



Chairman's Statement

RESULTS

For the year ended 31 March 2002, the Group recorded a net loss attributable to shareholders of approximately HK\$0.89 million (2001: net profit of HK\$8.36 million). The decline is within the range expected by the industry during this difficult year.

During the year, the Company has completed a restructuring and I am elected as chairman of the Group and Ms. Yung Wing Sze, Vivian is appointed as an executive director of the Company.

The three well established brand names of the Group: Gay Giano, Cour Carré, and Due G, continued to increase their presence, and consolidated their popularity and reputation as quality apparel providers and designers to Hong Kong's elegantly stylish and famously fickle fashion market.

The results posted by the Group during the last financial year reflected the retailing industry's continuing market challenges. The "911 incidence" and the global market slump deeply affected the local fashion retailing market, especially the luxury segments. Add to this situation, the apparel industry's keen price competition further restricted the Group's profit margin. However, the Group's fast application of effective and firm contingency policies, the enforcement of a stringent cost control scheme and adoption of a prudent and tight financial control procedures have well managed these adverse impacts and minimized their effects on the Group.

Compared to the interim result, a substantial part of the loss of HK\$13 million for the six months ended 30 September 2001 has been recovered mainly due to the seasonal effect of the fashion industry and the management's quick reactions to adopt different strategies. To reduce interest expenses and limit the Group's total borrowing, the Group has reduced materially its bank loans and greatly improved the gearing ratio. With our effective marketing strategies, inventory level has been reduced substantially in this year.

Though HK's retail market are not expected to pick up soon, the management is confident that our management strategies and strong brand names will enable the Group to achieve a better result in years ahead.

Cheung Yin Sheung Subraina

Chairman

Hong Kong
29 July 2002