

CHAIRMAN'S STATEMENT**GROUP RESULTS**

We are pleased to announce that the sales turnover of the Group for the year is HK\$1,493 million, an increase of 21% comparing to the same period last year and a substantial improvement of net profit of HK\$36 million, an increase of 109%.

BUSINESS REVIEW AND PROSPECTS

Despite a continual trend of price reductions, our garment division including manufacturing and trading combined produced satisfactory results in this current year. This was achieved by an increase in sales volume and by better than expected results from some of our manufacturing facilities. All other investments remained profitable and contributed greatly to the overall profits of the Group. These investments are: Wuxi Changxin Textile Co., Ltd. – a spinning and weaving factory in Wuxi China; Wuxi YGM Textile Co., Ltd. – also in Wuxi China, a new investment which we own 70%; Qinghai Changqing Aluminium Corporation – an aluminium smelter in Qinghai China and YangtzeKiang S.A. – a garment import company in France.

OUTLOOK

In the coming year of 2005 when most of the world will have quota free access for garments to the U.S.A. and E.U., there will be more severe competition in the garment industry. Since there will be no limit to access, we can expect to see a substantial increase in manufacturing facilities driving prices down further. This will bring new opportunities for many but on the other hand, only the most competitive factories in terms of costs, efficiency and quality can hope to survive. Facing this unprecedented challenge, our company believes that the following steps should be taken to position ourselves in this new environment:–

1. Make sure all our production plants in China and around the world are even more competitive.

主席報告**集團業務**

我們欣然宣佈，本集團之年度銷售額為1,493,000,000港元，較去年同期上升21%，淨溢利大幅上升36,000,000港元，升幅109%。

業務回顧及展望

雖然成衣價格持續下降，但由於銷售額增加及部份生產設施之生產力較預期理想，所以包括製衣及貿易之成衣業務於本年度錄得理想業績。所有其他投資均帶來利潤，對本集團之整體溢利有莫大裨益。該等投資包括：中國無錫之紡紗及紡織廠無錫長新紡織有限公司；我們於中國無錫擁有70%權益之新投資無錫長江精密紡織有限公司；中國青海之熔鋁廠青海長青鋁業有限公司及法國之成衣進口公司 YangtzeKiang S.A.。

前景

於即將來臨之二零零五年，全球大部份國家成衣出口至美國及歐洲將不受配額限制，成衣業之競爭將更見激烈。由於豁免配額限制，故此，我們預期會有更多之製造商，並引發價格進一步下跌。此情況會衍生大量機會，但同時亦只有在成本、效益及品質各方面均最具競爭力之公司才能夠生存。面對此史無前例之挑戰，我們認為必須採取以下措施，才能夠在新環境中佔一席位：–

1. 提升國內及全球各地廠房之競爭力。

CHAIRMAN'S STATEMENT

2. As China will probably be the most competitive nation in garment manufacturing, we shall concentrate in China both in expanding our manufacturing facilities and by joint-ventures with other factories selling their production to expand our garment trading business.
3. We still have further plans to expand our textile plants in Wuxi as we believe more garment factories will be opened up in China to take advantage of the quota free access to the U.S.A. and E.U. and therefore there will be more demand for yarns and fabrics.
4. We will look for opportunities to develop more business in the marketing side in both the U.S. and Europe as we have done with YangtzeKiang S.A., in France.
5. We will continue to invest in our non-garment related business such as the investments we have in the aluminium smelter in Qinghai China and W. Haking Enterprises Ltd., etc. Along this line, we have signed an agreement as announced on 14th July, 2004, subject to final PRC state approval, to invest in a coal-fired power station in Qinghai. This will compliment our existing investment in the aluminium smelting business there.

APPRECIATION

I would like, on behalf of the Board and shareholders, to express our appreciation to the Company's employees for their efforts and loyal service to the Company during the past year.

By Order of the Board
Chan Sui Kau
Chairman

Hong Kong, 19th July, 2004

主席報告

2. 由於中國會成為成衣業最具競爭力之國家，我們將會專注於在中國擴充生產廠房，並與其他公司組成合營企業銷售其產品，藉以擴大我們的成衣貿易業務。
3. 我們有進一步計劃擴充在無錫之紡織廠。我們相信，由於為抓緊出口至美國及歐洲不受配額限制之良機，越來越多製衣廠將會在中國成立，故此，對紗線及紡織品之需求將會增加。
4. 一如我們在法國 YangtzeKiang S.A. 推行，我們會在美國及歐洲循市場推廣方面開拓更多商機。
5. 我們將持續投資於非成衣相關業務如在中國青海之熔鋁廠及寶源基業有限公司。承接此發展方向，我們於二零零四年七月十四日宣佈訂立了一份協議，藉以待中國政府最終批准後，投資於青海之燃煤發電廠。此舉可配合我們於熔鋁業務之現有投資。

鳴謝

本人謹代表董事會及全體股東向本公司之僱員在過去一年內所付出之努力及盡忠職守深表謝意。

承董事會命
 主席
陳瑞球

香港，二零零四年七月十九日