

Disclosure of Further Corporate Information

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”):

(A) COMMENTARY ON ANNUAL RESULTS

(I) Review of 2003/04 Results and Segmental Performance

Group profit attributable to Shareholders for the year ended 31 March 2004 amounted to HK\$30.3 million, compared to a loss of HK\$35.0 million recorded in the previous year. Earnings per share were 1.9 cents.

The Group’s turnover for the year was HK\$543.9 million. Despite the impact of the SARS outbreak in the first quarter of the year, the Group managed to achieve a 6.4% turnover growth over the previous year. Factoring out the closed Joyce Café and Ad Hoc divisions, the Group’s turnover showed an increase of 7.2%. The improvement in sales performance was mainly attributable to the speedy recovery of consumers’ buying sentiment after the SARS outbreak and the effective marketing promotions made during the year.

Despite the strengthening of foreign currencies against the Hong Kong dollar, the Group managed to maintain a stable gross margin due to the effective hedging of the Euro.

Both the ratios of staff and premises costs to sales further improved during the year. Staff productivity increased as a result of training and effective incentive schemes. The premises costs to sales ratio decreased due to the successful restructuring of retail shops in Hong Kong.

The Group profit attributable to Shareholders for the year amounted to HK\$30.3 million, which included non-recurring realised exchange gains of HK\$13.6 million on forward foreign exchange contracts.

(II) Liquidity and Financial Resources

At 31 March 2004, the Group’s total net deposits and cash amounted to HK\$261.5 million, representing total deposits and cash of HK\$266.8 million less total bank borrowings of HK\$5.3 million which are all repayable within one year.

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Most of the Group's imported purchases are denominated in foreign currencies, primarily being Euro. To minimise exposure on foreign exchange fluctuations, the Group will from time to time review its foreign exchange position and, when it considers appropriate and necessary, will hedge its foreign exchange exposure by way of forward foreign exchange contracts. The amount of forward exchange contracts outstanding as at 31 March 2004 is set out in Note 19 to the Accounts on page 88.

(III) Finance

At 31 March 2004, the Group had banking facilities in a total amount of HK\$246.3 million (2003: HK\$271.3 million).

With its cash holdings and available banking facilities, the Group believes that it will have sufficient fund to pursue new potential investment opportunities.

(IV) Employees

The Group has approximately 340 staff. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group provides various job-related training programmes to staff when necessary.

(B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

(I) Directors

Walter K. W. MA, Chairman (Age: 74)

Mr. Ma is the Chairman of the Company. He is the husband of Joyce Ma and a co-founder of the Company. He has practised as a Certified Public Accountant in Hong Kong since 1962, and is a fellow of the Hong Kong Society of Accountants and an associate of the CPA Australia. Mr. Ma is also the chairman of The Sincere Company, Limited ("Sincere") and a director of several companies in Hong Kong.

Joyce E. MA, Chief Executive Officer (Age: 63)

Mrs. Ma is the Chief Executive Officer and a co-founder of the Company. She is responsible for the Group's strategic and merchandising policies. Mrs. Ma, born in Shanghai, is the recipient of numerous international honours including the Chevalier de l'Ordre de la Couronne (Belgium, 1994), and the Ufficiale dell'Ordine al Merito della Repubblica Italiana, and is a member of the Italian Fashion Hall of Fame (1995).

Adrienne M. MA, Managing Director (Age: 39)

Ms. Ma joined the Company in 1989. She is the Managing Director of the Company. Ms. Ma is a daughter of Mr. and Mrs. Walter Ma. She is responsible for the direction, development and implementation of corporate strategies, marketing strategies and programmes of the Group. Ms. Ma graduated from Simmons College in the United States with a Bachelor Degree in International Management and Marketing.

Michael E. BRILLHART, Director (Age: 57)

Mr. Brillhart has been a Director of Company since September 2000. He has over 25 years of senior management experience in the international prestige cosmetics industry with Elizabeth Arden in the United States and Parfums Christian Dior in the Far East.

Michael C. KALYK, Director (Age: 64)

Mr. Kalyk has been a Director of the Company since August 2000. He is the president of the Marco Polo hotels division of The Wharf (Holdings) Limited ("Wharf").

Doreen Y. F. LEE, Director (Age: 47)

Ms. Lee became a Director of the Company in November 2003. She is also a director of Wharf and an executive director of Wharf Estates Limited, Harbour City Estates Limited and Times Square Limited.

Eric F. C. LI, Director (Age: 75)

Mr. Li has been an Independent Non-executive Director since 1990. He is also the managing director of The Kowloon Dairy Limited and a director of several companies in Hong Kong.

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Gonzaga W. J. LI, Director (Age: 75)

Mr. Li has been a Director of the Company since August 2000. He is also the senior deputy chairman of Wheelock and Company Limited (“Wheelock”) and Wharf, the chairman of Harbour Centre Development Limited (“HCDL”), New Asia Realty and Trust Company, Limited (“New Asia”) and Marco Polo Developments Limited (“MPDL”) in Singapore.

Eric K. K. LO, Director (Age: 55)

Mr. Lo has been an Independent Non-executive Director since 1998. He is also a non-executive director of Sincere, a director of Hsin Chong Land Limited and a director of several companies in Hong Kong.

Yvette T. MA, Director (Age: 40)

Ms. Ma has been a Non-executive Director since 1993. She is a daughter of Mr. and Mrs. Walter Ma. Ms. Ma graduated from Brown University in the United States with a Bachelor Degree in Business Economics and had previously worked for an international bank in the field of corporate finance.

Stephen T. H. NG, Director (Age: 51)

Mr. Ng has been a Director of the Company since August 2000. He is also the deputy chairman and managing director of Wharf, the deputy chairman of Wheelock, the chairman, president and chief executive officer of i-CABLE Communications Limited and the chairman, president and chief executive officer of Wharf T&T Limited. Mr. Ng serves as a member of the Hong Kong-United States Business Council and the General Committee of The Hong Kong General Chamber of Commerce.

T. Y. NG, Director (Age: 56)

Mr. Ng has been a Director of the Company since October 2000. He is also a director of Wharf, HCDL, New Asia and MPDL.

Paul Y. C. TSUI, Director (Age: 57)

Mr. Tsui has been a Director of the Company since August 2000. He is also an executive director of Wheelock, the senior managing director of Harriman Realty Company, Limited and a director of HCDL and MPDL.

(II) Senior Management**Horace W. C. LEE, Finance Director (Age: 44)**

Mr. Lee joined the Group in 1991. He is responsible for finance, human resources, management information, property and administration of the Group. Mr. Lee received his executive MBA from Kellogg School of Management of Northwestern University and Hong Kong University of Science and Technology. He is also an associate member of the Hong Kong Society of Accountants and the Chartered Institute of Management Accountants of U.K.

(C) DIRECTORS' INTERESTS IN SHARES

At 31 March 2004, Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company and the percentages which the shares represented to the issued share capital of the Company:

	No. of Ordinary Shares (percentage of issued capital)	Nature of Interest
Mr. Walter K. W. Ma	368,000,000 (22.9%)	Other Interest (See Note below)
Mrs. Joyce E. Ma	368,000,000 (22.9%)	Other Interest (See Note below)
Ms. Adrienne M. Ma	368,000,000 (22.9%)	Other Interest (See Note below)
Ms. Yvette T. Ma	368,000,000 (22.9%)	Other Interest (See Note below)

Note: The 368,000,000 shares in the Company stated above as "Other Interest" against the names of Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma and Ms. Yvette T. Ma (the "Ma Family"), represented an interest in the same block of shares comprised in certain trust property in which Mr. Walter Ma is the settlor and in which the Ma Family was taken, under certain provisions in Part XV of the Securities and Futures Ordinance (the "SFO") which are applicable to a director or chief executive of a listed company, to be interested. For the avoidance of doubt and double counting, it should be noted that such shareholding also represented the same block of shares as that interest of J.W. Mark Limited and Asiastrust Limited as mentioned below in section (D) "Substantial Shareholders' Interests".

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Set out below are particulars of interests (all being personal interests) in options to subscribe for ordinary shares of the Company granted under the Company's Share Option Scheme held by a Director of the Company and movements thereof during the financial year:

Name of Director	Date granted (Day/Month/Year)	No. of ordinary shares represented by unexercised options outstanding as at 01/04/2003	No. of ordinary shares represented by options exercised during the financial year	No. of ordinary shares represented by unexercised options outstanding as at 31/03/2004	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)	Consi- deration paid for the options granted (HK\$)
Ms. Adrienne M. Ma	28/06/2000	13,800,000	3,800,000	10,000,000	26/12/2000 to 25/06/2005	0.186	10

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

- (i) there were no interests, both long and short positions, held as at 31 March 2004 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and
- (ii) there existed during the financial year no rights to subscribe for any shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

(D) SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than person(s) who is/are Director(s) of the Company, who/which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2004 as recorded in the register to be kept by the Company under section 336 of the SFO and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (percentage of issued capital)
(i) Allied Wisdom International Limited	831,862,723 (51.9%)
(ii) Wisdom Gateway Limited	831,862,723 (51.9%)
(iii) Bermuda Trust (Guernsey) Limited	831,862,723 (51.9%)
(iv) Mr. Peter K. C. Woo	831,862,723 (51.9%)
(v) J. W. Mark Limited	*368,000,000 (22.9%)
(vi) Asiatrust Limited	*368,000,000 (22.9%)
(vii) Rizzoli Corriere della Sera Media Group S.p.A.	156,000,000 (9.7%)

* *J. W. Mark Limited's and Asiatrust Limited's interests in 368,000,000 shares as stated above represent the same block of shares and have also been disclosed as other interest of the Ma Family above under section (C) "Directors' Interests in Shares".*

Note: For the avoidance of doubt and double counting, it should be noted that apart from the duplication of shareholdings in which both J. W. Mark Limited and Asiatrust Limited were deemed to be interested as stated above, duplication also occurs in respect of all of the shareholdings stated against parties (i) to (iv) above in that they all represent the same block of shares.

All the interests stated above represented long positions and as at 31 March 2004, there were no short positions recorded in the said register.

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(E) PENSION SCHEMES

Details of the pension schemes of the Group and the employers' pension costs charged to the profit and loss account for the year under review are set out in Notes 1(k)(iii) and 3 to the Accounts on pages 62 and 71 respectively.

The total employers' pension cost in respect of all pension schemes of the Group, including the cost related to the Mandatory Provident Fund which is not operated by the Group, charged to profit and loss account during the year ended 31 March 2004 amounted to HK\$4.0 million.

(F) SHARE OPTION SCHEME (THE "SCHEME")**(I) Summary of the Scheme**

- (a) Purpose of the Scheme:
To provide employees and the executives of the Group with the opportunity of participating in the growth of the Company by granting the option.
- (b) Participants of the Scheme:
A full-time employee or an executive director of the Company or any subsidiary (the "Executive") and has on the day preceding the date of offer been such an employee or executive director for at least six months and any other employee or executive director of the Company or any subsidiary nominated by the Directors of the Company to be an Executive.
- (c) (i) Total number of ordinary shares of HK\$0.1 each in the capital of the Company (the "Shares") available for issue under the Scheme as at 31 March 2004:
156,200,000
- (ii) Percentage of the issued share capital that it represents as at 31 March 2004:
9.74%
- (d) Maximum entitlement of each participant under the Scheme as at 31 March 2004:
No option may be granted to any one Executive which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and the said option exceeding 25% of the maximum aggregate number of Shares in respect of which options may at that time be granted under the Scheme.

- (e) Period within which the Shares must be taken up under an option:
Within five years from the date on which the option is granted or such shorter period as the Board of Directors may approve.
- (f) Minimum period for which an option must be held before it can be exercised:
Six months from the date on which the option is granted.
- (g) (i) Price payable on application or acceptance of the option:
HK\$10
- (ii) The period within which payments or calls must or may be made or loans of such purposes must be repaid:
28 days after the offer date of an option
- (h) Basis of determining the exercise price:
Pursuant to rule 17.03(9) of the Listing Rules, the exercise price must be at least the higher of:
 - (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
 - (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.
- (i) The remaining life of the Scheme:
Three years

(II) Details of share options granted

Details of share options granted to and exercised by Director(s) of the Company are set out in section (C) "Directors' Interests in Shares".

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Set out below are particulars and movements during the financial year of the Company's outstanding share options which were granted to two employees (one of whom is a Director of the Company), both of whom are working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance and are participants with options not exceeding the respective individual limits:

Date granted (Date/Month/Year)	No. of ordinary share represented by unexercised options outstanding as at 01/04/2003	No. of ordinary share represented by options exercised during the financial year	No. of ordinary share represented by unexercised options outstanding as at 31/03/2004	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
28/06/2000	19,800,000	3,800,000	16,000,000	26/12/2000 to 25/06/2005	0.186

The closing price of the Shares immediately before the day of exercise of options (all exercised on the same day) as stated above was HK\$0.475 per share.

Except as disclosed above, no share option of the Company was issued, exercised, cancelled, lapsed or outstanding throughout the financial year.

(G) MAJOR CUSTOMERS & SUPPLIERS

For the year under review, sales to the five largest customers accounted for approximately 2% of the total sales for the year. Purchases from the five largest suppliers accounted for approximately 53% of the total purchases for the year and the purchases from the largest supplier included therein amounted to approximately 23%.

As far as the Directors are aware, neither the Directors, their associates, nor those Shareholders whom to the knowledge of the Directors own more than 5% of the Company's share capital, had any interest in the Group's five largest customers or suppliers.

(H) DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to paragraph 8.10 of the Listing Rules of the Stock Exchange:

Mr. P. Y. C. Tsui, being also a director of certain subsidiaries of the Company's parent company, namely, Wisdom Gateway Limited ("Wisdom Gateway"), is considered under paragraph 8.10 of the Listing Rules as having an interest in certain subsidiary(ies) of Wisdom Gateway which is/are engaged in retail businesses or an interest in certain sub-holding company(ies) of the relevant subsidiary(ies).

The Lane Crawford store and some other retail businesses carried on by the relevant subsidiary(ies) of Wisdom Gateway to a certain extent constitute competing businesses of the Group. Nevertheless, since the retail businesses of the Group are primarily targeted at different sectors of the market and would attract customers of different spending power or habit compared to those carried on by the relevant subsidiary(ies) of Wisdom Gateway, the Group considers that its interests in the relevant sector of retailing business is adequately safeguarded.

For safeguarding the interests of the Group, the Independent Non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's retailing businesses are and continue to be run on the basis that they are independent of, and at arm's length from, that of Wisdom Gateway group.

(I) PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws or regulations of Bermuda (in which country the Company was incorporated) which, in the event of new shares being issued by the Company, would oblige the Company to offer new shares to existing Shareholders, or, in the event of any Shareholders intending to dispose of any of their shareholdings in the Company, would require such Shareholders to offer to sell the relevant shares to other Shareholders of the Company.

(J) PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

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(K) DISCLOSURE REGARDING CONTINUING CONNECTED TRANSACTION

(I) Apart from a concession agreement (the “Agreement”) granting by a connected person to a wholly-owned subsidiary of the Company in respect of certain retail spaces inside the Lane Crawford store at Times Square, Causeway Bay, there was in existence as at 31 March 2004 no transaction (other than those, if any, exempted from any reporting requirements under paragraph 14A.31 of the Listing Rules) to which the Company or any of its subsidiaries was a party and which constituted a continuing connected transaction for the Company.

(II) Conditional waiver granted by the Stock Exchange

As the abovementioned connected transaction is and will continue to be conducted on an ongoing basis, it is considered that strict compliance with the relevant requirements (the “Requirements”) relating to the Connected Transactions under the Listing Rules would be impractical. On application by the Company, the Stock Exchange granted to the Company a conditional waiver from strict compliance with the Requirements in respect of the connected transaction.

(III) Confirmation from the Directors

The Directors, including the Independent Non-executive Directors, of the Company have reviewed the Agreement and confirmed that during the year under review, the transaction thereunder had been entered into:

- (i) by the Group in the ordinary and usual course of its business;
- (ii) either on normal commercial terms or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

(L) COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the financial year the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange except that the Non-executive Directors of the Company are not appointed for specific terms but are all subject to retirement by rotation and re-election at the annual general meeting of the Company every year in accordance with the provisions of the Company’s bye-laws.