

致列位股東：

在過去二十個月，亞洲見證一個不可預計之情況及反覆無常之經營環境，不僅喚醒全球重視建立穩健的公司基礎，亦突出善於應變之領導及危機管理對業務之重要性。

於一九九八年會計年度，本集團藉著持有充裕之現金狀況及降低存貨風險，以確保本公司免受區內之不穩定環境所影響為目標。本集團達到此目標，並能在本集團之各主要市場獲利。

本集團之現金結餘由一九九七年會計年度結算時之192,200,000港元增至一九九八年會計年度結算時之339,800,000港元。本集團之存貨量則由一九九七年會計年度結算時之399,600,000港元下降至一九九八年會計年度結算時之311,200,000港元，而作為「產品效率」之重要指標之存貨可供銷售日數則由一九九七年會計年度之48天下降至一九九八年會計年度之44天。

吾等對全體員工努力不懈，在前所未見之困難經營環境下取得一九九八年之成績，引以為榮。集團員工除成功達到以審慎態度管理現金及存貨之目標外，亦能有效地逐步改善整體邊際毛利。一九九八年度之股東應佔溢利為76,100,000港元，一九九七年度則為68,000,000港元。詳情謹請參閱本年報內管理層之論述及分析一節。

配合本集團一貫之股息政策，董事會議決建議一九九八年度之末期股息每股3.5仙。

本集團相信未來增長之關鍵有賴多年來建立之基礎和優勢，從提升品牌形象之細節著手，向客戶宣揚本集團之訊息，以及令佐丹奴品牌之物有所值、優良質素、簡單輕便之風格及出色之服務，在所有市場均被確認。管理層向客戶承諾，為他們提供一個舒適方便及親切之環境，並在適當時間以相宜之價格購買合適之貨品。

本集團於未來幾年將耗費相當資金重新粉飾各門市。基於本集團之資金充裕，故毋須就此向外籌集。此外，本集團亦會留意每個可

Dear Shareholders,

The unpredictable events and volatile environment Asia has witnessed in the past 20 months have not only reminded the world the importance of sound fundamentals, but have also highlighted the increasing importance of contingency leadership and crisis management in business.

In fiscal 1998, our goal was to ensure that your Company would be well-sheltered from the instability experienced in the region by keeping the Company in a strong cash position and by reducing its inventory risk. We attained that goal and managed to be profitable in all our major markets.

Our cash balance went from HK\$192.2 million at the end of fiscal 1997 to HK\$339.8 million at the end of fiscal 1998. Our inventory balance was reduced from HK\$399.6 million at the end of fiscal 1997 to HK\$311.2 million at the end of fiscal 1998, and our inventory turnover days on sales, an important measure of "product efficiency", improved from 48 days throughout fiscal 1997 to 44 days throughout fiscal 1998.

We take pride in our staff's unrelenting effort in achieving what we have accomplished in 1998 against the backdrop of unprecedented negative operating conditions. Not only were they successful in meeting prudent cash and inventory management targets, they were also effective in gradually improving overall gross margins. Profit attributable to shareholders was HK\$76.1 million in 1998, compared with HK\$68.0 million in 1997. I refer you to the Management's Discussion and Analysis Section of this Annual Report for details.

To be consistent with our past dividend policy, the directors have resolved to recommend a final dividend of 3.5 cents per share for 1998.

We believe that the key to future growth is in building on the foundation and momentum we have fostered over the years, enhancing brand image by improving in the details that will amplify our message to the customers, and making the Giordano brand instantly recognized in all its markets for value, quality, easy styles and outstanding service. Your management team is committed to providing our customers with the right merchandise at the right time at the right price in a convenient and friendly shopping environment.

Significant expenditure will be invested in the next couple of years on shop refurbishment. Our strong cash position will allow us to do it without any external financing. In addition, we are also vigilant

