

## Chairman's Statement

During the year of 2003, economic uncertainties in global key markets, particularly the US, continued with price pressures persisting in the garment products market. However with the concerted efforts of the management and staff, though the Group experienced a tough year, there was no significant impact to the Group's sales.

The acceleration of the globalization process attributed to the removal of textile quotas in 2005 will further intensify market competition. At the same time, other forms of trade restriction, such as the levy of duties or more stringent workplace standards are expected to emerge. As such, the business operations model for the garment industry in future remains uncertain. Our major challenge ahead therefore is to adapt to the changing rules of the game, which will include trade preferential treatments granted by key markets and vendors' compliance codes supplied by customers. Continued learning and education is a must as our human resources must keep pace with the many changes in this dynamic market.

Meeting these developments, the Group continues to provide value-added services to customers in addition to servicing a number of new customers with high sales potential. While the Group is actively pursuing new ventures, our commitment to cost management will also be maintained.

Bearing in mind that demand in the US market is vast, opportunities continue to exist in the US. The Group's marketing team is thus working hard to explore the opportunities available. In view of the robust growth in the China market, the Group has also been actively stepping up market development in China, opening up additional possibilities to maximize the Group's potential.

I would like to take this opportunity to thank my fellow directors and all the Group's staff for their dedication and commitment during the year. Given the hard work and loyalty of our workforce, the Group is well-equipped to face the challenges ahead.

**Rusli Hendrawan**

*Chairman*

17th March, 2004