

For the year ended 31st March, 2006, the Group is pleased to have achieved increases in turnover and profits in line with its stated objective of balanced top line and margins growth.

As the year progressed, trading conditions in Asia deteriorated due to the increased volatility of regional financial markets. Furthermore, in Taiwan, a tightening of credit card limits by local banks and growing political uncertainties temporarily affected sales there. However, the Group expects such sales will normalise in the foreseeable future.

The Group remains confident that its unparalleled retail network of nearly 400 shops, the aggressive expansion of its operations and the continued increase in tourist arrivals around the region will ensure that the Group will achieve strong long-term profits growth.

Financial Results and Final Dividend

Turnover for the year was HK\$2,643.1 million, an increase of 6.8 per cent. compared with last year.

Gross margin increased from 52.1 per cent. to 55.8 per cent..

Profit attributable to shareholders was HK\$208.4 million, an increase of 2.6 per cent. over the previous year.

In view of these results, the Board is recommending the payment of a final dividend of 27.5 cents per share.

The final dividend together with the interim dividend of 13.8 cents per share paid in January 2006, amounts to 41.3 cents per share, an increase of 5.6 per cent. over last year on a like-for-like basis.

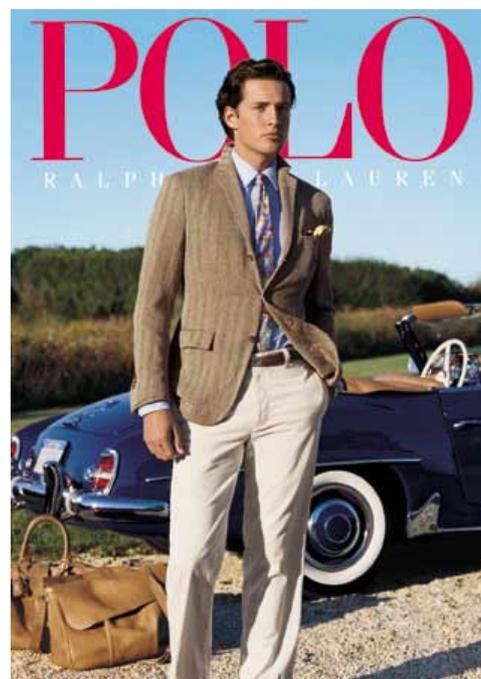
Review of Operations

Asian Retailing

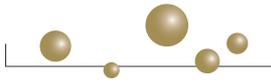
The Group's retail network at 31st March, 2006 totalled 394 shops. This comprised 51 in Hong Kong, 162 in China, 143 in Taiwan and 38 in Singapore, Malaysia and the Philippines.



*Ralph Lauren Collection ladieswear and 'Ricky' handbag.
「Ralph Lauren Collection」女士服裝及「Ricky」手袋。*



*Polo Ralph Lauren menswear.
「Polo Ralph Lauren」男士服裝。*



*The Harvey Nichols store at The Landmark, Hong Kong.
位於香港置地廣場的「夏菲尼高」店。*



*Creative advertising by Harvey Nichols.
「夏菲尼高」的創意廣告設計。*

Hong Kong

The Group's 51 shops in Hong Kong are located in the most prestigious and important shopping areas in Hong Kong. With the opening of Harvey Nichols at The Landmark in September 2005, the Group broadened its coverage of the luxury goods sector and further reinforced its leading position in luxury retailing in the territory.

Hong Kong Seibu has continued to grow from strength to strength. With the success of its store at Langham Place which achieved profitability in its first year of operations, a new Hong Kong Seibu will be opened at Kowloon Hotel, Tsimshatsui, at the end of the year. Occupying over 52,000 sq. ft., this store will offer a comprehensive range of apparel, accessories, cosmetics and beauty products designed to appeal to both local consumers and tourists alike. Moreover, Hong Kong Seibu has been granted an option to take up an additional space of at least 17,000 sq. ft. once that space becomes available in 2009.

Given its prime location and Hong Kong Seibu's proven expertise and success, the Group is confident that this new store will at least breakeven during its first full year of operations and become another important provider of future earnings growth.

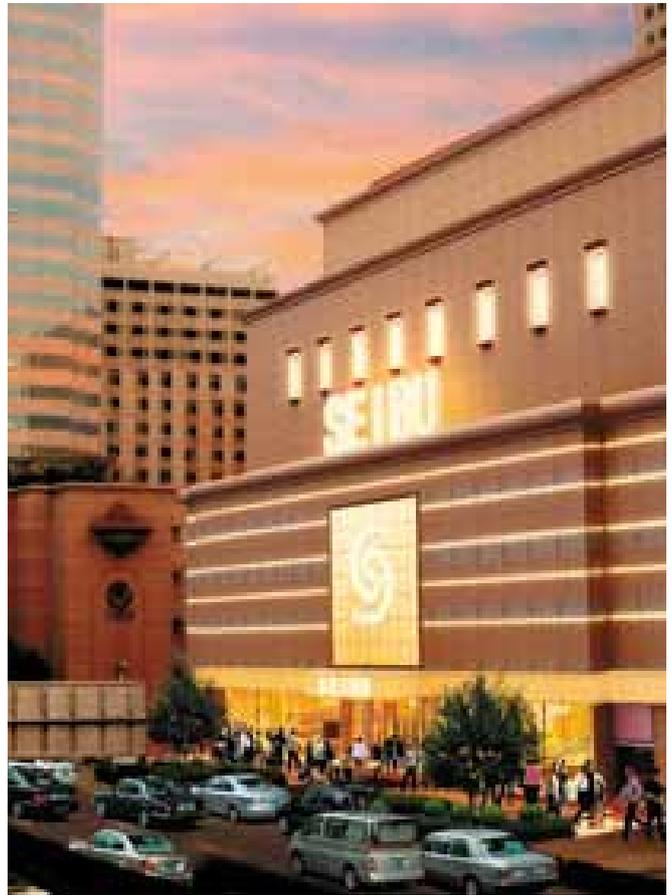
With the continued strong performance of its existing shops in Hong Kong and Harvey Nichols' growing reputation in the luxury market, the Group will continue to take maximum advantage of Hong Kong's economic growth.

China

During the year under review, the Group opened 52 shops in China under the brands such as Polo Ralph Lauren, Polo Jeans Company, Tod's, Brooks Brothers and S.T. Dupont.

With a comprehensive network of 162 shops located throughout first tier to fourth tier cities in 25 provinces, the Group's geographical reach has become increasingly significant. This provides the Group with direct access to invaluable up-to-date expenditure, preference and market information which assists the Group in evaluating its store expansion and investment programme in this increasingly important market.

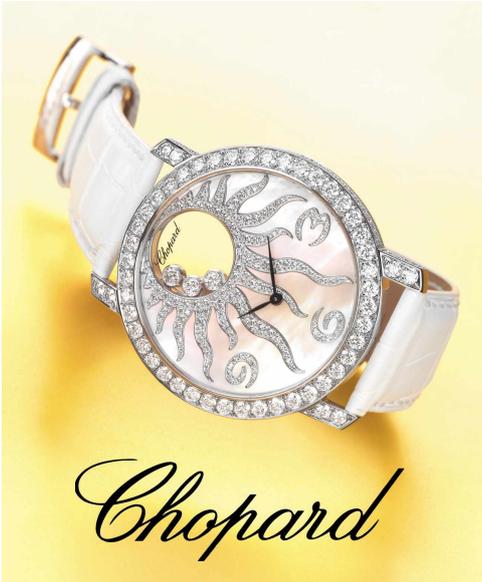
The 100,000 sq. ft. Seibu store located in the heart of Chengdu's business and commercial centre soft opened in April 2006. Once officially opened in October, this store will become the undisputed leading upmarket store in Chengdu housing leading international brands such as Louis Vuitton, Dior, Loewe, Tod's, Missoni and Tommy Hilfiger, and leading international watch brands such as Rolex, Piaget, Jaeger-LeCoultre and Girard-Perregaux through Dickson Watch & Jewellery, and Chopard.



*The Seibu store in Chengdu, Sichuan Province, China.
位於中國四川省成都市的「西武」店。*



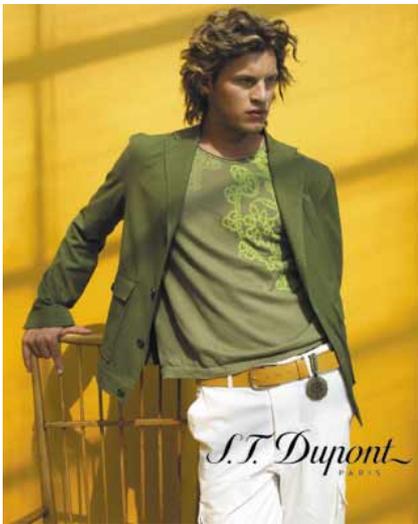
*Seibu's fourth store in China will be located in Shenyang, Liaoning Province.
在中國的第四間「西武」店將位於遼寧省瀋陽市。*



Luxury watch by
Chopard.
「蕭邦」
名貴手錶。

Planning and preparations are in progress for the opening of Seibu's fourth store in China which will soft open at the end of the year. Located in Shenyang, Liaoning Province, this store of over 145,000 sq. ft. is expected to breakeven in its first full year of operations, and carrying a similar brand mix as the Seibu in Chengdu, will further reinforce Seibu's leading position in China.

The Group is actively seeking to further expand its network of Seibu stores in China, and thereby significantly increase its total retail space, in order to take maximum advantage of increased consumer spending in China.

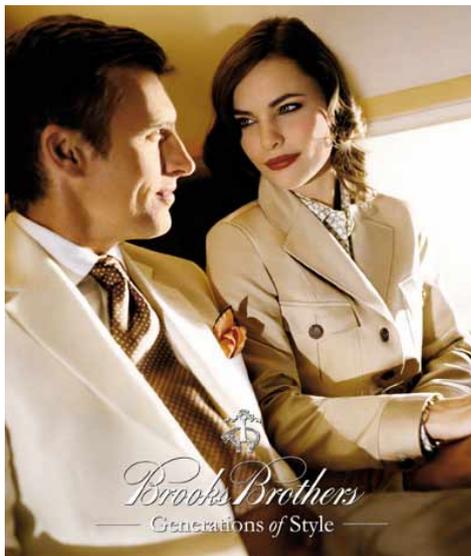


S.T. Dupont menswear.
「都彭」男士服裝。

With the opening of the Seibu stores in Chengdu and Shenyang, together with the further development of its comprehensive retail network, the Group is confident that its China operations will make an increasingly significant contribution in the years to come.

Other Asian Markets

In Taiwan, the Group opened an additional 22 shops. However, towards the end of the year, a tightening of credit card limits by local banks coupled with growing political uncertainty led to increasingly difficult market conditions. Nevertheless, the Group expects this slowdown to be temporary and is confident that its network of 143 shops throughout the island will continue to generate turnover and profits growth when normal trading conditions are restored.



Brooks Brothers
fashion.
「Brooks Brothers」
時裝。

The Group's retail network of 38 shops in Singapore, Malaysia and the Philippines ensure that the Group is well placed to take advantage of any improvement in market conditions in these countries.

Bertolucci

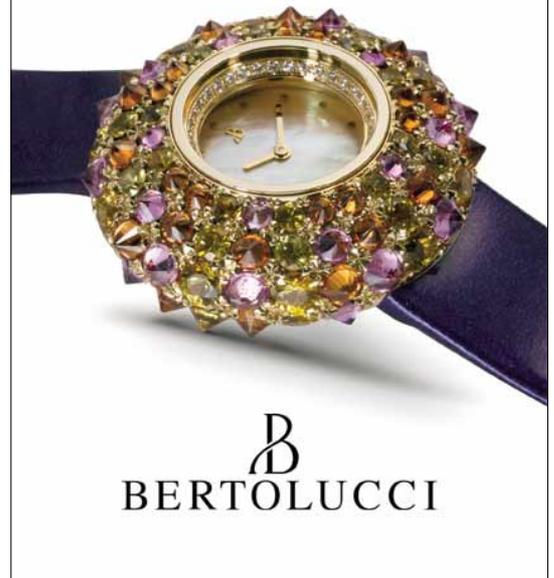
Since the acquisition of Bertolucci last year, the Group has actively implemented development strategies which include taking control of the distribution rights of Bertolucci's most important markets including North America and South East Asia.

The first new watch collection designed in accordance with the brand's newly defined image was successfully introduced at the Baselworld trade fair in April, and will be launched internationally in October of this year.

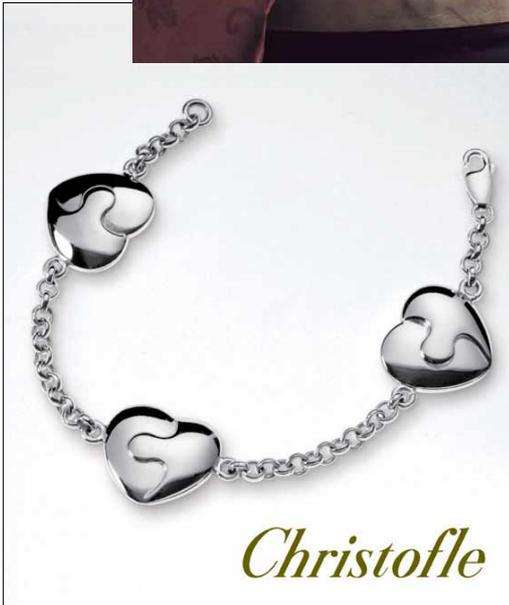
It is envisaged that as its product lines are further developed and its distribution channels are expanded, Bertolucci's prestige and popularity will be significantly enhanced in the years ahead. The Group remains confident that Bertolucci will become a very meaningful asset to the Group in the future.



*Bertolucci
'Voglia' watch.
「Bertolucci」的
「Voglia」系列手錶。*



*'Ouni' watch by Bertolucci.
「Bertolucci」的「Ouni」系列手錶。*



'Iriana' collection barware and

'Duo Puzzle' chain bracelet by Christofle.

「Christofle」的「Iriana」系列酒吧餐具及

「Duo Puzzle」系列手鍊。

Board of Directors and Employees

Mr. Ching Sau Hong, Kevin resigned as an Executive Director of the Company and will leave the Group on 30th June, 2006 to pursue other career interests.

On behalf of the Board, I would like to take this opportunity to thank Mr. Ching for his invaluable contribution to the Group over the years and to wish him every success in his future endeavours.

I would also like to take this opportunity to thank my fellow Directors and all the Group's employees for their hardwork and commitment during the year. Without their dedication and enthusiasm, the Group would not have achieved the success it has today.

Future Prospects

The Group's comprehensive retail network of nearly 400 shops throughout the region continues to provide the Group with a strong recurring income base and enables the Group to achieve satisfactory increases in turnover and profits.

The year under review has seen major development and expansion in the Group's retail network. Significant investment has been made with the opening of Harvey Nichols at The Landmark, the Seibu store in Chengdu and the 81 new shops throughout the region. This has continued into the current financial year with preparations for the opening of Hong Kong Seibu's new store at Kowloon Hotel, the Seibu store in Shenyang and at least 30 other shops throughout the region.

While such investment will lead to a short-term impact on the Group's immediate profits growth, the Group strongly believes that this strategic investment will become the engine for strong and sustained growth in the medium to longer term.

Together with its net cash position of over HK\$500 million and its strong balance sheet, the Group is confident that it is perfectly positioned to take advantage of improving economic conditions in Asia and China and to exploit any investment opportunities of exceptional value.



Dickson Poon
Group Executive Chairman

Hong Kong, 28th June, 2006



Michael Kors fashion.
「Michael Kors」時裝。



Sisley ladieswear.
「Sisley」女士服裝。