

Management Discussion and Analysis

Business review

The group's turnover for the year ended 31 March 2001 increased slightly from HK\$1,725,125,000 for last year to HK\$1,738,613,000. Profit attributable to shareholders surged by 20% to HK\$141,720,000 from last year's HK\$118,469,000. Sale of garments was the major contributor to the group's turnover and profit from operations. Total sales of garments for the year ended 31 March 2001 amounted to HK\$1,660,054,000, representing a marginal increase from last year's HK\$1,643,347,000. Total contribution to profit from such operations increased by 6% from last year's HK\$173,461,000 to HK\$183,930,000.

Hong Kong retail market was very encouraging in the first half of the year 2000/2001. However, the momentum had slowed down during the second half.

Turnover and profit growths of Taiwan market were adversely affected by the weak economic environment and a devaluation of New Taiwan dollars against US dollars.

Liquidity position

The group continues to maintain a prudent approach in managing its financial requirements. During the year, a special dividend of HK\$1.50 per share totaling HK\$234,618,000 was paid as there was no immediate plan to use the large cash position. Hence, the group's cash holding net of overdrafts and short-term loans as at 31 March 2001 amounted to HK\$183,306,000, representing a decrease of HK\$134,475,000 from that of 31 March 2000. The group's total net assets as at 31 March 2001 was HK\$507,058,000 as compared with HK\$664,127,000 as at 31 March 2000.

The group's gearing ratio at the year end was 0.27 which was calculated based on total borrowings of HK\$136,006,000 and shareholders' funds of HK\$507,058,000.

Exchange rate risk

The group's income and expenditure streams are mainly denominated in Hong Kong Dollars, New Taiwan Dollars and Renminbi. To manage currency risks, non Hong Kong Dollars assets are financed primarily by matching local currency debts as far as possible.

Employees

As at 31 March 2001, the group's total number of employees was about 4,000. In addition to receiving salary and bonus, employees are entitled to other benefits, including medical subsidies and retirement contributions. Share options are made available to certain directors and employees of the company and its subsidiaries.



YGM Clothing Limited owns a factory in Dongguan City, China. It has 1,500 employees producing world famous fashion products include suits, coats, jackets, dressed pants, slacks, skirts, dresses and uniforms.

