

Business Review

For the year ending 31 March 2001, the Group's total turnover was HK\$4,309 million, an increase of 39% over 2000. Net profit from ordinary activities attributable to shareholders was HK\$464 million, an increase of 54% over last year. Gross profit margin increased by 0.7 percentage point from last year.

Turnover for the knitted fabric business was HK\$2,593 million, a rise of 28%, and represented 60% of total turnover. About 13% of sales were to the Group's associated garment business. All our customers are renowned international brandnames. We are able to maintain very good relationship with them because of the good quality of our products, and also because of our punctual deliveries. As there was no room for price increases, the management had tried to lower costs in order to improve profit margins. Production was still concentrated in Dongguan, China. The factory measures about 5 million sq.ft., and employs about 5,700 workers.

Turnover for the retail and wholesales business was HK\$1,682 million, a rise of 63%, and represented 39% of total turnover. Sales in the three major markets, the Mainland China, Taiwan and Hong Kong all recorded strong growth. Besides these markets, there are franchised shops in South Korea, Malaysia, Jordan, Iran, Kuwait and Macau. At the end of this financial year, retail outlets in Asia totalled 802. An advanced computer network had also been installed in preparation for future development. The bulk of our retail products consisted of good quality casual wear at reasonable prices, about 40% of which was produced by the Group's associate. In face of fierce competition, the excellent quality of our retail goods continued to be the selling point. In China, besides the brandname 'Baleno', 'Samuel & Kevin', 'I.P. Zone', 'Bambini' and 'Baleno Attitude' had also been created for different types of customers.

業務回顧

本集團於二零零一年三月三十一日止年度之總營業額為43億9百萬港元，較二零零零年增長39%。股東應佔經常業務溢利淨額達4億6千4百萬港元，較去年上升54%。邊際毛利較去年增加0.7個百分點。

針織布業務營業額為25億9千3百萬港元，增長28%，佔總營業額60%。期內售予聯營之製衣業務約佔銷售13%。顧客全為國際著名服裝零售品牌。本集團針織布以品質優良及交貨準時與此等顧客建交極良好之關係。貨品價格於期內仍沒有上升空間，管理層以控制成本改善邊際利潤。生產仍集中於中國東莞廠房，佔地約5百萬平方呎，僱用員工約5,700人。

零售業務銷貨額為16億8千2百萬港元，上升63%，佔總營業額39%。三個主要市場中國大陸、台灣及香港之銷貨均錄得強勁之增長。除上述市場外，在南韓、馬來西亞、約旦、伊朗、科威特及澳門均設有特許經營店。在本年度完結時，零售業務在亞洲共有802個銷售點。零售業務已採用最先進之電腦網絡系統，為未來之發展作出充足之準備。零售貨品仍以物超所值之休閒服為主，其中約40%之貨品由本集團聯營之製衣業務供應。面對市場之激烈競爭，本集團零售貨品堅持以品質取勝。在中國，除 Baleno 外，亦引入 Samuel & Kevin、I.P. Zone、Bambini 及 Baleno Attitude 等不同定位之品牌以迎合不同類型之顧客。

The management believes that there is still a lot of space for development before the huge China market reaches saturation point. The development in the Mainland China, Hong Kong and Taiwan until the end of this year are shown below:

中國市場龐大，管理層認為現時之發展狀況距離飽和點仍有廣闊之空間。於本年度完結時，中國大陸、香港及台灣之發展情況茲列於下：

Mainland China

中國大陸

		2001	2000	1999	1998	1997
Net sales (HK\$M)	銷售淨額(百萬港元)	1,199	783	557	522	137
Net sales increase in percentage	銷售淨額之增加百分率	53%	41%	7%	281%	—
Retail floor area (sq.ft.)*#	零售樓面面積(平方呎)*#	204,296	119,502	85,084	92,340	26,182
Number of sales associates*	售貨員數目*	2,732	1,487	1,291	1,155	535
Number of outlets*	門市數目*	637	377	232	193	70

Hong Kong

香港

		2001	2000	1999	1998	1997
Net sales (HK\$M)	銷售淨額(百萬港元)	295	179	159	166	59
Net sales increase/(decrease) in percentage	銷售淨額之增加／(減少)百分率	65%	13%	(4%)	181%	0
Retail floor area (sq.ft.)*#	零售樓面面積(平方呎)*#	33,684	23,748	16,448	13,306	12,198
Number of sales associates*	售貨員數目*	251	142	124	117	63
Number of outlets*	門市數目*	39	21	18	19	13

Taiwan

台灣

		2001	2000	1999	1998	1997
Net sales (HK\$M)	銷售淨額(百萬港元)	188	69	80	64	0
Net sales increase/(decrease) in percentage	銷售淨額之增加/ (減少)百分率	172%	(14%)	25%	0	0
Retail floor area (sq.ft.)*#	零售樓面面積(平方呎)*#	82,979	23,273	26,060	27,409	0
Number of sales associates*	售貨員數目*	365	98	105	120	0
Number of outlets*	門市數目*	96	39	39	37	0

* As at 31 March

For Self-managed Stores

* 於3月31日

自營店

Profit contributed by the associated garment manufacturing business was HK\$55 million, an increase of 88% over last year. 80% of the fabric used was supplied by our knitted fabric division. Our major customers consisted mainly of Asian brandnames. About 18% of its sales was to the Group's retail division. Productivity was increased by 50% during the period to co-ordinate with the development of the group, and to satisfy customers' demands. At the end of this year, the two factories in China and Vietnam employed about 12,600 workers in total.

聯營製衣業務本年度之盈利貢獻為5千5百萬港元，較去年增長88%。此業務約80%之布料均由針織布業務供應。主要顧客為亞洲著名服裝零售品牌。其中本集團之零售業務佔其銷售額約18%。為配合市場需求及本集團之整體發展，製衣業務於期內生產力增加達50%。於本度完結時，中國及越南兩地廠房共僱用員工約12,600人。

FINANCIAL CONDITION

Liquidity & Capital Structure

The financial position of the Group remained sound. At 31 March 2001, cash and cash equivalents amounted to HK\$355 million (2000: HK\$228 million). Total bank borrowings were at a low level of HK\$50 million (2000: HK\$109 million).

財務狀況

流動現金及資源來源

本集團財務狀況仍處於良好水平。於二零零一年三月三十一日，現金及現金等同結餘為3億5千5百萬港元（二零零零年：2億2千8百萬港元）。總銀行負債處於5千萬港元（二零零零年：1億9百萬港元）之低水平。



The interest coverage ratio of the Group continued to improve from 15 times of last year to 86 times this year as significant amount of bank loans was repaid during the year. At the year end, the unutilized banking facilities were HK\$803 million (2000: HK\$592 million). Major capital expenditures were sourced from cash inflow from operating activities and long term bank loans.

Total debts to equity ratio was 0.6 (2000: 0.6). It is the objective of the management to maintain the ratio at a healthy level. The revenue and procurement of the Group were mainly denominated in US dollar, HK dollar and Reminbi. During the year, the Group had entered into forward foreign exchange contracts and other financial instruments to reduce foreign exchange risks.

At the year end, the Group's contingent liabilities were HK\$112 million (2000: HK\$62 million) which were mainly related to discounted export bills.

HUMAN RESOURCES

As at year end, the Group's total number of employees was about 10,100 (2000: 6,300). The Group's remuneration package for its employees is competitive in the market. In addition, discretionary bonus and share options are granted to eligible staff based on individual's performance. Substantial resources are also put on staff training and development programs.

利息比率繼續由去年之15倍改善至今年之86倍，主要由於本年度大量償還銀行貸款。於本年度結束時，未運用之銀行貸款額為8億3百萬港元(二零零零年：5億9千2百萬港元)。主要資本開支由經營活動所得現金流入及長期銀行貸款提供。

總負債與資本比率為0.6(二零零零年：0.6)。管理層之目標在維持此比率在一健康水平。營運收入及貨款支出以美元、港元及人民幣為主。於本年度，本集團曾訂立外匯期貨合約及其他財務工具以減低匯兌風險。

於本年底，本集團之或然負債為1億1千2百萬港元(二零零零年：6千2百萬港元)，其主要為出口票據貼現。

人才資源

於本年底時，本集團之僱員總數約為10,100人(二零零零年：6,300人)。本集團為僱員提供之薪酬組合於市場具有競爭力。此外亦根據個人表現授予具資格員工酌情花紅及認股權。龐大資源亦投入於僱員培訓及發展計劃。



OUTLOOK

All sectors of the Group's business have reached a mature stage of development, and are competitive within their respective fields. Although the US economy seems to be slowing down, and the Asian economies have not rebounded significantly, the management is still confident about the results of the coming year. In the longer term, the admittance of China into the WTO and her hosting of 2008 Olympic Games will surely benefit the business of the Group.

Productivity of the knitted fabric business will continue to be raised to meet customers' demand. For the coming year we estimate the increase to be about 20%. Recently, 1.8 million sq.ft. of additional land in Dongguan had been leased as a reserve for future expansion. The Group will also invest about \$130 million in an environmentally friendly coal-fired power generating system for use in this factory. The system is estimated to start operating in 2002, and thereafter savings on fuel will be substantial.

The first five years had been the investment stage of the retail business. With the expansion of its sales network and growing recognition of its brandnames, we expect more profit to come from this business next year. The Mainland China will remain the principal market and approximately 100 retail outlets will be opened there in the coming year. Taiwan being the next important market will see its retail outlets increased to about 135. In view of the uncertainty clouding over Hong Kong's retail sector, the number of outlets there will remain the same. Singapore as a new market to be developed will see the opening of about 10 self-owned shops next year. The focus of our retail business will mainly be on the Greater China, development in other Asian countries will depend on their economic situations.

展望

本集團各項業務均發展成熟，在其行業上具備良好之競爭力。縱使美國經濟放緩及亞洲復甦緩慢，管理層對來年之業績，仍深具信心。較長遠而言，中國加入世貿與及主辦二零零八年之奧運會將對本集團業務定有所裨益。

針織布業務將繼續加強生產力以應付龐大之客戶網絡。預計來年產量可增大約20%。在中國東莞現有之320萬平方呎廠房將再增大租用180萬平方呎，以備將來逐步發展。本集團亦將投資約一億三千萬港元在此廠房興建一全新以煤發動之環保發電系統。預計此系統可於二零零二年中使用，之後可令本集團節省大量燃油費用。

零售業務過去五年屬於投資期。隨著品牌知名度日高及銷售網絡日漸龐大，此業務將為本集團帶來更多之收益。來年業務仍以中國大陸為重心，預料在此將再增約100個銷售點。台灣於來年為第二發展市場，預計店鋪將增至約135間。香港零售市況仍不明朗，來年將維持現時相約之店鋪數目。星加坡則為來年發展之新市場，預計將有自營店約10間。零售業務短期內之發展將以大中華為主，其他亞洲國家之開拓將視乎當地經濟情況而定。



In order to meet market demand and to synchronize with the Group's development, productivity of the associated garment manufacturing business is expected to increase by 35% next year, both in the factories in China and Vietnam. If Vietnam were to be granted the Most Favoured Nation Status by the United States, our business there would be further strengthened.

As for previous years, a detailed development plan has been made up for next year, which the management will strive to follow through. At the moment the management does not see any serious obstacles or difficulties lying ahead, and is confident that results for the next year will reach another record high.

聯營製衣業務預計來年將再增加生產力約35%以應付市場需求及配合集團之發展。生產力之增加將同時在中國及越南進行。倘若越南獲得美國之最惠國待遇，本業務在此地之擴展將進一步加強。

一如以往，管理層已為來年制訂週詳之發展計劃，並積極地全力進行。在分析各方面因素後，管理層於目前並不發覺未來發展有任何重大阻礙及困難，對來年業績能再創新高充滿信心。

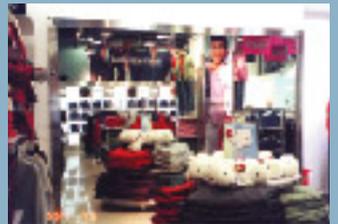




FABRIC MANUFACTURING



GARMENT MANUFACTURING

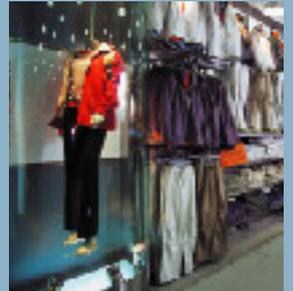


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