

CHAIRMAN'S REPORT



The net profit attributable to shareholders for the year ended 31 December 2001 was \$20,355,000, decreasing 64% from the year 2000.

In 2001, under the depressed global economic climate, Hong Kong's battered economy saw record unemployment rate and sharply curtailed consumer spending. The retail sector was heavily hit.

Securities broking suffered from weak investment sentiment. Revenue had a precipitous fall and we recorded a loss for the year. With intense competition foremost from banks and secondly amongst brokers themselves, the year ahead is again a difficult one.

In Taiwan, the unsettled political scene, the negative economic growth, the slump in consumer spending together with the weak Taiwan dollars had an adverse effect on our retail network there.

Looking ahead, in 2002 the retail sector is not likely to make any substantial recovery. The Group's strategy will be to aggressively reach customers of all strata, keep our cost down by shifting even more manufacturing to the mainland and to expand our retail network there in the major cities.

On behalf of the Board of Directors, I thank the shareholders for their support, and the staff for their hard work.

A handwritten signature in black ink, appearing to read 'Chow Kwen Lim'.

Chow Kwen Lim

Chairman

Hong Kong

11 April 2002