

CHAIRMAN'S STATEMENT

GROUP RESULTS

The Group recorded a profit attributable to shareholders of HK\$67,464,000 for the year under review, representing an increase of 8.1 times compared with the previous year. The Group's turnover amounted to HK\$28,403,000 which was 78.7% lower than previous year's figure.

Basic earnings per share for the financial year are HK5.5 cents. The Directors recommend the payment of a final dividend of 1.5 cents for the current year.

BUSINESS REVIEW AND PROSPECTS

The Group's performance in the current year had been satisfactory. Despite the outbreak of SARS in China and Hong Kong in the first quarter of 2003 which saw a near standstill in retail business, turnover of the Group's garment business reported a 31.8% growth compared with previous year. The Group's efforts to enrich its collection with trendy, colourful and casual look paid off with broad appeal to many customers. Operating loss in the garment operation was reduced by 29.4% to HK\$8,598,000 due to increase in operating efficiency and cost control measures. Built on the diversity of customer base, the Group is optimistic that the performance of garment business will be better next year.

Proprietary trading in securities was suspended in the year due to uncertain market conditions, such activity accounted for approximately 83.3% of the turnover in the previous year.

The Group's investment portfolio of bonds yielded satisfactory returns. The Group has reduced its investment portfolio by approximately HK\$255 million compared with previous year to realise some of the gains brought by surge in bond prices.

The development of Chinese health and herbal products proceeded according to plan. The renovation of manufacturing facilities designed to meet GMP standard was completed in June 2003. Trial production is under way and commercial launch of the products is expected to take place in the last quarter of 2003. The Group believes that its products would provide a one-stop solution to take care of daily health of busy urban people. Active marketing and promotional campaigns will be implemented during the launch period to attract trial usage by health conscious consumers. The Group believes that the proven efficacy of its products would result in their repeated usage.

With a well defined business plan, a dedicated work force and a strong financial position, the Directors are optimistic of the future of the Group.

LAU TUNG HOI

Chairman

Hong Kong, 9th September, 2003