

管理層討論及分析

Management Discussion and Analysis

業務

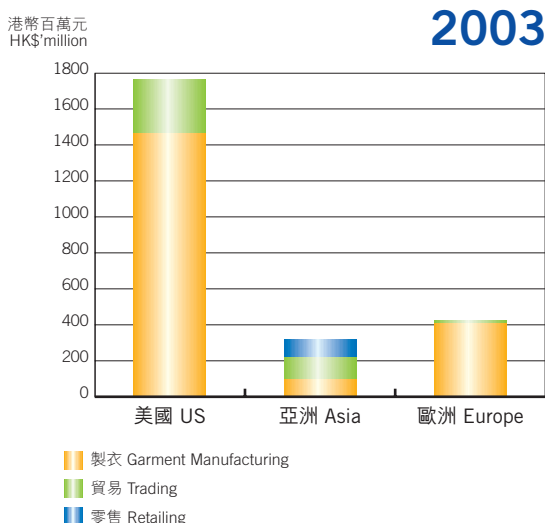
本集團從事以顧客品牌製造廣泛系列的時裝，包括套裝、外衣、大衣、外套及運動服。本集團並於香港、中華人民共和國（「中國」）及其他亞洲國家從事多種品牌男裝輕便運動服及女裝時裝的零售及貿易。本集團大部份產品均依照顧客提供之設計、布料及配件製造。

於二零零三年，本集團位於香港、中國、菲律賓、澳門及台灣等14個廠房共生產約15,800,000件成衣（二零零二年：13,900,000件）。本集團約有18,000名（二零零二年：18,000名）員工，除基本工資外，各員工還享有一連串額外福利。

經營業績及財務狀況

本集團的營業額由二零零二年之港幣2,348,600,000元微升至二零零三年之港幣2,513,900,000元，上升7%。總營業額內之港幣1,970,500,000元（二零零二年：港幣1,717,200,000元）乃來自製衣業務，其餘則來自貿易及零售業務。本集團出口美國及歐洲的銷售額分別錄得增長12%及9%。亞洲的銷售額則下跌14%，主要由於日本市場銷售額下降所致。美國仍然是本集團最主要出口市場，佔本集團營業總額70%（二零零二年：67%）。

本集團二零零三年及二零零二年之營業額按主要業務及市場分析如下：



BUSINESS OPERATIONS

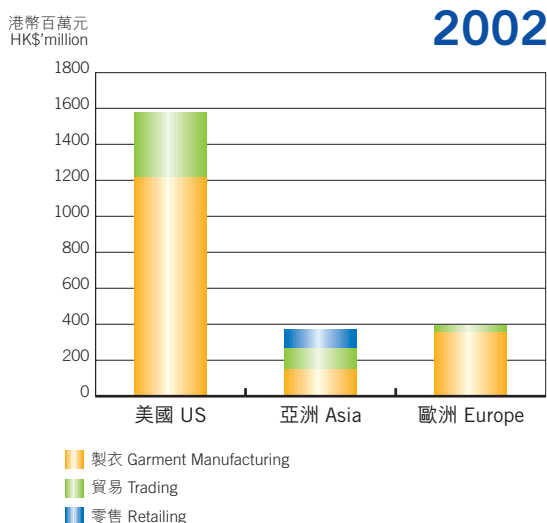
The Group is engaged in the manufacturing of a wide range of fashion including suits, jackets, coats, outerwear and sportswear under customers' brandnames. The Group is also engaged in the retailing and trading of men's casual sportswear and ladies' fashion under various brandnames in Hong Kong, the People's Republic of China (the "PRC") and other Asian countries. Most of the Group's products are manufactured according to the designs, fabrics and accessories provided by the customers.

The Group produced about 15.8 million pieces of garments in 2003 (2002: 13.9 million pieces) from 14 factories located in Hong Kong, the PRC, the Philippines, Macau and Taiwan. The Group has about 18,000 (2002: 18,000) employees who are entitled to a string of benefits in addition to their basic salaries.

OPERATING RESULTS AND FINANCIAL POSITION

The Group's turnover increased slightly from HK\$2,348.6 million in 2002 to HK\$2,513.9 million in 2003, representing an increase of 7%. HK\$1,970.5 million (2002: HK\$1,717.2 million) of the total turnover were derived from the manufacturing operation with the balance came from the trading and retailing operations. Sales to US and Europe recorded a 12% and 9% growth respectively. Sales to Asia were down by 14% mainly due to the decrease in sales to the Japanese market. Geographically, US remained the Group's largest export market, accounting for 70% (2002: 67%) of the total turnover.

The analysis of the Group's 2003 and 2002 turnover by principal activities and markets is as follows:



管理層討論及分析 Management Discussion and Analysis

二零零三年，本集團的毛利為港幣434,800,000元（二零零二年：港幣484,600,000元），下跌10%。邊際毛利亦下降至17.3%（二零零二年：20.6%）。下跌是由於：(i)調整本集團一家中國附屬公司二零零二年之存貨結餘，調整額為港幣14,500,000元，並於二零零三年度入賬（「該存貨調整」）；(ii)在二零零三年本集團的其中一個客戶要求將定價基準由CMT改為FOB；及(iii)價格下調壓力龐大及市場競爭激烈所致。前兩項原因為會計上的調整因素，對二零零二年及二零零三年之邊際毛利帶來負面影響，如撇除此兩項因素，二零零二年及二零零三年之邊際毛利經調整後分別為19.4%及17.1%。

本集團於二零零三年錄得經營虧損港幣64,000,000元（二零零二年：溢利港幣69,200,000元），乃由於劇烈競爭及大幅減價所致。製衣業務在二零零三年經營虧損為港幣72,300,000元（二零零二年：溢利港幣54,200,000元）。貿易方面的經營溢利從二零零二年港幣18,800,000元下跌至二零零三年港幣16,200,000元，主要是貿易額下跌所致。零售業務方面，二零零三年的虧損為港幣7,900,000元（二零零二年：港幣3,700,000元），乃由於非典型肺炎疫症對香港及中國大陸零售市場構成嚴重影響。若該存貨調整重列於二零零二年，本集團二零零三年度經調整後之經營虧損為港幣49,500,000元（二零零二年：溢利港幣54,700,000元）。於二零零三年製衣業務經調整後之經營虧損為港幣57,800,000元（二零零二年：溢利港幣39,700,000元）。

銷售及分銷開支由二零零二年之港幣200,400,000元增加至二零零三年之港幣235,100,000元，該增加是由於年內之銷售量帶動及支付額外配額費用。一般及行政開支由二零零二年之港幣234,600,000元增加至二零零三年之港幣273,800,000元，該增加主要由於在二零零二年撥回退休福利準備合共港幣18,800,000元及因支持業務擴充及發展而投放於改善人力資源上的員工成本增加。

二零零三年，股東應佔虧損為港幣92,300,000元（二零零二年：溢利港幣56,600,000元（重列））。若該存貨調整重列於二零零二年，二零零三年度經調整後之股東應佔虧損為港幣77,800,000元（二零零二年：溢利港幣42,100,000元）。

The gross profit of the Group for 2003 amounted to HK\$434.8 million (2002: HK\$484.6 million), representing a decrease of 10%, and the gross profit margin for the year also decreased to 17.3% (2002: 20.6%). Such decrease was mainly due to:— (i) the adjustment to 2002 inventory balance of one of the Group's PRC subsidiaries of HK\$14.5 million taken up in 2003 (the "Adjustment"); (ii) change of the pricing term from CMT basis to FOB basis by one of the Group's customers in 2003; and (iii) unrelenting pressure on prices and severe market competition. The former two reasons were adjustment factors in accounting resulting in respective negative impacts on the 2002 and 2003 gross profit margins. Accordingly, the gross profit margins for 2002 and 2003 were adjusted to 19.4% and 17.1% respectively.

A loss from the Group's operations of HK\$64 million was recorded in 2003 (2002: profit of HK\$69.2 million). It was mainly attributable to the keen competition and intense price reduction. The operating loss from manufacturing was HK\$72.3 million in 2003 (2002: profit of HK\$54.2 million). Operating profit of the trading business decreased from HK\$18.8 million in 2002 to HK\$16.2 million in 2003 mainly as a result of the decrease in trading turnover. As for the retailing business, it had incurred a loss of HK\$7.9 million in 2003 (2002: HK\$3.7 million) due to the adverse impact caused by the SARS epidemic on the retail market condition in Hong Kong and the PRC. If the Adjustment was aligned with the proper period, the adjusted loss from operations of the Group was HK\$49.5 million in 2003 (2002: profit of HK\$54.7 million). The adjusted operating loss from manufacturing was HK\$57.8 million in 2003 (2002: profit of HK\$39.7 million).

The selling and distribution expenses increased from HK\$200.4 million in 2002 to HK\$235.1 million in 2003. The increase was mainly volume-driven and extra quota expenses were incurred during the year. The general and administrative expenses were increased from HK\$234.6 million in 2002 to HK\$273.8 million in 2003. The increase was mainly due to the written back of provisions for retirement benefits in 2002 amounted to HK\$18.8 million and increase in staff cost in 2003 due to the human resources investment to strengthen the management team to cope with the business expansion and development.

The loss attributable to shareholders was HK\$92.3 million in 2003 (2002: profit of HK\$56.6 million (restated)). If the Adjustment was aligned with the proper period, the adjusted loss attributable to shareholders was HK\$77.8 million in 2003 (2002: profit of HK\$42.1 million).

管理層討論及分析 Management Discussion and Analysis

年內除收購一間附屬公司之少數股東權益及出售另一間附屬公司之40%股權外，本集團並無進行重大收購及出售附屬公司。

營運資金及流動資金

於二零零三年，本集團的營運資金及流動資金狀況繼續維持良好。由於本集團不斷加強賬款追收管理，因此應收賬款週轉期大為改善至25天(二零零二年：39天)。全年存貨週轉期減低至48天(二零零二年：58天)，此乃由於加強存貨管理及控制能力。

流動比率由去年的1.87輕微減低至1.69，而速動比率由去年的1.09減低至0.89，雖然如此，本集團的流動資金狀況仍十分穩健。

資本與債項

本集團並無需要或計劃透過發行股本或債務證券籌集資金。本集團的內部資金及短期銀行融資足以應付於旺季時經營的資金需求。

本集團的短期銀行貸款及透支總額由二零零二年十二月三十一日的港幣8,600,000元增加至二零零三年十二月三十一日的港幣19,400,000元。該等銀行借款屬短期性質，主要用作購買生產所需的布料。於二零零三年十二月三十一日，現金及銀行結餘為港幣60,500,000元(二零零二年：港幣65,300,000元)。

於二零零三年十二月三十一日的負債比率增加至3%(二零零二年：1%)。此比率乃按銀行貸款總額除以本集團的股東權益總額計算。

於本年度，本集團已就其以外幣計值之海外製衣設施之營運資金需求訂立若干遠期合約，以對沖匯率波動之影響。

截至二零零三年十二月三十一日，本集團未動用的銀行融資約為港幣937,000,000元(二零零二年，港幣931,500,000元)。除財務報表所披露者外，本集團於年內並無以其資產作為銀行融資的抵押。

Other than the acquisition of the minority interests in one of its subsidiaries and the disposal of a 40% equity interest in one of its subsidiaries, there were no material acquisitions and disposals of subsidiaries during the period.

WORKING CAPITAL AND LIQUIDITY

In 2003, the Group continued to have good working capital and a healthy liquidity position. Receivable turnover improved significantly to 25 days (2002: 39 days), which was a result of continuous effort on collection of receivables. Inventory turnover decreased to 48 days (2002: 58 days) mainly due to the strengthening of inventory management and control.

Current ratio decreased slightly from last year's 1.87 to 1.69 while quick ratio reduced from last year's 1.09 to 0.89. Although there were slight decreases in both ratios, the Group's liquidity position remained healthy.

CAPITAL AND DEBT STRUCTURE

There was no requirement or plan to raise fund through the issuance of equity or debt securities. The Group was able to finance its peak season activity by internally-generated fund and short-term bank financing.

Total short-term bank loans and overdrafts of the Group increased from HK\$8.6 million as at 31st December 2002 to HK\$19.4 million as at 31st December 2003. Such bank borrowings were short-term in nature and were mainly used to facilitate the settlement of fabric purchases for production. As at 31st December 2003, cash and bank balances amounted to HK\$60.5 million (2002: HK\$65.3 million).

Gearing ratio increased to 3% as at 31st December 2003 (2002: 1%). The ratio had been calculated based on the total bank borrowings to the total shareholders' equity of the Group.

During the year, the Group entered into a number of forward contracts to hedge its foreign currency denominated working capital requirement for overseas manufacturing facilities against the fluctuation of exchange rates.

The Group had unutilised banking facilities of approximately HK\$937.0 million as at 31st December 2003 (2002: HK\$931.5 million). Save as disclosed in the financial statements, the Group did not create any charges on its assets to secure the banking facilities during the year.

管理層討論及分析 Management Discussion and Analysis

重大投資的業績

於二零零三年十二月三十一日，本集團佔聯營公司 Hua Thai Manufacturing Public Company Limited 及其附屬公司（「Hua Thai 集團」）的權益約為港幣 74,600,000 元（二零零二年：港幣 87,200,000 元）。Hua Thai 集團亦主要從事成衣製造，而其主要營業地點設於泰國及越南。本集團應佔 Hua Thai 集團除稅後虧損由二零零二年的港幣 5,600,000 元增加至二零零三年的港幣 13,800,000 元，主要因為年內停止其附屬公司在寮國的經營而作出一次過之支出，以及增加撥備用作清理積壓之存貨。

於二零零三年十二月三十一日，本集團持有其他長期投資約為港幣 1,200,000 元（二零零二年：港幣 1,200,000 元）。本集團亦持有港幣 10,400,000 元的投資物業（二零零二年：港幣 6,400,000 元）。由於上述投資的回報不會對本集團的經營業績構成重大影響，故該等投資不被視為本集團的重大投資。

或然負債

本集團客戶以匯票支付大部份應收賬款。本集團為增加經營流動現金，將其中部份匯票向銀行貼現。於二零零三年十二月三十一日，本集團並無未償還而銀行有追索權的已貼現票據（二零零二年：無）。

在日常業務過程中，本集團可能會接獲由供應商、顧客或其他第三者提出的若干索償／反索償。管理層估計，即使需要對該等或然負債作出承擔，亦不會對本集團的持續經營產生任何重大不利影響。

於二零零三年十二月三十一日，本集團並無需要動用本集團大量現金資源或向外借貸的重大資本承擔。

RESULTS OF SIGNIFICANT INVESTMENTS

The Group's interests in associated companies, Hua Thai Manufacturing Public Company Limited and its subsidiaries (the "Hua Thai Group"), amounted to approximately HK\$74.6 million as at 31st December 2003 (2002: HK\$87.2 million). The principal activity of the Hua Thai Group is also garment manufacturing and its principal places of operation are Thailand and Vietnam. The Group's share of loss after taxation of the Hua Thai Group increased from HK\$5.6 million in 2002 to HK\$13.8 million in 2003. Such increase was mainly due to the inclusion of one-off expenses in relation to the suspension of operation of its subsidiary in Laos and the additional provision for cleaning up leftover inventories.

As at 31st December 2003, the Group had other long-term investments of approximately HK\$1.2 million (2002: HK\$1.2 million). It also held investment properties of HK\$10.4 million (2002: HK\$6.4 million). These investments were not considered as significant investments to the Group as the return on these investments did not have any significant impact to the Group's operating results.

CONTINGENT LIABILITIES

In settlement of most of its accounts receivable, the Group received bills of exchange from customers. Some of the bills of exchange might be discounted to banks in order to finance for the operations. As at 31st December 2003, the Group did not have any outstanding discounted bills with recourse to the banks (2002: Nil).

In the normal course of business, the Group may be subject to certain claims/counter claims from suppliers, customers or other third parties. Management has estimated that these contingent liabilities, even if they materialise, will not have a material adverse effect on the ongoing operations of the Group.

There were no material capital commitments as at 31st December 2003 which would require a substantial use of the Group's present cash resources or external funding.

管理層討論及分析 Management Discussion and Analysis

人力資源

人力資源一向是本集團最重要的資產，員工均獲得公平合理的酬金及其他福利，而表現出色的合資格僱員更會酌情獲發花紅。

未來前景

雖然全球貿易已開始復甦，二零零四年仍然是充滿挑戰，本集團須付出很大的努力及決心以應付此等挑戰。憑着本集團所擁有的專業營銷、生產及供應鏈團隊，生產力將不斷改進，而同時嚴謹地控制經營成本。透過更佳之規劃及監察，管理層具有相當信心能為集團帶來更大活力。

HUMAN RESOURCES

Human resources is always an important asset of the Group. Fair remuneration packages and fringe benefits are offered to competent staff. Discretionary bonus will be granted to eligible employees with outstanding performance.

FUTURE PROSPECTS

Global trade has started to pick up in 2004 though it is still a year full of challenges requiring the Group's great effort and determination. Leveraging on the expertise in the sales team, fulfillment team and supply chain team, the Group will strive to improve productivity and maintain a tight control over operating cost. With better planning and monitoring, management is confident to bring rejuvenation to the Group.