



For the year ended 31st March, 2003, the results of the Group improved significantly compared with the previous year. This was achieved through a combination of maximising sales, exercising tight controls over costs and inventory as well as the hardwork and dedication of all the Group's staff.

In March 2003, Hong Kong and the rest of South East Asia were severely affected by the onset of Severe Acute Respiratory Syndrome ("SARS"). As a result, all industries have experienced sharp declines in business and the Group is facing the most difficult trading conditions in its history. However, this will not be regarded as grounds for potential non-performance, and the Group will continue to do its utmost to achieve the best results possible.

Financial Results

Turnover for the year ended 31st March, 2003 was HK\$2,446.9 million, an increase of 4.2 per cent. compared with last year.

Profit attributable to shareholders for the year ended 31st March, 2003 was HK\$67.5 million, an increase of 63.4 per cent. over the previous year.

In view of these results, the Board is recommending the payment of a final dividend of 7.5 cents per share, an increase of 50 per cent. over last year.

Review of Operations

Asian Retailing

During the year ended 31st March, 2003, the Group expanded its total number of shops and shop-in-shops to 378 from last year's figure of 330.

Shops opened include leading brands such as Polo / Ralph Lauren, Polo Jeans Company, Bvlgari, Dickson Watch & Jewellery, Benetton, Sisley, Kenneth Cole, Brooks Brothers and Charles Jourdan.

This is a clear reflection of the Group's commitment to the retail industry as well as to our partners and principals around the world.

Hong Kong

In January 2003, the Group entered into exclusive long-term agreements to retail and distribute the Christofle range of luxury silverware, china, table linen, glassware and gift items in Hong Kong. There is currently one Christofle shop-in-shop at Sogo department store with a freestanding boutique scheduled to be opened during the current financial year.

An additional 5 new Bvlgari, Brooks Brothers, Kenneth Cole, Ralph Lauren Childrenswear and Dickson Warehouse shops and shop-in-shops were opened during the year. A minimum of another 5 new shop openings have been planned for the current financial year.

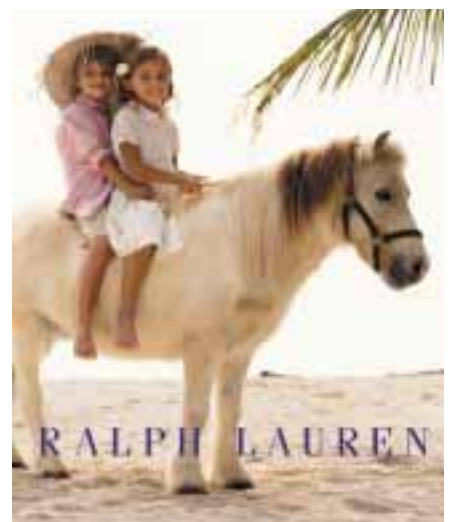
The original Dickson Watch & Jewellery shop at The Landmark was renovated to provide an exciting and contemporary environment for discerning consumers.



Ralph Lauren Collection.
「Ralph Lauren Collection」服裝。



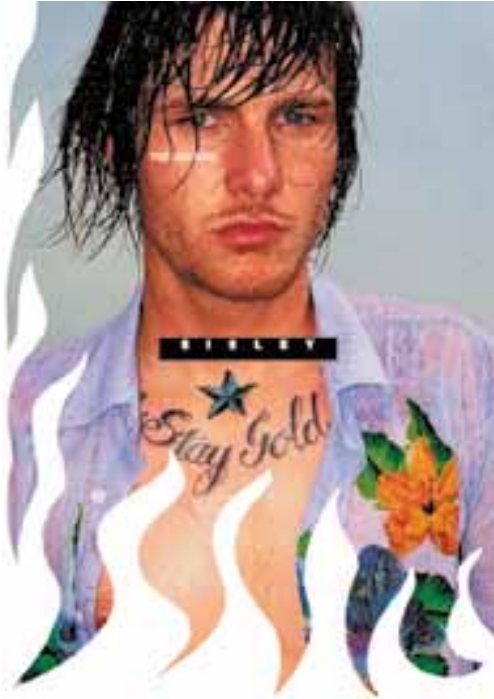
Polo menswear by Ralph Lauren.
「Ralph Lauren」的「Polo」男士服裝。



Ralph Lauren Childrenswear.
「Ralph Lauren」兒童服裝。



The newly-renovated Dickson Watch & Jewellery shop at The Landmark.
位於置地廣場經裝修後的「迪生鐘錶珠寶」精品店。



Sisley menswear.
「Sisley」男士服裝。

At Hong Kong Seibu, the Group expects the performance of both stores in Pacific Place and Windsor House to be further enhanced by the introduction of new brands and ranges of products.

Although firmly committed to the development of its operations in its home market, business has been severely affected as a result of SARS, and sales are currently being achieved at the expense of margins.

Taiwan

In Taiwan, the Group's retail and wholesale operations throughout the island met budget expectations.

18 new Polo / Ralph Lauren, Polo Jeans Company, Bvlgari, Dickson Watch & Jewellery, Benetton, Sisley and The Hip Site shops and shop-in-shops were opened in department stores in Taipei, Taichung, Tainan and Kaohsiung. As a result, the Group has built up a comprehensive retail network of 158 shops and shop-in-shops in Taiwan.

Although Taiwan has also been severely affected by SARS, the Group expects this market to recover sooner due to its greater reliance on domestic consumers rather than international travellers.

The Group is confident that Taiwan will continue to become an increasingly significant contributor to the Group's turnover and profits.

CHAIRMAN'S STATEMENT

China

With China's strong economic growth, the Group has launched an aggressive expansion programme. 50 S.T. Dupont, Polo / Ralph Lauren and Polo Jeans Company shops and shop-in-shops were opened in China during the year under review, thereby increasing the total number of shops and shop-in-shops to 106.

The second Seibu Department Store in Shenzhen located at Citic City Plaza, Futian district, was also opened in September 2002. The store houses many of the world's leading brands including Polo / Ralph Lauren, Louis Vuitton, Burberry, Fendi, Ermenegildo Zegna, Gianni Versace, S.T. Dupont and Max Mara. Since its opening, the store has been well received by consumers.

Together with its successful existing store in Lowu district, Seibu is firmly established as the leading retailer of luxury fashion and accessories in Shenzhen and Southern China.



'Inspiration Nature' limited edition by S.T. Dupont.
「都彭」「美麗大自然」限量珍藏版系列。



Benetton Kids.
「Benetton Kids」服装。

Other Asian Markets

In the rest of Asia, the Group's retail presence comprises 55 shops and shop-in-shops in Singapore, Malaysia and the Philippines.

During the year, 7 new Brooks Brothers, Ralph, Polo Jeans Company, Ralph Lauren Childrenswear, Kenneth Cole and Charles Jourdan shops and shop-in-shops were opened in these countries. A further 11 shops and shop-in-shops are planned to be opened during the current financial year.

In addition, the Group was also appointed the exclusive distributor in Singapore and Malaysia for the Benetton and Sisley brands. There are currently 9 Benetton, Sisley and O12 (Benetton Kids) shops in Singapore and Malaysia with two additional Benetton and Sisley shops planned to be opened in Singapore during the current financial year.



*Menswear by
Brooks Brothers.*
「Brooks Brothers」
男士服装。



*Ladies shoes by
Kenneth Cole.*
「Kenneth Cole」
女士皮鞋。

CHAIRMAN'S STATEMENT

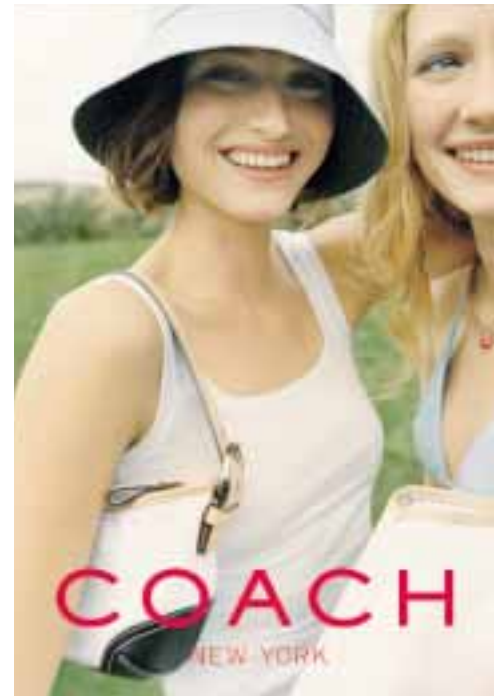
Board of Directors and Employees

During the year, Mr. Ma Si Hang, Frederick resigned as an Independent Non-Executive Director of the Company on 24th June, 2002 due to his appointment as Secretary for Financial Services and the Treasury of the Hong Kong Special Administrative Region.

On 11th November, 2002, Mr. Christopher Patrick Langley was appointed as an Independent Non-Executive Director of the Company.

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

I would also like to take this opportunity to thank all the other Directors of the Group and our employees for all their hardwork, dedication and loyalty during the year.



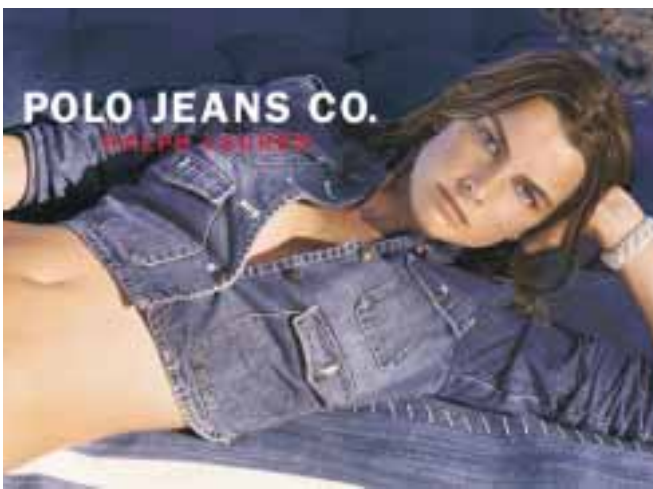
*Leathergoods by Coach.
「Coach」皮具。*



*'Bel-Air' watches by Charles Jourdan.
「卓丹」的「Bel-Air」系列手錶。*



Luxury jewellery by Bvlgari.
「Bvlgari」名貴珠寶首飾。



Casualwear by Polo Jeans Company.
「Polo Jeans Company」便服。

Future Prospects

At the end of the year under review, the Group's retail network in Asia comprised 59 shops and shop-in-shops in Hong Kong, 158 in Taiwan, 26 in Singapore, 19 in Malaysia, 10 in the Philippines and 106 in China. These 378 shops and shop-in-shops ensure the Group has the most comprehensive retail network throughout Asia.

The onset of SARS has led to the collapse of consumer sentiment, the tourism industry and business travel in the region. As a result, the Group's operations have seen an unprecedented drop in sales and margins since mid-March 2003.

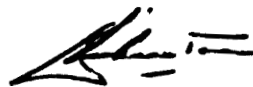
Although it appears that SARS is now under control, the Group expects the economic climate in Asia to remain weak in the immediate future. It will take time for tourism arrivals and international travel to return to pre-SARS levels. Any increase in domestic spending patterns will only be achieved once consumer confidence is restored and earnings capabilities are stabilised.

Despite these conditions, the Group will continue to work closely with its international partners to offer the most attractive product selections and to monitor costs and expenses at all levels of its operations. In doing so, the popularity of the Group's brands together with the strength of its comprehensive retail and distribution network will ensure that the best results are achieved.

The Group firmly believes in the long-term future of South East Asia. In order to achieve longer-term growth, the Group will continue the expansion of its retail and distribution network. With over 50 new locations planned to be opened during the current financial year, the Group's retail network will increase to over 420 shops and shop-in-shops. This expansion programme reflects the Group's unwavering commitment to the retail industry and its ability to develop and maximise the potential of its brands irrespective of the economic climate.

Together with its net cash position of over HK\$400 million and its strong balance sheet, the Group is in an excellent position to exploit any recovery in economic conditions in Asia and to take advantage of any investment opportunities of exceptional value.

Although the year under review proved to be yet another extremely challenging one, the fighting spirit of everyone within the Group has ensured that the Group was able to outperform the industry and achieve significantly improved results. The Board is confident that by fostering this fighting spirit, the Group will be able to continue this success in the years to come.



Dickson Poon
Group Executive Chairman

Hong Kong, 23rd June, 2003



Chopard luxury timepiece and jewellery.
「蕭邦」名貴手錶及珠寶首飾。

