

The Group experienced an uneasy fiscal year. Cotton prices went up sharply from the beginning of the fiscal year which led to substantial rise in raw material costs. The Group had no immediate pricing power to pass on the increase in costs in view of the adverse global economy at that time. The retail business was also badly hit by the outbreak of Severe Acute Respiratory Syndrome in the first quarter. As a result, though the Group managed to grow its revenue by 20%, net profit for the year dropped by 29%.

The Group restored greater pricing power in the second half period when the economic conditions were turning better. Cotton prices started to slide in early 2004 and the operating environment has stabilized since then. It seems that worst is probably over.

Management believes the coming year will be a year of recovery and growth and will take an aggressive approach in business development. The Group will expand its fabric manufacturing capacity by 20% to sustain its market position and to capture more market share. A new yarn-spinning facility will commence production by October 2004, and this would improve the Group's ability to handle rush orders. The retail business will continue its aggressive expansion and Management will focus on margin improvement. For the garment manufacturing business, sizable capacity will be added to meet anticipated demand boost from quota elimination.

本集團經歷了一個並不容易之財政年度。棉花價格由年初起急升令原料成本大漲。由於全球經濟不景，本集團當時並沒有即時轉嫁成本增加之價格能力。於第一季時零售業務亦深受非典型肺炎擴散所打擊。結果，本集團之銷貨收入雖上升20%，全年純利卻下降29%。

下半年度經濟情況轉佳，本集團回復較強之價格能力。二零零四年初起棉花價格開始滑落，而經營環境亦同時開始穩定。這似乎最壞的已成過去。

管理層相信來年是復元及增長之一年，將採取具野心之業務發展方向。本集團將增加針織布之產量20%以鞏固市場地位及增強市場佔有率。新設之紡紗設備將於二零零四年十月投產，這將增強本集團處理急單之能力。零售業務仍將繼續具野心之擴展，而管理層亦將專注於利潤之改善。製衣業務方面，產量亦將大幅增加以應付配額取消後所帶來之需求。

## 主席報告書 *Chairman's Statement*

Management has made comprehensive development plans for the year ahead, and I am confident that the results for the coming year will be progressive. Management and I would like to take this opportunity to thank our shareholders and business partners for their continuous support, and our colleagues for their excellent performance.

**Poon Bun Chak**

*Chairman*

Hong Kong, 23 July 2004

管理層已制訂用於來年之全面發展計劃，而本人對來年能取得進步之業績深具信心。管理層與本人籍此機會對股東們和生意夥伴之不斷支持，與及同事們之優秀表現深表謝意。

主席

**潘彬澤**

香港，二零零四年七月二十三日