Final Results

For the year ended 31 March 2003, the Group recorded a consolidated turnover of HK$1,902 million (2002: HK$1,714 million) representing an increase of approximately 11.0%, and the profit attributable to shareholders of HK$65.5 million decreased by 17.3% (2002: HK$79.2 million) compared to the same period of last year. Basic earnings per share for the year was 23.8 Hong Kong cents (2002: 28.8 Hong Kong cents), representing a decline of 17.4% over last year.

Final Dividend

The directors are pleased to propose a final dividend of 3.5 Hong Kong cents per share (2002: 4.5 Hong Kong cents) for the year ended 31 March 2003 to members, whose names appear on the Register of members on 28 August 2003. The dividend will be paid on or before 18 September 2003.

Business Review and Prospects

During the period, both the economic and political situation in Hong Kong has been very tough. As indicated by the Census and Statistic Department, total retail sales in Hong Kong has dropped 4.1%. The overall purchasing power and purchasing will of the Hong Kong population is still repressive. However, Mainland Chinese tourist-related business had increased for the past couple of years and is still growing. The Group had long looked into this opportunity and has been promoting our shops to the Mainland Chinese tourists through different medias. The results are quite satisfactory, thus we will further increase our exposure towards this targeted group. Other than strengthening the local market, the Group is also working on ways to expand our customer base. All these efforts have been reflected from the increase of the Group's turnover in this financial period under review. Although this year our net profit had decreased due to strong competition in the current difficult economy, the management believes that our growth in market share will put us in a strong position once the slackened economy starts to grow.

Business development in China has been encouraging, turnover and profits have recorded steady growth. As the economic, operational and political environment of China become more in favour of business development, the management strongly believes that putting more emphasis in the PRC business will further enhance its contribution to our future profits. Thus the Group is now actively looking for good locations in the major cities of Mainland China for opening retail stores. Establishing a retail network in the major cities of the PRC is the short to mid-term target of the Group. To have a definite presence in the PRC retail market will be our long-term goal. Along with the growth of China's economy, these investments will eventually bear fruitful results. Moreover, the recent signing of the Closer Economic Partnership Arrangement (the "CEPA") between the Central Government of the PRC and the HKSAR Government may offer some new opportunities for developing retail business in the PRC. The management will actively pursue this prospect.

The coming year will yet be another challenging year to the Group. Although our first quarter results will have been affected by the SARS outbreak; as long as the incident is not recurring, the management expects this to be one-quarter phenomenon. The Group has anticipation that we will be able to recover from the damages caused by the SARS outbreak and catch up the turnover in the remaining quarters.

Business Review and Prospects *(Continued)*

Notwithstanding the difficult local market environment ahead, the Group will adopt effective pricing, marketing and cost control strategies to maintain its competitiveness, market share and healthy financial position. Moreover, the Group will put full effort in providing better quality customer service while keeping the Group's overhead under tight control.

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised approximately 98% of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 83% of the Group's total purchases.

None of the directors, their associates or any shareholder, which to the knowledge of the directors owned more than 5% of the Company's issued capital, had any interest in the share capital of any of the five largest suppliers of the Group.

Capital and Finance

Despite the less than satisfactory results, the Group can still maintain its policy of conservative capital management with its gearing ratio at prudent level. The financial foundation of the Group is strong with ample cash flow. Based on the solid cash position and banking facilities, the Group has healthy working capital and liquidity to meet its operating and expansion needs. At the end of the financial year under review, the Group's net assets amounted to HK$604 million (2002: HK$556 million) with a net asset value per share of HK$2.19 (2002: HK$2.02) The Group's net current assets increased by approximately 12.3% to HK$510 million. (2002: HK$454 million). Shareholders' funds at 31 March 2003 reached HK$604 million, up by 8.6% (2002: HK$556 million). The Group had cash on hand of HK$110.6 million (2002: HK$93.3 million) as at 31 March 2003 whilst bank loans and overdrafts totalled HK$26.3 million (2002: HK$23.9 million). The ratio of the Group's net bank borrowings was insignificant when compared to shareholders' funds.

Appreciation

On behalf of the Board, I would like to take this opportunity to express gratitude to our shareholders, customers and colleagues for their support and contributions to the group in the last twelve months. I look forward to continuing and improving relationships with the Group for many more periods ahead.

By order of the Board
Yeung Ming Biu
Chairman

Hong Kong 9 July 2003