



RESULTS

I am pleased to report Chung Tai Printing Holdings Limited's annual results for the year ended 31 March, 2001.

The audited consolidated profit for the year of the Company and its subsidiaries ("the Group") was HK\$78,451,109. Basic earnings per share based on the weighted average number of 311,377,280 shares in issue amounted to HK25.2 cents.

DIVIDENDS

The directors are pleased to recommend at the forthcoming Annual General Meeting the payment of a final dividend of HK6.0 cents per share for the year ended 31 March, 2001 to the members whose names appear on the Register of Members on 24 August, 2001. Together with the interim dividend of HK2.6 cents per share paid in January 2001, total dividends for the year amounted to HK8.6 cents per share. Subject to the approval of shareholders at the aforesaid Annual General Meeting, the dividend will be paid on or before 30 August, 2001.

REVIEW OF OPERATIONS AND ANALYSIS

During the year, the Group recorded a total turnover of HK\$511 million, an increase of 16.5% over last year's figure of HK\$438 million. Profit before taxation was HK\$88 million, an increase of 5.3% compared with last year's figure of HK\$84 million. Net profit was HK\$78 million (2000: HK\$82 million), a decrease of 4.6% as compared to last year. Basic earnings per share were HK25.2 cents. (2000: HK27.1 cents)

For the year under review, Hong Kong and PRC turnover grew by 20% to HK\$509 million, and profit from operations in these two markets amounted to HK\$89 million, with a margin of 17.6 % on sales (2000: 19.6%). The Group adopted competitive pricing strategies to secure customer's orders. The rising material costs, especially the paper cost in the early half of 2000, and the sudden slowdown of the US economy in 2001 have affected the gross profit. The Group strove to maintain the overall profitability by enhancing production efficiencies, cost control, and streamlining the overall operations. Other revenue of HK\$3.7 million included the gain on disposal of a building in the USA of HK\$2 million.

Our US operations incurred a loss of HK\$2 million. The turnover decreased by 86% to HK\$2 million (2000: HK\$14 million). The Group closed its business in the US at the end of 2000, and focus more on its core business.

The Group invested HK\$57 million (2000: HK\$36 million) in property, plant and equipment during the year. The expenditure mainly included the construction of a newly tailored production plant, the purchase of three state-of-the-art offset printing presses, and other auxiliary equipment. These investments will help to strengthen the Group's competitive position in the market and provide quality services to its customers.

FINANCIAL POSITION

The Group maintains a strong financial position. As at 31 March, 2001, its bank balance, cash and short-term deposits amounted to HK\$73 million (2000: HK\$55 million). The bank borrowings were HK\$14 million, a decrease of 33% as compared to that as at 31 March, 2000. The unutilised banking facilities amounted to HK\$171 million.

The board believes the Group has sufficient working capital for its operations and future expansion.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES**Executive Directors**

Mr. SUEK Chai Kit, Christopher, aged 49, is the Chairman and founder of the Group. He is responsible for the overall policy making and business development of the Group. He has 23 years' experience in the printing industry. Mr. Suek is the husband of the elder sister of Ms. Ng Wai Chi, executive director of the Group. He is the brother-in-law of Mr. Lai Kai Fung; the son of Mr. Suek Che Hin, the elder brother of Mr. Suek Chai Hong and Mr. Suek Chai Sze.

Mr. LAU Chin Hung, Edwin, aged 47, is responsible for the overall planning and operations of the Group. He obtained a higher diploma with distinction in design from Hong Kong Polytechnic University in 1976. Before he joined the Group in 1988, he was a section head in the design department of a listed electronics company in Hong Kong for 12 years.

Ms. NG Wai Chi, aged 41, is responsible for the label, screen process printing and advertising business of the Group. She joined the Group in 1979 and has 23 years' experience in label and silkscreen printing.

Mr. SUEK Chai Hong, Larry, aged 40, is responsible for the offset printing business of the Group. Mr. Suek holds a bachelor of business administration degree in finance from York University, Canada and has over 15 years' experience in marketing.

Non-executive Directors

Mr. TSE Po Lau, Paul, aged 49, appointed as Non-executive director in 1992. Mr. Tse has over 27 years' experience in the accounting and financial fields.

Mr. SUEK Che Hin, aged 79, appointed as Non-executive director in 1994. He has over 49 years' experience in printing industry.

Mr. WONG Sun Fat, aged 45, appointed as Non-executive director in 1994. Mr. Wong holds a bachelor of Arts degree from the University of Hong Kong and has over 15 years' experience in telecommunication products.

Senior Executives

Ms. NG Wai Yung, Angela, aged 49, is a director of Chung Tai Printing Company Limited. She has over 24 years' experience in label and screen process printing business. Ms. Ng joined the Group in 1994. She has obtained a diploma of management studies from Hong Kong Management Association in 2000.

Ms. LAW Suk Ting, Amen, aged 39, is the customer service manager of the Group's label and screen process business. She has over 15 years' experience in label and screen process printing and joined the Group in 1985. She has obtained a diploma of management studies from Hong Kong Management Association in 2000.

Ms. WONG Wai Man, Kriste, aged 42, is the customer service manager of the Group's offset printing business. She has over 12 years' experience in offset printing and joined the Group in 1989.

Mr. TSANG Hing Kai, Brian, aged 36, is the general manager of the Group's Credit Card Division. He has over 16 years' experience in photolithography and card manufacturing. Mr. Tsang joined the Group in 1994.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were less than 30%.

The five largest suppliers comprised 46% of total purchases (2000: 43%) while the largest supplier accounted for 12% (2000: 21%).

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

EMPLOYEES

As at 31st March, 2001, the total number of employees of the Group was approximately 2,060.

The Group reviews remuneration packages from time to time and increases are generally annually. Special adjustments are also made when required. Aside from salary payments, other staff benefits include contributions to a Retirement Benefit Scheme and medical subsidies. Share options are also available to certain staff.

PROSPECTS

The Group views the year 2001 and beyond with optimism. China's entry to the World Trade Organization ("WTO"), and the gradual deregulation in the coming future will be beneficial to the economic development of Hong Kong. The Group is well positioned to this by earmarking HK\$40 million to acquire new machineries and expand production facilities. We will upgrade the management information system to re-engineer the business processes. The Group will also explore the undeveloped market by introducing value-added products.

We believe that our dedicated efforts to adjust the Group's business strategies, tighten cost control, improve overall productivity will sustain its competitive advantages in the industry. We are confident that we can maintain profitability in the forthcoming years.

On behalf of the Board of Directors, I would like to thank the Group's management and staff for their efforts and hard work. I would also like to thank our shareholders for their continuous support.

Suek Chai Kit, Christopher
CHAIRMAN

Hong Kong, 20 July, 2001