

## 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) MANAGEMENT DISCUSSION AND ANALYSIS

#### (1) Business Review

The Group has turned in a strong performance for the year ended 31 March 2006, with turnover achievement of HK\$755.7 million, representing an increase of 19.4% compared with the same period last year.

The turnover growth for the Group was highly satisfactory. The organic growth achieved by the existing stores and the expansion of the retail portfolio, in the second half of the year, in Hong Kong were the main drivers. The Group has decided to focus its financial and management resources on the higher-growth mainland China and Hong Kong markets. The retail operations in Taiwan will be scaled down in the coming financial year.

#### *Hong Kong*

The 16,000 square-foot Joyce flagship store at New World Tower on Queen's Road Central, reopened in late September 2005 after a ten-week-long renovation period, again set new international benchmarks for retail design, display and service. The new design points the way to 2007, when the store will add more than 19,000 square feet, for a total of 35,000 square feet, completed by March 2007.

Five new mono-brand stores were opened in the year under review. In October 2005, a 2,700 square-foot store was opened for Jil Sander and a 1,700 square-foot store was opened for the fabled Balenciaga label, its first flagship store in Hong Kong and an important step in Balenciaga's worldwide store expansion program. Both stores enjoy prime locations in the Entertainment Building in Central. A 900 square-foot Y's shop, a successful division of the Yohji Yamamoto label, was also opened on Canton Road in October 2005. Two SJSJ shops were opened in Central and Times Square in November and December 2005, respectively.

New designer concession corners, totaling 4,000 square feet, were opened in the third quarter of 2005 at the newly renovated Lane Crawford department stores in the Pacific Place mall in Hong Kong and on Canton Road in Kowloon. The concession corners opened last year in the new Lane Crawford department store at the International Finance Centre ("IFC") continued to perform well.

Joyce Beauty performed steadily. New shops for the French brand Chantecaille, represented exclusively by Joyce in Hong Kong, were established during the year at the Lane Crawford department stores at IFC, Canton Road and Times Square.

### *Marketing*

Event marketing activities were stepped up during the year in support of store openings, brand launches and introductions of seasonal collections. The centerpiece of the year's image-building programme was an innovative show staged in late September 2005 at the Hong Kong Convention and Exhibition Centre in conjunction with the celebration of the reopening of the Joyce flagship store at New World Tower. The evening, branded as F.A.M.E. (Fashion, Arts, Music and Entertainment), was the most exciting fashion event of the Fall/Winter 2005 season, drawing over one thousand guests.

In April 2005, in-store events were mounted for the Italian label Etro and the new BOSS store at Festival Walk in Kowloon, and, in association with HSBC, collections were shown at the Pacific Place mall.

In-store and trunk shows introducing the Fall/Winter 2006 collections were held for Commes des Garçons, Nina Ricci, Donna Karan, John Galliano, Alexander McQueen, and Dries Van Noten, among other signature Joyce labels.

In-store events were also held for the openings of the Jil Sander and Balenciaga shops in the Entertainment Building.

### *Taiwan*

The Group has decided to scale down its operations in Taiwan, with the exception of the boutiques operating under the jointly controlled entity. Other mono-brand operations will cease at the close of the Spring/Summer 2006 selling season.

### *Mainland China*

Going forward, the Group is broadening its China strategy, adding direct specialty retailing to its sub-franchising activities, with all mainland operations to be managed under an enlarged China division – Joyce Boutique (China) Limited. Joyce Distribution Limited, the Group's sub-franchising division, has been renamed as Joyce Boutique (China) Limited.

The sub-franchising division in Joyce Boutique (China) Limited continued to develop its business during the year. Its portfolio now comprises twelve stores in total: four Versace boutiques in Chengdu, Chongqing, Kunming and Xian; two JC Versace stores in Qingdao and Nanjing; three Versus shops in Chengdu, Chongqing and Xian; and three Etro stores in Shanghai, Beijing and Nanjing.

### *Jointly Controlled Entity*

A 50-50 retail jointly controlled entity with a vendor commenced business in July 2005. The jointly controlled entity currently operates 4 mono-brand shops and 4 concession counters in Hong Kong and Taiwan.

## **(2) Financial Review**

### **(I) Review of 2005/06 Results and Segmental Performance**

Group profit attributable to Shareholders for the year ended 31 March 2006 amounted to HK\$74.0 million, achieving a 21% profit growth as compared to HK\$61.2 million for the same period last year. Basic earnings per share were 4.6 cents (2005: 3.8 cents).

The Group turned in another strong performance, achieving turnover of HK\$755.7 million for the year, an increase of 19.4% compared with the same period last year. The Hong Kong fashion retail division accounts for 82.4% of the total turnover.

Despite the temporary closure of Joyce's Hong Kong flagship in Queen's Road Central during its renovation, the Group achieved a notable growth in turnover. This growth was driven by turnover generated by the several new stores and designer concession corners opened in the second half of the year, which increased total selling space in the Group's retail portfolio by 9%, and by robust growth in turnover at existing stores, underpinned by strong local customer demand in Hong Kong.

The Group's gross margin dropped slightly, by 0.7%, despite the strengthening of the Euro during the year. This relative stability in gross margin was due to the effective hedging of the Euro. Group operating overheads continued to be well managed and firmly controlled. Premises costs, as a percentage of turnover, increased modestly from 18.0% to 18.8% in the face of escalating retail rents. A HK\$11.4 million provision was written back in the year under review for potential exposure on the reparation for the unfulfilled purchase commitment to a vendor which has been revised from HK\$23.9 million to HK\$12.5 million in 2005/06.

As a result of the scaled down operations in Taiwan in the coming financial year, a provision for restructuring costs of retail shops of HK\$5.6 million has been made in this year's accounts.

The 50-50 retail jointly controlled entity contributed a net profit of HK\$3.3 million in the year under review.

### **(II) Liquidity and Financial Resources**

At 31 March 2006, the Group's financial position remained strong even after the payment of HK\$32.4 million final dividend of previous year. Total net deposits and cash amounted to HK\$244.0 million, representing total deposits and cash of HK\$245.5 million less total bank borrowings of HK\$1.5 million which are all repayable within one year.

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.

**(III) Finance**

At 31 March 2006, the Group had banking facilities in a total amount of HK\$316.5 million (2005: HK\$245.2 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 440 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. Total staff costs for the year ended 31 March 2006 amounted to HK\$111.9 million.

**(B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT****(1) Directors****Walter K. W. MA, Chairman (Age: 76)**

Mr. Ma is 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 Institute of Certified Public Accountants (“HKICPA”) and an associate of the CPA Australia. Mr. Ma is also the executive chairman of The Sincere Company, Limited (“Sincere”) as well as a director of certain subsidiaries of the Company and several other companies in Hong Kong. He is the husband of Mrs. Joyce Ma and the father of Ms. Adrienne Ma and Ms. Yvette Ma.

**Joyce E. MA, Chief Executive Officer (Age: 65)**

Mrs. Ma founded the Group in 1970. Over the past three decades, she has introduced numerous top designers at the earliest stages of their careers to Hong Kong and Asia, and has led and shaped lifestyle and fashion retail trends in the East. Mrs. Ma is the recipient of numerous international honors and awards including the Chevalier de l’Ordre de la Couronne (Belgium 1994), the Ufficiale dell’Ordine al Merito della Repubblica Italiana (Italy 1995), Chevalier dans l’Ordre National de la Legion d’Honneur (France 2005) by Mr. Jacques Chirac, President of the French Republic, in recognition of her contribution to the fashion retail industry, and the latest of which is Officer in the Leopold II Order that has been bestowed by His Majesty Albert II, the King of the Belgians (Belgium 2006). She is the wife of Mr. Walter Ma and the mother of Ms. Adrienne Ma and Ms. Yvette Ma.

**Adrienne M. MA, President & Managing Director (Age: 41)**

Ms. Ma joined the Group in 1989 and held a number of key marketing and publishing positions prior to assuming her position of Managing Director in 1998. She is responsible for the direction, development and implementation of the Group's corporate, merchandising and marketing strategies. She is also a director of certain subsidiaries of the Company. Ms. Ma has been elected as one of Asia's young and creative entrepreneurs by Time Style & Design Magazine and she has been nominated for The Veuve Clicquot Award, Hong Kong Business Women 2005. In January 2006, Ms. Ma was awarded as one of the "Distinguished CEO of the Year 2005" by Capital CEO Magazine, the most influential financial/economic publication in Hong Kong, and in the same year, she was invited to be one of the key speakers in the 2006 Harvard China Review Conference. Ms. Ma graduated from Simmons College in the United States with a Bachelor Degree in International Management and Marketing. She is the younger daughter of Mr. Walter Ma and Mrs. Joyce Ma and the sister of Ms. Yvette Ma.

**Michael E. BRILLHART, Director (Age: 59)**

Mr. Brillhart has been an independent Non-executive Director of the Company since 2000. He also serves as a member and the chairman of the Company's Audit Committee. Mr. Brillhart 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.

**Antonio CHAN, Director (Age: 58)**

Mr. Chan has been an independent Non-executive Director of the Company since 2004. He also serves as a member of the Audit Committee and Remuneration Committee. Mr. Chan has been in the accounting profession for 33 years and has practised as a certified public accountant in Hong Kong for over 20 years. He has had extensive experience in auditing, corporate finance and administration. He retired as a senior partner of Grant Thornton, Hong Kong, an international accounting firm, in late 2001. From late 1960's to early 1980's, he had worked for Peat Marwick in Australia and in Hong Kong, and also Arthur Young in Hong Kong. Mr. Chan currently operates an owner managed branch of an Australian bank in Sydney, Australia. He is also an independent non-executive director of Surface Mount Technology (Holdings) Limited, a company listed in Singapore. Mr. Chan is a Chartered Accountant and Certified Practising Accountant in Australia and senior member of a number of professional bodies, including fellow of HKICPA, fellow of The Institute of Chartered Secretaries and Administrators and fellow of The Hong Kong Institute of Directors.

**Jeffrey L. FLOWERS, Director (Age: 64)**

Mr. Flowers became a Director of the Company since 2005. He has been a senior business executive in the hotel industry in Hong Kong for many years. In 1991, he joined the Marco Polo Hotel group (“MPH Group”), a member of The Wharf (Holdings) Limited (“Wharf”) group which is a locally listed conglomerate. He at present serves as MPH Group’s president. Mr. Flower is also a director of certain subsidiaries of the Company.

**Doreen Y. F. LEE, Director (Age: 50)**

Ms. Lee has been a Director of the Company since 2003. She is also a director of Wharf, the managing director of Wharf Estates Limited and Wharf Estate China Limited as well as an executive director of Harbour City Estates Limited and Times Square Limited. She is responsible for overseeing the investment properties of the Wharf group, particularly, two core properties of the Wharf group, namely, Harbour City and Times Square and also the Wharf group’s Times Squares in Beijing, Shanghai, Chongqing and Dalian. Ms. Lee is a graduate of The University of Hong Kong where she obtained her bachelor’s degree in Arts (Hon).

**Eric F. C. LI, Director (Age: 77)**

Mr. Li has been an independent Non-executive Director of the Company since 1990. He is also the chairman and chief executive officer of The Kowloon Dairy Limited and a director of The Bank of East Asia, Blue Cross Insurance and several other companies in Hong Kong.

**Gonzaga W. J. LI, Director (Age: 77)**

Mr. Li has been a Director of the Company since 2000. He is also the senior deputy chairman of Wheelock and Company Limited (“Wheelock”) and Wharf, the chairman of Harbour Centre Development Limited (“HCDL”) and Modern Terminals Limited (“MTL”), a director of Wheelock Properties Limited (“WPL”) and the chief executive officer and a director of Wharf China Limited as well as a director of certain subsidiaries of the Company.

**Eric K. K. LO, Director (Age: 57)**

Mr. Lo has been an independent Non-executive Director of the Company since 1998. He also serves as a member of the Company’s Audit Committee and Remuneration Committee. Mr. Lo is a non-executive director of Sincere, a director of Hsin Chong Land Limited and Bang & Olufsen (Hong Kong) Limited, as well as a director of several other companies in Hong Kong.

**Yvette T. MA, Director (Age: 42)**

Ms. Ma has been a Non-executive Director of the Company since 1993. She 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. She is the elder daughter of Mr. Walter Ma and Mrs. Joyce Ma and the sister of Ms. Adrienne Ma.

**Stephen T. H. NG, Director (Age: 53)**

Mr. Ng has been a Director of the Company since 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 both i-CABLE Communications Limited and Wharf T&T Limited. Mr. Ng serves as a member of the General Committee of the Hong Kong General Chamber of Commerce.

**T. Y. NG, Director (Age: 58)**

Mr. Ng has been a Director of the Company since 2000. He is also a director of Wharf, HCDL and WPL as well as a director of certain subsidiaries of the Company. Mr. Ng is an associate member of both HKICPA and the Chartered Institute of Management Accountants (“CIMA”).

**Paul Y. C. TSUI, Director (Age: 59)**

Mr. Tsui has been a Director of the Company since 2000. He also serves as a member and the chairman of the Company’s Remuneration Committee and a member of the Company’s Audit Committee. Mr. Tsui is also an executive director of Wheelock, and a director of WPL and Wheelock Properties (Singapore) Limited in Singapore as well as a director of certain subsidiaries of the Company. He is a fellow member of HKICPA, the Association of Chartered Certified Accountants and CIMA.

*Note: The Company confirms that it has received written confirmation from each independent Non-executive Director confirming their independence pursuant to Rule 3.13 of the Listing Rules, and the Company still considers the independent Non-executive Directors to be independent.*

**(2) Senior Management**

**Horace W. C. LEE, Chief Operating Officer (Age: 46)**

Mr. Lee joined the Group in 1991. He is responsible for the overall management of the Group’s China operations, finance and administration and property development. 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 HKICPA.

**(C) DIRECTORS' INTERESTS IN SHARES**

At 31 March 2006, 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 are also set out below:

	No. of Ordinary Shares (percentage of issued capital)	Nature of Interest
Mr. Walter K. W. Ma	368,000,000 (22.7%)	Other Interest (See Note below)
Mrs. Joyce E. Ma	368,000,000 (22.7%)	Other Interest (See Note below)
Ms. Adrienne M. Ma	378,000,000 (23.3%)	Personal Interest in 10,000,000 shares and Other Interest in 368,000,000 shares (See Note below)
Ms. Yvette T. Ma	368,000,000 (22.7%)	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 of 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 of J. W. Mark Limited and Asiatrust Limited as mentioned below in section (D) "Substantial Shareholders' Interests".*

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 2006 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 as at 31 March 2006, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register to be kept by the Company under section 336 of the SFO (the "Register") 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 (51.3%)
(ii) Wisdom Gateway Limited	831,862,723 (51.3%)
(iii) HSBC Trustee (Guernsey) Limited	831,862,723 (51.3%)
(iv) Mr. Peter K. C. Woo	831,862,723 (51.3%)
(v) J. W. Mark Limited	*368,000,000 (22.7%)
(vi) Asiatrust Limited	*368,000,000 (22.7%)

\* 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 2006, there were no short position interests recorded in the Register.

**(E) PENSION SCHEMES**

Details of the pension schemes of the Group and the employers' pension costs charged to the consolidated profit and loss account for the year under review are set out in Notes 2.16(c) and 6 to the Accounts on pages 87 and 95 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 consolidated profit and loss account during the year ended 31 March 2006 amounted to HK\$3.1 million.

## (F) SHARE OPTIONS

At the Annual General Meeting of the Company held on 27 August 2004, the Shareholders of the Company approved the adoption of an executive share incentive scheme (the "New Share Scheme") which has since co-existed with the share option scheme approved by the Shareholders of the Company in 1997 (the "Share Option Scheme").

### (1) Share Option Scheme

#### (I) *Summary of the Share Option Scheme*

- (a) Purpose of the Share Option Scheme:  
To provide employees and executives of the Group with the opportunity of participating in the growth of the Company by granting the option.
  
- (b) Participants of the Share Option Scheme:  
Any full-time employee or executive director of the Company or any of its subsidiaries (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 Share Option Scheme as at 31 March 2006:  
140,200,000
  
- (ii) Percentage of the issued share capital that it represents as at 31 March 2006:  
8.7%
  
- (d) Maximum entitlement of each participant under the Share Option Scheme as at 31 March 2006:  
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 of Shares issuable to that Executive under the proposed option exceeding 25% of the maximum aggregate number of Shares in respect of which options may at that time be granted under the Share Option Scheme.

## Disclosure of Further Corporate Information

- (e) Period within which the Shares must be taken up under an option:  
Within five years from the date on which the option is offered.
- (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 offered.
- (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:  
28 days after the offer date of an option
  - (iii) The period within which loans for purposes of the payments or calls must be repaid:  
Not applicable
- (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 Share Option Scheme:  
One year

### **(II) Details of share options granted under the Share Option Scheme**

No share option of the Company was issued, exercised, cancelled, lapsed or outstanding under the Share Option Scheme throughout the financial year.

## (2) New Share Scheme

### (I) Summary of the New Share Scheme

- (a) Purpose of the New Share Scheme:  
To provide employees and the executives of the Group with the opportunity of acquiring an equity interest in the Company, to continue to provide them with the motivation and incentive to give best contribution towards the Group's continued growth and success.
- (b) Participants of the New Share Scheme:  
Any Executive who has on the day preceding the date of offer been a full-time employee or executive director of the Company or any of its subsidiaries for at least three years 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 the Shares available for issue under the New Share Scheme and any other share option schemes of the Company (including the Share Option Scheme) as at 31 March 2006:  
140,330,000
- (ii) Percentage of the issued share capital that it represents as at 31 March 2006:  
8.7%
- (d) Maximum entitlement of each participant under the New Share Scheme as at 31 March 2006:  
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 under the New Share Scheme and also under other share option schemes (including the Share Option Scheme) and of Shares issuable to that Executive under the proposed option exceeding 25% of the maximum aggregate number of Shares in respect of which options may at that time be granted under the New Share Scheme and any such other schemes.

Furthermore, the total number of Shares issued and to be issued upon exercise of options (including both exercised and outstanding options) granted to each Executive in any 12-month period must not exceed 1% of the Shares in issue unless approved by Shareholders of the Company.

## Disclosure of Further Corporate Information

- (e) Period within which the Shares must be taken up under an option:  
Within five years from the date on which the option is offered.
- (f) Minimum period for which an option must be held before it can be exercised:  
One year from the date on which the option is offered.
- (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:  
28 days after the offer date of an option
  - (iii) The period within which loans for purposes of the payments or calls must be repaid:  
Not applicable
- (h) Basis of determining the exercise price:  
The exercise price shall be determined by the Directors, but in any event must be at least the higher of:
  - (i) the indicative price per Share for the subscription of Shares under the option as specified in the written offer;
  - (ii) 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;
  - (iii) 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; and
  - (iv) the nominal value of a Share.
- (i) The remaining life of the New Share Scheme:  
Eight years

**(II) Details of share options granted under the New Share Scheme**

Set out below are particulars and movements during the financial year of the Company's outstanding share options under the New Share Scheme which were granted to 23 employees (none of them being Director of the Company and three of them having left the employment of the Group during the year under review), all of them working under employment contracts that are regarded as "continuous contract" for the purposes of the Employment Ordinance and all being participants with options not exceeding the respective individual limits:-

Date granted (Day/Month/Year)	No. of ordinary share represented by unexercised options outstanding as at 01/04/2005	No. of ordinary share represented by options exercised during the financial year	No. of ordinary share represented by options lapsed during the financial year	No. of ordinary share represented by unexercised options outstanding as at 31/03/2006	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options (HK\$)
17/09/2004	19,500,000	250,000	1,250,000	18,000,000	01/09/2005 to 31/08/2009	0.405

The closing price of the shares of the Company immediately before the day of exercise of options (all exercised on the same day) as stated above was HK\$0.520 per share.

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

**(G) MAJOR CUSTOMERS & SUPPLIERS**

For the year under review, sales to the five largest customers accounted for approximately 3% of the total sales for the year. Purchases from the five largest suppliers accounted for approximately 37% of the total purchases for the year and the purchases from the largest supplier included therein amounted to approximately 15%.

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 Rule 8.10 of the Listing Rules.

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 Rule 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) INTEREST CAPITALISED**

No interest was capitalised by the Group during the financial year.

**(K) 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.

**(L) PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2006.

**(M) DISCLOSURE OF CONTINUING CONNECTED TRANSACTIONS**

Set out below is information in relation to certain continuing connected transactions involving the Company and/or its subsidiaries which were substantially disclosed in the press announcements of the Company dated 2 November 2004 and 2 June 2006 respectively and were required under the Listing Rules to be disclosed in the Annual Report and Accounts of the Company.

- (l) There existed during the year under review certain concession agreements between wholly-owned subsidiary(ies) of the Company as the concessionaire and a connected person of the Company as follows:
  - (a) Certain retail spaces inside the Lane Crawford Store at Two IFC for the periods from 1 November 2004 to 31 October 2006 for the Joyce Fashion Corners and to 31 March 2007 for the Joyce Beauty Corners respectively; the relevant agreements (the "Agreements") were entered into on 1 November 2004 by Lane Crawford (Hong Kong) Limited ("LCHK") with each of Joyce Boutique Limited ("JBL") and Joyce Beauty (Hong Kong) Limited ("JBHK"), both being wholly-owned subsidiaries of the Company.
  - (b) Certain retail spaces inside the Lane Crawford Store at Times Square, Causeway Bay for the period from 1 February 2005 to 31 January 2007 entered into on 23 June 2005 by JBL with LCHK.
  - (c) Master Concession Agreement  
On 2 June 2006, a master concession agreement (the "Master Concession Agreement") for a term from 2 June 2006 to 31 March 2008 was entered into between the Company and LCHK for the purpose of regulating those concession arrangements with LCHK in various Lane Crawford Stores, including the three concession agreements mentioned in (M)(l)(a) and (b) above (the "Old Agreements") and three new concession arrangements all entered on 2 June 2006 (the "New Concession Arrangements") for various retail space inside various Lane Crawford Stores operated at No. 3 Canton Road, Times Squares, Pacific Place and Two IFC respectively.



## Disclosure of Further Corporate Information

Set out below are details of the New Concession Arrangements.

- (i) Certain retail space inside Lane Crawford Store at No. 3 Canton Road, Tsimshatsui for the period from 2 October 2005 to 1 October 2006 entered into by JBL with LCHK.
- (ii) Certain retail space inside the Lane Crawford Store at Two IFC, No. 3 Canton Road and Times Square for the period from 15 August 2005 to 31 August 2006, from 21 September 2005 to 30 September 2006 and from 5 December 2005 to 31 December 2006 respectively; the relevant concession agreements were all entered into by JBHK with LCHK.
- (iii) Certain retail space inside the Lane Crawford Store at Pacific Place, for the period from 17 November 2005 to 16 November 2006 entered into by JBL with LCHK.

During the term of the Master Concession Agreement, the Company and any of its subsidiaries (collectively, the “Group”) may enter into individual concession agreement(s) (the “Individual Concession Agreement(s)”) with LCHK from time to time upon and subject to such terms and conditions as may be agreed between the Group and LCHK, in each case to be negotiated on a case-by-case and arm’s length basis and on normal commercial terms, provided that, *inter alia*, the annual aggregate amount of the rental payable under any and all Individual Concession Agreements shall not exceed the aggregate annual cap amount as described below.

Pursuant to the Master Concession Agreement, the aggregate annual rental payable by the Group to LCHK under the Individual Concession Agreements to be entered into from time to time will be subject to an annual cap amount of HK\$13.8 million in respect of each of the three financial years ending 31 March 2008.

LCHK is a wholly-owned subsidiary of Wisdom Gateway, which in turn is a substantial shareholder of the Company. Consequently, the abovementioned Old Agreements, New Concession Arrangements and the Master Concession Agreement constitute continuing connected transactions for the Company.

(II) Confirmation from the Directors etc.

The Directors, including the independent Non-executive Directors, of the Company have reviewed the continuing connected transactions mentioned above (the "Transactions") and confirmed that the Transactions were entered into:

- (a) by the Group in the ordinary and usual course of its business;
- (b) 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
- (c) in accordance with the relevant agreements governing such Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Furthermore, the auditors of the Company have advised the following:

- (1) the Transactions had received the approval of the Company's Board of Directors;
- (2) the Transactions had been entered into in accordance with the relevant agreements governing the Transactions; and
- (3) the Transactions had not exceeded the cap amount disclosed in the relevant previous announcements of the Company.