

Chairman's  
Statement

主席報告

上海毅興塑膠原料有限公司

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毅興行

NGAI HING HONG COMPANY

## RESULTS AND DIVIDENDS

For the year ended 30th June 2003, Ngai Hing Hong Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded an audited consolidated turnover of HK\$874,976,000 (2002: HK\$747,281,000) and profit attributable to shareholders of HK\$40,462,000 (2002: HK\$38,408,000). Earnings per share for the year amounted to HK13.49 cents (2002: HK12.80 cents). The Board has recommended a final dividend of HK5.0 cents (2002: HK5.0 cents) per share. Together with the interim dividend of HK3.0 cents (2002: HK2.0 cents) per share, total dividend payment for the year under review will amount to HK8.0 cents (2002: HK7.0 cents) per share.

## BUSINESS REVIEW

The Group managed to overcome many challenges and achieved positive development in 2002/03. Though the global economic slowdown lingered in the first-half of the year, there were growing signs of increasing in demand for plastics from around the world in the aftermath of the 9/11 terrorist attacks, which helped to drive in the Group's business. Results in the first-half of the year therefore outperformed that of the previous first-half year. The Group, however, experienced a decline in profit in the second-half as compared with the same period last year due to the negative impact of the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome ("SARS"). Despite such turmoil, the Group managed to record improved results as compared to last year, with turnover and profit increasing by 17.1% and 5.3% respectively. The improvement in overall performance was attributable to the efforts of its determined management team, solid business foundations and flexible business strategies.

## 業績及股息

毅興行有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零三年六月三十日止年度之經審核之總營業額為874,976,000港元(二零零二年: 747,281,000港元), 股東應佔溢利為40,462,000港元(二零零二年: 38,408,000港元), 每股盈利為13.49港仙(二零零二年: 12.80港仙)。董事會已建議派發末期股息每股5.0港仙(二零零二年: 5.0港仙)。連同於回顧年內派發之中期股息每股3.0港仙(二零零二年: 2.0港仙), 回顧年內全年股息為每股8.0港仙(二零零二年: 7.0港仙)。

## 業務回顧

二零零二／零三年度對毅興行來說極具挑戰。於回顧年度上半年, 儘管整體的營商環境仍然持續受到全球經濟復甦緩慢的影響, 但市場自「九一一」事件後對塑料需求回升, 整體業務取得較去年同期理想的成績。然而, 下半年由於受到伊拉克戰爭及嚴重急性呼吸系統綜合症(「非典型肺炎」)爆發的影響, 導致營商環境甚為艱難, 令本年度下半年的業績稍遜於去年同期。雖然面對如此嚴峻的環境, 本集團仍能妥善應付, 憑藉豐富經驗的管理層、穩固的基礎及靈活的業務策略, 使整體業績表現仍優於去年, 總營業額及盈利均較去年增長17.1%及5.3%。

The Group has increased its emphasis on developing the manufacturing business with high profit margins in recent years. The colourants and engineering plastics manufacturing segment saw favourable market demand during the first-half of the year under review, resulting in significant increase in turnover in this business segment. The Group's tailor-made and cost-effective engineering plastics, which have persistently been gaining popularity in the market, also drove continuing growth in turnover in this business segment in the second-half of the year under review.

Capitalising on the Group's extensive experience in the colourants business, it developed colourants applications and techniques in the production of construction materials, to strengthen its marketing edge. The Group has also cooperated with building materials companies in the People's Republic of China (the "PRC") for the provision of the colourants application and techniques, thereby extending its existing customers base to the construction sector and providing additional source of revenue for the Group.

With regard to the plastics trading business, revenues began to generate from southern China after the Group developed new customer networks, with the establishment of Ngai Hing (GZFTZ) Trading Co., Ltd. in the Guangzhou Free Trade Zone in May 2002.

In the latter half of the reporting year, the war in Iraq and the SARS outbreak in the PRC and Hong Kong adversely affected both economies, resulting in a downturn in the trading business, due to the extremely cautious ordering approach adopted by customers during the period. In view of this gloomy market environment, strategic measures were adopted and plastic products were made available at highly competitive prices. As a result, the sales of these products performed well in the market. While the gross profit margin of the trading business declined, the Group still achieved double-digit percentage growth in turnover during the year under review.

本集團近年來銳意發展毛利率較高之生產業務。其中着色劑及工程塑料在年度內的市場需求殷切，令生產業務的營業額在上半年顯著上升，而下半年的增長動力則主要來自具成本效益且能針對顧客需求的工程塑料，這類產品獲得強大的客戶基礎的支持，令營業額仍持續錄得增長。

為加強市場地位，憑藉本集團在着色劑業務的豐富經驗，成功開發了着色劑於塑料建材應用及使用的技術，並與中華人民共和國（「中國」）建築材料供應商達成了數個合作項目，令本集團的顧客基礎擴大至建築材料行業，以及增加收入來源。

至於塑膠原料貿易業務方面，本集團在二零零二年五月在廣州保稅區成立了毅興（廣州保稅區）貿易有限公司後，建立進入中國市場的據點，在華南地區建立了客戶網絡，開始為本集團帶來收益。

於回顧年度下半年由於伊拉克戰爭的爆發，以及其後中國及香港爆發非典型肺炎，對兩地的經濟造成嚴重打擊，對本集團貿易業務影響尤甚，因顧客採取審慎態度訂貨。鑑於當時不明朗的市場環境，本集團採用的策略是以極具競爭力的價格銷售產品，結果反應理想，雖然貿易業務的整體毛利率下降，但營業額仍能夠獲得雙位數的百分率增長。

During the year under review, the Group commenced operations of its three new plants in Qingdao, Shanghai and Hong Kong, which greatly enhanced the Group's production capacities. In the meantime, the Group is in the course of consolidating its internal operations to achieve cost efficiencies in production.

The Group also continues to exercise stringent cost control measures to reduce finance costs. At the same time, in recognition of its efforts and achievements, Dongguan Ngai Hing Plastic Materials Ltd., a subsidiary of the Group, received accreditation as a Hi-tech Enterprise from the PRC Government in May last year. This accomplishment not only highlighted its advanced production equipment, innovative technology and professional operations, but also entitling the Group to apply for many tax exemptions, in turn greatly reducing its taxation charges.

## PROSPECTS

With strong confidence in the prospects of the PRC market, the Group has planned to expand its trading business in the PRC. Following its success in the Guangzhou Free Trade Zone, the Group has decided to set up more representative offices in major cities in the PRC.

Specialists with extensive industry and technical knowledge have joined the Group, strengthening its research and development capabilities. This move will help the Group to develop more new and improved products, increase its product range and raise its competitive edge in the industry.

The future appears increasingly promising for the PRC, especially with its accession to the World Trade Organization and the recent signing of the Closer Economic Partnership Arrangement (CEPA). These factors are creating a more favourable business environment. The Group commenced the operation of its plant in Hong Kong this year, enabling it to take advantage of these emerging opportunities. The Group is poised to capture the many opportunities in future as it continues to provide quality products and value-added services to its customers and I am confident that the Group will attain new heights of excellence in future.

在回顧年內，本集團位於青島、上海及香港的新廠房已陸續正式投產，大大提升產能，令生產能更靈活地調控，而集團亦致力於整合內部的流程，期望令我們的生產更具成本效益。

本集團於回顧期內繼續實施嚴謹的財務控制措施，以減低財務成本。本集團旗下的東莞毅興塑膠原料有限公司很榮幸在去年五月獲中國政府評選為高新技術企業，除了肯定了本集團先進的生產設備、創新的技術及專業的流程之外，並可申請多項稅務優惠，將大大節省稅項支出。

## 展望

本集團一向對中國市場的發展前景充滿信心。在廣州保稅區開展了塑膠原料貿易業務後，本集團對國內市場運作加深了認識。現計劃未來在中國其他主要城市設立辦事處，以進一步開拓中國市場。

在研究及發展工作方面，本集團招攬了擁有豐富行業知識及技術的專才，以加強研發新產品，增加產品種類及提高本集團在市場的競爭力。

中國的營商環境在加入世界貿易組織後預期將更為理想，加上中港兩地政府最近簽署了「更緊密經貿關係安排」，為本港廠商在中國市場發展提供有利環境，特別是本集團於香港之廠房今年已正式運作，令本集團得以掌握先機。未來本集團已準備就緒迎接中國市場各種商機，同時繼續致力為客戶提供高質素產品及增值服務。本人深信本集團在未來將會更創高峰。

### 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 2003, the Group has available aggregate bank loan facilities of approximately HK\$160,229,000, of which HK\$87,031,000 have been utilised 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 11 to the accounts). The Group's cash and bank balances and short term bank deposits as at 30th June 2003 amounted to approximately HK\$63,995,000. The Group's gearing ratio as at 30th June 2003 was approximately 36 per cent., based on the total bank borrowings of approximately HK\$87,031,000, together with obligations under finance leases of HK\$17,738,000 and the shareholders' funds of approximately HK\$290,722,000. 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 20 and 21 to the accounts respectively.

### EMPLOYEE INFORMATION

As at 30th June 2003, the Group employed a total of 800 full-time employees. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group has 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.

### 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。於二零零三年六月三十日，本集團可動用銀行貸款約160,229,000港元，經已動用合共約87,031,000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11）。本集團於二零零三年六月三十日之現金及銀行結存與短期銀行存款約為63,995,000港元。根據銀行貸款總額約87,031,000港元、融資租賃責任17,738,000港元及股東資金約290,722,000港元計算，本集團於二零零三年六月三十日之負債資產比率約為百分之三十六。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20及21。

### 僱員資料

於二零零三年六月三十日，本集團有合共800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。

## 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 outstanding performance and contributions during such challenging year.

**HUI Sai Chung**

*Chairman*

Hong Kong,

8th October 2003

## 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充滿挑戰的一年的卓越表現和貢獻，致以衷心謝意。

主席

許世聰

香港，

二零零三年十月八日