



RESULTS

I am pleased to report Chung Tai Printing Holdings Limited's annual results for the year ended 31 March, 2002.

The audited consolidated profit for the year of the Company and its subsidiaries ("the Group") was HK\$60,445,885. Basic earnings per share based on the weighted average number of 311,377,280 shares in issue amounted to HK19.4 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, 2002 to the members whose names appear on the Register of Members on 23 August, 2002. Together with the interim dividend of HK2.6 cents per share paid in January 2002, total dividends for the year amounted to HK8.7 cents per share. Subject to the approval of shareholders at the aforesaid Annual General Meeting, the dividend will be paid on or before 29 August, 2002.

REVIEW OF OPERATIONS AND PROSPECTS

Total turnover for the financial year ended 31 March 2002 was HK\$449 million, representing a decrease of 12% as compared with HK\$511 million last year. The gross margin was maintained at around 34%, similar to last year's 33%. Profit before taxation was HK\$70 million, representing 20% decrease from last year's figure of HK\$88 million. Net profit was HK\$60 million. (2001: HK\$78 million), Basic earnings per share was 19.4 cents. (2001: HK25.2 cents)

The decline of turnover was caused by slacken demand for consumer products, as a result of global economic downturn. The "9.11" incident in US further dampened the already sluggish market. Our customers adopted cautious inventory policy to decrease stock level, which in turn led to delay of our orders. Falling paper price had exerted downward pressure on our selling price. Tax inquiry by the Hong Kong Inland Revenue Department was finished, the Group had incurred an exceptional sum of HK\$6 million, which included consultant fee, additional tax and related charges, for settling the case. If this exceptional amount is excluded, the Group's net profit will be adjusted to HK\$66 million, representing a 15% decrease from last year's figure of HK\$78 million.

Distribution costs were dropped by HK\$7 million to HK\$21 million (2001: HK\$28 million), in response to decrease of sales. Increase in administrative expenses were mainly caused by higher depreciation charges, and outlays for corporate retrenchment.

The Group earmarked HK\$71 million (2001: HK\$57 million) in property, plant and equipment during the year. The expenditures mainly included the infrastructure projects of our new plant, two six-colour offset presses, one silkscreen machine, one label printing press and other supplementary equipment. For the year ahead, the Group intend to invest HK\$ 40 million for new machineries to expand our production capacity and escalate our business competitiveness in the industry.

The global economy has been gradually recovered. Sales orders received are picking up in 2002 as the customers start to pile up inventories for the peak season. China's entry to the WTO provides a new frontier for business growth. The Group will capitalize on this opportunity by adopting customer-focused strategy, improving product quality, and implementing vigorous marketing campaigns. Our Shenzhen back office was moved to a new premise, as our Group devote much marketing effort to develop the existing PRC market, and meanwhile enforce the communication with existing customers. In line with our commitment to quality service and management, the Group will implement the Enterprise Resource Planning System (ERP) in the years ahead to streamline the overall operation, and facilitate the smoother dissemination of management information within the organization, which is expected to bring about greater efficiency and superior management. On the strength of these initiatives, we have confidence to out-rival our competitors in this difficult environment and continue to maintain our strategic niche in the printing industry.

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.

FINANCIAL POSITION

The financial position of the Group remained sound and healthy, despite the substantial capital investments made during the financial year. At 31 March 2002, the net current assets and current ratio of the Group were approximately HK\$188 million and 4.2:1 respectively. The current assets comprised inventories of approximately HK\$60 million, trade and other receivables of approximately HK\$101 million and bank balance, cash and short-term deposit of approximately HK\$86 million. The Group had total assets of HK\$511 million, which were financed by current liabilities of HK\$59 million, non-current liabilities of HK\$14 million and shareholders' equity of HK\$438 million. The Group had no bank borrowings. Hence, there is no gearing for the Group.

The Group had limited exposure to fluctuation in foreign currencies as most of its transactions were made in US dollars, Hong Kong dollars and Renminbi. The Group does not currently undertake any foreign exchange hedging activity.

EMPLOYEES

As at 31 March, 2002, the total number of employees of the Group was approximately 2,770.

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.

Suek Chai Kit, Christopher
Chairman

Hong Kong, 19 July, 2002