

## CHAIRMAN'S STATEMENT

### BUSINESS REVIEW

The Group registered solid growth during the 2001 financial year. Total turnover increased by 12% to HK\$1,239,274,000. Profit attributable to shareholders increased by 124% to HK\$121,226,000. The growth in profit attributable to shareholders for the current year would have been increased by 21% should the provision for diminution in value of Taiwan investment amounting HK\$46,482,000 in the previous year been taken off.

Earlier this year, the entire production facility in Hong Kong, including ductile iron casting, components manufacturing,

machine assembly and mould production operations, was relocated to the Chen Hsong Industrial Park in Shenzhen, Mainland China. The current monthly output has already exceeded the past peak capacity recorded in Hong Kong. The new manufacturing base enabled effective cost control and contributed to the improved gross margin this year.

Business growth for this financial year came primarily from the robust economy in Mainland China and accelerated expansions of Hong Kong and Taiwan customers in Mainland China.



re-view<sup>2001</sup>

### DIRECTION FOR DEVELOPMENT

Plastic, characterised by its flexibility and cost advantage, is unlikely to be replaced in the near future. Consequently, demands for plastic injection moulding machines will continue to grow for at least another decade. The Group will continue to focus on its plastic injection moulding machine business, strengthening our existing base while enhancing competitiveness.

At a macro level, the current plastics industry can be categorised into two segments: general plastic products and engineering plastic products. Over the years, the Chen Hsong Group has already

captured a substantial share of the regular plastics market. We aggressively expanded the Group's research and development centers to accelerate the development of new technologies required for the engineering plastic products. These R&D projects, such as super-high-speed injection moulding and the CHEN-PET two-stage PET preform system, will allow the Group to respond to the growing demand for diverse plastic applications in today's global markets.

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**Dr. Chen CHIANG**  
Chairman



In the areas of information technology, the Group is investing to expand current network infrastructure, with a new ERP (Enterprise Resource Planning) system as flagship. This will enable tight monitoring of daily operations, providing quick responses to market dynamics by top management, as well as enhancing communications among the Group's subsidiaries and branches in the world.

### **PROSPECTS FOR THE COMING YEAR**

The economy in Mainland China remains sound. With forthcoming accession to the WTO and increasing investments from multinational companies, Mainland China is likely to become one of the most important production centers for plastic products in the world. Supported by years of experience, a nation-wide sales and service network, productivity gains from the new Chen Hsong Industrial Park, the consolidation of global sales network, the Group is poised to capture a larger market share.

However, our Taiwan operations in the short term may be affected by the weak domestic

economy and the slowdown of the computer and telecommunications markets, we will minimise these impacts through effective cost control and enlarged product portfolio.

### **CONCLUSION**

On behalf of the Board and the management team, I would like to express my sincere gratitude to all our shareholders, customers, staff members, business partners, and banks for their support. The Chen Hsong Group will adhere to its motto of "Striving for Excellence" and generate attractive returns to shareholders by maintaining quality products and services.

### **Chen CHIANG**

*Chairman*

Hong Kong, 17 July 2001