

600 jobs go as textile firm shuts factories

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MAJOR textile manufacturer Winsor Industrial Corp is sacking 600 staff and shutting down two factories in Hong Kong in favour of the cheaper operating environment in China.

Winsor said it planned to shift its fabric processing across the border and redevelop the Hong Kong sites for rental income, which the company believes is a more profitable option.

The move was flagged earlier this year when a Winsor executive said the group planned to put less emphasis on textile processing in Hong Kong and more on property.

The group is led by Dr Ann Tse-kai, 85, a former Basic Law drafter and member of China's Preliminary Working Committee for the Special Administrative Region.

Winsor directors said both the South China Bleaching and Dyeing Factory in How Ming Street, Kwun Tong, and the Pacific Dyeing Works in Yeung Uk Road, Tsuen Wan, would cease production on July 1.

While they would continue their trading operations, 600 staff would be laid off.

Winsor's fabric processing will be carried on by 51 per cent-owned Henshan Pacific Dyeing Works in Henshan, Guangdong, one of five mainland subsidiaries.

Some of the 600 workers said they would be forced to go to China to survive. Many have worked in the factories for between 20 and 30 years.

"Many people have started talking about going back to their villages," said Ma Ah-ye, 52, who came to Hong Kong seven years ago with her husband.

Cleaner Ms Ma, who makes about \$4,000 a month, will move back home to Taishan, Guangdong.

Elderly workers told the *South China Morning Post*

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they felt confused and helpless, although they had heard closure rumours.

"What can you do? It is not up to us to decide our fate, it's them," said Mr Chan, 64, who refused to give his first name. He has worked at the mill for 26 years.

"I think I have to let my grown-up children take care of my remaining years," said Mr Chan, who earns \$9,000 a month as a packer.

Younger workers are no better off. "My two kids are only two and three. I need to find a job to feed them," said Ah Ping, 39, who has worked as a yarn mover for the past six years.

To many workers, losing their jobs could mean long-term unemployment. But they were not aware of possible compensation.

Leung Fu-wah, vice-chairman of the Hong Kong Federation of Trade Unions, said rules governing the dyeing trade were different from other industries.

The relationship between older workers and the employers was more affectionate and less calculated.

But a team of unionists will go to the factories to help workers file for compensation, he said.

"I am not surprised to hear about this closure because the dyeing industry has been laying off workers for some time," said Mr Leung.

The company directors blamed the closures and sackings on Hong Kong's rising costs.

And they also cited in-

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creased competition from low-cost suppliers in the region.

They said the latest environmental protection regulations had further eroded already thin profit margins.

And they added that it was now in shareholders' long-term interest that the group terminate its local fabric processing.

The Town Planning Board approved Winsor's application to redevelop the lots in Kwun Tong and

Tsuen Wan into composite industrial/office buildings, expected to provide two million square feet in floor area.

Directors said turnover and profit would be adversely affected until the redevelopment was completed.

Winsor, which has subsidiaries in Hong Kong, Macau, China, Malaysia, Singapore and the Channel Islands, has been suffering falling profit margins in its core businesses since 1988.

In 1993, it closed two cotton-weaving and yarn-dyeing plants in Hong Kong,

and shifted the operations to Malaysia. Last year, when it had to dip into its pockets to maintain its dividend payout to shareholders, Dr Ann said the textile and garment industry in the territory was shrinking.

The group last month said it had invested US\$30 million (HK\$231.84 million) in a joint venture with a mainland company to facilitate listings on the mainland and overseas.

Winsor was removed from the Hang Seng Index last November.