
Chairman's Statement

The Group achieved a healthy turnover increase of 22.7% to HK\$2,863.7 million in the financial year ended 31st December, 1994 (1993 : HK\$2,334.1 million). Substantial growth was registered in new markets where the Group had begun its intensive regionalization programs as outlined in previous annual reports. We believe that our market shares will rapidly grow as we continue to adjust to local customer preferences.

Profit attributable to shareholders amounted to HK\$195.3 million, a 41.9% increase from HK\$137.6 million reported last year. The Group aims to maintain a steady profit growth by further development of new markets and continued efficiency improvements in its more mature markets.

The Board has recommended a final dividend of 7.5 cents per share (1993 : 6.5 cents), making a total dividend of 11.0 cents per share (1993 : 9.0 cents) for 1994. Total dividend per share increased by 22.2% when compared with 1993. Sufficient funds have been retained out of its 1994 profit to allow the Group to exploit new investment opportunities.

On 1st August, 1994, the Group exercised its option to acquire an additional 31% interest in Tiger Enterprises Limited, a joint venture formed in 1992 for the purpose of marketing the Giordano brand in China. The acquisition has increased the Group's interest in Tiger Enterprises Limited to 51%. Tiger Enterprises Limited reported a profit of HK\$22 million in 1994 against a loss of HK\$69 million in 1993. Total outlets operating in this market as at 31st December of 1994 and 1993 were 40 and 21 respectively. We remain confident in the long term prospects of China's consumer market brought about by its Government's responsible economic reform program. Giordano is determined to be a significant player in this exciting economy.

The market place is dynamic and can never be predicted with certainty. The Group's management and staff firmly believe that only a robust and resilient company can promptly react to the everchanging environment. The Group will continuously adapt itself to satisfy its markets' specific needs in the Asia-Pacific region.

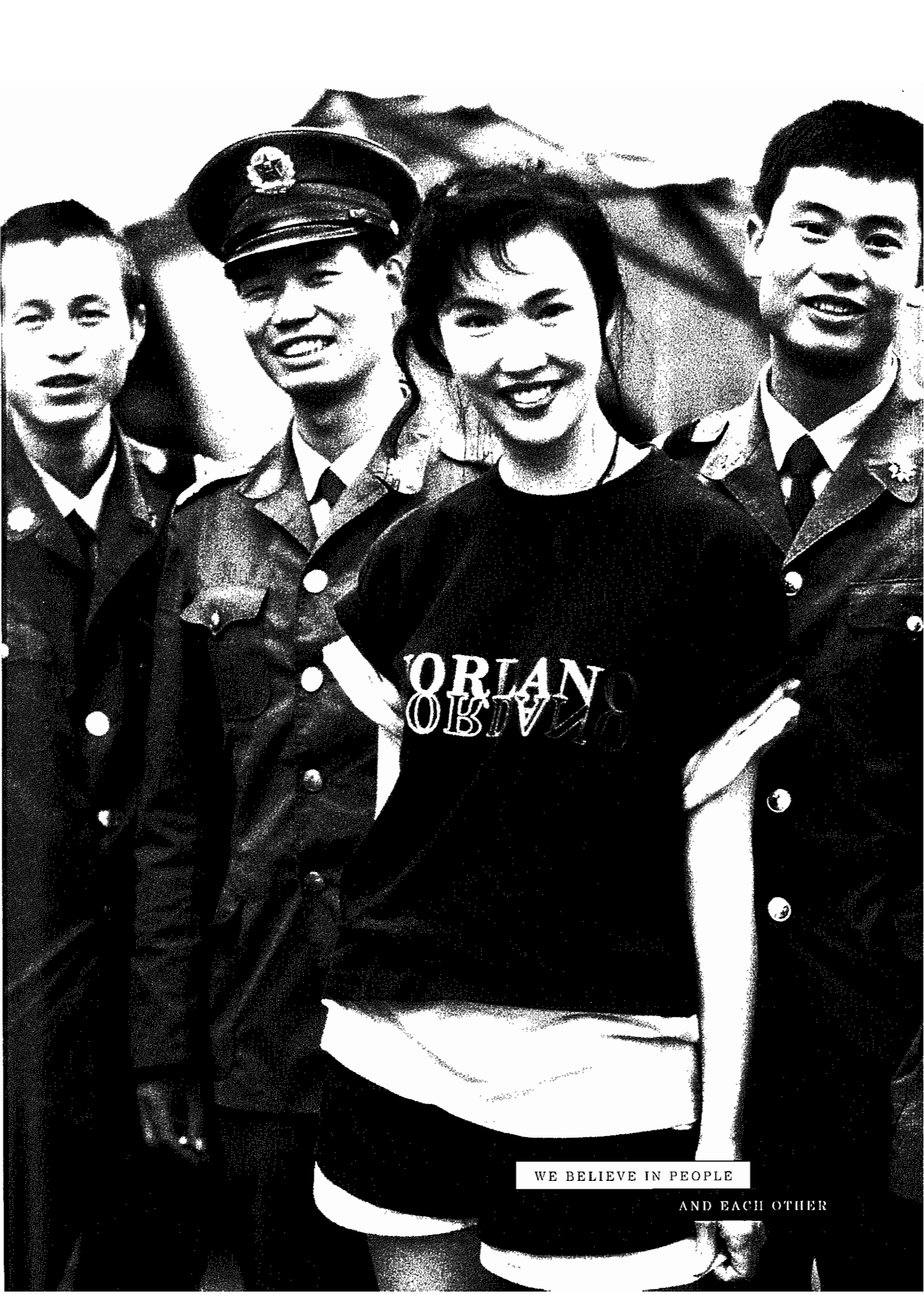
We are also convinced that only a company with a simple organizational structure, in which all members are motivated to deliver to their customers quality products in the most efficient way and in a friendly manner, can effectively compete in the market place. Giordano is committed to becoming such a company. The Directors and I give the Group's staff full credit for working so hard towards achieving this goal.

Let us not forget our suppliers who are also our strategic alliance partners. The Group is thankful to all of them who have continued to support us in providing value-for-money products to the markets. The Group will further strengthen this special relationship with these invaluable partners in the coming years.

LAU KWOK KUEN, PETER

Chairman

15th February, 1995



VICTORIAN
OBTAIN

WE BELIEVE IN PEOPLE

AND EACH OTHER