

CHAIRMAN'S STATEMENT

主席報告

On behalf of the Board of Directors, I am honored to present the first annual report of Yew Sang Hong (Holdings) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st March, 2001.

Shall I begin with one of our Chinese sayings, "a ten years for a tree to grow tall, another hundred years to grow huge". Over the past years, the Company has been nurtured into an established electrical engineering contractor serving both the public and private sectors in Hong Kong. Since 1990, the Group continued to engage in its core business and enlarged its market share by both vertical and horizontal expansions, including the trading of electrical equipment and materials and the maintenance services for electrical systems at housing estates under the management of Hong Kong Housing Authority (the "HKHA").

With much effort made by its operation and management team, and its particularly strong connection and track record with the public sector, the Group has strived to a solid position in the industry, which also urged for public listing with the following objectives:

- To strengthen its capital base;
- To increase the Group's profile in the industry in Hong Kong;
- To upgrade the valuation of the Group by financial institutions; and
- To increase exposure in building business partnership in the future

Thanks for the support and confidence of all the investors and shareholders; the Group was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 3rd May, 2001, with its entire new issue of 30,000,000 shares fully subscribed.

After listing, the Group has determined to further diversify its business with electrical engineering contracting as its foundation. The net proceeds of approximately HK\$25 million from the new issue, besides HK\$1 million as for the general working capital, are to be applied as follows:



本人謹代表董事會呈報耀生行(集團)有限公司(「本公司」)及其附屬公司(「本集團」)截至二零零一年三月三十一日止年度之首份年報。

古語有云：「十年樹木，百年樹人」。本公司一直致力成為具市場地位之電氣工程承造商，為香港公共及私營市場提供服務。自一九九零年以來，本集團一直經營核心業務，並透過垂直及橫向整合，提高市場佔有率，其中包括買賣電氣設備及材料，並向香港房屋委員會(「房委會」)轄下屋邨提供電氣系統維修服務。

憑藉營運與管理人員之努力及在公共房屋之廣泛業務聯繫與輝煌成就，本集團致力奠定業內之領導地位，而申請公開上市時所定之業務目標如下：

- 擴大資本基礎；
- 增加本集團於香港業內之佔有率；
- 提升財務機構對本集團之估值；及
- 於日後建立更多建築業務合作關係

本集團已於二零零一年五月三日成功在香港聯合交易所有限公司(「聯交所」)上市，全部30,000,000股新股份已獲認購，謹此感謝所有投資者及股東對本集團之支持及信賴。

於上市後，本集團決定以電氣工程承造為核心，進一步擴展業務。發售新股所得款項淨額約為25,000,000港元，除其中1,000,000港元作為一般營運資金外，餘額將撥作下列用途：

- Approximately HK\$9 million for potential investments in or acquisitions of suppliers of electrical equipment and materials;
- Approximately HK\$5 million for developing other types of building services installation including fire service installation and air-conditioning installation;
- Approximately HK\$5 million for potential tendering for electrical engineering works;
- Approximately HK\$4 million for developing its business of trading in electrical equipment and materials in the PRC;
- Approximately HK\$1 million for carrying out testing of various electrical equipment and materials which the Group intends to seek compliance certification from the HKHA
- 約9,000,000港元用作未來投資或收購電氣設備及物料之供應商；
- 約5,000,000港元用作發展其他類別之樓宇設備安裝，包括消防安裝及空氣調節安裝；
- 約5,000,000港元用作競投電氣工程所須額外資金或／及按金；
- 約4,000,000港元用作發展中國電氣設備及物料貿易業務；
- 約1,000,000港元用作對本集團擬向房委會供應之各種電氣設備與物料進行測試，以取得供應授權及符合房委會規格之核證。

The Group is delighted to announce that, up to 31st March, 2001, it has been adhering tightly with the above investment plans. Even though the Company obtained its listing status for just three months, the Board had delivered encouraging results, which include negotiating new distributorship, identifying partnership in building services installation, opening office for China operation in Hong Kong and so on.

CORPORATE MISSION

Stepping out from being one of the leading electrical engineering contractors, the Group is looking ahead to expand as a total solution provider in the building system. It aims at supplying a fully integrated industrial solution package to customers in the electrical and other related arena, with an ultimate mission to provide a quality, reliable and cost effective building services system to the public.

FINANCIAL RESULTS

(For details, please refer to the section of "Management Discussion and Analysis" in this Report.)

Results

For the year ended 31st March, 2001, turnover was HK\$354,444,000, representing 23% decrease from HK\$461,246,000 in the previous year. Profit attributable to shareholders amounted to about

本集團欣然公佈，截至二零零一年三月三十一日，本集團一直依照上述投資計劃。儘管本公司取得上市地位僅得三個月，惟董事會已取得鼓舞成績，包括商討新代理權、物色建築服務安裝業務夥伴及在香港開設中國業務辦事處等。

公司目標

作為主要電氣工程承造商之一，本集團一直致力成為全面樓宇系統服務供應商，向客戶提供整套電氣及其他相關服務，以為公眾提供優質、可靠而價格相宜之樓宇設施。

財務業績

有關詳情謹請參閱本報告「管理層討論及分析」一節。

業績

截至二零零一年三月三十一日止年度，營業額為354,444,000港元，而上年度則為461,246,000港元，減幅為23%。股東應

HK\$47,195,000, approximately 5% over the profit estimate as stated in the prospectus dated 11th April, 2001 and representing an increase of about 30% (2000: HK\$36,231,000). Earnings per share were 28 HK cents (2000: 21 HK cents).

Dividend

The directors do not recommend the payment of a final dividend for the year ended 31st March, 2001 in order to preserve funds for the Group's future development plans.

BUSINESS REVIEW

Market and Industry Overview

During the year under review, the housing policy of the Hong Kong Government has undergone a structural revision, which caused market contraction in the industry. Yet it is still a prior concern for the Chief Executive of Hong Kong to stabilize a number of construction projects and to improve the general living standard in the coming future. These include the construction of residential units tailoring for the single elderly persons, the re-development of old urban residential areas and the construction of infrastructure facilities.

Besides, a series of housing construction defects have been revealed in recent months, leading to the loss of public confidence towards the quality of public housing and the construction industry. In January 2001, the HKHA published a consultative document, calling for partnering with stakeholders, including contractors and material suppliers, as the best possible way to achieve sustained improvements in quality and efficiency.

Operational Review

As an experienced electrical engineering contractor with strong track record in the public sector, the Group has been benefited from the Government's long-term public housing strategy in previous years as well as the year ended 31st March, 2001. Besides, the continued upgrading and improvement of electrical systems required by the HKHA's public housing redevelopment program also generates business opportunities for the Group.

However, the overall market contraction and the declined public confidence in the public housing have decreased its demand for

佔溢利為47,195,000港元，較二零零一年四月十一日刊發之售股章程所列之溢利估計高出約5%，而較二零零零年之36,231,000港元增加約30%。每股盈利為28港仙（二零零零年：21港仙）。

股息

董事並不建議派發截至二零零一年三月三十一日止年度之末期股息，以保留資金應付本集團日後發展計劃所需。

業務回顧

市場及行業概覽

儘管香港政府之房屋政策於回顧年度曾作結構性修訂，導致建築業市場收縮，惟香港特區首長仍然極為關注改善整體生活質素，爭取在短期內落實多項建築項目，其中包括興建單身長者住宅單位、重建舊住宅區及建設基礎設施。

此外，近期揭發之多項房屋建築問題，使公眾對公共房屋及建築界失去信心。二零零一年一月，房委會發出諮詢文件，倡議與承建商及材料供應商等業界參與者合作，並指此乃目前提高質素及效率之最可行方法。

營運回顧

本集團為經驗豐富之電氣工程承辦商，曾參與多項公共建設，一直受惠於政府過往及截至二零零一年三月三十一日止年度之長遠公共房屋政策。此外，房委會之公共房屋重建計劃需要更換及改良電氣系統，亦為本集團帶來大量商機。

然而，市場整體收縮及公眾對公共房屋失去信心使電氣工程承造服務之需求下降，



electrical engineering contracting services. As the contracting business is the Group's principal source of revenue, the drop in the demand has inevitably hindered the Group's performance in its core business. Together with the cutthroat tendering prices causing an increase in competition in the industry, the Group's success rate in project tendering have also adversely affected.

In view of the shrinkage in public sector electrical engineering works and its overall unfavorable market condition, the Group is stretching out from its traditional practice and more emphasis is put on the development in the private sector. During the year under review, the market weight of private sector has been improved from last year's 17% to this year's 35% due to reduced engineering contracting business turnover in the public projects and expansion in trading business turnover in the private sector.

During the year, the Group also extends its share of trading in electrical equipment and material in its core business from last year's 12% to this year's 22%, in order to benefit from business diversification as well as the economies of scale.

OUTLOOK

Electrical Engineering Contracting Business

Looking forward, the management team of the Group is placing more emphasis on the development in the private sector. It will continue to explore contracting business from the private housing so as to avoid over-reliance on public sector.

Besides, considering the tightened regulations on fire safety and electrical engineering systems, and inspection requirements for aging buildings prompting the demand for maintenance services, the Group also spots the possible business diversification coming ahead.

Through entering into strategic partnerships with various organizations and enterprises, the Group will make use of its existing technique and experience in electrical engineering installation and maintenance, which resembles other types of building services installation, to expand horizontally into the business of fire service installation and air-conditioning engineering installation. Through such expansion, the Group is diversifying into other building services and is fulfilling its mission to becoming a total solution provider in the building industry in Hong Kong.

而上述服務為本集團之主要收入來源，不免影響本集團核心業務之表現。加上，同業削價投標亦使業內競爭加劇，亦對本集團成功競投項目之機會造成不利影響。

由於公共建設電氣工程減少，加上整體市況不景，故此本集團現已擴展傳統業務，將發展重點轉向私營項目。於回顧年度，發展私營項目之比重已由去年之17%增至本年之35%，乃由於公共項目之工程承造業務營業額下降而私營為主之貿易業務營業額增加所致。

年內，本集團亦將核心業務中電氣設備及材料貿易之比重由上年度之12%增至本年度之22%，以擴展業務及達致更佳經濟規模效益。

展望

電氣工程承辦業務

展望將來，本集團管理層現已將發展重點轉為私營項目。為免過份倚賴公共房屋，管理層將繼續爭取私營項目之承造合約。

此外，由於政府收緊消防安全及電氣工程系統規例，加上規定樓宇須進行定期檢查，均刺激維修服務之需求，故此本集團亦會積極物色擴展業務之機會。

本集團與多個機構及企業建立策略合作關係，運用本身電氣工程安裝及維修之現有技術及經驗，應用於其他樓宇設施安裝，將業務擴展至消防設施安裝及空調工程安裝。本集團將業務擴展其他樓宇設施業務，致力成為香港屋宇服務業之全面供應商。

Equipment and Materials Trading Business

Apart from horizontal expansion, the Group is also determined to strengthen its business vertically. The Group is now enlarging the share of the equipment and material trading business and this focus will continue in the future. By doing so, the Group will benefit from the synergy effect, with a lower material cost, which helps to increase the competitiveness of its contracting business.

Subsequent to the financial year ended 31st March, 2001, the Group is negotiating for distributorship, from Italy, of two innovative and high technology products, including optical fibre cables, hazardous-free cables, flame-retardant power cables and various types of lighting fitting. Stretching out from its usual practice of importing electric cables from England, the Group starts to explore other suppliers and its first attempt is to introduce products from Italy.

The Group is now planning to enter into more agency or distribution agreements from major equipment and material suppliers, with the aim to broadening its supply source of trading equipment and materials.

Environmental Engineering

Identifying the growing public concern for environmental conservation in Hong Kong, the Group is planning to expand into the environmental engineering business by first engaging in the supply and installation of ARCS, an environmental friendly refuse disposal system to be equipped in public housing estates and Home Ownership Scheme housing completed after 1st January, 2001.

To be eligible to tender for environmental engineering contracts of public housing, the contractor must have first been admitted to the approved list of contractors by the HKHA. Subsequent to the financial year-end date, the Group has already submitted the corresponding application and is now waiting for approval. It has also entered into a distributorship agreement with a supplier of ARCS systems and intends to start marketing the ARCS systems in 2001.

Opening up of the PRC market

In view of its imminent admission to World Trade Organization and Beijing's successful bid to host the 2008 Olympic Games, the PRC is expecting for an extensive scale of infrastructure construction over a wide area of the country, heralding market opportunities for the

設備及建材貿易業務

除擴展業務範圍外，本集團亦決定垂直整合現有業務。本集團現正增加設備及材料貿易業務之比重，並以該業務為未來發展重點。上述計劃不單可與承造業務配合發展，亦可使成本下降及競爭力提高。

於截至二零零一年三月三十一日止財政年度結算日後，本集團正洽商光纖電纜、低煙無毒及防火電纜等兩項意大利創新科技產品及多種齊備照明產品之代理權。除一慣自英國進口電纜外，本集團亦著手物色其他供應商，並已率先引入意大利產品。

本集團現正計劃與主要設備及材料供應商訂立更多代理或分銷協議，以增加設備及材料之供應來源。

環保工程

鑒於香港公眾日漸關注環保問題，本集團正計劃經營有關環保工程業務，首先為二零零一年一月一日後落成之公屋及居屋供應及安裝環保垃圾處理系統ARCS。

承建商如欲符合公共房屋環保工程合約之投標資格，必須首先獲得房委會納入認可承建商之名單。於財政年度結算日後，本集團已遞交有關申請以待審批。本集團亦已與ARCS系統供應商訂立分銷協議，於二零零一年起推銷ARCS系統。

開拓中國市場

隨著中國快將加入世界貿易組織，加上北京成功申辦二零零八年奧運會，預期整個中國之基礎建設規模將會大幅增加，為建築業帶來無限商機。本集團洞悉上述市場



building industry. To grasp such opportunities, the Group is now preparing to penetrate into the PRC domain to provide quality electrical products.

Besides establishing a comprehensive sales network in the PRC, a China Operation Office has been set up in Hong Kong responsible for the PRC business development. Through its global network and industrial renown, Hong Kong serves as a perfect business platform bridging the PRC and the oversea markets. While introducing its products to the international market, it also helps the PRC absorbing information and technology from the rest of the world. This will not only generate infinite market capacity for the Group, but also enhance its international and industrial recognition.

ACKNOWLEDGEMENT

I would like to take this opportunity to present my deepest gratitude to our shareholders for their unfailing support throughout the year. I also wish to thank our staff, our business associates and our customers for their loyalty and guidance all along. The Group will strive to maximize its profitability and returns to shareholders through improvement in efficiency and competitiveness and is heading for a fruitful and prosperous future.

On behalf of the Board,

Lai Sai Sang

Chairman

Hong Kong, 27th July, 2001

機會，並已全面準備，在中國供應優質電氣產品。

除在中國建立廣泛銷售網絡外，本集團亦在香港設立中國業務辦事處，專責中國業務發展。憑藉香港之國際網絡及建築業知名度，香港將成為溝通中國與海外市場之理想業務平台。本集團作為中界角色將國內之產品推出國際市場外，亦會為中國引入其他國家之最新資訊及科技。以上發展不單為本集團開創極為龐大之市場，亦可提升本集團在國際及業內之知名度。

鳴謝

本人謹此對股東年內之一直鼎力支持致以衷心感謝。本人亦感謝各員工、業務夥伴及客戶長久以來之信賴及指導。本集團將致力提高營運效率及競爭力，以增加溢利及股東回報，開創美好明天。

董事會代表

賴細生

主席

香港，二零零一年七月二十七日