



During the year ended 31st March, 2007, the strong performance of the Group's core businesses and the significant investments made in the acquisition of the Tommy Hilfiger group enabled the Group to achieve double digit turnover growth. In addition, the Group opened 65 other stores, thereby increasing the Group's total retail space by nearly half a million square feet.

As a result of adopting conservative accounting policies and charging all operating expenses arising from these investments for the full year, there was a negative impact on the Group's profit attributable to shareholders.

It is the Group's firm belief that this negative impact will be of a short-term nature and that once these businesses mature, they will become the engine for the Group's strong and sustained growth in the medium to longer term.

Financial Results and Final Dividend

Turnover for the year was HK\$3.1 billion, an increase of 17.3 per cent. over last year.

Profit attributable to shareholders was HK\$186.2 million, a decrease of 10.7 per cent. compared with last year.

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

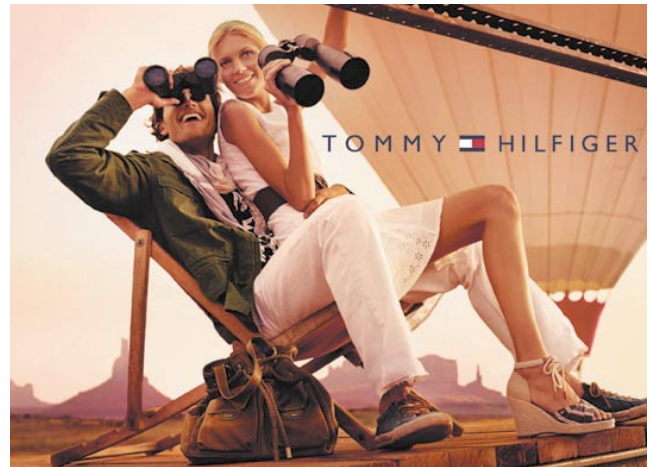
The final dividend together with the interim dividend of 13.8 cents per share amounts to a total annual dividend of 41.3 cents per share, the same as last year.

Review of Operations

Asian Retailing

The Group's retail network at 31st March, 2007 totalled 500 shops. This comprised 68 in Hong Kong, 228 in China, 170 in Taiwan and 34 in Singapore, Malaysia and the Philippines.

The acquisition of the Tommy Hilfiger group, which was completed in August 2006, significantly expanded the Group's retail network. At the financial year end, there were 108 Tommy Hilfiger shops located throughout the region and given its solid and profitable track record, the strong recognition of the brand and the continued aggressive expansion of its retail network, the Group is confident that the Tommy Hilfiger group will become an increasingly significant contributor to the Group's turnover and profits.



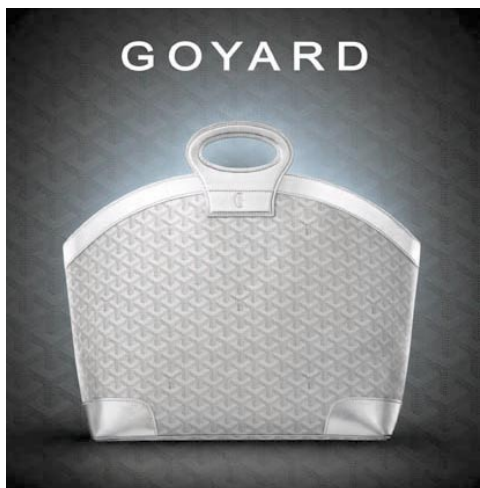
Tommy Hilfiger fashionwear.
「Tommy Hilfiger」時裝。



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



The Kowloon Hotel Seibu store in Tsimshatsui, Hong Kong.
位於香港尖沙咀九龍酒店的「西武」店。



Limited edition metallic 'Beluga' handbag by Goyard.
「Goyard」的限量版金屬型「Beluga」手袋。



The Seibu store in Shenyang, Liaoning Province, China.
位於中國遼寧省瀋陽市的「西武」店。



Christofle tableware.
「Christofle」餐具。

Hong Kong

In Hong Kong, Harvey Nichols continued to refine its product offering and enhance its customer experience. This has resulted in increased customer traffic and a significant increase in sales.

The third Hong Kong Seibu store was opened at Kowloon Hotel in December 2006. Initial consumer response has been favourable and once the store builds up a strong local customer base, the Group is confident that it will make a positive contribution to Hong Kong Seibu's turnover and profits growth.

A free standing boutique for Goyard, one of only thirteen in the world for this most exclusive of luxury leathersgoods and luggage brands, was opened at The Peninsula in March 2007.

With 68 stores located in the most prime locations, the Group is extremely confident about the future prospects of its Hong Kong operations.

China

Today, the Group operates a retail network in China comprised of 230 stores with a geographic reach of over 25 provinces.

During the year, the Group officially opened the 100,000 sq. ft. Seibu store in Chengdu in December 2006 and the 150,000 sq. ft. Seibu store in Shenyang was soft opened just before the year end. Additionally, the Group acquired Tommy Hilfiger's network of 56 shops, and opened an additional 31 shops under brands such as Tod's, Dickson Watch & Jewellery, Brooks Brothers and S.T. Dupont.

The Group considers China to be the market which offers the largest growth potential in the medium to longer term. With over 14 years of experience and having established a comprehensive infrastructure in the country, the Group is well placed to further penetrate and exploit the market as the China economy continues to expand and grow.

Other Asian Markets

Although the Taiwanese market continues to be adversely affected by political uncertainty and the tightening of credit card limits by local banks, the Group's businesses there continue to make a meaningful contribution to the Group's profits. With a strong retail network of 170 shops throughout the island for leading international brands such as Polo Ralph Lauren, Tod's, Brooks Brothers, Tommy Hilfiger and the introduction of Hogan at Sogo BR4 in Taipei, the Group is well placed to take advantage of any improvement in trading conditions.

With a proven track record of over 15 years of successful operations in Singapore, Malaysia and the Philippines, the Group's 34 shops in these countries ensure that the Group will achieve increases in sales and profits as economic conditions continue to improve.



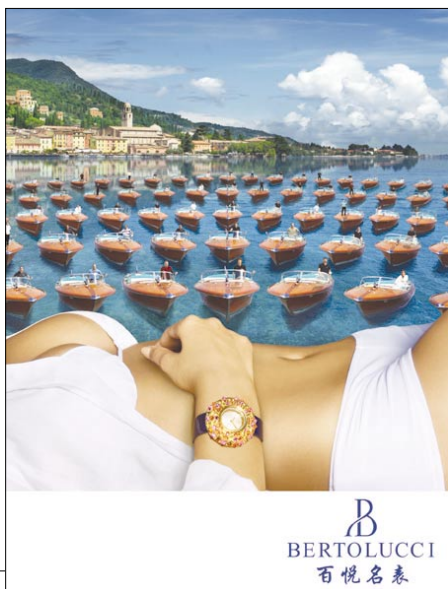
Ralph Lauren Collection ladieswear.
「Ralph Lauren Collection」女士服裝。



Mens and ladies fashion by Brooks Brothers.
「Brooks Brothers」的男士及女士時裝。



Ladies shoes and handbags by Tod's.
「Tod's」的女士皮鞋及手袋。



*Creative advertising by
Bertolucci.
「Bertolucci」的創意
廣告設計。*

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

Bertolucci

Bertolucci launched its second luxury watch collection since its acquisition by the Group at the Baselworld Trade Fair. The collection was well received, and as its distribution channels are further expanded, the Group is confident that Bertolucci will develop into a meaningful asset for the Group in the longer term.

Board of Directors and Employees

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

Future Prospects

The Group's comprehensive retail network of 500 shops throughout the region provides the Group with a strong cash flow and recurring income base.

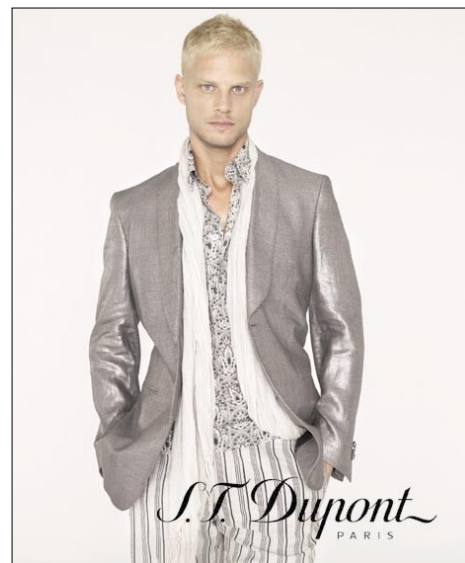
Major investments totalling in excess of HK\$600 million were made by the Group during the year, whereby over 160 shops occupying nearly half a million square feet of retail space were either opened or added throughout the region. Whilst these investments will continue to have a short-term impact on the Group's profits growth, the Group is confident that they will make major contributions to the Group's turnover and profits in the medium to longer term.

The Group remains firmly committed to the retail industry in Hong Kong, China and South East Asia and plans to open at least 40 new shops during the current financial year. Together with its strong balance sheet, the Group is confident that it is perfectly positioned to take advantage of improving economic conditions throughout Asia and to exploit investment opportunities of exceptional value.



Dickson Poon

Group Executive Chairman



S.T. Dupont menswear.
「都彭」的男士服裝。



Luxury watch by Chopard.
「蕭邦」的名貴手錶。

Hong Kong, 26th June, 2007