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For the year ended 31 December 2002, the Group recorded a turnover of HK$889.9 million as compared to HK$748.6 million for the nine months period ended 31 December 2001. Even though we reported an increase in turnover over prior year, deteriorating economic conditions in Hong Kong hit our Group severely as most of our Group's revenue was derived from the territory. Deterioration of employment market, deflationary pressure, sluggish property market together with the weak demand in local consumer market had seriously impacted the Group's retail business for the whole year. Cut-throat pricing reduction prevailing in the retail market amid the economic downturn had exerted great pressure on our retail prices, further squeezing the already thin gross margins of our retail goods. Taking into account of full provision for goodwill, impairment loss in respect of property and pre-operating expenses for set-up of our first store in Guangzhou, China, the net loss attributable to shareholders for the year was HK$96.9 million as compared to the profit attributable to shareholders of HK$14.6 million in the corresponding period of the prior year.

Notwithstanding the adverse results for the year, our Group's total shareholders' equity was still maintained at HK$212.3 million on 31 December 2002.

On 31 December 2002, our cash and bank balances totaled HK$147.1 million, representing a reduction of HK$18.4 million as compared with the prior year. The reduction was primarily a result of the loss incurred during the year by the Group and start-up investment of retailing business in China. On 31 December 2002, the Group's listed investment securities were valued at HK$41.0 million. With a decline in the investment sentiment, the Group recorded a loss on investment of HK$6.2 million. The future performance of the listed securities investment is still clouded by the growing deficit, the recent tax rises across all sectors and rising unemployment. However, the liquidity ratio remained healthy at 1.2 times on 31 December 2002 as compared to 1.7 times on 31 December 2001. Despite the economic ordeal in 2002, our Group remained financially sound.

Our total bank borrowings increased to HK$58.9 million on 31 December 2002 from HK$20.3 million on 31 December 2001 and our liquidity ratio was reduced to 1.2 times. The increase in bank borrowing was partly attributed to adjustment in merchandising strategy in the fourth quarter.

On 31 December 2002, the ratio of total bank borrowings to shareholders' equity was increased to 27.7% from 6.6% at the end of the prior year. Despite the acceptable level of gearing, the Group will also seek effective instrument to hedge any adverse changes in interest rate. In addition, as both our Group's payments and operating revenue were mostly in Hong Kong dollar, our exposure to foreign currency fluctuation was insignificant. Nevertheless, in response to changes in merchandising strategy, we entered the US$/HK$ forward to hedge the exchange risk inherent to the peg rate of Hong Kong dollar. The aggregate contractual value as at 31 December 2002 amounted to HK$16.4 million.

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As at 31 December 2002, leasehold properties at their carrying value of approximately HK$46.6 million and bank deposits of HK$8.5 million were pledged to secure general banking facilities granted to a subsidiary. Save as aforesaid, we had no other material contingent liabilities at the end of the year.

In December 2002, our Group entered the provisional sales and purchase agreement to dispose the leasehold properties at the consideration of HK$15 million. The disposal transaction was subsequently completed in March 2003. Other than that, we do not have any future plans for material investments or capital assets during the year.

Save for our new product line of skin care and fragrance collections under a globally renowned trademark which was launched in its specialty shop in July 2002, we do not have any future plans for material investments or capital assets.