

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

RESULTS OF OPERATIONS

The Group's turnover for the year ended 31st March, 2005 was HK\$1,666 million as compared with HK\$1,493 million for the year ended 31st March, 2004. The Group's profit from ordinary activities after share of profits less losses of associates, income tax and minority interests was HK\$35 million compared with last year's profit of HK\$69 million.

GARMENT BUSINESS

We operate our woven clothing business under the name of YangtzeKiang Garment Mfg. Co., Ltd. and knitted business under the name of Hong Kong Knitters Ltd. Our products include men's and women's shirts, trousers, shorts, polo shirts, T-shirts and fleeces. Our head office in Hong Kong is the sales and management office for the whole Group. In Hong Kong, we concentrate on the role of garment trading as well as all the sales and overall control of our production facilities in China, Sri Lanka and Cambodia. The Hong Kong office also oversees business with many factories that we have agreements with in China, Bangladesh, Myanmar and Vietnam.

Exquisite Knitters (Guangzhou) Ltd. in Panyu, China operates a vertical setup factory from knitting, dyeing and finishing of fabrics to the manufacturing of garments – mainly high quality mercerized knitted polo shirts.

Whampoa Garment Mfg. (Guangzhou) Co., Ltd. also in Panyu, China was set up in November, 2002 mainly for the manufacture of high quality men's and ladies woven shirts to non-quota markets. We have subsequently also added production of knits. In addition to shipping to non-quota markets, we plan to use part of this factory to produce for the U.S. and E.U. markets depending on the quantity of quota allocated after the re-introduction in the middle of 2005.

經營業績

本集團截至二零零五年三月三十一日止年度之營業額為16億6千6百萬港元，比對截至二零零四年三月三十一日止年度之營業額則為14億9千3百萬港元。本集團在計入應佔聯營公司溢利減虧損及扣除所得稅與少數股東權益後之日常業務溢利為3千5百萬港元，比對上年度之有關溢利則為6千9百萬港元。

成衣業務

本集團以長江製衣廠有限公司之名義經營梭織成衣業務，並以香港織造有限公司之名義經營針織業務。本集團產品包括男仕及女仕恤衫、褲、短褲、馬球襯衫、T恤及毛衣。本集團之香港總部負責本集團整體之銷售及管理。本集團在香港專責成衣貿易業務，並全面控制設於中國、斯里蘭卡及柬埔寨之生產廠房。本集團與中國、孟加拉、緬甸及越南的多間廠房訂有合作協議，而香港辦事處亦負責監督該等廠房之業務往來。

位於中國番禺之卓越織造(廣州)有限公司，其經營之廠房負責全套縱向製衣工序，包括編織、漂染及棉布處理以至成衣製造等工序，主要生產優質絲光棉針織馬球襯衫。

位於中國番禺之黃浦江製衣(廣州)有限公司於二零零二年十一月成立，以生產優質男仕及女仕梭織恤衫並出口至無配額限制市場為主，更於其後加入針織成衣之生產。除出口到無配額市場外，我們計劃待歐美國家於二零零五年年中再次實施配額制度後，視乎該公司取得之配額而將部份廠房用於生產美國及歐洲市場所需貨品。

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Bangladesh remains an important area for us in woven shirts production. We have over a dozen factories that we have production agreements with. We have over 30 staff in our Bangladesh office overseeing all production and our products are mainly for the European market. The re-introduction of quota on China in the middle of 2005 has revived the importance of this operation.

Our operations in both Cambodia and Sri Lanka continued to suffer losses. It has always been our main concern that overseas factories are the most difficult to operate when selling prices continue to fall. Manufacturing costs are higher in these two countries than many places such as Bangladesh and India and yet efficiencies are lower. However these factories, which are 100% owned by our Company, manufacture for a top customer list mainly in the U.S.A. and have over the years contributed to our garment sales department in Hong Kong to expand its business with good income.

As stated in the Chairman's Statement, we closed down our factory in Lesotho, Africa in the current year. Lesotho's garment manufacturing could survive mainly because of its quota free and duty free access into the U.S. After 2005, cost and efficiency in Lesotho cannot face up to the competition created by a quota free environment. The drastic appreciation of the South African Rand which is pegged with the current high gold price also makes costing from this country more uncompetitive.

OTHER BUSINESSES

The two spinning and weaving mills we have in Wuxi, China: Wuxi Changxin Textile Co., Ltd. (we own 33%) and Wuxi YGM Textiles Co., Ltd. (we own 70%) remain profitable. However Wuxi Changxin Textile Co., Ltd.'s profits had decreased significantly as compared with last year. This was mainly due to the high cost raw cotton purchased earlier when cotton prices were very high. This situation will improve in the coming year as we have by and large used up this high cost inventory. Wuxi YGM Textiles Co., Ltd.'s profit had increased in the current year because it was operating one full year while last year it only operated for half a year, and we expect further improvement in this investment in the coming year.

孟加拉仍為本集團在梭織恤衫生產方面的一個重要地區，我們在當地設有逾多間已訂立生產協議之廠房。本集團在孟加拉之辦事處聘用逾30名員工，負責監察該等廠房之運作，而產品主要外銷至歐洲市場。於二零零五年年中重新對中國實施配額制度再度突顯出孟加拉業務之重要地位。

於柬埔寨及斯里蘭卡之業務均繼續錄得虧損。銷售價格持續下跌時，海外廠房是難以經營的，此一直為我們最關注之問題。於此兩國之製造成本比其他多個地方(如孟加拉及印度)為高，但效率卻反而較低。然而，該等由本公司全資擁有之廠房卻擁有以美國公司為主的高檔顧客網絡，多年來對香港之成衣銷售部門作出貢獻，以優厚收入擴充其業務。

如主席報告所述，我們已在本年度結束非洲萊索托之廠房。萊索托之成衣製造業得以繼續生存，全賴美國提供之無配額及免關稅環境。二零零五年後，萊索托之成衣製造業的成本與效率均未能應付無配額環境帶來的競爭。由於現時之黃金價格高企，造成與金價掛鉤之南非貨幣蘭德大幅升值，亦使到萊索托之成本更無競爭優勢。

其他業務

本集團在中國無錫的兩間紡紗及紡織廠(即本集團擁有33%權益之無錫長新紡織有限公司及擁有70%權益之無錫長江精密紡織有限公司)繼續獲利。然而，無錫長新紡織有限公司之利潤較上年度大幅減少，主因為貴價原棉是在早前棉紗價格高峰時期購入。整體而言，我們經已用盡此批高成本之存貨，故來年之情況將有所改善。無錫長江精密紡織有限公司於本年度之利潤增加，蓋因本年度為該公司投產後之首個完整經營年度而上年度則只有半個經營年度，我們期望此方面之投資在來年將有進一步改善。

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Qinghai Changqing Aluminium Corporation in Qinghai, China – an aluminium smelter this year suffered losses for the first time since our investment due to high materials and energy costs. Unfortunately this situation will persist during the coming year.

We announced our participation in a joint venture for the development of a power plant in Qinghai in July, 2004. The commercial operation and production of the first and the second power generation units of the power plant originally scheduled for end of 2005 and end of 2006 respectively would have to be postponed due to the delay in the governmental approval procedures, which we expect will be completed in 2006.

The newly added electrical razor production in W. Haking Enterprises Ltd. has not been able to produce a profit in the current year.

YangtzeKiang S.A. suffered a year of loss as compared to previous years' profits. The company was operating in a depressed economic condition in France and in addition there was keen price competition especially from cheap imports from China earlier this year. The underwear brand JIL that we acquired about two years ago continued to suffer losses caused by lower than expected sales and the pay out of indemnity expenses for laying off a good number of employees. We expect to reduce the loss in the coming year but conditions in France remain difficult.

LIQUIDITY AND FINANCIAL POSITION

During the period under review, the Group's operations continued to be financed by the internal resources and bank borrowings.

As at 31st March, 2005, the cash and bank balances of the Group were approximately HK\$103 million (2004: HK\$63 million). As at 31st March, 2005, the bank borrowings of the Group were approximately HK\$452 million (2004: HK\$588 million), of which approximately HK\$238 million (2004: HK\$313 million) was short-term while approximately HK\$214 million (2004: HK\$275 million) was long-term. The gearing ratio (calculated by dividing total bank borrowings net of cash and bank balances by shareholders' equity) of the Group as at 31st March, 2005 was 62% (as at 31st March, 2004: 127%). The bank borrowings including bank loans and overdrafts are mainly in Hong Kong dollars, United States dollars and Renminbi.

於本年度，位於中國青海之熔鋁廠青海長青鋁業有限公司自投資以來首次錄得虧損，主因是材料及能源成本高企，惜此艱難之環境將於來年持續。

我們於二零零四年七月公佈參與一間合營企業，以發展一個位於青海省的發電廠項目。按原訂計劃，發電廠的首個及第二個發電機組應分別於二零零五年年底及二零零六年年底開始商業運作及生產，惟因政府審批程序出現延誤，計劃須順延並預期將於二零零六年內完成。

寶源基業有限公司於本年度增加之一項新電鬚創產品亦未能錄得盈利。

YangtzeKiang S.A. 於本年轉盈為虧。該公司在法國經濟低迷下經營，且本年初更要面對激烈之價格競爭（尤其中國進口之廉價產品）。我們約於兩年前收購之內衣品牌「JIL」仍然錄得虧損，蓋因銷售額比預期為低，並因解僱多名員工而支付賠償。我們期望虧損可於來年收窄，但法國之營商環境將仍甚艱難。

流動資金及資本來源

於回顧期間內，本集團仍以其內部資源及銀行貸款作為營運資金。

於二零零五年三月三十一日，本集團之現金及銀行結餘約為1億3百萬港元（二零零四年：6千3百萬港元）。於二零零五年三月三十一日，本集團之銀行借貸約為4億5千2百萬港元（二零零四年：5億8千8百萬港元），當中約2億3千8百萬港元（二零零四年：3億1千3百萬港元）為短期借貸，約2億1千4百萬港元（二零零四年：2億7千5百萬港元）為長期借貸。於二零零五年三月三十一日，本集團之資本負債比率（銀行借貸總額扣除現金及銀行結餘後再除以股東權益）為62%（於二零零四年三月三十一日：127%）。銀行借貸包括銀行貸款及透支均以港幣、美元及人民幣為主。

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To strengthen the Group's financial position, on 12th October, 2004, the Group successfully raised funds of approximately HK\$126 million by way of a rights issue on the basis of one rights share for every two existing shares held by qualifying shareholders. The net proceeds of the rights issue have been or will be applied in repayment of part of the Group's bank loans, for possible expansion of textile business and for general working capital purposes.

The Group adopts a prudent policy to hedge the fluctuation of exchange rates. Most of the operating activities are denominated in Hong Kong dollars or United States dollars. For those denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

PLEDGE OF ASSETS

As at 31st March, 2005, the Group had pledged certain assets with carrying values of HK\$339 million (2004: HK\$279 million) mainly for security of banking facilities granted to the Group.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31st March, 2005, the Group, including its subsidiaries but excluding associates, employed approximately of 7,600 employees. Remuneration packages are determined by reference to employees' performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund schemes, medical insurance and training to staff.

為增強本集團之財政狀況，於二零零四年十月十二日本集團通過供股成功集資約1億2千6百萬港元，發行供股股份予合資格股東，以每持有兩股現有股份可獲發一股供股股份為基準。發行供股股份所得款項淨額已經或將會運用於償還本集團之部分銀行貸款、支付可能擴充紡織業務計劃及一般營運資金。

本集團採用審慎政策以對沖匯率波動。本集團大部份業務均主要以港元及美元結算。至於以其他貨幣結算之業務，本集團已就其以外幣結算之應收及應付款訂立若干遠期合約，以對沖外匯波動。

資產抵押

於二零零五年三月三十一日，本集團將若干資產賬面值3億3千9百萬港元（二零零四年：2億7千9百萬港元）抵押，主要作為授予本集團銀行信貸之擔保。

僱員及薪酬政策

於二零零五年三月三十一日，除聯營公司外，本集團（包括其附屬公司）聘用約7,600名僱員。薪酬組合乃參照員工之表現及市場當時之薪金水平而釐定。此外，本集團為僱員提供年終雙薪、公積金計劃、醫療保險及培訓。