

CHAIRMAN'S STATEMENT 主席報告

GROUP RESULTS

Turnover of the Group for the current year of 2005/06 is HK\$1,601 million, slightly decreased from last year (2004/05: HK\$1,666 million), and the overall profit has decreased to HK\$28 million (2004/05(restated): HK\$43 million).

BUSINESS REVIEW AND PROSPECTS

Business of garment trading in both woven and knits has managed to achieve satisfactory growth in both revenue and profit. While our garment factories in China have again enjoyed a better year, our other overseas garment factories have not been operating profitably. Our overall profit has dropped from last year due mainly to the following reasons:

1. There was a loss of approximately HK\$26 million when we disposed of our investment in Qinghai Changqing Aluminium Corporation – an aluminium smelter in Qinghai, China and an impairment loss of HK\$14 million when we entered into agreement to dispose of W. Haking Enterprises Ltd. – an optical instrument manufacturer scheduled to be completed in March 2007. However it is worth mentioning that our disposal prices in both of these transactions were higher than their original investment costs, and details of these transactions have been announced previously.
2. The results of our French distribution company -YangtzeKiang S.A. continued to drop, and this year's loss was exceptionally high. This was mainly due to the decline in sales and the heavy indemnity payments incurred during the lay off of its redundant employees. This cutting of overhead expenses, however, will in the long run benefit the company making it more competitive.
3. The closing down of our Sri Lanka factory had resulted in a loss to the company. The quota free environment coupled with the non-competitiveness of our operation there made this closure decision inevitable. However this has given us greater flexibility and choices when sourcing for garment manufacturers.

集團業務

本集團之二零零五／零六年度銷售額為16億1百萬港元，較去年輕微下跌（二零零四／零五年度：16億6千6百萬港元），整體溢利減少至2千8百萬港元（二零零四／零五年度(重列)：4千3百萬港元）。

業務回顧及展望

梭織與針織成衣貿易業務之收益及溢利雙錄得令人滿意之升幅。雖然本集團於中國之製衣廠今年再次取得理想成績，但本集團其他海外製衣廠之營運則未能錄得溢利。本集團之整體溢利較去年下跌，主要由於以下原因所致：

1. 本集團出售其於中國青海熔爐廠青海長青鋁業有限公司之投資時，錄得虧損約2千6百萬港元；另外，本集團已訂立協議，將光學儀器生產商寶源基業有限公司出售，並預定於二零零七年三月完成，而本集團已於訂立協議時記錄減值虧損1千4百萬港元。然而，值得提及的是，在該兩項交易中，本集團之出售價均高於其原先投資成本，而本集團先前已公佈有關該等交易之詳情。
2. 本集團之法國分銷公司YangtzeKiang S.A.之業績持續下跌，本年度虧損更較往常為高，主要因為銷售額下跌及於遣散其冗員之過程內須支付巨額補償。然而，該項削減間接成本措施長遠將有利於本公司及令其更具競爭力。
3. 關閉斯里蘭卡廠房導致本公司錄得虧損。無配額市場環境及本集團於當地業務缺乏競爭力，令此項關閉決定屬無可避免。然而，該項決定卻為本集團於物色成衣生產商時更為靈活及有更多選擇。

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OUTLOOK

With the disposal of the above mentioned non-garment related investments, we can now focus solely on the development and future planning of our core business which is all garment and textile related.

The elimination of textile and garment quota with the exception of China has seen more and more garment suppliers worldwide, thus making the garment market highly competitive and selling prices even more depressed. In order to maintain our competitiveness, we have since over the last few years closed down many of our non-profitable factories overseas like Lesotho, Sri Lanka and Malaysia, and concentrated on manufacturing and sourcing from those lower cost or more efficient areas like Bangladesh, Vietnam and China.

The business of Yangtzekiang S.A., although we have drastically reduced its overhead expenses, will remain very difficult due to the slackening market situation in France.

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, 21st July, 2006

前景

隨著出售上述非成衣相關投資，本集團目前可專注發展全部為成衣及紡織相關之本集團核心業務及就此進行未來規劃。

撤銷紡織及成衣配額（不包括中國）已令世界各地之成衣供應商數目越來越多，亦令成衣市場競爭加劇及售價進一步受遏抑。為了維持本集團之競爭力，本集團自多年前開始已關閉本集團多間缺乏盈利之海外廠房，例如萊索托、斯里蘭卡及馬來西亞，並集中從低成本或更具效益之地區進行生產及採購，例如孟加拉、越南及中國。

在Yangtzekiang S.A.業務方面，雖然本集團已大幅度削減其間接成本開支，但由於法國市場表現疲弱，因此其業務將會仍然非常嚴峻。

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，二零零六年七月二十一日