

REPORT OF THE DIRECTORS 董事會報告

The directors have pleasure in submitting their annual report together with the audited financial statements of YangtzeKiang Garment Manufacturing Company Limited (the "Company", and together with its subsidiaries and associates, the "Group") for the year ended 31st March, 2005.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture and sale of garments, the provision of processing services and the rental of properties. The principal activities and other particulars of the Company's subsidiaries are set out on pages 106 to 108.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 11 on the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31st March, 2005 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 24 to 110.

An interim dividend of HK2 cents (2004: HK1 cent) per share was paid on 15th January, 2005. The directors now recommend the payment of a final dividend of HK8 cents (2004: HK9 cents) per share in respect of the year ended 31st March, 2005.

SHARE CAPITAL

Details of the movements in the Company's share capital are set out in note 34 on the financial statements.

TRANSFER TO RESERVES

Profit attributable to shareholders, before dividends, for the year ended 31st March, 2005 of HK\$35,016,000 (2004: HK\$69,085,000) has been transferred to reserves.

FIXED ASSETS

Details of additions to and other movements of fixed assets during the year are set out in note 13 on the financial statements.

董事會同寅欣然提呈長江製衣廠有限公司(「本公司」及其附屬公司與聯營公司「本集團」)截至二零零五年三月三十一日止年度之年報及經審核賬目。

主要業務

本公司主要從事成衣之製造及銷售、提供加工服務及物業租金收入。本公司附屬公司之主要業務及其他詳情詳列於第106頁至108頁。

本公司及其附屬公司於本財政年度之主要業務及業務經營地區分析載於財務報表附註第11項。

財務報表

本集團截至二零零五年三月三十一日止年度之溢利及本公司與本集團於該日之財務狀況載於第24頁至第110頁之財務報表內。

本公司已於二零零五年一月十五日派發中期股息每股2港仙(二零零四年: 1港仙)。董事會現建議派發截至二零零五年三月三十一日止年度之末期股息每股8港仙(二零零四年: 9港仙)。

股本

本公司股本之變動詳情載於財務報表附註第34項。

轉入儲備的數額

截至二零零五年三月三十一日止年度股東應佔溢利(未扣除股息)35,016,000港元(二零零四年: 69,085,000港元)已轉入儲備。

固定資產

增購之詳情及年內固定資產之其他變動詳情載於財務報表附註第13項。

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INVESTMENT PROPERTIES

Particulars of the Group's investment properties as at 31st March, 2005 are set out in note 13 on the financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group and the Company as at 31st March, 2005 are set out in notes 29 and 30 on the financial statements.

No interest expense was capitalised by the Group during the year (2004: HK\$2,082,000).

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$106,000 (2004: HK\$555,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's sales to the five largest customers and purchases from the five largest suppliers accounted for less than 30% of the Group's turnover and purchases respectively.

DIRECTORS

The present directors of the Company are listed on page 2.

In accordance with Article 104 of the Company's Articles of Association, Messrs Chan Wing Chak David, Yeung Wing Tak and Lin Keping and Madam Chan Suk Ling Shirley, shall retire as directors of the Company by rotation. Mr Chan Wing Chak David and Mr Yeung Wing Tak do not offer themselves for re-election at the forthcoming annual general meeting of the Company. Madam Chan Suk Ling Shirley and Mr Lin Keping, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Board would like to take this opportunity to thank Mr Chan Wing Chak David and Mr Yeung Wing Tak for their valuable contributions to the Company during their tenure of office.

The Company confirms that it has received from each of the Independent Non-executive Directors of the Company an annual confirmation of their respective independence pursuant to the Listing Rules and the Company considers that the Independent Non-executive Directors to be independent.

投資物業

本集團於二零零五年三月三十一日之投資物業詳情載於財務報表附註第13項。

銀行貸款及其他借款

本集團及本公司於二零零五年三月三十一日之銀行貸款及其他借款之詳情載於財務報表附註第29及30項。

年內本集團並無資本化利息(二零零四年：2,082,000港元)。

慈善捐款

年內本集團之捐款達106,000港元(二零零四年：555,000港元)。

主要客戶及主要供應商

年內本集團首五大銷售客戶及供應商佔本集團營業額及購貨額分別少於30%。

董事

本公司之現任董事芳名載於本年報第2頁。

根據本公司之組織章程細則第104條，陳永澤先生、楊永德先生、林克平先生及周陳淑玲女士任滿告退。陳永澤先生及楊永德先生將不願意於行將召開之本公司股東週年大會上膺選連任。周陳淑玲女士及林克平先生均具資格並願意於行將召開之本公司股東週年大會上膺選連任。

董事會謹此衷心感謝陳永澤先生及楊永德先生在任內對本公司的寶貴貢獻。

本公司確認根據上市規則收到本公司各位獨立非執行董事具有獨立身份之週年確認書，且本公司認為獨立非執行董事具有獨立身份。

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DIRECTORS' SERVICE CONTRACTS

None of the directors who offered themselves for re-election at the forthcoming annual general meeting of the Company has entered into any service contract with the Company or any other member of the Group which is not determinable by the relevant employer within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the connected transactions under Chapter 14A of the Listing Rules as set out in note 39 on the financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

董事服務合約

擬於行將召開之本公司股東週年大會上彼等願膺選連任之董事，概無與本公司或其任何附屬公司訂定於一年內不可在不予賠償（除一般法定賠償外）之情況下終止之尚未屆滿服務合約。

董事之合約權益

除根據上市規則第14A章所列之關連交易詳情載於財務報表附註第39項外，本公司各董事概無於本公司或其任何附屬公司所訂立，而在本年度結算日或年內任何時間仍屬有效之重大合約中佔有重大權益。

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DIRECTORS' INTERESTS IN SHARES

(a) As at 31st March, 2005, the interests and short positions of the directors and their associates in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers, or which were required to be entered in the register kept by the Company under section 352 of the SFO were as follows:

董事之股份權益

(a) 於二零零五年三月三十一日，本公司各董事及彼等之聯繫人士於本公司或任何聯營公司（按證券及期貨條例（「證券條例」）第XV部之涵義）股份、相關股份及債券中擁有根據證券條例第XV部第7及8分部、上市公司董事進行證券交易的標準守則之規定須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及空倉（包括彼等根據該等證券條例規定被視作或當作擁有之權益及空倉），並須登記於根據證券條例第352條存置之登記冊之權益及空倉如下：

Number of Ordinary Shares of HK\$0.50 each

每股面值港幣0.50元之普通股份數目

Name of Director	董事姓名	Personal interest 個人權益	Family interests 家族權益	Corporate interests 公司權益	Other interests 其他權益
Chan Sui Kau	陳瑞球	6,324,696	3,999,354	5,611,230	(i)
Chan Wing Fui, Peter	陳永奎	486,102	1,589,130	—	(i) & (ii) & (iii)
Chan Wing Kee	陳永棋	1,761,624	208,356	—	(i) & (ii) & (iii) & (iv)
Chan Wing To	陳永滔	2,934,054	—	—	(i) & (ii) & (iii) & (iv)
Chan Wing Sun, Samuel	陳永燊	11,244	—	3,043,080	(i) & (ii) & (iii)
Yeung Wing Tak	楊永德	1,446,200	—	265,364	—
Chan Wing Chak, David	陳永澤	2,312,688	—	—	(i) & (iv)
Chan Suk Ling, Shirley	周陳淑玲	1,728,816	24,000	—	(i) & (ii) & (iii)
Chan Suk Man	劉陳淑文	1,535,442	—	—	(i) & (ii) & (iii) & (iv)
Leung Hok Lim	梁學濂	—	—	—	—
Wong Lam	王霖	—	—	—	—
Lin Keping	林克平	—	—	—	—

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DIRECTORS' INTERESTS IN SHARES (continued)

(a) (continued)

Notes:

- (i) 44,388,696 shares of the Company were held by Chan Family Investment Corporation Ltd. (which is owned by Messrs Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To, Chan Wing Sun Samuel and Chan Wing Chak David, Madam Chan Suk Ling Shirley and Madam Chan Suk Man and other members of the Chan Family) and its subsidiaries.
- (ii) 34,595,908 shares of the Company were held by Joycome Limited, which is indirectly owned by Messrs Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To and Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley and Madam Chan Suk Man and other members of the Chan Family.
- (iii) 1,574,480 shares of the Company were held by Hearty Development Limited which is indirectly owned by Messrs Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To, Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Madam Chan Suk Man and other members of the Chan Family.
- (iv) 2,383,500 shares of the Company were held by Super Team International Limited which is indirectly owned by Messrs Chan Wing Kee, Chan Wing To, Chan Wing Chak David, Madam Chan Suk Man and other members of the Chan family.

- (b) Save as disclosed above, as at 31st March, 2005, none of the directors or their associates, had, under Division 7 and 8 of Part XV of the SFO, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

董事之股份權益 (續)

(a) (續)

附註：

- (i) 合共44,388,696股本公司股份乃由Chan Family Investment Corporation Ltd. (包括陳瑞球先生、陳永奎先生、陳永祺先生、陳永滔先生、陳永樂先生及陳永澤先生、周陳淑玲女士及劉陳淑文女士及其他家族成員) 及其附屬公司所持有。
- (ii) 合共34,595,908股本公司股份乃由Joycome Limited持有。該公司由陳永奎先生、陳永祺先生、陳永滔先生及陳永樂先生、周陳淑玲女士及劉陳淑文女士及其他陳氏家族成員間接擁有。
- (iii) 合共1,574,480股本公司股份乃由Hearty Development Limited持有。該公司由陳永奎先生、陳永祺先生、陳永滔先生及陳永樂先生、周陳淑玲女士及劉陳淑文女士及其他陳氏家族成員間接擁有。
- (iv) 合共2,383,500股本公司股份乃由Super Team International Limited持有。該公司由陳永祺先生、陳永滔先生、陳永澤先生、劉陳淑文女士及其他陳氏家族成員間接擁有。

- (b) 除上文所披露者外，於二零零五年三月三十一日，各董事或彼等之聯繫人士概無於本公司或任何聯營公司 (按證券條例第XV部之涵義) 股份、相關股份或債券中擁有根據證券條例第XV部第7及8分部須知會本公司及聯交所之任何權益或空倉 (或彼等根據該等證券條例規定被視作或當作擁有之任何權益及空倉)，或須登記於本公司根據證券條例第352條存置之登記冊之任何權益，或根據上市規則內上市公司董事進行證券的交易標準守則之規定須知會本公司及聯交所之任何權益。

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SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, the directors are not aware of any person who was, directly or indirectly, interested or had short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any options in respect of such capital as at 31st March, 2005.

SHARE OPTION SCHEME

On 23rd September, 2004, the Company adopted a share option scheme (the "Share Option Scheme") which will remain in force until 22nd September, 2014. Pursuant to the terms of the Share Option Scheme, the Company may grant options to directors and employees of the Group and other eligible participants to subscribe for shares in the Company, provided that the total number of shares in the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company does not exceed 10% of the shares of the Company in issue at the date of adoption of the Share Option Scheme, which was 14,024,579 shares. No options were granted under the Share Option Scheme during the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2005.

主要股東

除本文所披露者外，於二零零五年三月三十一日，各董事並不知悉有任何人士直接或間接擁有根據證券條例第XV部第2及3分部之條文規定而須向本公司及聯交所披露之股份或相關股份中之權益及淡倉，亦無於附有可在一切情況下於本公司之股東週年大會上投票之權利之已發行股本中，直接或間接擁有其面值10%或以上之權益，或有關於該等股本涉及之任何購股權。

購股權計劃

於二零零四年九月二十三日，本公司採納購股權計劃（「購股權計劃」），購股權計劃將一直有效，直至二零一四年九月二十二日到期。根據購股權計劃之條款，本公司可向本集團董事及僱員及其他合資格參與者授出購股權，以認購本公司股份，惟根據購股權計劃及本公司任何其他購股權計劃授出之所有購股權獲行使時，為此發行之本公司股份總數不得超過採納購股權計劃當日本公司已發行股份之10%，即上限為14,024,579股股份。年內並無根據購股權計劃授出任何購股權。

收購、出售或贖回股份

截至二零零五年三月三十一日止年度內，本公司或其任何附屬公司並無收購、出售或贖回本公司任何上市證券。

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CONNECTED TRANSACTIONS

Details of connected transactions under Chapter 14A of the Listing Rules are set out in note 39 on the financial statements. In the opinion of the independent non-executive directors, these transactions were entered into by the Group:

- (i) in the ordinary and usual course of its business;
- (ii) conducted either on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) or where there is no available comparison, on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned;
- (iii) in accordance with the terms of the agreements governing the transactions; and
- (iv) in accordance with the pricing policies of the Group, where applicable.

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in note 12 on the financial statements

CORPORATE GOVERNANCE

The Company has complied with the Code of Best Practice, as set out in Appendix 14 to the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year, except that the non-executive directors of the Company were not appointed for a specific term but are subject to rotation in annual general meeting of the Company pursuant to Articles 95 and 104 of the Company's Articles of Association.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding the directors' securities transactions. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in Appendix 10 to the Listing Rules throughout the year.

關連交易

根據上市規則第14A章所列之關連交易詳情載於財務報表附註39項內，本公司之獨立非執行董事認為，本集團所進行之關連交易均：

- (i) 於一般及日常業務過程中進行；
- (ii) 按正常商業條款(所指之「正常商業條款」將參考類似機構進行性質相若之交易時所依據之條款)或倘並無可供比較之條款，則按對本公司之獨立股東而言屬公平合理之條款進行；
- (iii) 根據規管該等交易之協議條款；及
- (iv) 根據集團之定價政策(如有)進行。

退休福利計劃

本集團退休福利計劃之詳情載於財務報表附註第12項。

公司管治

本公司於整年度均有遵守香港聯合交易所有限公司上市規則附錄14所載之最佳應用守則，惟本公司之非執行董事並無特定任期，彼等須按本公司之公司章程細則第95及第104條於本公司之股東週年大會上輪值告退。

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則，作為本公司董事進行證券交易之守則。本公司向所有董事作出具體查詢後確認，於是年內，彼等均已遵照上市規則附錄10所載之規定標準。

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AUDIT COMMITTEE

To comply with the revised Code of Best Practice as set out in Appendix I4 to the Listing Rules of The Stock Exchange of Hong Kong Limited, the Company has set up an audit committee (the "Committee") with written terms of reference, for the purposes of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors.

FIVE YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 111 and 112 of the annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By Order of the Board
Chan Sui Kau
 Chairman

Hong Kong, 15th July, 2005

審核委員會

根據香港聯合交易所有限公司上市規則附錄14所載之最佳應用守則(經修訂)之規定,本公司已成立一個審核委員會(「委員會」)並已備妥職權範圍書,藉以檢討及監察本集團之財務申報程序及內部控制事務。委員會成員包括三名獨立非執行董事。

五年概要

本集團在過去五個財政年度之業績及資產與負債概要載於本年報第111頁及112頁。

公眾持股量

根據本公司獲得之公開資料並就本公司董事所知,本公司於刊發本年報之日已維持公眾持股量不少於上市規則規定之公司已發行股本之25%。

核數師

畢馬威會計師事務所依章告退,惟願膺選連任。在行將召開之本公司股東週年大會上,董事會將提呈決議案,動議續聘畢馬威會計師事務所為本公司核數師。

承董事會命
 主席
 陳瑞球

香港,二零零五年七月十五日