



The Group is celebrating its silver jubilee by recording its highest profit levels since the Asian financial crisis and achieving its stated objective of a balanced increase in sales growth and margins improvement.

The Group is perfectly positioned to take advantage of the continued economic improvement in the region and the increases in consumer spending and tourist arrivals. Barring unforeseen circumstances, the Group remains extremely confident about its future growth prospects.

Financial Results, Final Dividend, Special Dividend and Bonus Issue

Turnover for the year was HK\$2,803 million, an increase of 7.4 per cent. compared with last year.

Profit attributable to shareholders was HK\$203.1 million, an increase of 68.9 per cent. over the previous year.

In view of these results, the Board is recommending the payment of a final dividend of 30 cents per share.

With the Group's strong positive cash flow and in celebration of its silver jubilee, the Board has also decided to recommend the payment of a special dividend of 46 cents per share.

The total of the final dividend and special dividend together with the interim dividend of 13 cents per share paid in January 2005, amounts to 89 cents per share for the year or a total payout of HK\$251.1 million. Taking into account the bonus issue of 25,645,565 shares in August 2004, the total dividend payment represents an actual increase of 292 per cent. over that of last year.

In view of the Group's strong growth prospects in the current financial year, the Board is also recommending a bonus issue to shareholders in the proportion of one share for every ten existing shares held.

Review of Operations

Asian Retailing

The Group's retail network at 31st March, 2005 totalled 379 shops and shop-in-shops. This comprised 49 in Hong Kong, 140 in China, 143 in Taiwan and 47 in Singapore, Malaysia and the Philippines.



S.T. Dupont 'Diamond Head' lighters and writing instruments collection.
S.T. Dupont 「Diamond Head」 打火機及書寫文具系列。



Ralph Lauren Collection ladieswear.
「Ralph Lauren Collection」 女士服裝。



Michael Kors fashion.
「Michael Kors」時裝。

Hong Kong

In its home territory of Hong Kong, the Group continued to achieve significant turnover and profits growth.

During the year, the Group opened new shops, relocated existing shops to larger premises and introduced new brands.

A 50/50 joint venture has been formed with Michael Kors of the United States which will be the exclusive licensee for all Michael Kors brands in South East Asia and China. In this regard, following the opening of the first Michael Kors flagship shop at The Landmark in March 2005, a Michael Kors Collection shop will be opened this Fall at Harvey Nichols. The Group considers the Michael Kors investment to be at least a 42 shops opportunity over the next 5 years and hence it is another brand that represents strong potential within the Group.

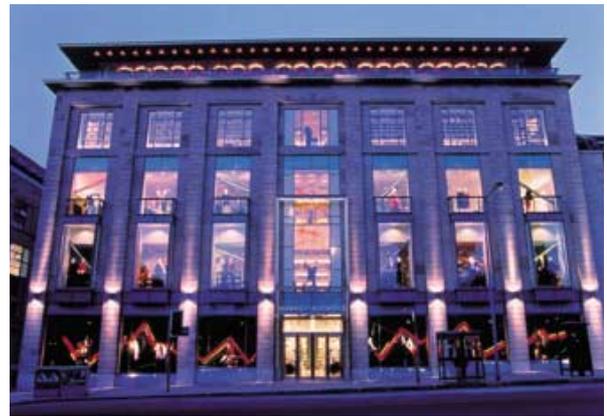
The third Hong Kong Seibu store at Langham Place, Mongkok, has exceeded budget expectations since its opening in November 2004 and is on target to achieve profitability within its first year of operation. Together with the two established stores at Pacific Place and Windsor House, Hong Kong Seibu is expected to make an increasingly significant contribution to the Group's turnover and profits.

The first Harvey Nichols store in South East Asia will be launched as planned during the fourth quarter of 2005 at The Landmark. Occupying 60,000 s.f. of prime retailing space, this Harvey Nichols store will offer a vast array of international brands, many of which will be new to Asia. The store will set new standards in innovation and style and simultaneously define what the Group considers to be the next generation of luxury retailing. While the store is expected to attract both domestic consumers and international tourists alike, over 300 staff will be employed to manage and operate the Harvey Nichols business which, as a result, will further stimulate the local employment market and contribute to the future economic growth of Hong Kong.

The strong performance of the Group's 49 shops in Hong Kong coupled with the three Hong Kong Seibu stores and the opening of the Harvey Nichols store, places the Group in an ideal position to capitalise on the strong growth of the Hong Kong economy.



*The Harvey Nichols store at Knightsbridge, London, United Kingdom.
位於英國倫敦Knightsbridge的「夏菲尼高」百貨公司。*



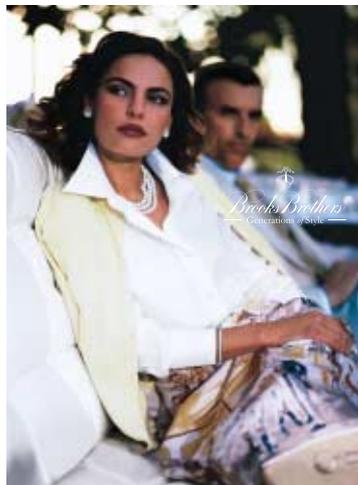
*The Harvey Nichols store in Edinburgh, United Kingdom.
位於英國愛丁堡的「夏菲尼高」百貨公司。*



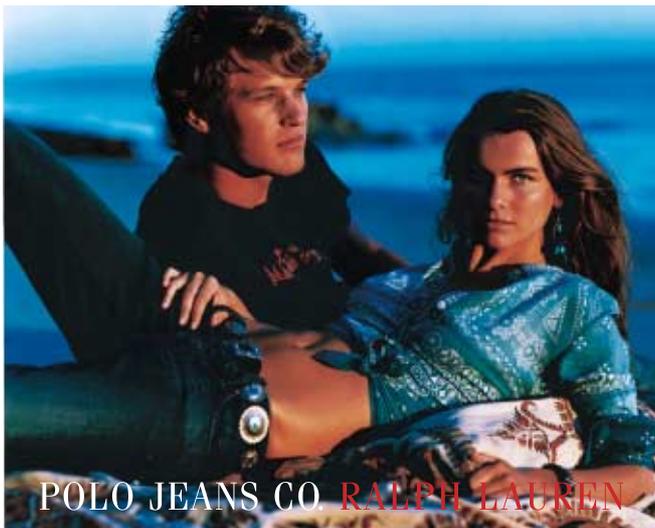
*The Harvey Nichols store in Leeds, United Kingdom.
位於英國列斯的「夏菲尼高」百貨公司。*



S.T. Dupont menswear.
「S.T. Dupont」男士服裝。



Brooks Brothers fashion.
「Brooks Brothers」時裝。



Polo Jeans Company fashion.
「Polo Jeans Company」時裝。

China

During the year under review, the Group opened 42 Polo Ralph Lauren, Polo Jeans Company, Brooks Brothers and S.T. Dupont shops and shop-in-shops in China.

As the Group invested in China over 12 years ago, the Group's brands are well-established there. With over 140 shops located in over 25 provinces throughout first tier to fourth tier cities, the Group's geographical reach in China is significant.

Having established Seibu as the leading lifestyle store in southern China over the past 10 years, the Group has been approached by many leading local developers and domestic developers from China to be their anchor tenant and open Seibu stores at their shopping centres. As a result, the Group intends to aggressively expand its Seibu store network in China and expects each of these stores to be a profit contributor from their second year of operation. Since each store will be of a size ranging from 20,000 s.f. to over 100,000 s.f., they will obviously have significant impact in terms of bottom line contribution once established. This big box format will represent an additional business model and important profit centre for the Group in the coming years in addition to investing in opening shops for new international brands.

The Group will open its first Seibu store in western China in Chengdu, the capital of Sichuan province at the end of the year. This large format store of over 100,000 s.f. at the heart of Chengdu's business and commercial centre is expected to breakeven in its first year of operation and to contribute profits from the second year. The Group expects this store to become the undisputed leading destination for upmarket retailing in Chengdu.

The expanded Seibu operations in China together with the Group's comprehensive retail network in the country will enable the Group to take advantage of increased consumer spending in China as well as benefit from the increase in Chinese tourists to Hong Kong and South East Asia.



*The first Seibu store in western China will be opened in Chengdu.
將於中國西部成都開設在當地的首間西武百貨公司。*



Ralph Lauren Purple Label menswear.
「Ralph Lauren」的「Purple Label」男士服装。



Polo Jeans Company
womenswear.
「Polo Jeans Company」
女士服装。



Ralph Lauren childrenswear.
「Ralph Lauren」童装。

Taiwan

In Taiwan, the Group opened an additional 19 shops during the year and now owns and operates a comprehensive retail network of over 140 shops throughout the island. With strong domestic consumer spending, the Group continues to expect strong growth in sales and profits in the years ahead.

Other Asian Markets

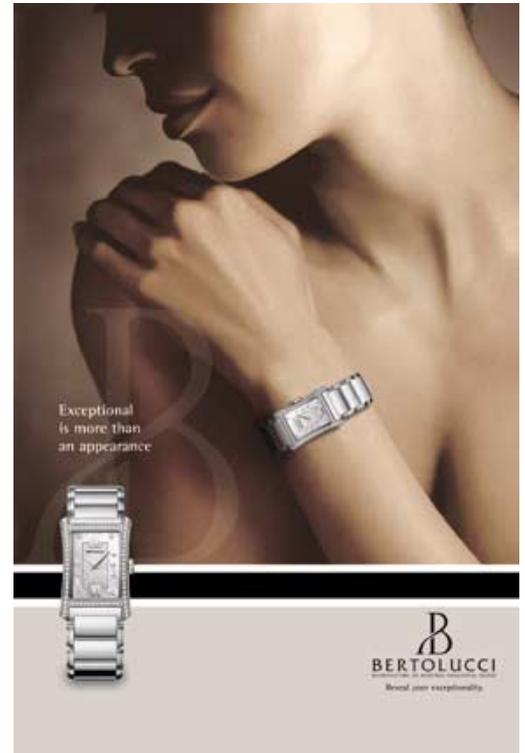
With a retail network of 47 shops and shop-in-shops in Singapore, Malaysia and the Philippines, the Group is well placed to take advantage of any improvement in economic conditions in these countries.

Bertolucci

During the year, the Group completed the acquisition of the entire issued share capital of Bertolucci SA, the luxury watch company based in Marin, near Neuchatel, in Switzerland.

With the Group's comprehensive watch and jewellery retail network in South East Asia, Bertolucci will be provided with prime locations and tremendous exposure to reinforce the prestige of the brand as well as for the Group to enjoy first in last out margins. Furthermore, Bertolucci's international network of 19 agents together with the Group's proven expertise in the watch and jewellery business will enable Bertolucci to significantly enhance its international popularity.

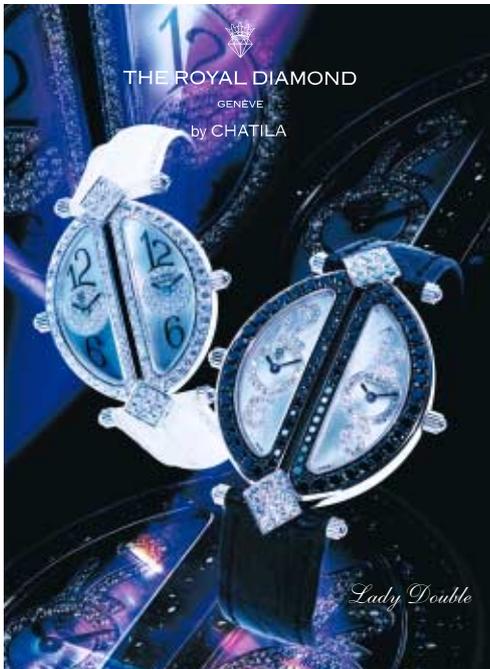
The Group considers Bertolucci to be a tremendously undervalued asset with very significant upside potential both in terms of profits and capital appreciation once the Group has completed the implementation of its development strategies in the years ahead.



*Bertolucci 'Fascino' watches.
「Bertolucci」的「Fascino」系列手錶。*



*Bertolucci 'Serena' watches.
「Bertolucci」的「Serena」系列手錶。*



The Royal Diamond 'Lady Double' watches.
「The Royal Diamond」的「Lady Double」系列手錶。



Christofle



Christofle tableware.
「Christofle」餐具。

Board of Directors and Employees

During the year, Mr. Leung Kai Hung, Michael stepped down from the Board as an Independent Non-Executive Director of the Company on 25th August, 2004.

On 1st September, 2004, Mr. Bhanusak Asvaintra was appointed as an Independent Non-Executive Director of the Company.

On behalf of my fellow Directors, I would like to take this opportunity to thank Mr. Leung for his valuable contribution to the Company and to warmly welcome Mr. Asvaintra to the Board.

As I look back over the past 25 years, I would also like to take this opportunity to thank all the Directors of the Group and our employees, both past and present, for their hardwork and dedication. Without their outstanding commitment and enthusiasm, the Group would not have achieved the tremendous success it has today.

Future Prospects

The Group's unparalleled retail network of nearly 400 shops and shop-in-shops throughout the region and China will be the foundation for the Group's strong growth in the immediate future.

The opening of the Harvey Nichols store at The Landmark and the Seibu store in Chengdu, coupled with the additional 50 new shops being opened during the current financial year, will provide the Group with strong earnings growth in the medium term.

The planned expansion of large format Seibu stores in China and the implementation of its development plans for Bertolucci will provide the Group with additional strong revenue streams. Together with the expansion of its existing businesses as well as the introduction of new brands such as Michael Kors, strong turnover and profits growth for the Group will be ensured for the longer term.

Together with its net cash position of over HK\$800 million and its strong balance sheet, the Group is perfectly positioned to take full advantage of continued economic growth in Asia and China and to exploit any investment opportunities of exceptional value.

Since the founding of the Group in 1980, a number of major local and international crises have seriously affected trading conditions over the past 25 years. As the Group celebrates its silver jubilee, I am extremely proud that all these challenges have been surmounted and that the Group has successfully emerged as the most geographically diversified and profitable luxury goods group listed in Hong Kong. The Group is pleased to have achieved its highest profit levels since the Asian financial crisis and looks forward with supreme confidence to years of strong growth ahead.



Luxury watch by Chopard.
「蕭邦」名貴手錶。

Dickson Poon
Group Executive Chairman

Hong Kong, 22nd June, 2005