

Chairman's Statement

With its successful listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 April 2000, last year was proved to be a milestone for the Group's development. Our successful public listing not only provided sufficient funds for the Group's further expansion, but also strongly strengthened the Company's reputation and prestige in fashion retailing industry.

The three well-established brand names of the Group, namely, *Gayetano*, *Cour Carré* and *Due G*, continued to increase in popularity and they further consolidated their status as famous apparel providers/designers to the elegant and stylish fashion market in Hong Kong. The results that the Group attained during the year under review reflected the challenging market environment in the retailing industry. As the economy of Hong Kong has not yet fully recovered from the Asian financial turmoil, the purchasing power and consumption intention were still weak. This situation was set against the keen price competition in the apparel industry, which further dampened and pressurized the Group's profit margin. In order to boost sales, Management has formulated marketing strategies which emphasized on arousing the awareness our brand names to our target audiences. With the successful implementation of marketing strategies, Management was able to achieve an after tax profit of HK\$8.4 million in this financial year as compared to a loss of HK\$1.34 million reported in our interim results.

Though it is expected that the retailing market of Hong Kong will not rebound significantly in the near future, Management is confident that with the innovative marketing strategies and our strong brand names, the Group will be able to reap good return in the years ahead.

CHEUNG Sing Chi
Chairman

Hong Kong
23 July 2001

