
Chief Executive's Statement

I am happy to report that the Company has achieved record turnover in 1993 of HK\$2,334.1 million. Profit after taxation amounted to HK\$137.6 million for the year, an increase of 20 percent over 1992.

Earnings per share rose to 22 cents from 19 cents recorded last year. The directors have recommended a final dividend of 6.5 cents per share, bringing the total dividend for the year ended 31st December, 1993, to 9.0 cents per share, compared to a total dividend of 7.5 cents per share in the previous year.

The Company's measures taken to upgrade margins and to streamline operations yielded significant improvements for the second half of the year. Operating profit for the full year amounted to HK\$180.5 million, against HK\$79.1 million reported for the first half of the year. In 1994 we shall continue the measures taken to improve gross margins to a reasonable level and to simplify the Company's operations. These measures will lay a solid foundation for Giordano's future growth.

Tiger Enterprises Limited, a joint venture 20 percent-owned by the Company for the purpose of marketing the Giordano brand in China, reported a loss of HK\$68.9 million for the year. Accordingly, our share of the loss was HK\$13.8 million. The Company believes that Tiger Enterprises has successfully tested the China market through six directly operated shops and fifteen franchised shops operating at the end of the year. Tiger is now well positioned to benefit from the tremendous opportunities in the world's largest consumer market.

The retailing division will continue to diversify geographically into other countries in the Asian region using proven strategies of providing the best service and quality to customers, responding to consumer needs in the quickest possible way and maintaining streamlined operations. The retailing division, through joint ventures and other forms of co-operation, will establish a network of Giordano shops throughout Asia.

The manufacturing division has succeeded in several breakthroughs in the implementation of a fast manufacturing process - Just-in-Time Replenishment. The division is now using this remarkable system to establish a marketing niche in Asia. Acquisition of a sizeable plot of land in Dongguan in 1993 will allow the division to significantly increase its production capacity as and when needed.

Our suppliers have supported us with understanding, fairness and excellent service during the year. It is our belief that the Company and its suppliers must form a special relationship, that of long-term partnership and strategic alliance.

The people of Giordano relentlessly search for better ways to create value for their customers. It is their devotion and diligence, and their innovative application of knowledge and technologies that ensure Giordano's success. The directors and I are extremely thankful to and proud of these extraordinary men and women.

LAU KWOK KUEN, PETER

29th March, 1994