



Management Discussion & Analysis

The results and performance of our six divisions are summarized below:

CASE-BOUND BOOKS

Turnover from the case-bound book business was approximately HK\$321 million, representing a 5% decrease compared to 1999.

Sales volume in the PRC dropped by 16% largely due to stiffer competition in various regions. Additionally, clients began to switch from hard covers to paperbacks to avoid the higher costs of case-bound books. A similar trend is evident in the U.S. and Europe.



While the higher paper costs coupled with the weakness of the Euro have naturally squeezed the profitability of European sales, we have placed more emphasis on marketing in the U.S.. The environment there is very competitive but we have the advantage of excellent equipment in our Shenzhen plant which enables us to offer keen pricing. Book printing has been a traditional core business of our Group but it has become a difficult area in which to achieve significant growth.



10-Game Wooden Game Set

- The whole family can enjoy this game board with 10 popular games.
- Includes:
 - Backgammon
 - Tic Tac Toe
 - Picking Cards
 - Mancala
 - Roll-Up
 - Pick-Up Sticks
- Game instructions booklet



HANG
your ladder on the window, ensuring the stand and you facing towards you. Let the soft folded fabric hang outside the window.

PULL TAB
your ladder will extend and will extend when the best weight.

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PACKAGING

Turnover from packaging reached HK\$328 million, representing an increase of 6% over the last financial year.

Turnover from this division surpassed case-bound books for the first time, and became a major contributor to our overall sales in year 2000. We foresee considerable potential especially in China where rising living standards generate demand for high-quality packaging products. The Group has spent the past three years upgrading machinery and related facilities in our PRC factories so as to ensure better-quality products for our customers.

Our Shanghai plant, which produces high-end packaging for tobacco, wine and cosmetics made good progress during the year and yet again achieved growth in profit. Additional equipment and a six-colour printing press, which together cost US\$4 million, were installed during the year and these will enable the printing of more sophisticated packaging products at lower cost and with less wastage. We have also concentrated on the research and development of advanced printing measures, which make it exceedingly difficult for other companies to imitate our products. With proven expertise and widely recognized quality control, we expect our application for the ISO 9002 certificate to be approved in the near future.

Our Dongguan plant focuses on re-export packaging. We expect the Dongguan factory to be the center of major business growth over the next few years as production at this facility has yet to reach capacity and demand is increasing for re-export packaging products that meet international standards.

The relationship with Smurfit Stone, an associate of the Jefferson Smurfit Group, generated approximately HK\$70 million in turnover during the period under review, representing an increase of 27% over the HK\$55 million recorded in 1999.





怎样浪费
一个情人节



秀
女
领导吗?
趋势
有模有样
MARCHÉ



Management Discussion & Analysis

MAGAZINES

Turnover jumped 16% to approximately HK\$167 million, with a significant increase in the number of titles, up 50% over last year, to 120.

As the leading printer of colour magazines in the PRC, we have upgraded our facilities to expand production capacity. The third web-press machine and related binding facilities, at a cost of some HK\$50 million, were installed during the last quarter of the year in our Beijing associated company. The new web-press will enhance our position as one of the leading colour magazine printers in the PRC and is now

serving customers in northern China, printing more than 35 titles. This strengthened infrastructure was key to the significant increase in titles printed this year, up from 80 in 1999. With the expected increase in local demand for high-quality magazines, we are considering the installation of another web-press machine in Beijing to seize additional business opportunities.

Out of 7,000 magazines on sale in the PRC, approximately 500 are now printed in colour. We expect to see an increasing number of black-and-white magazines converted to colour in the near future in response to consumer demand. With our strong sales and marketing foundations in Shanghai and Beijing, our well-established reputation, our comprehensive network and industry expertise, we anticipate signing additional magazine contracts over the coming year.



LOOK AN

Santa Claus



Disney's Beauty and the Beast



El mundo
Los animales son
animales vivientes que
para sobrevivir tienen
de comer o beber de sus
comparaciones.



Sociedades

El animal está formado de grupos de individuos
tipos de criaturas que viven muy juntas unas a
otras. Algunas trabajan en sociedad.
El pez payaso se escconde entre las

Animales de acuicultura y domesticación
pueden ser peligrosos para algunos animales.
No es una buena idea permitir que
animales de granja se escapen.
Una gran cantidad de animales se utilizan
en el mundo para los animales domésticos.

ECOSISTEMA

- 1. Un pez payaso
- 2. Una esponja
- 3. Un pez
- 4. Una estrella de mar
- 5. Una medusa
- 6. Una laguna
- 7. Un cangrejo
- 8. Un pez
- 9. Un pez
- 10. Un pez
- 11. Un pez
- 12. Un pez
- 13. Un pez
- 14. Un pez
- 15. Un pez
- 16. Un pez
- 17. Un pez
- 18. Un pez
- 19. Un pez
- 20. Un pez



El cangrejo es un animal que vive en el agua. Los animales de mar viven en el agua.

Una granja para los animales. Pero no es
necesario tener a ella para que los animales
sean felices. Los animales de granja pueden
contribuir a la salud de los animales.
De esta manera el pez puede ser un
animal que vive en el agua.
No todos los animales de granja son
felices. Los animales de granja que
viven en la granja pueden ser felices.
La vida de los animales de granja
es un mundo muy interesante.
Todos los animales de granja son
felices de vivir en el mundo.

Management Discussion & Analysis

CHILDREN'S BOOKS

The performance of children's books has been stable with a turnover of HK\$166 million. The U.S. market dominated sales.

As part of the strategy to broaden geographical coverage, we are planning to enlarge our share of the PRC market where the one-child policy has boosted spending on education. We are seeking ways to satisfy the ever-increasing demand for high-quality books for children in the PRC. We have continuously focused on research and development and quality control. Our R&D efforts have resulted in better safety measures as well as more stable quality in our end products. These improvements help to provide more satisfying products to our wide variety of clients.

Apart from increasing competition in the PRC market, we also anticipate tightening profit margins in the U.S., which has always been our largest export market. To maintain our profit margin and remain competitive, we will introduce new management methods to better control costs as well as to reduce production wastage to a minimum.





Tinson Group

RIVERSIA HOLDINGS LIMITED
里河集團有限公司



King Sun Technology
King Sun Technology

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Annual Report



香港建設(控股)有限公司
HONG KONG CONSTRUCTION (HOLDINGS) LIMITED



AC



CI



Management Discussion & Analysis

FINANCIAL PRINTING

Turnover reached HK\$125 million, due to the performance of Vite Limited, which we acquired at end-1999.

The acquisition of Vite has successfully strengthened our market share of Hong Kong's financial printing business. However, the downturn of the local financial market in the second half of the year negatively influenced Vite, as well as other financial printing companies. Nevertheless, with Vite's leading position in the market, the company was still able to achieve a satisfactory result.





CTP 工作流程
WORKFLOW

LSP
LEIPUNG ASCO



Management Discussion & Analysis

COLOUR SEPARATION AND PUBLISHING

We decided to scale down our publishing operation in Hong Kong due to keen competition. Turnover decreased by 8%, to HK\$32 million.

Colour separation is making rapid progress especially in Beijing, now that we print more magazines in the north. We expect further growth in the coming year.

To maintain our high-quality service, we have invested HK\$5 million in computerized automation for our colour separation and pre-press facilities. We have also introduced Computer-to-Plate ("CTP") printing technology to our PRC operations, which



reduces lead-time for customers in the pre-press stage and improves overall production efficiency. Due to the success of the first CTP in our Shenzhen operations, we will introduce the technology to our Beijing plant in the second half of 2001. In the long run, we expect the use of CTP printing to save overall production costs for the Group.

In Publishing competition remained intense, leading us to terminate the publication of a fashion magazine. An additional factor was that the publication of foreign magazines in China is currently problematical. However we still publish three local magazines in Hong Kong.