



2003 is a year of breakthrough for the Group. During the year under review, the faltering global economy and the SARS outbreak in the first half of 2003 negatively impacted the local retail sector. Nevertheless, the epidemic helped to shore up local awareness towards hygiene of different products. The Group swiftly capitalized on the surging market demand and utilized Swedish Texcote Technology to launch a series of well-received nano medical products, which are equipped with water repellency, stain resistance and anti-bacterial features. The launch of nano medical products offered a strong boost to the strategic development of the Group's Swedish Texcote Technology business. The Group stepped up its momentum in expanding the technology applications from garments to a wide array of non-garment textile products, which led to a marked increase in the Group's total turnover. During the year under review, the Group's turnover and profit attributable to shareholders stood at HK\$739,677,000 and HK\$113,872,000 respectively, up 27.6% and 377.9% from the corresponding period last year. In 2003, the Group's turnover and profit attributable to shareholders were HK\$579,652,000 and HK\$23,827,000 respectively. Basic earnings per share were HK 8.76 cents (2003 : HK 2.22 cents).

The Board of Directors recommended a final dividend of HK 1.5 cents per share for the year ended 31 March 2004 (2003 : HK 0.6 cent). With an interim dividend of HK 1 cent, total dividend for the year under review was HK 2.5 cents.

During the year under review, the Hong Kong economy underwent a year full of challenges and opportunities. The local retail sector was the hardest hit due to the SARS outbreak in the first half of 2003. In the latter half of the year, the introduction of a series of economic revitalization measures between the PRC and Hong Kong, including the Closer Economic Partnership Agreement ("CEPA"), reinvigorated investors' confidence towards Hong Kong. In addition to the gradual relaxation of Individual Visit Scheme, these helped to bring about Hong Kong's gradual economic recovery and benefited the Group's apparel retail business.



Overall, the Group maintained steady growth in the Hong Kong market. Against a backdrop of stiff competition in apparel retail business among key cities in the PRC, the Group reaffirmed its focus by expanding the distribution network in second and third-tier cities to consolidate the franchise network and to maintain its market share in the PRC. In the Middle East market, the Group's performance was also noteworthy despite an uncertain political environment due to the Iraq war. The "U-Right" brand successfully penetrated into six countries in the Middle East market, and the business growth was encouraging.

The Group also made great strides in the commercialization of Swedish Texcote Technology during the year under review by extending its application from garment processing to technology licensing. The Group successfully unleashed the technology potential in a myriad of textile products, including medical masks, casual footwear, toys, household goods, fabric material, silk products, and wool fabric and wool products, etc.. The widened technology applications helped propel the Group's global diversification initiatives. During the year under review, the high-growth potential of the Swedish Texcote Technology business was realized and it contributed to 20.1% of the Group's turnover, up from 2.7% last year. Turnover generated from the business totalled HK\$148,830,000, an increase of 854% from last year.

Looking ahead, the Swedish Texcote Technology business is on track to attain high returns. In anticipation of the growing number of Texcote partners and the increasingly sophisticated application on textile products, the Group expects that this business will continue to grow solidly and become a dependable source of revenue growth in the future.

In addition, the Group spared no efforts to enhance internal management capabilities and operational efficiency. To increase the Group's competitiveness, the Group enlisted professional consultants to evaluate overall management workflow and develop a well-regulated and efficient information management system and electronic platform. These will help the Group's monitoring efforts as well as enhancing operational efficiency.

Thanks to the concerted efforts of management and staff amid the difficult business environment in 2003, the Group's business has advanced into a high-growth era. I would like to thank all of our staff for hard work and dedication.

**Mr. Leung Ngok**  
Chairman  
Hong Kong, 12 July 2004



**Diversification of Product Range  
Reaching Out for a Global Presence**