

CHAIRMAN'S REPORT



I am pleased to report that the Group in 2003 achieved a profit of HK\$117.16 million, an increase of 75% over that of 2002.

The first half of the year was beset with deflation and SARS. Sales plummeted to unprecedented levels in April. After the worst was over, however, recovery to pre-SARS levels had been relatively swift, fuelled by visitors from the mainland taking advantage of relaxed travel regulations, and by general expectation of the benefits of CEPA. By December 2003, all three of our business segments managed to make up for losses incurred in the first half and to report profits for the whole year.

We have reformulated our retail strategy. We have signed an agreement to fit out and operate the jewellery store in Hong Kong Disneyland, which targets to open in late 2005 or early 2006. This development, together with the rapid growth of our retail network on the mainland, do require capital resources. In September 2003, we placed 61.6 million new shares and brought in HK\$140 million. As a result our funds on hand are sufficient to meet these and other needs.

I am gratified with the results we have been able to achieve in the difficult year of 2003. As 2004 progresses we are still under the shadow of deflation, ironically even as landlords are preparing to raise rents. Although consumer sentiments are improving, and the influx of visitors from the mainland is a boost to the retail sector, we must keep in mind the fragile state of the economy.

Throughout the difficult time our shareholders have been most supporting; our staff have worked very hard. I offer to all of them my heartfelt gratitude.

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

Chow Kwen Lim
Chairman

Hong Kong
29 March 2004

主席報告

本人欣然宣布，2003年本集團溢利達117,160,000港元，較2002年增加75%。

上半年還被通縮及「沙士」困擾，4月份銷售更直線下滑至新低。內地放寬旅遊，「自由行」及對更緊密經貿關係安排的期望均帶來幫助，最壞的時段過後，銷售能快速恢復至之前的水平。2003年12月份集團的三線業務均能彌補上半年的虧損，使全年錄得盈利。

集團重整零售策略，已與香港迪士尼樂園簽署協議，經營該園的珠寶店，該園預計於2005年底或2006年初開幕。由於此項目發展，加上集團在內地的零售網絡迅速擴大，需增添資金。於2003年9月，集團配售6,160萬新股，帶來140,000,000港元，故手頭資金可足應付各項發展的需要。

本人對集團在困難的2003年能夠取得如此成績甚感安慰。2004年將仍受通縮陰影籠罩，無奈地業主正醞釀提高租金。雖然消費意欲已有改善，內地遊客湧入使零售業暢旺，我們仍不能對經濟情況掉以輕心。

在困難期間股東之鼎力支持，集團員工努力不懈，本人謹此衷心致謝。



主席
周君廉

香港
2004年3月29日