

The directors has pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year consisted of the production, dyeing and sale of knitted fabric and yarn, the retailing and distribution of casual apparel and accessory, the provision of franchise services, the provision of repair and maintenance services for motors and generators, and the trading of generators. There were no significant changes in the nature of the Group's principal activities during the year.

The principal activity of the Company is investment holding.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2003 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 33 to 116.

An interim dividend of HK11.0 cents per ordinary share was paid on 10 February 2003. The directors recommend the payment of a final dividend of HK14.0 cents per ordinary share in respect of the year, to shareholders on the register of members on 28 August 2003. This recommendation has been incorporated in the financial statements as an allocation of retained profits within capital and reserves section of the balance sheet.

董事會欣然呈奉本公司與本集團截至二零零三年三月三十一日止年度之年報及經審核財務報表，敬祈省覽。

主要業務

本年度本集團之主要業務包括針織布及棉紗之產銷及整染、便服及飾物之銷售、提供特許經營服務、提供汽車及發電機之維修及保養服務及銷售發電機。本集團之業務性質在本年度並無重大轉變。

本公司之主要業務為投資控股。

業績與股息

本集團於截至二零零三年三月三十一日止年度之溢利及本公司與本集團截至該日期之業務狀況列載於第33至116頁之財務報表。

中期股息每股港幣11.0仙已於二零零三年二月十日派發。董事會茲建議派發本年度末期股息每股港幣14.0仙予二零零三年八月二十八日名列股東名冊之股東，是項建議股息已列入本財務報表，亦即於資產負債表的資本及儲備賬中撥出保留溢利。

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

財務資料概要

下表為本集團於過往五個財政年度之已公佈業績、資產、負債與少數股東權益之概述，乃摘自已公佈之經審核財務報表及按需要重新分類。

RESULTS

業績

		Year ended 31 March				
		截至三月三十一日止年度				
		2003	2002	2001	2000	1999
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
TURNOVER	營業額	5,198,585	4,720,333	4,309,436	3,092,784	2,725,293
PROFIT FROM OPERATING	經常業務溢利					
ACTIVITIES		618,734	531,418	480,475	320,881	248,956
Share of profit of an associate	應佔聯營公司溢利	46,630	62,157	56,299	30,685	12,382
Finance costs	財務費用	(2,787)	(5,770)	(6,229)	(22,963)	(51,327)
PROFIT BEFORE TAX	除稅前溢利	662,577	587,805	530,545	328,603	210,011
Tax	稅項	(37,926)	(29,501)	(59,089)	(27,011)	(19,414)
PROFIT BEFORE MINORITY INTERESTS	未計少數股東權益前溢利	624,651	558,304	471,456	301,592	190,597
Minority interests	少數股東權益	(34,089)	(28,197)	(7,568)	—	—
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔經常業務溢利淨額	590,562	530,107	463,888	301,592	190,597

**ASSETS, LIABILITIES
AND MINORITY
INTERESTS**

**資產、負債與
少數股東權益**

		As at 31 March 於三月三十一日				
		2003	2002	2001	2000	1999
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
TOTAL ASSETS	資產總值	3,368,333	2,793,575	2,540,375	2,034,191	1,867,367
TOTAL LIABILITIES	負債總值	(1,001,912)	(731,945)	(846,071)	(646,669)	(714,876)
MINORITY INTERESTS	少數股東權益	(50,710)	(36,971)	(8,046)	(478)	2,522
		2,315,711	2,024,659	1,686,258	1,387,044	1,155,013

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively.

固定資產及投資物業

本集團於本年度之固定資產及投資物業變動情況分別列載於財務報表附註13及14。

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company during the year, together with the reasons therefor, are set out in note 26 and 27 to the financial statements, respectively.

股本及購股權

本公司於年內股本及購股權變動之詳情及有關原因分別列載於財務報表附註26及27。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

優先認購權

本公司之細則及百慕達之法例概無要求本公司須按現有股東持股比例出售新股的優先認購權條文。

**PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES
OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2003, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK\$612,378,000, of which HK\$185,437,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$333,628,000, may be distributed in the form of fully paid-up bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, both purchases and sales from/to the five largest suppliers and customers accounted for less than 30% of the Group's total purchases and sales for the year, respectively.

購入、贖回或出售本公司上市證券

本公司及任何附屬公司於年內概無購入、贖回或出售任何本公司之上市證券。

儲備

本公司及本集團於本年度之儲備變動詳情分別列載於財務表附註28及綜合權益變動表。

可供分派儲備

於二零零三年三月三十一日，本公司可供作現金及／或實物分派之儲備為港幣612,378,000元，其中將擬派發的本年度末期股息為港幣185,437,000元。此外，本公司股本溢價賬港幣333,628,000元亦可以繳足紅股方式予以分派。

主要客戶及供應商

於本審核年度，五大供應商／客戶佔本年度集團之總採購額／銷售額均不足30%。

DIRECTORS

The directors of the Company during the year were:

Executive Directors

Poon Bun Chak (*Chairman and Managing Director*)

Poon Kai Chak

Poon Kei Chak

Poon Kwan Chak

Ting Kit Chung

Independent Non-executive Directors

Au Son Yiu

Cheng Shu Wing

In accordance with the Company's bye-laws, all the existing directors will retire and, being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

The service contracts entered into between the Company and each of the executive directors as listed above may be terminable by either party by giving not less than three months' written notice or compensation in lieu.

Save as disclosed above, no director proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事

本年內本公司董事如下：

執行董事

潘彬澤 (主席兼董事總經理)

潘佳澤

潘機澤

潘鈞澤

丁傑忠

獨立非執行董事

區燦耀

鄭樹榮

根據本公司細則，所有現任董事將於即將舉行之股東週年大會上退任，惟彼等符合資格並願膺選連任。

董事服務合約

本公司與上列執行董事簽訂之服務合約要求雙方於終止服務合約時，其中一方須給予不少於三個月之書面通知或代通知補償。

除上文所披露者外，本公司與建議在即將舉行之股東週年大會上重選連任之董事一概無簽訂本公司於一年內不作補償(法定賠償除外)則不可終止之服務合約。

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Poon Bun Chak, aged 55, is the chairman and managing director overseeing the planning and development of the Group. He founded the Group in 1975 and has more than 28 years' experience in the textile field.

Mr. Poon Kai Chak, aged 53, is a younger brother of Mr. Poon Bun Chak. He joined the Group in 1980 and has more than 23 years' experience in the industry. He is responsible for the knitting operation of the Group.

Mr. Poon Kei Chak, aged 51, is a younger brother of Mr. Poon Bun Chak. He joined the Group on its establishment in 1975 and has more than 28 years' experience in the field. He looks after the dyeing operation and assists in the overall management of the Group.

Mr. Poon Kwan Chak, aged 57, is the elder brother of Mr. Poon Bun Chak. He joined the Group in 1976 and has more than 27 years' related experience. He is responsible for the Group's merchandising and sales management.

董事合約權益

各董事於年內概無在本公司、其控股公司或附屬公司所簽訂之任何重大合約中佔有重大權益。

董事及高級管理人員履歷

執行董事

潘彬澤先生，五十五歲，主席兼董事總經理，負責監督本集團之規劃及發展。彼於一九七五年創辦本集團，擁有逾二十八年紡織業經驗。

潘佳澤先生，五十三歲，潘彬澤先生之胞弟。彼於一九八零年加入本集團，擁有逾二十三年本行業經驗，負責管理本集團織布業務。

潘機澤先生，五十一歲，潘彬澤先生之胞弟。彼於一九七五年本集團創立時加入本集團，擁有逾二十八年紡織業經驗，負責管理整染業務及協助管理本集團一般業務。

潘鈞澤先生，五十七歲，潘彬澤先生之胞兄。彼於一九七六年加入本集團，擁有逾二十七年有關業務經驗，負責管理本集團採購及銷售業務。

Mr. Ting Kit Chung, aged 47, is responsible for the general administration and financial management of the Group. He joined the Group in 1991 and has more than 10 years' banking experience. He holds a Bachelor of Arts degree from the University of Hong Kong.

Independent Non-executive Directors

Mr. Au Son Yiu, aged 58, has extensive experience in the securities industry. He is a dealing director of Realink Securities Limited, a director of China Point Stock Brokers Limited, a consultant to Dao Heng Securities Limited, and a non-executive director for several public companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, he is a former deputy chairman of The Hong Kong Securities Clearing Company Limited (1992–1994) and a former council member of the Stock Exchange (1988–1994).

Mr. Cheng Shu Wing, aged 53, is a director of Worldvest Capital Limited. He holds a Bachelor of Business Administration degree from the Chinese University of Hong Kong and has more than 27 years' experience in the banking and securities industries in Hong Kong.

Senior Management

Mr. Chan Min, Samuel, aged 48, is a director of the Group's retail operation. He holds a master's degree in business administration from the Northwestern University and Hong Kong University of Science and Technology. He is a member of the British Computer Society. Prior to joining the Group in 1996, Mr. Chan had over 13 years' experience in retail operation and MIS management.

丁傑忠先生，四十七歲，負責本集團行政及財務管理。彼於一九九一年加入本集團，擁有逾十年銀行業經驗。彼持有香港大學文學士學位。

獨立非執行董事

區榮耀先生，五十八歲，有豐富證券業經驗。彼為滙訊數碼證券有限公司之交易董事，亦為中方證券有限公司之董事及道亨證券有限公司之顧問，並擔任若干在香港聯合交易所有限公司（「聯交所」）上市之公眾公司非執行董事。此外，彼為香港中央結算有限公司前任副主席（一九九二年至一九九四年）與聯交所前任理事（一九八八年至一九九四年）。

鄭樹榮先生，五十三歲，寶盛融資有限公司董事，彼持有香港中文大學工商管理學士學位。有逾二十七年香港銀行業及證券業經驗。

高級管理人員

陳勉先生，四十八歲，本集團零售業務之董事。彼持有美國西北大學及香港科技大學合作的工商管理碩士學位。彼為英國電腦學會會員。於一九九六年加入本集團前，陳先生曾從事零售業之業務及資訊科技管理超過十三年。

Mr. Chan Chi Hon, aged 41, joined the Group in 1997 and is the Group's financial controller and company secretary. Mr. Chan holds a master's degree in commerce from the University of New South Wales, Australia, and is a fellow member of the Hong Kong Society of Accountants and a certified practising accountant of the CPA Australia. He has more than 16 years' experience in auditing and accounting.

Mr. Chau Kuen Kai, aged 45, is a factory manager of the knitting operation of the Group. He joined the Group in 1979 and has more than 23 years' experience in the knitting industry.

Mr. Fung Wai Lun, Daniel, aged 46, is a director of the Group's retail operation. Before joining the Group in 1996, Mr. Fung had more than 20 years' experience in the retailing industry.

Mr. Hon Siu Kit, aged 43, is an associate director of Nice Dyeing Factory Limited, a subsidiary of the Group engaged in the sale of finished knitted fabric. He joined the Group in 1993 and has more than 25 years' experience in the textile industry.

Ms. Leung Mei Yin, aged 38, is an associate director of Nice Dyeing Factory Limited, a subsidiary of the Group engaged in the sale of finished knitted fabric. She joined the Group in 1990 and has more than 17 years' experience in the textile industry.

Mr. Ling Man, aged 50, is a factory manager of the yarn dyeing operation of the Group. He joined the Group in 1998 and has more than 27 years' experience in the dyeing and finishing industry.

陳志漢先生，四十一歲，本集團財務總監兼公司秘書。彼於一九九七年加入本集團。彼持有澳洲新南威爾斯大學商科碩士學位，並為香港會計師公會資深會員及澳洲會計師公會會員，具有超過十六年的核數與會計經驗。

周權佳先生，四十五歲，本集團針織業務工廠經理。彼於一九七九年加入本集團，擁有超過二十三年針織業經驗。

封偉倫先生，四十六歲，本集團零售業務董事。於一九九六年加入本集團之前，已具有超過二十年零售業經驗。

韓少傑先生，四十三歲，本集團從事針織布銷售之附屬公司永佳染廠有限公司業務董事。彼於一九九三年加入本集團，擁有超過二十五年紡織業經驗。

梁美賢小姐，三十八歲，本集團從事針織布銷售之附屬公司永佳染廠有限公司業務董事。彼於一九九零年加入本集團，擁有超過十七年紡織業經驗。

凌文先生，五十歲，本集團染紗業務部工廠經理。於一九九八年加入本集團，擁有超過二十七年整染業經驗。

Mr. Liu Ying Che, aged 38, is a factory manager of the fabric dyeing operation of the Group. He joined the Group in 1989 and has more than 19 years' experience in the dyeing and finishing industry.

Mr. Ting Kit Hung, aged 51, is the director and chief executive of the Group's motor and generator services operation in The People's Republic of China ("The PRC"). Mr. Ting is an associate member of the Institute of Motor Industry, the Chartered Institute of Transport and the British Institute of Management. He also holds a Master of Business Administration degree from the University of East Asia, Macau. He joined the Group in 1995 and has more than 33 years' experience in the motor industry. He is the elder brother of Mr. Ting Kit Chung.

Mr. Wong Tung Yiu, aged 48, is an associate director and the general manager of Nice Dyeing Factory Limited, a subsidiary of the Group engaged in the sale of finished knitted fabric. He joined the Group in 1994 and has more than 29 years' experience in the textile industry.

廖英智先生，三十八歲，本集團染布業務工廠經理。彼於一九八九年加入本集團，擁有超過十九年整染業經驗。

丁傑雄先生，五十一歲，本集團在中國汽車及發電機維修部董事兼行政總裁。彼為英國汽車工業學會、英國特許運輸學會及英國管理學會會員，亦擁有澳門東亞大學工商管理碩士學位。彼於一九九五年加入本集團，擁有逾三十三年汽車維修業經驗。彼為丁傑忠先生之胞兄。

王東耀先生，四十八歲，本集團從事針織布銷售之附屬公司永佳染廠有限公司業務董事兼總經理。彼於一九九四年加入本集團，擁有超過二十九年紡織業經驗。

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2003, the interests of the directors and their associates in the share capital of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

董事之股本權益

二零零三年三月三十一日，根據證券（公開權益）條例（「公開權益條例」）第29條規定而由本公司置存之股東名冊所記錄各董事及其聯繫人等所擁有之本公司及各聯營公司之股本權益如下：

Name of director	董事姓名		Number of shares of the Company held and nature of interest			
			Personal 個人	Family 家族	Corporate 公司	Total 合計
Poon Bun Chak	潘彬澤	Note 附註	29,720,000	168,800,104	571,200,000	769,720,104
Poon Kai Chak	潘佳澤		7,802,800	—	—	7,802,800
Poon Kei Chak	潘機澤		21,477,200	—	—	21,477,200
Poon Kwan Chak	潘鈞澤		6,442,800	—	—	6,442,800
Ting Kit Chung	丁傑忠		1,600,000	—	—	1,600,000
Au Son Yiu	區燦耀		—	—	—	—
Cheng Shu Wing	鄭樹榮		—	—	—	—
			67,042,800	168,800,104	571,200,000	807,042,904

The interests of the directors in the share options of the Company are separately disclosed in note 27 to the financial statements.

各董事所持有本公司之購股權權益已披露於財務報表附註27。

Note: 168,800,104 shares are owned by Farrow Star Limited, which is wholly-owned by Perfection Inc. as the trustee for The Evergreen Trust, a discretionary trust, the objects of which include the family members of Mr. Poon Bun Chak. These shares are held as family interests under the SDI Ordinance.

附註： 168,800,104股股份由 Farrow Star Limited 持有，而 Perfection Inc. 則以 The Evergreen Trust 之信托人身份完全擁有 Farrow Star Limited，該全權信託之受益人包括潘彬澤先生之家族成員。根據公開權益條例，該等股份屬於以家族權益持有。

571,200,000 shares are owned by Giant Wizard Corporation in which Farrow Star Limited has an 87.51% equity interest, and are held as corporate interests under the SDI Ordinance. A 12.4% interest in Giant Wizard Corporation is owned by Messrs. Poon Bun Chak, Poon Kai Chak, Poon Kei Chak and Poon Kwan Chak.

Save as disclosed above, none of the directors, or their respective spouse or children under 18 years of age or any of the chief executives or their associates, had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed in the share option scheme disclosures in note 27 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

Due to the adoption of Statement of Standard Accounting Practice No.34 "Employee benefits" during the year, most of the detailed disclosures relating to the Company's share option scheme have been moved to note 27 to the financial statements.

571,200,000股股份由 Farrow Star Limited 擁有 87.51%股本權益之 Giant Wizard Corporation 擁有，根據公開權益條例，屬於以公司權益持有。Giant Wizard Corporation 之12.4%權益由潘彬澤先生、潘佳澤先生、潘機澤先生及潘鈞澤先生擁有。

除上文所披露者外，本公司各董事或任何董事或主要行政人員之配偶或十八歲以下之子女或其聯繫人等概無以個人、家族、公司或其他權益方式擁有本公司或任何聯營公司（定義見公開權益條例）之股本權益。

董事之購股權利

除披露於財務報表附註27之購股權計劃外，於本年度任何時間內，本公司或各附屬公司概無訂立任何安排致使本公司董事或其配偶或十八歲以下之子女可藉收購本公司或任何其他法人團體之股份或債券而獲益。

購股權計劃

由於年內採納標準會計實務準則第三十四條「僱員福利」，大部份有關本公司購股權計劃之詳細披露事項已移至財務報表附註27。

Concerning the share options granted during the year to the directors and employees, as detailed in note 27 to the financial statements, the directors of the Company do not consider it appropriate to disclose a theoretical value of the share options granted to the directors and employees of the Company during the year, because a number of factors crucial for the valuation cannot be determined. Accordingly, any valuation of the share options based on various speculative assumptions would not be meaningful, but would be misleading to the shareholders of the Company.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2003, the following interests of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

就年內授予董事及僱員之購股權而言(詳情見財務報表附註27)，本公司董事認為不宜披露本年度已授予本公司董事及僱員之購股權之理論價值，皆因在評估該價值時所需要之多個重要因素並未能確定。因此，根據多種推測性假設而對購股權作出任何價值評估實為毫無意義，並會對本公司股東構成誤導。

主要股東

於二零零三年三月三十一日，以下股東擁有本公司已發行股份之10%或以上權益，已根據公開權益條例第16(1)條規定記載於主要股東登記冊內：

Name 名稱	Number of shares of the Company held 持有本公司 股份數目	Percentage of issued share capital as at 31 March 2003 在二零零三年 三月三十一日 佔已發行股本之百分率
The Capital Group Companies, Inc.	171,666,700	12.96%

Save as disclosed above, no person, other than Mr. Poon Bun Chak, whose interests are set out in the section "Directors' Interests in Share Capital" above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

除以上披露外，只有潘彬澤先生(其權益已載於「董事之股本權益」段中)按公開權益條例第16(1)條已登記於主要股東登記冊。

CONNECTED TRANSACTIONS

Details of connected transactions have been set out in note 34(b) to the financial statements.

AUDIT COMMITTEE

Pursuant to the Code, the Company established an Audit Committee (the "Committee") on 15 March 1999. The members of the Committee comprise the two independent non-executive directors of the Group, Mr. Au Son Yiu and Mr. Cheng Shu Wing.

The terms of reference and duties have been laid down as a guideline for the Committee. The principal duties of the Committee include the review and supervision of the financial reporting process and internal controls. During the year, the Committee held two meetings to review the internal controls and annual results and provide recommendations to the board of directors.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules of the Stock Exchange, throughout the accounting period covered by the annual report.

關連交易

關連交易的細則已載於財務報表附註34(b)。

審核委員會

本公司遵照《最佳應用守則》，於一九九九年三月十五日成立審核委員會（「委員會」），其成員包括本公司之兩位獨立非執行董事，分別為區樂耀先生及鄭樹榮先生。

委員會備有明確之條文及職責細則作指引。委員會之主要職責包括審核本公司之財務報告及內部監控制度。於本年度內，已進行過兩次會議，審核公司之內部監控制度及年度財務報告，並向董事會提交意見。

最佳應用守則

董事會認為，本公司於本年報所述之會計期間均遵守根據聯交所《證券上市規則》附錄十四指引所載之《最佳應用守則》。

AUDITORS

Ernst & Young retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Poon Bun Chak

Chairman

Hong Kong, 23 July 2003

核數師

安永會計師事務所任滿告退，惟本公司將於應屆股東週年大會上提呈續聘該核數師之決議案。

承董事會命

主席

潘彬澤

香港，二零零三年七月二十三日