

The directors present their annual report and the audited financial statements for the year ended 31st August, 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries and jointly controlled entities are set out in notes 14 and 15 to the financial statements, respectively.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st August, 2001 are set out in the consolidated income statement on page 34 and in the accompanying notes to the financial statements.

The directors recommend the payment of a final dividend of HK5.5 cents per share payable to shareholders whose names appear on the register of members on 25th January, 2002 which, together with the interim dividend of HK4.5 cents per share paid during the year, makes a total dividend for the year of HK10.0 cents per share.

SHARE CAPITAL

Details of the Company's share capital are set out in note 22 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in note 24 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 6 and 7, respectively.

董事提呈截至二零零一年八月三十一日止年度之年報及經審核財務報表。

主要業務

本公司乃一間投資控股公司。其主要附屬公司及共同控制機構之主要業務分別載列於財務報表附註14及15內。

業績及備撥

截至二零零一年八月三十一日止年度之本集團業績及本公司備撥詳情載列於第34頁之綜合收益賬及其有關之財務報表附註內。

董事建議派發末期股息每股5.5港仙予在二零零二年一月二十五日已登記在股東名冊內之股東。連同中期股息每股4.5港仙，全年股息共為每股10.0港仙。

股本

本公司之股本詳情載列於財務報表附註22內。

儲備

本年度本集團及本公司之儲備變動詳情載列於財務報表附註24內。

財務報告概要

本集團過往五個財政年度之業績與資產及負債概要分別載列於第6及7頁內。

INVESTMENT PROPERTIES

The Group's investment properties were revalued at 31st August, 2001 and the resulting deficit of approximately HK\$13,619,000 has been charged to the consolidated income statement.

Details of this and other movements in the investment properties of the Group during the year are set out in note 12 to the financial statements. Particulars of the Group's investment properties are set out on page 20.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred expenditure of approximately HK\$150,624,000 and HK\$43,052,000 on additions to plant and machinery and construction in progress, respectively, to expand and upgrade the Group's manufacturing facilities.

Details of these and other movements in the property, plant and equipment of the Group and of the Company during the year are set out in note 13 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Ha Chung Fong (*Chairman*)
Mr. Lau Hong Yon
Ms. Liou Wen Hwa, Cecilia
Mr. Pow Man Kue

投資物業

本集團之投資物業在二零零一年八月三十一日重估，約13,619,000港元之重估虧損已在綜合收益賬內扣除。

本年度本集團之投資物業連上述及其他轉變情況載列於財務報表附註12內。本集團之投資物業詳情載列於第20頁。

物業、機器及設備

本年度本集團為擴大及增強本集團生產設備而增加之廠房機器及興建中物業金額分別約為150,624,000港元及43,052,000港元。

本年度本集團及本公司之物業、機器及設備連上述及其他轉變情況載列於財務報表附註13內。

董事及董事服務合約

於本年度及截至本年報日，本公司董事名單如下：

執行董事：

夏松芳先生 (主席)
柳康遠先生
劉文華小姐
鮑文巨先生

Non-executive directors:

Mr. Ha Hon Kuen
Ms. Yeh Yi Hao, Yvette
Mr. Fung Yiu Fai, Peter (resigned on 16th September, 2000)
Mr. Allen Chu (resigned on 18th June, 2001)
Ms. Mi Man See, Lisa (appointed on 3rd July, 2001)
(alternate to Ms. Yeh Yi Hao, Yvette)
Mr. Lam Din Kan (resigned on 3rd July, 2001)
(alternate to Ms. Yeh Yi Hao, Yvette)

Independent non-executive directors:

Mr. Ng Kwok Tung
Mr. Wong Kwong Chi

In accordance with Article 102 of the Company's Articles of Association, Mr. Ha Chung Fong, Mr. Ha Hon Kuen and Mr. Ng Kwok Tung retire and, being eligible, offer themselves for re-election.

Two of the retiring directors, Messrs. Ha Hon Kuen and Ng Kwok Tung, have entered into separate service contracts with the Company for a term of one year commencing 17th May, 1996 and 16th November, 1996, respectively. During the year, the terms of both contracts, which were previously extended to 31st August, 2001, were further extended to 31st August, 2002.

A non-executive director, Ms. Yeh Yi Hao, Yvette, has entered into service contract with the Company for a term of eighteen months commencing 1st March, 2000. During the year, the term of her contract was further extended to 31st August, 2002. Another independent non-executive director, Mr. Wong Kwong Chi, has entered into service contract with the Company for a term of one year commencing 16th August, 1998. During the year, the term of his contract, which was previously extended to 31st August, 2001, was further extended to 31st August, 2002.

非執行董事：

夏漢權先生
葉儀皓女士
馮耀輝先生 (於二零零零年九月十六日離任)
朱賀軍先生 (於二零零一年六月十八日離任)
米聞斯小姐 (於二零零一年七月三日獲委任)
(為葉儀皓女士之替代董事)
林典勤先生 (於二零零一年七月三日離任)
(為葉儀皓女士之替代董事)

獨立非執行董事：

伍國棟先生
王幹芝先生

依據本公司組織章程第102條，夏松芳先生、夏漢權先生及伍國棟先生告退，惟願膺選連任。

在需要告退之其中兩位董事夏漢權先生及伍國棟先生已分別與本公司簽訂服務合約，合約分別由一九九六年五月十七日及一九九六年十一月十六日開始，為期一年。本年度該等合約已續期至二零零一年八月三十一日，後再續期至二零零二年八月三十一日。

一位非執行董事葉儀皓女士已與本公司簽訂服務合約，合約由二零零零年三月一日開始，為期十八個月。於本年度，該合約已續期至二零零二年八月三十一日。另一位獨立非執行董事王幹芝先生已與本公司簽訂服務合約，合約由一九九八年八月十六日開始，為期一年。本年度該合約已續期至二零零一年八月三十一日，後再續期至二零零二年八月三十一日。

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting and none of the non-executive directors has a service contract with any of the companies in the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

除上述外，所有需於即將舉行之股東週年大會上重選之董事及所有非執行董事與本集團任何公司並無訂立任何於一年內非由本集團決定終止而無須支付賠償（一般法定責任除外）之服務合約。

DIRECTORS' INTERESTS IN SECURITIES

At 31st August, 2001, according to the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), the interests of the directors and their associates in the securities in the Company and a subsidiary were as follows:

董事之證券權益

於二零零一年八月三十一日，根據證券（公開權益）條例第29條須予設置之名冊所記錄，各董事及其聯繫人實益擁有本公司及一間附屬公司之證券權益如下：

(A) Interests in securities in the Company

(A) 本公司之證券權益

Name of director 董事名稱	Personal interests 個人權益	Number of shares held as 股份數目			Number of share options held as personal interests 個人權益之優先認股權數目	
		Corporate interests 企業權益	Other interests 其他權益	Other interests 其他權益	At subscription price of HK\$0.62 per share (note 3) 以每股0.62港元之 認購價 (附註3)	At subscription price of HK\$0.72 per share (note 4) 以每股0.72港元之 認購價 (附註4)
Mr. Ha Chung Fong 夏松芳先生	-	3,540,000 (note 1) (附註1)	308,276,044 (note 2) (附註2)	-	-	
Mr. Lau Hong Yon 柳康遠先生	280,000	-	-	-	280,000	
Ms. Liou Wen Hwa, Cecilia 劉文華小姐	-	-	-	280,000	280,000	
Mr. Pow Man Kue 鮑文巨先生	280,000	-	-	-	280,000	
Ms. Yeh Yi Hao, Yvette 葉儀皓女士	70,000	-	-	-	-	

Notes:

1. These shares were beneficially owned by Yee Chang Company Limited ("YCC") which is controlled by Mr. Ha Chung Fong.
2. These shares were beneficially owned by Super Brilliance Company Limited, a company wholly-owned by Centre Trustee (C.I.) Limited as trustee of the Ha Trust, a trust established by Mr. Ha Chung Fong for the benefit of his family.
3. The share options were granted under the share option scheme of the Company adopted on 2nd March, 1999 and entitle the holders thereof to subscribe for the Company's shares of HK\$0.20 each at a subscription price of HK\$0.62 per share at any time during a period of not exceeding six months commencing on the expiry of one year after the date on which the option is accepted and expiring on the last day of such period.
4. The share options were granted during the year under the share option scheme of the Company adopted on 2nd March, 1999 and entitle the holders thereof to subscribe for the Company's shares of HK\$0.20 each at a subscription price of HK\$0.72 per share at any time during a period of not exceeding six months commencing on the expiry of one year after the date on which the option is accepted and expiring on the last day of such period.

(B) Interests in shares in K.L.W. Limited ("KLW"), a subsidiary of the Company

Name of director

董事名稱

Ms. Liou Wen Hwa, Cecilia

劉文華小姐

Note: These shares were beneficially owned by Belgrave Court Investment Limited and Kenpark Investment Limited, both of which are controlled by Ms. Liou Wen Hwa, Cecilia.

Save as disclosed above and other than certain nominee shares in certain subsidiaries held in trust for the Group by a director, at 31st August, 2001, none of the directors of the Company, nor their associates, had any interests in any securities of the Company or any of the Company's associated corporations as defined in the SDI Ordinance.

附註：

1. 該等股份由義翔有限公司（「義翔」）實益擁有，義翔乃由夏松芳先生所控制。
2. 該等股份由Super Brilliance Company Limited實益擁有，Super Brilliance Company Limited為一間由Centre Trustee (C.I.) Limited作為Ha Trust之受託人全資擁有之公司。Ha Trust為一項由夏松芳先生為其家族利益而成立之信託。
3. 優先認股權乃根據本公司於一九九九年三月二日採納之優先認股計劃授出，持有者可於接納日之一年後之六個月內以每股0.62港元之認購價認購每股面值0.2港元之本公司股份。
4. 優先認股權乃根據本公司於一九九九年三月二日採納之優先認股計劃於本年度授出，持有者可於接納日之一年後之六個月內以每股0.72港元之認購價認購每股面值0.2港元之本公司股份。

(B) 本公司附屬公司金漣威（香港）有限公司（「金漣威」）之股份權益

Number of shares held

as corporate interests

企業權益之股份數目

8,571,429 (*note*)

(*附註*)

附註： 該等股份由Belgrave Court Investment Limited及Kenpark Investment Limited實益擁有，該等公司乃由劉文華小姐所控制。

除上述股份權益及一位董事以本集團代理人身份持有一些本集團附屬公司股份之外，本公司董事及其聯繫人於二零零一年八月三十一日並無擁有本公司或本公司任何聯營公司（定義見證券（公開權益）條例）之任何證券權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

The Company adopted a share option scheme on 2nd March, 1999. Under the Company's share option scheme, certain directors of the Company have personal interests in share options which have been granted to them to subscribe for shares in the Company. The movements during the year in the share options granted to these directors were as follows:

Name of director	Option period	Subscription price	Outstanding at 1.9.2000	Number of share options		
				Granted during the year	Exercised during the year	Outstanding at 31.8.2001
董事名稱	認購期限	認購價	於二零零零年九月一日結餘	本年度授出	本年度行使	於二零零一年八月三十一日結餘
Mr. Lau Hong Yon	8.6.2001 - 7.12.2001	0.62	280,000	-	(280,000)	-
柳康遠先生	31.8.2002 - 28.2.2003	0.72	-	280,000	-	280,000
Ms. Liou Wen Hwa,	28.6.2001 - 27.12.2001	0.62	280,000	-	-	280,000
Cecilia	30.8.2002 - 28.2.2003	0.72	-	280,000	-	280,000
劉文華小姐						
Mr. Pow Man Kue	9.6.2001 - 8.12.2001	0.62	280,000	-	(280,000)	-
鮑文巨先生	30.8.2002 - 28.2.2003	0.72	-	280,000	-	280,000

Details of the share option scheme of the Company and movements in share options during the year are set out in note 23 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debt securities, including debentures, of the Company or any other body corporate, and none of the directors nor any of their spouses or children under the age of 18 had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

董事收購股份或債券之權利

本公司於一九九九年三月二日採納一項優先認股計劃。根據本公司之優先認股計劃，部份本公司董事以個人權益獲授優先認股權以認購本公司股份。本年度董事獲授優先認股權之轉變情況如下：

本公司之優先認股計劃詳情及本年度優先認股權之轉變情況載列於財務報表附註23內。

除上述外，本公司或其任何附屬公司在本年度內任何時間均無訂立任何協議，使本公司董事藉購買本公司或任何其他公司之股份或債券而獲益，本年度各董事或其任何配偶及其子女（年齡少於十八歲）並無授權可認購本公司證券或並無行使該權利。

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

On 2nd November, 1999, K LW entered into a tenancy agreement (the "YCC Agreement") with YCC for the grant of a tenancy by YCC to K LW for a term of two years commencing 15th October, 1999 at a monthly rent of HK\$83,000 exclusive of rates and management fee. Rentals totalling HK\$996,000 were paid by the Group to YCC pursuant to the YCC Agreement during the year. On 22nd October, 2001, the YCC Agreement was renewed for a term of another two years commencing 15th October, 2001 at a monthly rent of HK\$74,000 exclusive of rates and management fee.

During the year, K LW, of which Ms. Liou Wen Hwa, Cecilia is a director and in which she has a beneficial interest as described above, purchased dyed fabrics and sewing threads totalling approximately HK\$67,527,000 from certain subsidiaries of the Company.

The terms of the above transactions were considered by the Board of Directors of the Company (including the independent non-executive directors) as fair and reasonable and the above transactions had been entered into on normal commercial terms.

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事擁有之重要合約權益及關連交易

於一九九九年十一月二日，金漣威與義翔訂立一項租約協議（「該協議」），由義翔以月租83,000港元（不包括差餉及管理費）將一物業出租予金漣威，租約由一九九九年十月十五日開始，為期兩年。本年度本集團根據該協議而支付予義翔之租金為996,000港元。於二零零一年十月二十二日該協議已由二零零一年十月十五日起續期兩年，月租為74,000港元（不包括差餉及管理費）。

本年度金漣威向本公司部份附屬公司購買成品布及縫紉線共67,527,000港元。劉文華小姐為金漣威之董事及擁有如上述之權益。

本公司董事會（包括獨立非執行董事）認為以上之交易屬公平、合理及按正常商業條款進行。

除上述外，於本年度結算日或在本年度內任何時間，本公司或其任何附屬公司並無其他根據香港聯合交易所有限公司證券上市規則（「上市規則」）須予披露之關連交易，亦無訂立任何與本公司董事有直接或間接重大利益之重要合約。

DISCLOSURE PURSUANT TO PRACTICE NOTE NO.19 TO THE LISTING RULES

At 31st August, 2001, the Company has entered into three loan agreements which require Mr. Ha Chung Fong to comply with certain specific performance. Details of the loan agreements are as follows:

Date of loan agreement	Total loan facility amount	Outstanding loan amount at 31.8.2001 於二零零一年八月三十一日 借款結餘金額	Month of final repayment 最後還款月份	Specific performance required (notes) 被要求之特殊責任 (附註)
借款合約日期	總借款金額 HK\$ 港元	借款結餘金額 HK\$ 港元		
25th February, 2000 二零零零年二月二十五日	480,000,000	384,000,000	April 2005 二零零五年四月	(i), (ii), (iii) and (iv)* (i), (ii), (iii) 及 (iv)*
4th May, 2001 二零零一年五月四日	300,000,000	300,000,000	June 2006 二零零六年六月	(i)* and (ii)* (i)* 及 (ii)*
9th July, 2001 二零零一年七月九日	100,000,000	100,000,000	August 2006 二零零六年八月	(i)* and (ii)* (i)* 及 (ii)*
	<u>880,000,000</u>	<u>784,000,000</u>		

Notes:

- (i) to own beneficially or control at least 35% of the issued share capital of the Company.
- (ii) to own beneficially or control the largest single block of shares in the issued share capital of the Company.
- (iii) to remain as the Company's director and be actively involved in the management of the Company.
- (iv) save for existing encumbrances and subject to certain other exceptions, not to permit any encumbrances to subsist, arise or be credited or extended over 5% or more of the issued share capital of the Company.

* This specific performance has been subsequently waived by the relevant bank after 31st August, 2001.

根據上市規則第19項應用指引 須予披露之事宜

於二零零一年八月三十一日，本公司曾簽署三份借款合同，當中要求夏松芳先生遵守一些特殊責任。借款合同詳情如下：

Month of final repayment 最後還款月份	Specific performance required (notes) 被要求之特殊責任 (附註)
April 2005 二零零五年四月	(i), (ii), (iii) and (iv)* (i), (ii), (iii) 及 (iv)*
June 2006 二零零六年六月	(i)* and (ii)* (i)* 及 (ii)*
August 2006 二零零六年八月	(i)* and (ii)* (i)* 及 (ii)*

附註：

- (i) 實益擁有或控制本公司已發行股本不少於35%。
- (ii) 實益擁有或控制本公司已發行股本中之最大數目之一批股份。
- (iii) 繼續擔任本公司董事職位及積極參與本公司管理事宜。
- (iv) 除現時已抵押或其他特許情況外，不准再抵押超過5%或以上本公司已發行股本。

* 有關銀行已於二零零一年八月三十一日之後取消此項特殊責任之要求。

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of a director and his associates, the register required to be maintained under Section 16(1) of the SDI Ordinance shows that no other shareholders were interested in 10% or more of the issued share capital of the Company at 31st August, 2001.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased certain of its own shares through The Stock Exchange of Hong Kong Limited, details of which are set out in note 22 to the financial statements. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company. Save as disclosed in note 22 to the financial statements, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's five largest customers was less than 30% of the total turnover for the year. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the total purchases for the year.

DONATIONS

During the year, the Group made charitable and other donations totalling approximately HK\$84,000.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st August, 2001 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

主要股東

於二零零一年八月三十一日，根據證券（公開權益）條例第16(1)條須予設置之名冊所記錄，除上述董事及其聯繫人之權益外，並無其他股東實益擁有百分之十或以上本公司已發行股本。

購回、出售及贖回本公司之上市證券

本年度本公司經香港聯合交易所有限公司購回部份本身之股份，詳情載列於財務報表附註22內。董事認為由於本公司股份之成交價較每股資產淨值有所折讓，故購回股份可增加本公司之每股資產淨值。除已披露於財務報表附註22外，本年度本公司及其任何附屬公司並無購回、出售或贖回本公司之上市證券。

主要客戶及供應商

本年度本集團前五大客戶共佔本集團之營業總額少於百分之三十。而本年度本集團前五大供應商共佔本集團之採購總額少於百分之三十。

捐款

本年度本集團作出之慈善及其他捐款共約84,000港元。

公司管治

於截至二零零一年八月三十一日止年度內，本公司一直遵守上市規則附錄14「最佳應用守則」之各項規則。

董事會報告**AUDITORS**

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

HA Chung Fong

Director

Hong Kong

14th December, 2001

核數師

本公司將於即將舉行之股東週年大會上提呈決議案，續聘德勤•關黃陳方會計師行為本公司之核數師。

代董事會

董事

夏松芳

香港

二零零一年十二月十四日