

主席報告書

CHAIRMAN'S STATEMENT

致列位股東：

在二零零三年第二季，亞洲地區廣泛爆發嚴重急性呼吸系統綜合症（非典型肺炎），使本公司的綜合銷售額和經營溢利在上半年的中期業績報告中出現嚴重跌幅。針對這個重大的影響和不明朗的前景，管理層遂採取一套審慎的策略，以求迅速減低存貨量和穩定品牌的價格。而本公司在內部也採取了臨時的措施來維持現金儲備。

這些策略和措施在下半年都如預期取得成效。大部份的綜合銷售額已經回復水平，而經營溢利也有明顯的增長。事實上，本公司的業績已經超越二零零二年的同期表現。

二零零三年本公司之全年綜合銷售額達港幣三十三億八千九百萬元，下跌百分之五點五（首半年：下跌百分之十三點二）；經營溢利港幣三億六千四百萬元，亦下跌百分之五點五（首半年：下跌百分之五十六點八）；及純利港幣二億六千六百萬元，下跌百分之十八點九（首半年：下跌百分之六十五點九）。此等數字亦反映台灣業務的顯著復蘇，但韓國市場的成績卻令人失望。我們預期台灣業務將會繼續穩定地增長，及當韓國經濟改善時亦會幫助提升我們於當地的銷售。

本年度之存貨對銷售之流轉比率為二十四日，但本公司長期目標為二十八日至三十二日。於二零零三年年底，淨現金及銀行結餘為港幣七億八千四百萬元。兩者皆反映本公司及管理層在財務狀況上對經營環境快速變化的回應。

董事會建議派發末期股息每股港幣四點五仙及特別股息每股港幣一角二仙，全年股息總額達每股港幣兩角一仙（包括中期股息每股港幣一點五仙及中期特別股息每股港幣三仙）。此建議平衡管理層預期二零零四年的現金流量，現時的現金狀況及本公司股東的期望。

Dear Shareholders:

The year 2003 was adversely affected by the wide-spread Severe Acute Respiratory Syndrome (SARS) epidemic in Asia during the second quarter. For the Company's first half interim results, we reported alarming declines in both consolidated sales and operating profit. To deal with the grave impact and growing uncertainty, the management opted for a prudent strategy to quickly reduce inventory and to maintain price integrity of the brand. Internally, extraordinary measures were taken to conserve the Company's cash reserves.

During the second half of the year, the strategy and measures paid off as anticipated. Much of the consolidated sales were recovered and operating profit significantly rose. The Company has actually out-performed the comparable period for 2002.

For the full year 2003, the Company achieved consolidated sales of HK\$3,389 million, a decrease of 5.5% (First half: -13.2%); operating profit of HK\$364 million, also decreased by 5.5% (First half: -56.8%); and net profit of HK\$266 million, a 18.9% decrease (First half: -65.9%). These figures also reveal the marked recovery of our Taiwan operations but disappointing results from Korea. We expect Taiwan will continue to improve steadily while recent improvements seen in the Korean economy should help to bolster sales there.

Inventory turnover for the year was 24 days on sales, shy of the Company's long term target of 28-32 days. Net cash and bank balances were HK\$784 million at the end of 2003. Both figures reflect the Company's responsive and responsible management of its financial positions in response to a fluctuating operating environment.

The Board has recommended a final regular dividend of 4.5 HK cents per share and a special dividend of 12.0 HK cents per share. Total dividend, including the 1.5 HK cents interim regular dividend and 3.0 HK cents interim special dividend, amounts to 21.0 HK cents per share. This recommendation balances the management's view of its projected cash flow for 2004, its current cash position and the wish of the Company's shareholders.

董事會和管理層皆認為二零零四年將會是收復失地和有增長的一年。因此，我們已經預留至少港幣一億元用作維持經常性的保養。若出現新的商機，本公司也會作出額外的資本承擔。

作為主席，本人必需向你們匯報，你們的僱員在非典型肺炎肆虐期間，均能竭誠地與本公司攜手面對困境。他們力盡本分，確保本公司的策略和緊縮措施能達致預期效果，除有賴董事會的支持，本公司上下更自願減薪。我和董事會成員都深被一眾員工的付出、團結和犧牲精神所感動。相信二零零三年的經歷經已證明了我們的信念：「員工是我們最珍貴的資產」。若二零零四年能如預期般有所躍進和增長，本公司也十分樂意與員工分享我們的成績。

最後，我也藉此感謝我們的股東、供應商和合作夥伴在二零零三年的困境裡對我們的支持、協助和鼓勵。

劉國權
主席

二零零四年三月十八日

Both the Board and the management are of the view that 2004 will be a year of rejuvenation and growth. A minimum of HK\$100 million has been ear-marked for regular capacity maintenance. Additional capital commitment will be made if and when new investment opportunities arise.

As chairman, I must report to you that your employees have steadfastly stood by the Company during those most difficult months when SARS was rampant. They have all gone beyond their call of duty to ensure the Company's strategy and austerity measures would yield the planned results. This was in addition to both across the Board and voluntary pay reductions virtually throughout the Company. Their dedication, solidarity and sacrifices have deeply touched the Board and me. Our experiences during 2003 were testimonial to our belief that our employees are our most important asset. When we realize the growth and improvements as projected for 2004, the Company will generously share the payoffs with them.

Finally, I also thank our shareholders, suppliers and business partners for their support, cooperation and encouragement during a very difficult 2003.

PETER LAU
Chairman

March 18, 2004