



### FINANCIAL RESULTS

The Directors are pleased to announce that the audited profit attributable to shareholders of the Group for the year ended 31st December, 2001 amounted to HK\$28,047,000 (2000: HK\$27,594,000). Earnings per share were HK 7.6 cents (2000: HK 8.8 cents).

### MANAGEMENT DISCUSSIONS ON RESULTS

Turnover of the Group decreased from HK\$663,286,000 last year to HK\$513,537,000 this year, representing a decrease of approximately 23% due to unfavorable global economic situation. However, as a result of our effective cost control, the Group managed to improve our gross profit ratio from 27% last year to 30% during this year. Profit attributable to shareholders recorded a slight increase to HK\$28,047,000 (2000: HK\$27,594,000), representing an increase of approximately 2% over last year.

In 2001, the management had anticipated the slowdown in global economic situation and thus took precautionary action to implement a series of measures to tighten internal controls, eliminate wastage, improve productivity as well as cost savings plan. As a result, the Group achieved reduction in overheads during the year, including selling expenses, administrative and financial expenses. In addition, the Group adopted the strategy to enhance financial planning and management which resulted in a decrease in inventories level and trade receivables, as well as the reduction of bank and other borrowings by about HK\$110 million during the year under review.

### DIVIDEND

The directors propose to declare a final dividend of HK 2 cents per ordinary share (2000: Nil) payable on or before 3rd June, 2002 to ordinary shareholders whose names appear on the Company's register of members on 27th May, 2002. No interim dividend has been declared in respect of the current financial year (2000: HK 2 cents).

### BUSINESS REVIEW

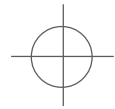
The tragic event on 11th September in United States (the "US") had made the already sluggish global economy even worse than ever. Turnover of the group decreased by 23% to HK\$513,537,000.

#### (a) Printing Division

##### (i) Books Printing

The Group's Books Printing owned its factory premises in Bolou, Huizhou, the PRC, which occupied a site area of about 410,000 sq. ft. and has a gross floor area of about 260,000 sq. ft.. Its printing products include case-bound books, hard cover and soft





cover books, gifts and stationeries products like wall and desk calendars, journals and postcards, which are principally export to the US and Europe. As a major books exporter in Hong Kong, this books printing business suffered while the US economy slowdown. Inevitably, its turnover recorded a decrease in 2001. However, the drop in turnover was largely due to emotional effect and

uncertainty in market, print buyers were more conservative in sales forecast and thus cut the size of each order but with more frequent reprint orders. Therefore, its sales is expected to pick up again as soon as the world economy gets turnaround.

(ii) *Packaging Printing*

During the year under review, the Group's Packaging Printing acquired the land and factory premises in Chang An, Dongguan, the PRC, which occupied a site area of about 215,000 sq. ft. and has a gross floor area of 420,000 sq. ft.. Its packaging products include packaging box, card and paper-bag, and its customers are mainly manufacturers in the PRC. Although its turnover was



lower than last year, the demand for packaging and paper products in the PRC are expected to increase following the PRC become a new member of the World Trade Organization. To prepare for new business opportunities, it has established a sales force targeting the PRC market to promote paper products like paper bag and gift box. We believe diversification of product mix will minimize the effect of seasonal fluctuation and maximize the use of our machineries.





(iii) *Commercial Printing*

The Group's Commercial Printing leased its factory premises located in Hong Kong with a gross floor area of 60,000 sq. ft.. Its products include commercial printing materials, financial reports, prospectus etc. The unexpected terrorist attack in US prompted a



sharp cooling effect on world economy and impeded the recovery of Hong Kong's economy. In fact, the local market had a quick response with an immediate cut in marketing budget by our commercial clients since September 2001. As a result, together with other micro-economical factors, it recorded a drastic fell in turnover as compared with last year. With a good reputation in high-quality and prompt delivery, we believe it will pick up its business as soon as the external environment is improved.



*Chuang's Garden, Danshui, Huiyang*

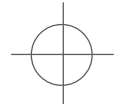
685,900 sq. ft. In addition, the Group also acquired 51% interests in a commercial podium and basement of Chengdu Chuang's Centre in Sichuan, the PRC, with a gross floor area of 460,000 sq. ft.. The properties are held by the Group for long term investment purpose with steady recurrent rental income.

**(b) Property Division**

Apart from these three printing businesses, the Group acquired the entire interests in Lambda Building, Yuen Sang Building and three blocks of residential units of Chuang's Garden, in Huiyang, the PRC, with an aggregate gross floor area of



*Chengdu Chuang's Centre, Chengdu, Sichuan*



*Yuen Sang Building, Danshui, Huiyang*



*Lambda Building, Danshui, Huiyang*

### THE OUTLOOK FOR 2002 AND BEYOND

Year 2001 was a tough year to most people all over the world. The Group had made much efforts on sales and marketing in order to maintain its market share. We shall take more proactive strategies to develop new clients and provide the best customer services to generate favorable word-of-mouth for the Group. The most important of all is to become a business partner of all clients providing high level of printing quality as well as competitive price. In 2002, the Group will be presence in international trade shows like BookExpo America in New York, Tokyo International Book Fair and Guangdong (Dongguan) International Gifts & Stationery Exhibition 2002 as an exhibitor to publicise its name, and to pull new clients and to expand its client base.

Other than economical factor, technological change is another threat to the traditional printing industry. To keep abreast of new technology, the Group has invested in its second computer-to-plate system to meet the increasing demand on filmless printing. The system is expected to start production shortly.

Although keen competition is eroding the Group's profit margin, we shall devote resources on staff training and development to increase the sense of belonging among staff and to enhance the efficiency and effectiveness of strategic and operation management so as to reinforce the awareness of cost control on raw materials and production operation as well as productivity at all levels to increase the Group's competitiveness.

We will also continue our effort 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.

Despite of economic slowdown, the PRC still recorded 7.3% increase in its GDP in 2001. At the end of 2001, the Group established a new business unit for property investment and acquired several properties in the PRC. It is expected to have positive contribution in 2002 and to provide a stable stream of income. For year 2002 and beyond, the Group will also continue to identify potential business opportunities to further diversify its business and to broaden its sources of income.



### PROPOSED CHANGE OF NAME

Apart from printing businesses, the Group has acquired investment properties for investment purpose. To better reflect the business nature of the Group, a proposal will be put forward in the annual general meeting of the Company to change the name of the Company to "Midas International Holdings Limited", and for the purpose of identification only, the Chinese name (勤達集團國際有限公司) be used. A circular containing, inter alia, details of the proposed change of name will be despatched to the shareholders as soon as possible.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2001, the Group's bank balances and cash amounted to HK\$136,255,000 (2000: HK\$127,215,000) and bank and other borrowings amounted to HK\$81,300,000 (2000: HK\$190,894,000) of which HK\$60,033,000 (2000: HK\$163,736,000) are due within one year. 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 23% in 2000 to net bank balances in 2001. Interest on bank borrowings are charged at variable commercial rates prevailing in Hong Kong and the PRC. Most of the Group's bank balances and borrowings were denominated in Hong Kong dollars and United States dollars, risk in exchange rate fluctuation would not be material. At the balance sheet date, certain assets of the Group with net book values of HK\$110,160,000 (2000: HK\$118,115,000) had been pledged to secure borrowings granted to the Group.

### STAFF

As at 31st December, 2001, the Group employed 1,600 staff and workers approximately, 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.

### INCREASE IN SHAREHOLDING INTEREST

As at 31st December, 2001, Chuang's China Investments Limited ("Chuang's China") was interested in 60,000,000 ordinary shares of the Company, representing about 16.4% of the issued ordinary shares. In addition, Chuang's China was interested in 421,500,000 preference shares of the Company, of which 84,000,000 are convertible into ordinary shares. On 8th April, 2002, Chuang's China exercised its rights to convert 12,000,000 preference shares into 24,000,000 ordinary shares of the Company. As a result, the shareholding interest of Chuang's China in the Company was increased to about 21.6% of the enlarged issued ordinary share capital.

### APPRECIATION

On behalf of the board of 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, 10th April, 2002