

## INTERIM DIVIDEND

The Board resolved that an interim dividend of 1 cent per share (2002: 2 cents) be payable on 15th January, 2004. The shareholders' register will be closed from 7th January, 2004 to 12th January, 2004 (both days inclusive). In order to qualify for interim dividend, transfer must be lodged at the company registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Tuesday, 6th January, 2004.

## BUSINESS REVIEW AND PROSPECTS

Turnover for the Group increased by \$148,040,000 to \$685,976,000 and net income decreased by \$2,242,000 to \$15,330,000.

Our overall profits during this period comparing with the same period last year have reduced mainly due to the following two factors:

1. The startup costs of Wuxi YGM Textile Co., Ltd. in Wuxi, a spinning factory in which our company owns 70%: This spinning factory is one of our major investments comprising of over 800,000 sq.ft. production space manufacturing mainly compact yarn which is highly in demand. We believe this project will bring in profits and will not incur any loss even for the first full year of operation.
2. Losses from overseas factories: YangtzeKiang Industries Sdn. Bhd. in Malaysia has scaled down its operation substantially because of the high manufacturing costs. H.K. International Knitters (Proprietary) Limited in Lesotho suffers from the appreciation of exchange rate of Rand, Lesotho's local currency thus resulting in much higher cost comparing with previous year's. YGM (Cambodia) Limited in Cambodia and Hongkong Knitters Lanka (PVT) Limited in Sri Lanka still incurred losses but have been substantially reduced.

## 中期股息

董事會議決將於二零零四年一月十五日派付中期股息每股1仙(二零零二年:每股2仙)。本公司之股份過戶登記手續將由二零零四年一月七日起至二零零四年一月十二日止(包括首尾兩天)暫停辦理。如欲符合收取中期股息之資格,必須於二零零四年一月六日(星期二)下午四時正之前將過戶表格送交本公司之股份過戶登記處香港中央證券登記有限公司,地址為香港皇后大道東183號合和中心十七樓。

## 業務回顧及前景

本集團營業額增加148,040,000元至685,976,000元,淨收入則減少2,242,000元至15,330,000元。

本集團於本期間之整體溢利較去年同期減少,主要受下列兩項因素影響:

1. 本公司擁有70%權益之無錫紡織廠—無錫長江精密紡織有限公司之開辦成本:該紡織廠為本集團主要投資項目之一,包括超過800,000平方呎之廠房,主要製造擁有龐大需求之精密紡。本集團相信該項目將於營運後帶來盈利,並於首個年度內不會產生任何虧損。
2. 來自海外廠房之虧損:馬來西亞之YangtzeKiang Industries Sdn. Bhd.已因生產成本高昂而大幅削減其業務。萊索托之H.K. International Knitters (Proprietary) Limited受到當地貨幣蘭德之匯率上升影響,導致成本較去年顯著上升。在柬埔寨之YGM (Cambodia) Limited及在斯里蘭卡之Hongkong Knitters Lanka (PVT) Limited仍然錄得虧損,但金額已大幅減少。

## BUSINESS REVIEW AND PROSPECTS

(Continued)

On the positive side, our garment trading business in both woven and knitted is expanding and remains profitable. YangtzeKiang S.A. an import company in France recorded another profitable year and all our other investments such as Wuxi Changxin Textile Co., Ltd., Qinghai Changqing Aluminium Corporation and W. Haking Enterprises Ltd. are all profitable.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2003, the Group had cash and bank balances and bank borrowings of \$49 million (as at 31st March, 2003: \$45 million) and \$527 million (as at 31st March, 2003: \$370 million) respectively. Gearing ratio of the Group which is expressed as a percentage of total bank borrowings to shareholders' fund was 146% (as at 31st March, 2003: 104%).

The Group's total bank borrowings were increased by \$157 million to \$527 million as at 30th September, 2003. During the period under review, short-term loans of equivalent \$110 million were further raised by a joint venture, namely Wuxi YGM Textile Co., Ltd. ("Wuxi YGM Textile") in PRC, for its business development and construction of plant and machinery. A five-year term loan of US\$25 million has been recently offered by a bank to Wuxi YGM Textile to refinance her bank borrowings into fixed term loan. Other than the guarantee provided by an associate of the Group, namely Wuxi Changxin Textile Co., Ltd., the Group does not provide any guarantee for the loans borrowed by Wuxi YGM Textile. The management believes that the joint venture can obtain sufficient banking facilities and financial resources for its future development.

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 has entered into some forward contracts to hedge its receivable and payable denominated in foreign currencies against the exchange rate fluctuation.

## 業務回顧及前景 (續)

至於有利因素方面，本集團之梭織及針織成衣貿易業務規模正在擴大並持續錄得盈利。在法國之進口公司YangtzeKiang S.A.在過去一年再度獲得盈利，而所有其他投資項目如無錫長新紡織有限公司、青海長青鋁業有限公司及寶源基業有限公司亦全部錄得盈利。

## 流動資金及資本來源

於二零零三年九月三十日，本集團之現金及銀行存款與銀行借款分別為49,000,000元（於二零零三年三月三十一日：45,000,000元）及527,000,000元（於二零零三年三月三十一日：370,000,000元）。本集團之資本與負債比率（即以銀行借款總額與股東資金之百分比列示）為146%（於二零零三年三月三十一日：104%）。

於二零零三年九月三十日，本集團之銀行借款總額增加157,000,000元至527,000,000元。於回顧期間內，由中國之合營企業無錫長江精密紡織有限公司（「長江精密」）增加等值110,000,000元之短期貸款，以供其業務發展及興建廠房設備。最近一家銀行向長江精密提供一筆25,000,000美元之五年定期貸款，以作為該公司銀行借款之定期貸款融資。除本集團之聯營公司無錫長新紡織有限公司所提供之擔保外，本集團並無為長江精密所借之貸款提供任何擔保。管理層相信，合營企業可取得充足之銀行融資及財務資源以供其日後發展所需。

本集團採用審慎政策以對沖匯率波動。由於大部份業務均主要以港幣及美元結算。本集團已就其以外幣結算之應收款及應付款訂立若干遠期合約，以對沖外匯波動。