

Sender: Groupe Les Ailes de la Mode Inc.
(formerly “Les Boutiques San Francisco Incorporées”)

TSX Symbol: SF.A, SF.B

LES BOUTIQUES SAN FRANCISCO INCORPORÉES AMEND ITS ARTICLES OF INCORPORATION AND COMPLETE ITS REORGANIZATION THROUGH THE CLOSING OF TWO PRIVATE PLACEMENTS TOTALLING \$19,040,000

LONGUEUIL, QUÉBEC, August 2, 2004 – Les Boutiques San Francisco Incorporées (the Corporation) announces that it filed articles of reorganization today with Industry Canada under section 191 of the *Canada Business Corporations Act*, in accordance with Superior Court order No. 500-11-022070-037 rendered on July 9, 2004.

The filing of the articles of reorganization amends the articles of incorporation of the Corporation, including in the following manner: (i) the name of the Corporation is changed to “Groupe Les Ailes de la Mode Inc.”, (ii) all issued and outstanding Class A Multiple Voting Shares are converted into Class B Subordinate Voting Shares, (iii) 9,165,705 Class B Subordinate Voting Shares of the 12,226,205 issued and outstanding Class B Subordinate Voting Shares are cancelled pro rata to the shareholders listed in the shareholder register of the Corporation and, (iv) the Class B Subordinate Voting Shares are transformed into common shares. All the amendments made to the articles of incorporation henceforth authorize the Corporation to issue an unlimited number of common shares and preferred shares.

Following the change of the name of the Corporation to “Groupe Les Ailes de la Mode Inc.”, the Toronto Stock Exchange has conditionally granted the Corporation, to replace the symbol “SF” by the symbol “MOD” for the common shares to be traded on the Toronto Stock Exchange.

The Corporation also announces that it has completed its reorganization today through the closing of two private placements totalling \$19,040,000. The first placement includes the issue of 11,460,000 units to a group of investors at a price of \$1.50 per unit, for total consideration of \$17,190,000, each of which such unit consists of one common share in the capital stock of the Corporation, one warrant for common shares in the capital stock of the Corporation at an exercise price of \$0.60 the first year and \$0.70 the second year and an unsecured subordinated debenture with a par value of \$1.00 convertible into common shares of the Corporation at a price of \$0.50 per share, bearing interest at a rate of 12% per annum and maturing on August 4, 2008.

The second placement includes the issue of guaranteed debentures for a total par value of \$1,850,000 expiring on August 4, 2008, bearing interest at the base rate of 14% per annum with additional interest equal to the increase in value, between the date of issue and the redemption date of the debentures, of a block of 1,228,128 common shares of the Corporation, namely a block of common shares equal to 2% of the outstanding common shares, on a fully diluted basis, as at August 2, 2004.

Finally, the Corporation announces that, in accordance with the terms of its Re-Amended Plan of Arrangement, it has issued in the name of CDS & Co a \$6,147,000 unsecured debenture convertible into common shares of the Corporation at a price of \$0.50 per share, bearing interest at a rate of 12% per annum and maturing on August 4, 2008. This debenture will be delivered to CDS & Co., as registered holder, upon surrender for cancellation of the certificate evidencing the \$14,992,000 8% unsecured subordinated debenture due in 2008.

By the closing of these two placements and the issuance of the \$6,147,000 debenture, the Corporation has completed its reorganization process begun on December 17, 2003 when was presented, before the Superior Court, a motion respecting its reorganization and continued, on January 15, 2004, by the filing of a transaction and arrangement plan. The transaction and arrangement plan and its amendments, the orders rendered by the Court under the *Companies' Creditors Arrangement Act* and the management reports of RSM Richter Inc., the controller designated by the Court, may be examined on the following web site: www.rsmrichter.com. Additional information on the Corporation, including the annual and quarterly financial statements, is available on SEDAR at: www.sedar.com.

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