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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, 2020**

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS AND INTERIM DIVIDEND

For the six months ended 30th September, 2020, the Group's turnover was HK\$981.1 million, a decrease of 42.7 per cent..

The catastrophic retail climate in Hong Kong resulted in a 47.4 per cent. decrease in turnover during the period. The Group succeeded in offsetting this decrease through a substantial increase in profit contribution from the investment portfolio, a doubling of profit in Taiwan, profit contribution from China and tight control in operating costs at all levels of operation.

Net profit attributable to equity shareholders was HK\$133.4 million (2019 : HK\$119.0 million). The Group's investment portfolio contributed a net profit of HK\$62.2 million (2019 : HK\$11.8 million).

In view of these results, the Board has resolved to declare an interim dividend of HK8 cents (2019 : HK8 cents) per ordinary share.

BUSINESS REVIEW

During the period under review, the Group faced one of the worst retail environments that Hong Kong has ever faced as a result of the continued outbreak of COVID-19. The pandemic has resulted in Hong Kong's unemployment rate soaring to a level not seen in nearly 16 years, while GDP experienced record declines during the year. Meanwhile, tourism has literally come to a complete halt. This has resulted in Hong Kong's retail sales declining for 20 months in a row on a year-on-year basis. As a result, the Group's turnover in Hong Kong decreased by 47.4 per cent. during the period and the Group's retail operations in Hong Kong incurred substantial negative cash flows.

In Taiwan, the Group achieved profits increase of over 100 per cent. in the first half. This is a direct result of continued improvement in consumer sentiment, together with margin improvement and aggressive cost and inventory control.

In China, the Group successfully restructured its organisation and expanded both its retail and digital presence, while growing like-for-like sales of its retail stores significantly. This has successfully enabled the Group to turnaround its China operation from loss making to profits contributing.

The investment market has continued to be extremely volatile as a result of the worldwide impact of COVID-19. The Group has always been very cautious in managing its investment portfolio and has succeeded in achieving a profit of HK\$62.2 million during the period under review.

FULL YEAR PROSPECTS

The Group is extremely pessimistic about the retail climate in Hong Kong. With the arrival of the fourth wave of the coronavirus and with the Employment Support Scheme from the Government coming to an end on 30th November this year, the unemployment rate in Hong Kong may further increase and local consumer sentiment may further weaken from the current depressed levels. Despite the possibilities of the re-opening of our borders with China and other Asian countries in the near future, the Group does not expect a significant return of tourists in the foreseeable future.

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

The Group will continue to employ the most conservative approach to manage its retail network and will continue to rigorously control costs at all levels of operation. With its strong balance sheet, the Group is confident in coping with Hong Kong's recession and the very difficult retail climate.

Dickson Poon
Group Executive Chairman

Hong Kong, 26th November, 2020

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, 2020 together with the comparative figures are as follows :-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30th September, 2020

| | | Six months ended 30th September, | |
|---|------|---|---------------------------------------|
| | | 2020 | 2019 |
| | NOTE | (unaudited) HK\$'000 | (unaudited) HK\$'000 |
| Revenue | 2 | 981,057 | 1,712,925 |
| Cost of sales | | <u>(601,169)</u> | <u>(956,426)</u> |
| Gross profit | | 379,888 | 756,499 |
| Other income | 3 | 68,628 | 515,268 |
| Selling and distribution expenses | | (226,401) | (931,141) |
| Administrative expenses | | (57,814) | (129,399) |
| Other operating expenses | | <u>(13,169)</u> | <u>(21,511)</u> |
| Operating profit | | 151,132 | 189,716 |
| Finance costs | | <u>(17,801)</u> | <u>(18,780)</u> |
| Profit before taxation | 4 | 133,331 | 170,936 |
| Tax credit / (expenses) | 5 | <u>115</u> | <u>(51,927)</u> |
| Profit for the period attributable to equity shareholders of the Company | | <u>133,446</u> | <u>119,009</u> |
| Earnings per share (basic and diluted) | 6 | <u>33.9 cents</u> | <u>29.8 cents</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 30th September, 2020

| | Six months ended 30th September, | |
|---|----------------------------------|----------------|
| | 2020 | 2019 |
| | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 133,446 | 119,009 |
| Other comprehensive income for the period : | | |
| Item that may be reclassified subsequently to profit or loss : | | |
| Exchange differences on translation of financial statements of overseas subsidiary companies (Note) | <u>16,566</u> | <u>(5,218)</u> |
| Total comprehensive income for the period attributable to equity shareholders of the Company | <u>150,012</u> | <u>113,791</u> |

Note :-

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th September, 2020

| | NOTE | 30/9/2020 (unaudited) HK\$'000 | 31/3/2020 (audited) HK\$'000 |
|--|------|--------------------------------------|------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 41,832 | 47,813 |
| Right-of-use assets | | 77,253 | 113,646 |
| Deferred tax assets | | — | 1,995 |
| Other financial assets | 8 | <u>1,151,860</u> | <u>1,195,424</u> |
| | | 1,270,945 | 1,358,878 |
| Current assets | | | |
| Inventories | | 216,899 | 323,477 |
| Debtors, deposits and prepayments | 9 | 307,334 | 374,323 |
| Tax recoverable | | 9,623 | 5,365 |
| Other financial assets | 8 | 225,026 | 239,601 |
| Cash and bank balances | | <u>3,368,488</u> | <u>3,323,006</u> |
| | | <u>4,127,370</u> | <u>4,265,772</u> |
| Current liabilities | | | |
| Bank loans | 10 | 945,786 | 1,059,774 |
| Creditors and accruals | 11 | 579,882 | 465,035 |
| Lease liabilities | | 290,453 | 314,965 |
| Taxation | | <u>15,578</u> | <u>52,824</u> |
| | | <u>1,831,699</u> | <u>1,892,598</u> |
| Net current assets | | <u>2,295,671</u> | <u>2,373,174</u> |
| Total assets less current liabilities | | <u>3,566,616</u> | <u>3,732,052</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 607,547 | 738,498 |
| Deferred tax liabilities | | <u>21,132</u> | <u>20,353</u> |
| Total non-current liabilities | | <u>628,679</u> | <u>758,851</u> |
| Net assets | | <u>2,937,937</u> | <u>2,973,201</u> |
| Capital and reserves | | | |
| Share capital | 12 | 118,261 | 118,261 |
| Reserves | | <u>2,819,676</u> | <u>2,854,940</u> |
| Total equity attributable to equity shareholders of the Company | | <u>2,937,937</u> | <u>2,973,201</u> |

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, 2020 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 26th November, 2020.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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").

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, 2020 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 several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report.

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

2. REVENUE AND 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 realised gain / (loss) on 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, | |
|--|---|------------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Revenue from Sale of Luxury Goods and net income from concession and consignment sales | | |
| Watches and jewellery | 467,640 | 780,998 |
| Cosmetics and beauty products | 285,743 | 523,282 |
| Fashion and accessories | <u>203,998</u> | <u>389,023</u> |
| | 957,381 | 1,693,303 |
| Revenue from Securities Investment | <u>23,676</u> | <u>19,622</u> |
| | <u>981,057</u> | <u>1,712,925</u> |

Information about major customers

The Group sells goods to numerous individual customers without concentration of reliance. There is no discloseable 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, 2020 and 30th September, 2019 respectively is set out below.

| | <u>Sale of Luxury Goods</u> | | <u>Securities Investment</u> | | <u>Total</u> | |
|-----------------------------------|--|--------------------------|--|--------------------------|--|--------------------------|
| | <u>Six months ended 30th September, 2020</u> | | <u>Six months ended 30th September, 2020</u> | | <u>Six months ended 30th September, 2020</u> | |
| | <u>HK\$'000</u> | <u>2019 HK\$'000</u> | <u>HK\$'000</u> | <u>2019 HK\$'000</u> | <u>HK\$'000</u> | <u>2019 HK\$'000</u> |
| Revenue from external customers | <u>957,381</u> | <u>1,693,303</u> | <u>23,676</u> | <u>19,622</u> | <u>981,057</u> | <u>1,712,925</u> |
| Reportable segment revenue | <u>957,381</u> | <u>1,693,303</u> | <u>23,676</u> | <u>19,622</u> | <u>981,057</u> | <u>1,712,925</u> |
| Reportable segment profit | 71,291 | 107,164 | 62,155 | 11,845 | 133,446 | 119,009 |

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 profit after taxation.

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

Revenue and profit

No reconciliation of revenue and profit after taxation is required as the total reportable segments' figures are equal to the Group's consolidated figures.

(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 right-of-use assets. 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 property, plant and equipment and right-of-use assets.

| | Revenues from external customers | | Specified non-current assets | |
|----------------------------------|---|--------------------------|---|-------------------------------|
| | Six months ended 30th September, | | | |
| | 2020 HK\$'000 | 2019 HK\$'000 | 30/9/2020 HK\$'000 | 31/3/2020 HK\$'000 |
| Hong Kong (place of domicile) | <u>737,681</u> | 1,403,553 | <u>85,000</u> | 109,728 |
| Taiwan | 193,932 | 259,428 | 26,689 | 39,993 |
| Other territories | <u>49,444</u> | <u>49,944</u> | <u>7,396</u> | <u>11,738</u> |
| | <u>243,376</u> | <u>309,372</u> | <u>34,085</u> | <u>51,731</u> |
| Total | <u>981,057</u> | <u>1,712,925</u> | <u>119,085</u> | <u>161,459</u> |

3. OTHER INCOME

| | Six months ended 30th September, | |
|---|---|--------------------------|
| | 2020 HK\$'000 | 2019 HK\$'000 |
| Unrealised gain / (loss) on unlisted equity securities | 27,287 | (2,371) |
| Unrealised gain on listed debt and equity securities held for trading | 15,633 | — |
| Unrealised gain on investment in securities held for trading at fair value | 3,935 | — |
| Realised gain on listed debt securities measured at amortised cost | 757 | — |
| Impairment loss on listed debt securities measured at amortised cost | (123) | — |
| Interest income | 12,800 | 19,114 |
| Loss on disposal of property, plant and equipment | (43) | (163) |
| Net foreign exchange loss | (1,618) | (2,092) |
| Other income (Note) | <u>10,000</u> | <u>500,780</u> |
| | <u>68,628</u> | <u>515,268</u> |

Note :-

Other income represents amounts received / receivable by the Group for termination / expiration of store and distribution licences.

4. PROFIT BEFORE TAXATION

| | Six months ended 30th September, | |
|--|----------------------------------|----------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Profit before taxation is arrived at after charging :- | | |
| Depreciation | | |
| - property, plant and equipment | 12,066 | 12,613 |
| - right-of-use assets | 40,271 | 187,034 |
| Interest on bank loans | 5,028 | 5,046 |
| Interest on lease liabilities | 12,773 | 13,734 |
| Impairment loss on right-of-use assets | <u>—</u> | <u>410,000</u> |

5. TAXATION

| | Six months ended 30th September, | |
|--|----------------------------------|---------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| Current tax — Hong Kong Profits Tax | | |
| Provision for the period | — | 9,185 |
| (Over) / under-provision in respect of prior years | <u>(3,179)</u> | <u>300</u> |
| | <u>(3,179)</u> | <u>9,485</u> |
| Current tax — Overseas | | |
| Provision for the period | 1,611 | 42,746 |
| Over-provision in respect of prior years | <u>(594)</u> | <u>(304)</u> |
| | <u>1,017</u> | <u>42,442</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences | <u>2,047</u> | <u>—</u> |
| Total income tax (credit) / expense | <u>(115)</u> | <u>51,927</u> |

Taxation in the consolidated statement of profit or loss includes provision for Hong Kong Profits Tax at 16.5 per cent. (2019 : 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\$133,446,000 (2019 : HK\$119,009,000) and the weighted average number of 394,202,808 ordinary shares (2019 : 398,836,290 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

| | Six months ended 30th September, | |
|---|----------------------------------|----------------------------------|
| | 2020 | 2019 |
| | Number of shares Thousands | Number of shares Thousands |
| Issued ordinary shares at 1st April | 394,203 | 399,998 |
| Effect of shares repurchased | <u>—</u> | <u>(1,162)</u> |
| Weighted average number of ordinary shares at 30th September | <u>394,203</u> | <u>398,836</u> |

7. DIVIDENDS

| | Six months ended 30th September, | |
|--|----------------------------------|----------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| (a) Interim dividend declared after the interim period end : HK8 cents (2019 : HK8 cents) per ordinary share | <u>31,536</u> | <u>31,536</u> |
| (b) Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK27 cents (for the year ended 31st March, 2019 : HK27 cents) per ordinary share | <u>106,435</u> | <u>107,673</u> |
| (c) Special dividend in respect of the previous financial year, approved and paid during the interim period, of HK20 cents (for the year ended 31st March, 2019 : Nil) per ordinary share | <u>78,841</u> | <u>—</u> |

8. OTHER FINANCIAL ASSETS

| | 30/9/2020 | 31/3/2020 |
|--|-------------------------|------------------|
| | HK\$'000 | HK\$'000 |
| Non-current assets | | |
| Unlisted equity securities designated at fair value through profit or loss | 102,601 | 75,314 |
| Listed debt securities measured at amortised cost net of loss allowance | <u>1,049,259</u> | <u>1,120,110</u> |
| | <u>1,151,860</u> | <u>1,195,424</u> |
| Current assets | | |
| Listed debt and equity securities held for trading | 208,959 | 141,046 |
| Investment in securities held for trading at fair value | — | 75,689 |
| Listed debt securities measured at amortised cost net of loss allowance | <u>16,067</u> | <u>22,866</u> |
| | <u>225,026</u> | <u>239,601</u> |
| | <u>1,376,886</u> | <u>1,435,025</u> |

9. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade debtors (net of loss allowance) with the following ageing analysis based on due date as at the end of the reporting period :-

| | 30/9/2020 | 31/3/2020 |
|---------|----------------------|---------------|
| | HK\$'000 | HK\$'000 |
| Current | <u>47,283</u> | <u>33,796</u> |
| | <u>47,283</u> | <u>33,796</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\$103,960,000 (as at 31st March, 2020 : HK\$104,158,000), 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 repayable within one year and secured as follows :-

| | 30/9/2020 | 31/3/2020 |
|---------|-----------------------|------------------|
| | HK\$'000 | HK\$'000 |
| Secured | <u>945,786</u> | <u>1,059,774</u> |

At 30th September, 2020, the banking facilities of subsidiary companies were secured by charges over certain debt and equity securities with total carrying value of HK\$1,274,285,000 (as at 31st March, 2020 : HK\$1,359,711,000).

The effective borrowing interest rate at 30th September, 2020 for the Group was 0.89 per cent. (as at 31st March, 2020 : 1.78 per cent.) per annum.

11. CREDITORS AND ACCRUALS

| | 30/9/2020 | 31/3/2020 |
|------------------------------|-----------------------|----------------|
| | HK\$'000 | HK\$'000 |
| Trade creditors | 145,144 | 93,447 |
| Contract liabilities | 36,553 | 41,447 |
| Net defined benefit asset | (2,124) | (2,036) |
| Other creditors and accruals | <u>400,309</u> | <u>332,177</u> |
| | <u>579,882</u> | <u>465,035</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 :-

| | 30/9/2020 | 31/3/2020 |
|----------------------|-----------------------|---------------|
| | HK\$'000 | HK\$'000 |
| Current | 145,113 | 93,447 |
| 1 to 30 days overdue | <u>31</u> | <u>—</u> |
| | <u>145,144</u> | <u>93,447</u> |

12. SHARE CAPITAL

| | 30/9/2020 | | 31/3/2020 | |
|----------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|
| | 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 | 394,203 | 118,261 | 399,998 | 119,999 |
| Repurchases of shares | <u>—</u> | <u>—</u> | <u>(5,795)</u> | <u>(1,738)</u> |
| Balance carried forward | <u>394,203</u> | <u>118,261</u> | <u>394,203</u> | <u>118,261</u> |

During the year ended 31st March, 2020, the Company repurchased a total of 5,795,500 ordinary shares on the Stock Exchange at an aggregate purchase price (excluding expenses) of HK\$25,479,095 and such repurchased shares were subsequently cancelled during the year ended 31st March, 2020. Details of the ordinary shares repurchased on the Stock Exchange during the year ended 31st March, 2020 are as follows :-

| Month of repurchase | Number of ordinary shares repurchased | Highest purchase price per ordinary share HK\$ | Lowest purchase price per ordinary share HK\$ | Aggregate purchase price (excluding expenses) HK\$ |
|------------------------|--|---|--|---|
| July 2019 | 1,462,500 | 4.95 | 4.35 | 6,899,540 |
| August 2019 | 1,393,000 | 4.50 | 4.13 | 5,966,755 |
| September 2019 | 2,264,500 | 4.30 | 4.19 | 9,730,610 |
| October 2019 | 675,500 | 4.28 | 4.18 | 2,882,190 |

As a result of the above share repurchases, the issued share capital of the Company was accordingly reduced by the par value of the aforesaid repurchased ordinary shares which were cancelled during the year ended 31st March, 2020. During the six months ended 30th September, 2020, there were no share repurchases. As at the date of this announcement, the number of issued shares of the Company is 394,202,808 ordinary shares.

The directors believe that the above share 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, 2020 not provided for in the consolidated financial statements were as follows :-

| | 30/9/2020 | 31/3/2020 |
|-----------------------------------|----------------------------|---------------------|
| | HK\$'000 | HK\$'000 |
| Contracted for | 4,928 | 1,339 |
| Authorised but not contracted for | <u>86</u> | <u>—</u> |
| | <u><u>5,014</u></u> | <u><u>1,339</u></u> |

14. CONTINGENT LIABILITIES

At 30th September, 2020, the Company had the following contingent liabilities in respect of :-

- (a) Guarantees of HK\$849,322,000 (at 31st March, 2020 : HK\$853,709,000) given to banks to secure facilities granted to certain subsidiary companies. The facilities were utilised to the extent of HK\$97,068,000 (at 31st March, 2020 : HK\$97,053,000) at the end of the reporting period.
- (b) Guarantees given to licensors and landlords to guarantee the performance by certain subsidiary companies of obligations under certain agreements. The amount due under the agreements was Nil (at 31st March, 2020 : HK\$6,430,000) 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, 2020 and 31st March, 2020.

15. GOVERNMENT SUBSIDIES

During the period, the Group recognised subsidies of HK\$18,604,000 under the Hong Kong SAR government's Employment Support Scheme and one-off subsidies of HK\$640,000 under Retail Sector Subsidy Scheme in the consolidated statement of profit or loss. The subsidies were deducted from operating expenses.

16. EVENT AFTER THE REPORTING PERIOD

On 20th November, 2020, ContextLogic Inc. ("Wish"), a company in which the Group holds a small equity investment, filed its preliminary prospectus in connection with its proposed initial public offering. Wish is an e-commerce company that operates the Wish e-commerce platform.

The Group currently holds 48,587 shares of the common stock of Wish ("the Wish Shares"). Based on disclosure in the preliminary prospectus, the Group understands that following completion of the proposed initial public offering, this shareholding will represent less than 0.1 per cent. of the then issued common stock of Wish. The Group's book value of the Wish Shares as at 30th September, 2020 was US\$8,239,000 based on Wish's latest fundraising price of US\$169.573 per share prior to this proposed initial public offering.

The preliminary prospectus does not include any indication on the timeframe for completion of the proposed initial public offering nor the offer price for the proposed initial public offering. However, the preliminary prospectus does disclose that the offer price will be at a premium to the price paid by investors in prior fundraisings by Wish.

Pursuant to a lock-up arrangement which applies to the Wish Shares and the terms of the preliminary prospectus, the Group will, following the proposed initial public offering (if it occurs), be unable to sell the Wish Shares until the earlier of: (i) 181 days following the date of the final prospectus (the date of the final prospectus is not yet known); and (ii) the opening of trading on the second trading day immediately following Wish's release of earnings for the second quarter following completion of the proposed initial public offering.

OTHER INFORMATION

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2020, the Group had 802 (2019 : 997) employees. Total staff costs (including directors' emoluments) amounted to HK\$112.9 million (2019 : HK\$237.8 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 2020 annual report ("the 2020 Annual Report"). No share options were granted or exercised under the Share Option Scheme during the period under review.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's net liquid financial resources as at 30th September, 2020 stood at HK\$2,422.7 million, represented by cash and bank balances of HK\$3,368.5 million less short-term bank borrowings of HK\$945.8 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.

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, 2020, the Group's current ratio, being current assets divided by current liabilities, was 2.3 times (as at 31st March, 2020 : 2.3 times). 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, 2020 : Nil).

INTERIM DIVIDEND

In view of the results, the Board has resolved to declare an interim dividend of HK8 cents (2019 : HK8 cents) per ordinary share. The interim dividend represents a dividend payout ratio of 23.63 per cent. (2019 : 26.50 per cent.) and will absorb a total of about HK\$31.54 million (2019 : HK\$31.54 million). Shareholders whose names appear in the Register of Members of the Company on Tuesday, 5th January, 2021 will be entitled to the interim dividend which will be paid on Tuesday, 19th January, 2021.

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 Monday, 4th January, 2021 to Tuesday, 5th January, 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 31st December, 2020.

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 page 15 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 2020 Annual Report.

ESTABLISHMENT OF INVESTMENT COMMITTEE AND ADDITION OF ROLE AND FUNCTION OF DIRECTORS

During the reporting period, an Investment Committee of the Company was established which comprises four members and is chaired by Sir Dickson Poon, the Group Executive Chairman, with Mr. Chan Hon Chung, Johnny Pollux and Mr. Poon Dickson Pearson Guanda, Executive Directors, and Mr. Lo Ming Yue, Edmund Thomas, Managing Director - Business Development of Dreams Concept Limited (a wholly-owned subsidiary company of the Company), as members.

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, 2020 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
Poon Dickson Pearson Guanda

Independent Non-Executive Directors:

Bhanusak Asvaintra
Nicholas Peter Etches
Fung Yue Ming, Eugene Michael

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

Hong Kong, 26th November, 2020

** For identification purposes only*