non-current assets		
Unlisted available-for-sale equity securities	—	215,869
Unlisted equity securities designated at fair value through profit or loss	<u>221,536</u>	<u>—</u>
	<u>221,536</u>	<u>215,869</u>
Current assets		
Listed equity securities held for trading	233,447	148,000
Investment in securities held for trading at fair value	76,872	—
Listed debt securities designated at fair value through profit or loss	<u>27,730</u>	<u>27,793</u>
	<u>338,049</u>	<u>175,793</u>
	<u>559,585</u>	<u>391,662</u>

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 based on due date as at the end of the reporting period :-

	30/9/2018 HK\$'000	31/3/2018 HK\$'000
Current	<u>115,635</u>	<u>120,119</u>
1 to 30 days overdue	<u>680</u>	<u>244</u>
Amounts overdue	<u>680</u>	<u>244</u>
	<u>116,315</u>	<u>120,363</u>

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

All debtors, deposits and prepayments of the Group, apart from certain rental deposits totalling HK\$130,488,000 (as at 31st March, 2018 : HK\$133,450,000), are expected to be recovered or recognised as an expense within one year.

10. BANK LOANS

At the end of the reporting period, the bank loans were secured as follows :-

	30/9/2018	31/3/2018
	HK\$'000	HK\$'000
Repayable within 1 year	<u>214,321</u>	<u>126,439</u>
	<u>214,321</u>	<u>126,439</u>

At the end of the reporting period, the banking facilities of a subsidiary company were secured by a charge over investment securities held for trading, with total carrying value of HK\$310,319,000 (at 31st March, 2018 : HK\$148,000,000).

The effective borrowing interest rate at the end of the reporting period for the Group is 2.74 per cent. (at 31st March, 2018 : 1.68 per cent.) and its re-fixing date is within one year.

11. CREDITORS AND ACCRUALS

	30/9/2018	31/3/2018
	HK\$'000	HK\$'000
Trade creditors	264,028	277,404
Contract liabilities	20,689	20,698
Other creditors and accruals	<u>367,132</u>	<u>354,444</u>
	<u>651,849</u>	<u>652,546</u>

Included in creditors and accruals are trade creditors with the following ageing analysis based on due date as at the end of the reporting period :-

	30/9/2018	31/3/2018
	HK\$'000	HK\$'000
Current	262,878	277,189
1 to 30 days overdue	—	179
31 to 60 days overdue	510	36
Over 60 days overdue	<u>640</u>	<u>—</u>
	<u>264,028</u>	<u>277,404</u>

12. SHARE CAPITAL

	30/9/2018		31/3/2018	
	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	393,251	117,975	380,452	114,135
New ordinary shares issued				
under scrip dividend scheme	18,260	5,478	12,799	3,840
Repurchases of shares	<u>(1,889)</u>	<u>(566)</u>	<u>—</u>	<u>—</u>
Balance carried forward	<u>409,622</u>	<u>122,887</u>	<u>393,251</u>	<u>117,975</u>

During the year ended 31st March, 2018, 12,799,586 new fully paid ordinary shares were issued and allotted at HK\$2.94 per ordinary share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2017.

During the six months ended 30th September, 2018, 18,260,477 new fully paid ordinary shares were issued and allotted at HK\$3.35 per ordinary share to the shareholders who elected to receive new ordinary shares in lieu of cash pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st March, 2018.

During the six months ended 30th September, 2018, the Company repurchased a total of 1,889,500 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$6,509,925 and such repurchased shares were cancelled on 12th October, 2018 and 18th October, 2018. Details of the ordinary shares repurchased on the Stock Exchange during the reporting period are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary shares HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
August 2018	346,000	3.45	3.40	1,186,170
September 2018	1,543,500	3.51	3.41	5,323,755

Subsequent to the end of the reporting period and up to the date of this announcement, the Company repurchased a total of 3,832,000 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$13,370,755. Such repurchased shares were subsequently cancelled on 2nd November, 2018 and 13th November, 2018. Details of the ordinary shares repurchased after the end of the reporting period are as follows :-

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per ordinary shares HK\$	Lowest purchase price per ordinary share HK\$	Aggregate purchase price (excluding expenses) HK\$
October 2018	3,832,000	3.55	3.41	13,370,755

As a result of the above shares repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled after the end of the reporting period on 12th October, 2018, 18th October, 2018, 2nd November, 2018 and 13th November, 2018. As at the date of this announcement, the number of issued shares of the Company is 405,790,308 ordinary shares.

The directors believe that the above shares repurchases are in the best interests of the Company and its shareholders and that such shares repurchases would lead to an enhancement of the net assets value and / or earnings per share of the Company.

13. CAPITAL COMMITMENTS

Capital commitments outstanding at 30th September, 2018 not provided for in the financial statements were as follows :-

	30/9/2018 HK\$'000	31/3/2018 HK\$'000
Contracted for	3,096	9,592
Authorised but not contracted for	<u>952</u>	<u>689</u>
	<u><u>4,048</u></u>	<u><u>10,281</u></u>

14. CONTINGENT LIABILITIES

At 30th September, 2018, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$1,004,130,000 (at 31st March, 2018 : HK\$1,067,817,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$115,452,000 (at 31st March, 2018 : HK\$115,773,000) at the end of the reporting period.
- (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\$15,679,000 (at 31st March, 2018 : HK\$16,105,000) at the end of the reporting period.

As at the end of the reporting period, 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, 2018 and 31st March, 2018.

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. EVENT AFTER THE REPORTING PERIOD

The Group announced on 23rd August, 2018 that the Group had agreed to sell a wholly-owned subsidiary company, which is the beneficial owner of a warehouse in Hong Kong, to a third party buyer for a total consideration of HK\$250,000,000. The sale of the company was completed and a gain before tax of about HK\$220,000,000 was recognised on 14th November, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND INTERIM DIVIDEND

For the six months ended 30th September, 2018, the Group's turnover was HK\$1,834.1 million, an increase of 16.2 per cent.. Comparable store sales increased by 18.4 per cent. after adjusting for discontinued and new stores. Overall margin increased by 2.0 percentage points as a result of reduced promotional activities.

Net profit attributable to equity shareholders was HK\$128.9 million (2017: HK\$8.1 million). The investments portfolio contributed HK\$10.3 million (2017: HK\$ 5.3 million).

In view of these results, the Board has resolved to declare an interim dividend of HK8 cents per ordinary share (2017: Nil).

BUSINESS REVIEW

During this six-month period, the Group has opened 2 new stores in Hong Kong and Taiwan. Today, the Group's retail network totals 110 stores. This comprises 25 stores in Hong Kong, 15 in China, 57 in Taiwan, 5 in Singapore, 5 in Malaysia and 3 in Macau.

Geographically, Hong Kong contributed 78.8 per cent. of sales, Taiwan 16.2 per cent., China 1.8 per cent. and the rest of Asia 3.2 per cent..

FULL YEAR PROSPECTS

The Group is cautious and expects the retail climate in Hong Kong, China and South East Asia to be challenging in the second half of the financial year due to the following factors :-

1. RMB weakness and reduced China import duties have narrowed the price gap between Hong Kong and China;
2. Trade war between U.S. and China;
3. Severe volatility in equity markets;
4. Increase in interest rate; and
5. Potential weakening of the property market.

Thus, the Group will rigorously control costs and expenses at all levels of operation and adopt a very cautious approach to its further expansion and development strategies.

On the investment side, the Group will continue to seek new investment opportunities to diversify and broaden its earnings base.

With net cash of HK\$1,580.7 million and its strong balance sheet, the Group is in an excellent position to take advantage of any recovery in market condition as well as to undertake new investment opportunities to diversify and continue to broaden its earnings base.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2018, the Group had 1,393 (2017 : 1,497) employees. Total staff costs (including directors' emoluments) amounted to HK\$210.8 million (2017 : HK\$211.3 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 ("the Share Option Scheme") were disclosed in the Company's 2018 annual report ("the 2018 Annual Report"). No share options were granted or exercised under the Share Option Scheme during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30th September, 2018, the Group's net cash from operating activities and investing activities was utilised to fund working capital requirements. Together with financing activities including new bank loans and payment of the final dividend for the previous financial year, total net cash surplus was HK\$54.2 million.

As a result, the Group's net liquid financial resources as at 30th September, 2018 stood at HK\$1,580.7 million, represented by cash and bank balances of HK\$1,795.0 million less short-term bank borrowings of HK\$214.3 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.

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.

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.

As at 30th September, 2018, the Group's current ratio, being current assets divided by current liabilities, was 3.3 times compared to 3.4 times as at 31st March, 2018. 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, 2018 : Nil).

OTHER INFORMATION

INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of HK8 cents per ordinary share (2017 : Nil). The interim dividend represents a dividend payout ratio of 25.19 per cent. and will absorb a total of about HK\$32.46 million (2017 : Nil). Shareholders whose names appear in the Register of Members of the Company on Thursday, 3rd January, 2019 will be entitled to the interim dividend which will be paid on Thursday, 17th January, 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to the interim dividend, the Register of Members of the Company will be closed from Wednesday, 2nd January, 2019 to Thursday, 3rd January, 2019, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 31st December, 2018.

SHARE PURCHASE, SALE AND REDEMPTION

Details of ordinary shares repurchased by the Company on the Stock Exchange during the period under review are set out in Note 12 on pages 16 and 17 of this announcement.

Save as disclosed in Note 12, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's ordinary shares during the period under review and up to the date of this announcement.

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 applied the principles and complied with all the code provisions of the Corporate Governance Code (“the CG Code”) as set out in Appendix 14 of the Listing Rules throughout the period under review except code provision A.2.1 of the CG Code as the functions of the Chief Executive Officer are now performed by Sir Dickson Poon, the Group Executive Chairman.

Detailed information on the Company’s other corporate governance practices was set out in the Corporate Governance Report included in the 2018 Annual Report.

REVIEW OF GROUP INTERIM RESULTS

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30th September, 2018 with the Board.

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, 29th November, 2018

** For identification purposes only*