

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 "the Group") for the year ended 30th June 2005. The Group recorded a consolidated turnover of HK\$1,243,849,000 (2004: HK\$1,017,775,000) and profit attributable to shareholders of HK\$17,102,000 (2004: HK\$13,279,000) during the year. Earnings per share for the year amounted to HK5.64 cents (2004: HK4.43 cents). The Board recommended the payment of a final dividend of HK1.0 cent (2004: HK2.0 cents) per share. Together with the interim dividend of HK1.0 cent (2004: HK1.0 cent) per share, the total dividend payment for the year under review will amount to HK2.0 cents (2004: 3.0 cents) per share.

BUSINESS REVIEW

The past year had been challenging for the Group. During the period under review, the increase in costs of raw materials triggered by the persistently high crude oil prices had had adverse effect on the Group's operational environment and business. However, with a rock solid foundation and an experienced management team, the Group not only rose above the challenges, but also turned them into opportunities, achieving double-digit growth in both turnover and net profit.

During the year, the Group adopted aggressive sales and marketing strategies and succeeded in expanding its customer base. It boasted marked gains in both order numbers and selling prices for its products. All of the Group's business segments including the plastics trading business, engineering plastics manufacturing segment, colourants business and PVC business recorded significant growth in revenue. However, because of the high raw material costs (which were elevated by rocketing oil prices) and the deployment of extra resources into its new plant and business, both the Group's production and operational costs surged, thus negatively affected its gross profit margin.

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」)截至二零零五年六月三十日止年度之經審核業績。本集團經審核之總營業額為1,243,849,000港元(二零零四年：1,017,775,000港元)，股東應佔溢利為17,102,000港元(二零零四年：13,279,000港元)，每股盈利為5.64港仙(二零零四年：4.43港仙)。董事會已建議派發末期股息每股1.0港仙(二零零四年：2.0港仙)。連同於回顧年內派發之中期股息每股1.0港仙(二零零四年：1.0港仙)，回顧年內全年股息為每股2.0港仙(二零零四年：3.0港仙)。

業務回顧

過去一年對本集團來說仍然充滿挑戰。於回顧期內，原油價格居高不下帶動相關物料價格上揚，確實對營商環境及本集團的業務構成影響。但憑藉本集團穩固的基礎和管理團隊豐富的經驗，本集團仍能將這些挑戰轉為機會，為本集團的營業額及純利帶來雙位數字的增長。

年內，本集團透過積極進取的銷售及市場推廣策略，成功於年內擴闊客戶基礎，無論於訂單數量或售價均取得顯著的增長，本集團各項業務，包括塑膠原料貿易、工程塑料、着色劑、PVC膠粒等均錄得增長。然而，由於原油價格飆升影響物料成本價格顯著上升，加上本集團為新廠房及新業務投入額外資源，令本集團的生產及營運成本增加，導致整體毛利率下降。

In 2003/2004, the Group successfully established the new PVC compounds business and set up a production plant in Dongguan to produce PVC compounds for manufacturing electrical wires and cables, sockets and toys. The products are sold in both domestic and overseas markets. Thanks to the hard work of the Group's sales team, the segment has been gaining new customers and orders. The Group expects the segment to generate return in the next fiscal year and become a major growth driver in the future.

During the review period, the Group's plastic, trading segment delivered brilliant performance. Because of the rise in plastic resins prices, the relentless efforts of its sales force and the gradually opening market in mainland China, the Group's plastic trading business achieved satisfactory growth in both turnover and profit. Furthermore, the business of Ngai Hing (GZFTZ) Trading Co., Ltd. also grew steadily, contributing to the overall increase of the Group's turnover.

On the other hand, as a result of the Group's drive to provide better customer service, its engineering plastics business also saw notable growth during the review period, reporting double-digit increase in both turnover and profit. During the year, this segment stepped up its cooperation with customer's research and development teams in developing new products. These efforts have helped to sustain the segment's competitiveness, allowing it to make significant profit contribution to the Group. As for the colourants business, the rising raw material prices and elevating manufacturing and production costs, all pushed up by the hefty oil prices, dampened our customers' sentiment in placing orders. This ultimately adversely affected the segment's profit.

於二零零三／二零零四年，本集團成功開拓了新業務範疇——產銷PVC膠粒，並於東莞開設新廠房，為海外及內銷市場提供用以製造電線電纜、插頭及玩具的PVC膠粒。憑藉本集團銷售隊伍的努力，此項新業務不斷取得新客戶及訂單，本集團預期此項業務將於下個財政年度為本集團帶來回報，並成為未來強勁的增長動力。

於回顧期內，本集團的塑膠原料貿易業務成功創出亮麗的成績。年內，受惠於塑料價格上升，加上本集團銷售隊伍的努力和中國國內市場的逐步開放，塑膠原料貿易業務無論於營業額或純利方面均錄得令人滿意的增長。此外，毅興（廣州保稅區）貿易有限公司亦繼續平穩地發展，對本集團營業額的增長帶來貢獻。

另一方面，由於本集團努力推陳出新，致力配合客戶需求，工程塑料業務於回顧期內亦錄得顯著的增長，營業額及盈利皆錄得雙位數字的升幅。年內，工程塑料部門加緊與客戶的研發部門合作，共同開發新產品，致使工程塑料業務保持競爭優勢，並為本集團帶來可觀的盈利貢獻及增長。至於着色劑方面，由於油價於年內節節上升，影響製作費用及生產成本，加上原料價格上揚，以致客戶訂單數目減少，故着色劑業務的增長亦受到影響。

PROSPECTS

Although the global economy and consumption sentiment in markets worldwide are improving, uncertainties still loom as a result of crude oil prices fluctuation. For this reason, the Group holds a cautiously optimistic view of its business outlook. In the future, the Group plans to focus on expanding its customer base, trimming production costs, and developing new products and new product applications, with an ultimate goal of taking full advantage of its exceptional production efficiency and economies of scale to satisfy customers' different needs.

Besides, the Group will also expand the scope of its different business segments in an organized manner, targeting to ensure the supply of top quality products and value-added services to its customers while at the same time improving its competitiveness and creating new sources of income. The initiative will brace the Group for steady growth. On the engineering plastics front, while Hong Kong has been the segment's historical base, with the Group's Shanghai branch inaugurated, the Group will strive to develop the PRC market for the segment, focusing specially on the fast growing eastern region of the country. In addition, the Group will continue to work in close collaboration with its customers in developing new products for the market.

As for the colourants segment, efforts will be devoted to developing new products and new product applications for different industries including the packaging industry, to widen the Group's income sources. At the same time, the Group will work with customers' research and development teams to provide customers with production solutions that promise improved cost effectiveness, thereby securing more orders for the Group. In addition, the Group will gradually introduce its products to overseas markets including the U.S., Europe, Asian and the Middle East in the long run. Last but not the least, the Group will continue to expand its PVC compounds business focusing on developing new products, such as those for application by the medical sector, so as to fully utilize its existing resources and broaden its customer base.

展望

儘管全球經濟與各地市場的消費意欲繼續上揚，但受到原油價格等不明朗因素影響，本集團對來年的前景持審慎樂觀的態度。未來，本集團計劃將經營重點投放於擴闊客戶基礎、節約生產成本，以及研發新產品及新應用範疇等方面，以充份發揮本集團優越的生產效率及規模經濟效益，並盡量滿足客戶不同的需求。

此外，本集團亦將有計劃地發展各項業務範疇，務求在為客戶提供高質素的产品及增值服務的同時，提升本集團在市場的競爭力及增加收入來源，令本集團穩步成長。工程塑料方面，本集團一直以香港市場為基地，但隨著上海分公司的成立，本集團將進一步開拓發展蓬勃的中國市場，特別是經濟增長迅速的華東地區。本集團亦將繼續與客戶緊密合作，共同開發新產品。

至於着色劑方面，本集團將致力開發更多新產品及應用範疇以應用於不同行業，如包裝業等，以增加收入來源。與此同時，本集團亦將與客戶的研發部門合作，為客戶提供更具經濟效益的生產方案，務求為本集團取得更多訂單。此外，本集團銳意將產品逐步推出海外市場，如美國、歐洲、亞洲及中東等市場。最後，本集團將繼續發展PVC膠粒業務，並將專注於研發新產品，如應用於醫療行業的產品，以充份利用現有的資源及擴闊客戶基礎。

To widen the room for business growth, the Group has been actively expanding its production facilities to boost production capacity while exploring new business areas. Looking ahead, the Group will diligently implement production cost control measures to achieve higher cost effectiveness. Adhering to these clear and focused development strategies and with the concerted efforts of its staff, the Group will strive to deliver better results in the next fiscal year.

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 2005, the Group has available aggregate bank loan facilities of approximately HK\$259,831,000, of which approximately HK\$182,924,000 have been utilized and were secured by corporate guarantees 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 as at 30th June 2005 amounted to approximately HK\$55,019,000. The Group's gearing ratio as at 30th June 2005 was approximately 63%, based on the total bank borrowings of approximately HK\$182,924,000, together with obligations under finance leases of approximately HK\$25,253,000 and the shareholders' funds of approximately HK\$330,193,000.

Details of the Group's capital commitments and the Company's contingent liabilities are disclosed in notes 21 and 22 to the accounts respectively.

FOREIGN EXCHANGE RISK

The Group's borrowings and cash balances are primarily denominated in Hong Kong dollars. The Group's purchases were principally denominated in US dollars. The Group closely monitors currency fluctuations and reduces its exchange risk by hedging with forward exchange contracts from time to time.

本集團於以往積極建設廠房以提升整體產能，並致力發掘新的業務領域，務求進一步擴闊業務增長空間。未來，本集團將積極推行生產成本控制措施，務求令生產更具成本效益。憑藉上述專注及明確的業務發展策略，本集團全體員工上下一心，努力為下一個財政年度締造更理想的業績。

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。於二零零五年六月三十日，本集團可動用銀行貸款約259,831,000港元，經已動用合共約182,924,000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）。本集團於二零零五年六月三十日之現金及銀行結存約為55,019,000港元。根據銀行貸款總額約182,924,000港元、融資租賃責任約25,253,000港元及股東資金約330,193,000港元計算，本集團於二零零五年六月三十日之負債資產比率約為百分之六十三。

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21及22。

外匯風險

本集團之借貸及銀行結存主要為港元。本集團的採購主要以美元計算。本集團不時密切監察匯率波動情況及透過對沖遠期外匯合約減低匯率波動風險。

At 30th June 2005, the Group had maximum outstanding commitments in respect of forward contracts in order to hedge the Group's exposure in foreign currencies from its operations as follows:

為減低營運帶來之外匯風險，本集團訂立外匯遠期合約。於二零零五年六月三十日，未兌現之遠期合約之最大承諾如下：

		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Sell HK dollars for US dollars	沽港元以買入美元	836,267	436,660

EMPLOYEE INFORMATION

As at 30th June 2005, the Group had approximately 850 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.

僱員資料

於二零零五年六月三十日，本集團有合共約850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 express my gratitude to our suppliers, customers and shareholders for their unflinching support. My thanks also go to my fellow directors, executives and staff for their outstanding performance and contribution during the past year ridden with challenges. The Group will as always, with prudence and conviction, seek to secure long-term development and the most satisfactory return to shareholders. I am confident that the Group will be able to attain more prosperous results for the coming year.

致謝

本人藉此機會感謝本集團的供應商、客戶及股東一直以來的支持，並對本集團的董事、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。毅興行將秉持一貫之穩健與積極的態度，為集團的長遠發展與股東的最大利益而努力，並且寄望來年更美滿豐盛。

HUI Sai Chung

Chairman

Hong Kong,

13th October 2005

主席

許世聰

香港，

二零零五年十月十三日