

## CHAIRMAN'S STATEMENT

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### Financial Results

The Directors are pleased to announce that the audited profit attributable to shareholders of the Company for the year ended 31st December, 2000 amounted to HK\$27,594,000 (1999:HK\$25,425,000). Earnings per share were HK 8.8 cents (1999: HK 10.7 cents).

### Management Discussions on Results

Turnover of the Group increased from HK\$472,522,000 last year to HK\$663,286,000 this year, representing an increase of approximately 40%.

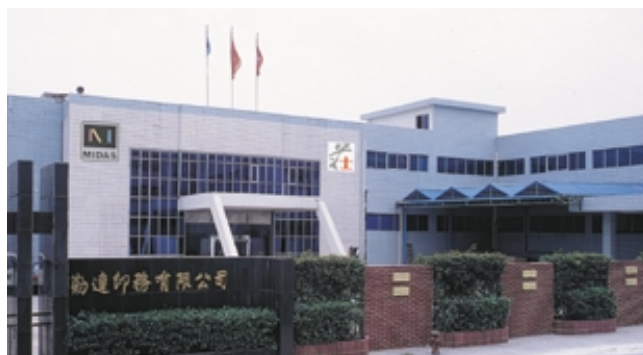
Gross profit for the year amounted to HK\$182,075,000 (1999: HK\$157,772,000), representing an increase of approximately 15% over last year. Profit from operations amounted to HK\$43,954,000 (1999: HK\$48,590,000) which included the provision of HK\$12,478,000 for impairment loss on certain property, plant and machinery which are either idle for prolonged period, or have substantial diminution in value or intended to be disposed of by the Group. Profit attributable to shareholders for the year amounted to HK\$27,594,000 (1999: HK\$25,425,000), representing an increase of approximately 9% over last year.

### Business Review

Year 2000 is the 10th Anniversary of Midas. During the decade, Midas has successfully developed into a diversified printer in Hong Kong and proved to be capable of resisting economic fluctuation. The Group is committed in its printing business and during the year, the Group has made capital investments of more than HK\$43 million in upgrading and adding new plant and machinery. With our key businesses in books, commercial and packaging printings, our customers come from different geographical areas.

### 1. Books Printing Division

Benefiting from the continuous momentum of the economy of the United States and the gradual economic recovery of Western Europe, the Books Printing Division remains one of the major books exporters in Hong Kong. Although the Hong Kong dollar appreciated against almost all the major currencies during the year 2000 which eroded our competitiveness, effective cost control allowed us to quote competitive price and maintained significant contribution to the Group.



*The Yuanzhou Plant is equipped with advanced printing and binding machineries for the production of high quality books, stationery and gift products.*

### 2. Commercial Printing Division

The economies of Hong Kong began bouncing back. Turnover of the Commercial Printing Division was spurred by strong demand from our domestic customers for promotional materials and direct marketing to stimulate consumer demand. Together with the boom of listing activities of the dot.com business, the Commercial Printing Division had reasonable contribution to the Group. With the quality reputation built up in the past for its quick turnaround, several large customers in the banking and telecommunication industries were secured in this year which require our fast printing services to give fast market response.

### 3. Packaging Printing Division

In light of China entering World Trade Organization, relocation of production facilities into China were accelerated which posed strong demand on efficient and effective supply chain management for these customers. The completion of Dongguan Plant's expansion project has supplied spacious



*The new extension of Dongguan Plant (the block on the left) provides spacious area for storage and future expansion on production capacity to meet business growth.*

storage area in addition to our storage services supported the Packaging Printing Division to meet the growing demand on just-in-time inventory management. The signing of long-term contract with key customer to increase flexibility in production planning for maximum use of capacity has also proven to be successful. Performance of the Packaging Printing Division improved progressively during the year and managed to breakeven with an increase in turnover.

### Accreditation

Our success builds on quality. During the year, both of our Dongguan and Yuanzhou Plants have obtained ISO 9002 accreditation. Also, in December 2000, our Dongguan Plant obtained ISO 14001 accreditation from British Standards Institution to demonstrate our social responsibility to preserve the environment.



*Our quality is recognized in the industry. In year 2000, we have awarded 2 champion awards and 1 merit award from The Hong Kong Print Awards and 5 Pewter awards from the The Gold Ink Awards.*

### The Outlook for 2001 and Beyond

As we enter the new millenium, we commit the mission to be the most reliable, consistent and knowledgeable provider of printing services in the marketplace. Internally, we shall continue with our structural and organizational review and changes to improve efficiency. We strive to provide outstanding customer services and quick turnaround time at competitive price.

Anticipating the global demand to be weakened amidst the distinct slowdown in the economy of the United States and the downward trend in pricing, we are cautiously confident of our business prospects given keen competition in the market. We will continue our efforts on cost control and processes improvement to shorten production lead-time and increase productivity. Deployment of advanced technology and continual upgrade of machinery will also make us better prepared to face the future.



*The Group has invested in state-of-the-art printing technology of computer-to-plate system which can shorten production lead-time and save cost for our customers.*

Looking to the future, we remain committed to our mainstream business in providing high quality printing services and we shall explore further diversification of product categories and geographical markets to have a balanced portfolio. As we expand our business to enhance the Group's competitiveness, our Group will diversify our traditional business into publishing business as well as e-business with a view to keep up with market development.

### Liquidity and Financial Positions

During the year, the Company had issued, in total, 107,000,000 shares and raised approximately HK\$61 million by way of private placements to independent investors. In addition, 21,144,000 shares were issued upon the exercise of share options granted under the share option scheme of the Company, proceeds therefrom were approximately HK\$7 million.

## CHAIRMAN'S STATEMENT *(Cont'd)*

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As at 31st December, 2000, the Group's bank balances and cash amounted to HK\$127,215,000 (1999: HK\$25,764,000) and bank and other borrowings amounted to HK\$190,894,000 (1999: HK\$103,879,000). The Group's net debt to equity ratio (being all bank and other borrowings less bank balances and cash as a ratio to shareholders' funds) improved from 42% in 1999 to 23% in 2000. Most of the Group's bank balances and borrowings were denominated in Hong Kong dollars and United States dollars, risk in exchange rate fluctuation will not be material.

### Staff

As at 31st December, 2000, the Group employed approximately 1,600 staff and workers, with their remuneration normally reviewed annually. The Group also provides its staff with other benefits including year-end double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

### Appreciation

On behalf of our shareholders and directors, I would like to express my heartfelt thanks to all management and staff for their dedicated contribution. With the support of my colleagues, I am confident that we can look ahead and continue to maximize our resources to bringing greatest reward to our shareholders.

**CHAN Sheung Chiu**

*Chairman*

Hong Kong, 12th April, 2001