

PROSPECTS

As at 30th September, 2003, the Group was running a total of 168 brand outlets, including 60 in Hong Kong and Macau, 52 in Taiwan, 13 in Singapore and 43 in the Mainland. Looking ahead to the coming six months, the Group will maintain the number of outlets in Hong Kong and Macau at the prevailing level. For strategic reasons, the Group will close some outlets with expiring lease and low profitability, and will continue opening new outlets at premium locations available at low rentals in order to enhance its profitability. The Group made satisfactory overall performance in its business in Taiwan market, and the Group will continue to expand its business in Taiwan by looking for and opening new outlets at locations with good potential. Regarding Singapore, the Group recorded a loss of HK\$2,503,000 during the period under review, as Singapore had suffered an even heavier blow from SARS and is recovering at a relatively slow pace. Nevertheless, comparable outlets have recorded an increase of turnover since October 2003. It is expected that the retail business in Singapore will record a better result in the second half of the year bearing in mind the shopping spree during Christmas and New Year. To narrow its loss in Singapore, the Group also plans to close some loss-making outlets in future. Considering the sustainable economic growth in China, the Group will focus on developing its market in the Mainland. The management plans to invest more resources to accelerate its business development in the mainland China. In October 2003, to pave the way for developing its retail business in future, the Group added a new garment factory in China, which covers an area of approximate 30,000 square metres and represents an increase of approximately 60% of the Group's existing factory production area. The new factory is currently in the preparation stage and is expected to commence operation in February 2004. Such strategic moves will serve to enhance the Group's advantageous position in cost control and future business development. In future, the Group will continue its prudent and positive policies to expand any business and market with good potential, while implementing stringent measures to cut costs. Furthermore, the implementation of a series of economy-stimulating incentives, such as the relaxation of the control over mainlanders' visits to Hong Kong and the use of Renminbi credit cards in Hong Kong for shopping, will undoubtedly facilitate the recovery of the retail market and stimulate the overall consumption sentiment in Hong Kong, which is actually on an upward trend at present. Following its turnover increase in August and September 2003, the Group recorded an increase of 16% in October and November, 2003 turnover as compared with the corresponding periods of the previous year. With such encouraging results, the Group is fully confident about the future and believes that it will achieve an increased return in the coming year.