



Chairman's Statement

主席報告

RESULTS AND DIVIDENDS

I am pleased to announce the audited results of Ngai Hing Hong Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30th June 2001. The Group recorded an audited consolidated turnover of HK\$804,210,000, representing a growth of 14.3% as compared to HK\$703,593,000 in the previous year. Profit attributable to shareholders amounted to HK\$15,798,000. The Board has recommended a final dividend of HK1.5 cents per share for the year.

BUSINESS REVIEW & PROSPECTS

Year 2000/2001 has been a challenging and difficult year for the Group. Hong Kong's export industry has suffered as a result of the sluggish US market since the fourth quarter of 2000 and the stagnant global economic conditions since early this year. In spite of this harsh business environment, the Group still maintained a growth in its aggregate turnover. This was mainly attributable to the continued and dedicated efforts made by the sales team. The offering of comprehensive, quality and value-added services and quality products at competitive prices contributed to further expansion of the Group's customer base.

However, the slowdown in the global economy inevitably led to a decrease in the selling price of plastic resins and a reduced gross profit margin for the trading of plastic materials. Gross profit margin for the manufacturing operation also decreased due to the pricing pressure resulted from vigorous competition within the industry.

During the year, the Group's operations in the People's Republic of China (the "PRC") recorded significant growth in turnover and operating profit as compared with last year. In addition to the effort of the sales team, the increase was also due to the ongoing commitment of resources in the PRC market, which is consistent with the Group's confidence in this market.

In view of the tremendous development potential in the northern part of the PRC, the Group is committed to actively extending its foothold in such region. In October 2000, the Group entered into an agreement with Haier Group, a well-established

業績及股息

本人謹此報告毅興行有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零一年六月三十日止年度之經審核業績。本集團本年度經審核的總營業額錄得804,210,000港元，較去年度703,593,000港元上升百分之十四點三，股東應佔溢利為15,798,000港元。董事會已建議派發末期股息每股1.5港仙。

業務回顧及展望

過去一年對本集團而言是極具挑戰和艱辛的經營時期。本集團須面對本港出口業受美國自二零零零年第四季起經濟放緩，以至二零零一年全球經濟不景的影響。但在如此艱難的營商環境下，本集團於本財政年度的總營業額仍然保持增長。此乃由於銷售隊伍致力為客戶提供全面、優質及增值的服務，並以具競爭力的價格提供高質素的產品，令客戶基礎得以擴大。

不過，全球經濟的放緩無可避免地導致塑料樹脂的售價相應下調，塑料貿易的毛利率亦因此而降低。另外，激烈的競爭亦令本集團的著色劑生產業務面臨價格下調的壓力，毛利率因而下降。

於本年度因本集團在中華人民共和國(「中國」)之業務而產生的營業額和經營溢利與去年比較升幅顯著。這除了銷售人員的努力外，亦與本集團過往看好國內市場，積極投入資源有關。

鑑於在中國北部的發展潛力龐大，本集團現正積極拓展該市場。於二零零零年十月，本集團與國內馳名的大型企業海爾集團共同成立合資

BUSINESS REVIEW & PROSPECTS (Cont'd)

and renowned enterprise in the PRC, to establish a joint venture named Tsing Tao Ngai Hing Plastic Materials Co., Ltd. ("Tsing Tao Ngai Hing"). Tsing Tao Ngai Hing is principally engaged in the production and sale of engineering plastics, colour pigment, pre-colour and masterbatches. Construction of the new plant was completed in the second quarter of 2001 as scheduled and production commenced immediately.

In recent years, the Group has continuously committed to developing tailor-made products for customers. Performance of the engineering plastics business was very encouraging, making profit contribution to the Group during the year. As the market demand for engineering plastics remains promising in the future, the Group will actively pursue continued development in this segment.

The Group has placed a great deal of effort in strengthening its relationship with customers during the year under review. It sets up three liaison offices in its point-of-sales locations in the PRC including Shenzhen and Shunde to provide front-line technical consultancy services to customers. With the established liaison offices, the Group has been able to respond swiftly to customers' enquiries and needs.

Looking forward, the Group will endeavour to obtain distributorships for high value-added products to strengthen its competitiveness in the trading of plastic materials as well as creating new income streams for the Group.

As business opportunities are expected to flourish upon the PRC's accession to the WTO, the Group will proactively develop the business of colourants manufacturing and set up more liaison offices in the PRC. Additionally, the Group intends to strengthen its production capacity and distribution network in the PRC through the establishment of Tsing Tao Ngai Hing.

The macro-economic conditions are expected to be turbulent in the coming year. However, the Group will continue to explore new business areas in which there are potential market demands and implement a streamlined operation. These measures aim at maximizing returns for the Group and its shareholders.

業務回顧及展望 (續)

企業青島毅興塑膠原料有限公司(「青島毅興」)。青島毅興主要從事生產及銷售工程塑料、色粉、色粒及色母。該合資廠房已如期於二零零一年第二季落成，並迅即投入生產。

本集團近年來積極發展針對性的產品，值得一提的是工程塑料業務於本年度錄得非常令人鼓舞的成績，為本集團帶來盈利貢獻。預期未來市場對工程塑料的需求仍然甚為殷切，本集團將會繼續積極發展此項業務。

於回顧期內，本集團致力加強與客戶的關係，現已按計劃分別在深圳及順德等地共設立了三個聯絡處，直接為客戶提供技術顧問服務，並即時回應客戶的查詢及需要。

展望未來，在塑料貿易業務方面，本集團將積極爭取高增值產品的代理權，藉此加強本集團的競爭能力，同時又可增加本集團之收入來源。

本集團預期中國加入世貿組織後必帶來無限商機，為此會積極發展著色劑生產業務，並繼續在國內其他地區設立聯絡處。此外，本集團亦希望藉著青島毅興，加強在國內的生產設備及擴大分銷網絡。

雖然來年的經濟情況會更趨不穩定，惟本集團仍會因應市場的需求拓展業務新領域及精簡營運模式，力求為本集團和股東帶來最大的回報。

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers. As at 30th June 2001, the Group has available aggregate bank loan facilities of approximately HK\$89,800,000, of which HK\$34,023,000 have been utilized and were secured by corporate guarantee issued by the Company and legal charges on certain leasehold land and buildings in the PRC and Hong Kong owned by the Group (see note 9 to the accounts). The Group's cash and bank balances and short term bank deposits as at 30th June 2001 amounted to approximately HK\$32,941,000. The Group's gearing ratio as at 30th June 2001 was approximately 14.1%, based on the total bank borrowings of approximately HK\$34,023,000 and the shareholders' funds of approximately HK\$240,828,000. As the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars, the Group has no significant exposure to foreign currency fluctuations.

Details of the Group's capital commitments and the Company's contingent liabilities are disclosed in notes 19 and 20 to the accounts respectively.

EMPLOYEE INFORMATION

As at 30th June 2001, the Group employed a total of 660 full-time employees. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group has introduced an incentive scheme which is geared to the profit of the Group and the performance of its employees, as an incentive to motivate its employees to increase their contribution to the Group. The Group also provides social and medical insurance coverage, and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

APPRECIATION

I would like to conclude this Statement by thanking the Group's suppliers, customers and shareholders for their excellent support, my fellow directors, the Group's executives, management and all of the staff for their hard work and commitment during the year.

Hui Sai Chung

Chairman

Hong Kong,
11th October 2001

流動資金及財務資源

本集團一般以內部流動現金及主要銀行提供銀行貸款作為營運資金。於二零零一年六月三十日，本集團可動用銀行貸款約89,800,000港元，經已動用合共約34,023,000港元，該等貸款乃由本公司發出的擔保及本集團擁有之若干中國及香港租賃土地及樓宇之法定抵押作擔保（詳見賬目附註9）。本集團於二零零一年六月三十日之現金及銀行結存與短期銀行存款約為32,941,000港元。根據銀行貸款總額約34,023,000港元及股東資金約240,828,000港元計算，本集團於二零零一年六月三十日之負債資產比率約為百分之十四點一。由於本集團之借貸及銀行結存主要為港元，本集團於外幣浮動上並無重大風險。

有關本集團之資本承擔及本公司之或有負債已分別刊載於賬目附註19及20。

僱員資料

於二零零一年六月三十日，本集團有合共660名全職僱員。本集團之酬金政策乃按個別僱員之表現而制訂，並每年定期檢討。本集團亦為其僱員提供一個獎勵計劃，以鼓勵員工增加對公司之貢獻，惟須視本集團之溢利及僱員之表現而定。本集團不同地區之僱員亦獲提供社會及醫療保險以及公積金計劃。

致謝

最後，本人在此謹向本集團的供應商、客戶及股東一直以來的支持，和本集團的董事、管理層及所有員工在過去一年的努力和付出，致以衷心謝意。

主席

許世聰

香港，
二零零一年十月十一日