

主席報告

> Chairman's Statement



RESULTS AND DIVIDEND

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 2006. The Group recorded an audited consolidated turnover of HK\$1,332,120,000 (2005: HK\$1,243,849,000) and profit attributable to equity holders of the Company of HK\$7,082,000 (2005 restated: HK\$14,951,000). Earnings per share for the year were HK1.97 cents (2005 restated: HK4.93 cents). The Board of Directors recommends the payment of a final dividend of HK1.0 cent (2005: HK1.0 cent) per share. Together with the interim dividend of HK1.0 cent (2005: HK1.0 cent) per share, the total dividend payment for the year under review is HK2.0 cents per share (2005: HK2.0 cents).

BUSINESS REVIEW

In the past year, the plastic materials and plastics related industries had to face a very testing business environment. Persistently climbing crude oil and raw material prices and keen market competition posed severe challenges to the Group. Nevertheless, the Group achieved double-digit growth in turnover in the first half of the year, and despite the slower growth in the second half, a 7% growth in turnover was recorded for the full year.

During the year under review, surge in raw material prices pushed up the Group's production costs. As the increase in costs could not be totally transferred to customers, the Group's overall gross margin declined. The high raw material prices also dampened purchasing sentiment of customers and accordingly the Group's business growth was affected. In addition, finance costs increased by approximately HK\$3,664,000 mainly due to the surge in interest rate. Furthermore, the change in the Group's accounting policies at the adoption of new Hong Kong Financial Reporting Standards has led to the decrease in the Group's profit by approximately HK\$2,888,000.

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」)截至二零零六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1,332,120,000港元(二零零五年: 1,243,849,000港元), 公司股東應佔溢利為7,082,000港元(二零零五年已重列: 14,951,000港元), 每股盈利為1.97港仙(二零零五年已重列: 4.93港仙)。董事會已建議派發末期股息每股1.0港仙(二零零五年: 1.0港仙)。連同於回顧年內派發之中期股息每股1.0港仙(二零零五年: 1.0港仙), 回顧年內全年股息為每股2.0港仙(二零零五年: 2.0港仙)。

業務回顧

過去一年, 塑料及塑料相關行業面對非常嚴峻的經營環境, 原油及原材料價格持續上漲, 加上行內競爭劇烈, 使本集團的業務充滿挑戰。儘管如此, 本集團的營業額在上半年錄得雙位數字的增長, 下半年增幅收窄, 但全年仍然錄得百分之七的增長。

在回顧年內, 原材料價格上漲令本集團的生產成本增加, 但本集團產品的售價卻未能以相同幅度調升以轉嫁成本之增幅, 導致整體毛利率下降。由於原材料價格上揚亦影響了客戶的訂貨意欲, 使本集團的業務增長受到影響。此外利率上升導致利息支出增加約3,664,000港元, 而採納新的香港財務報告準則亦造成本集團會計政策的變更, 令本集團之利潤減少約2,888,000港元。

To counter the difficult business environment, the Group adopted various concrete measures including taking orders with lower risks and shortening account receivables recovery period. At the same time, the Group also actively expanded its customer base by securing more large enterprises as customers. Apart from placing mass orders, these customers also offer shorter account receivables period, thus lower the credit risk of the Group.

During the period under review, the Group conducted detailed review of its inventory mix and adjusted its inventory levels in order to minimize the impact on material cost from surge in plastics price. The move had helped to notably increase the Group's cash flow, which was used to reduce debts, and accordingly lower the Group's gearing ratio and improve its overall financial position. Moreover, the Group has strived to maintain close relationship with suppliers with the aim of improving communication as well as securing extended credit period.

PROSPECTS

To minimize the impact of consistently high crude oil and raw materials prices on its business, the Group will seek to broaden its income sources and at the same time reduce expenditure. On the one hand, it will implement aggressive sales and marketing activities to expand its customer base, adding to it especially more large enterprise customers. On the other hand, it will continue to apply cost control measures to heighten cost effectiveness of production and enhance overall operational efficiency. In addition, the Group will seek to effectively increase cash flows and reduce gearing through lowering inventory levels and shortening recovery of account receivables. Such moves will help to ensure the Group's financial stability and flexibility.

在困難的經營環境下，本集團採取了多項對應措施，包括在接受訂單時選擇風險較低之訂單，亦儘量縮短應收賬回收期。與此同時，本集團積極調整客戶組合，致力爭取大企業客戶。這些客戶的訂單數量較大、應收賬期較短，而且壞賬風險亦較低。

在回顧年內，本集團仔細審查存貨組合及水平，然後適度減低存貨量，從而減少塑料價格上升造成的影響。此舉令本集團的現金流顯著增加，使本集團可以利用增加之現金流減低債務，使負債比率下降和整體財務狀況得以改善。另外，本集團一直與供應商保持良好關係，務求增加彼此之溝通，並致力延長信貸期。

展望

塑料相關行業受到原油及原材料價格持續高企等因素影響，本集團將會採取開源節流的策略，一方面透過積極進取的銷售及市場推廣，擴闊客戶基礎，尤其重點爭取大企業客戶。另一方面，本集團將繼續推行生產成本控制措施，務求令生產更具成本效益，提升整體營運效率。同時，本集團亦會繼續透過減低存貨及縮短應收賬回收期等措施，從而增加現金流及減低負債，提升本集團的財政穩健性及靈活度。

The Group will develop and grow its businesses steadily according to plan. Its aims are to provide customers with quality products and value added services as well as enhance its own market competitiveness and broaden income streams. For its plastics trading business, the Group will further explore opportunities in the booming PRC market.

For its engineering plastic products and colorants, the Group will continue to work with customers' R&D teams to jointly develop new products. It will strive to develop more new products and applications of products in various industries, such as the packaging industry, so as to expand its income sources and fully realize its production efficiency and economies of scale advantages while satisfying different customer demands.

The Group has established a Greater China regional team to oversee the domestic and overseas sales of colorants and ensure optimum sharing of resources and know-how among operations in different regions. The team will also focus on securing more large enterprise customers.

The Group has joined the International Colour Alliance, a platform for it to maintain close business relationship and exchange technical know-how with industry players in different countries. It hopes the move will aid its building of a global business network.

本集團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，提升本集團在市場上的競爭力及增加收入來源，令本集團穩步成長。對於塑膠原料貿易業務，本集團將進一步開拓發展蓬勃的中國市場。

工程塑料及着色劑方面，本集團將繼續與客戶的研發部門合作，共同開發新產品。本集團並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，並充份發揮本集團優越的生產效率及規模經濟效益，以滿足不同客戶的需求。

至於着色劑的內銷及外銷業務，本集團已成立了大中華統籌部門主理此業務，務求促進各個業務地區的資源共用及技術交流，並積極爭取大企業客戶。

本集團亦已加盟了國際顏色專業聯盟，藉此與其他國家之同業保持緊密的商業聯繫和作出技術交流，以推動本集團之業務網絡全球化。

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 2006, the Group has available aggregate bank loan facilities of approximately HK\$267,150,000, of which approximately HK\$176,268,000 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 notes 15, 16 and 17 to the accounts). The Group's cash and bank balances as at 30th June 2006 amounted to approximately HK\$62,187,000. The Group's gearing ratio as at 30th June 2006 was approximately 52%, based on the total bank borrowings of approximately HK\$158,353,000, together with obligations under finance leases of approximately HK\$17,915,000 and the shareholders' funds of approximately HK\$336,484,000.

Details of the Group's capital commitments and the Company's contingent liabilities are disclosed in notes 29 and 30 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 entering into forward exchange contracts from time to time.

At 30th June 2006, 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:

	2006	2005
	HK\$'000	HK\$'000
	千港元	千港元
Sell HK dollars for US dollars	886,964	836,267
沽港元以買入美元		

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。於二零零六年六月三十日，本集團可動用銀行貸款約267,150,000港元，經已動用合共約176,268,000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15,16及17）。本集團於二零零六年六月三十日之現金及銀行結存約為62,187,000港元。根據銀行貸款總額約158,353,000港元、融資租賃責任約17,915,000港元及股東資金約336,484,000港元計算，本集團於二零零六年六月三十日之負債資產比率約為百分之五十二。

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29及30。

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。

為減低營運帶來之外匯風險，本集團訂立外匯遠期合約。於二零零六年六月三十日，未兌現之遠期合約之最大承諾如下：

EMPLOYEE INFORMATION

As at 30th June 2006, the Group had approximately 905 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.

APPRECIATION

I would like to express my gratitude to our suppliers, customers and shareholders for their unfailing 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.

HUI Sai Chung

Chairman

Hong Kong,

16th October 2006

僱員資料

於二零零六年六月三十日，本集團有合共約905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

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。

主席

許世聰

香港，

二零零六年十月十六日