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IN HONG KONG

Mulpha unit thrives in colour coating ops

DID you know that the colour coating on your child's branded metal toy or your mobile phone set may be an indirect product of Malaysian conglomerate Mulpha International Bhd?

This is because Manfield Coatings Company Ltd, one of the biggest producers of industrial paints for the China and Hong Kong markets, is a subsidiary of Greenfield Chemical Holdings Ltd that is in turn a subsidiary of public-listed Mulpha International.

Manfield's products range from coatings for mobile phones and toys to non-stick coatings for cookware as well as water-base coatings for automotive parts and coatings for drainage pipes.

Greenfield Chemical Holdings, listed on the main board of the Hong Kong Stock Exchange, is engaged in the manufacture and sale of industrial paints and coatings in China.

The group's production activities are carried out through Shenzhen Pinefield Chemical Enterprises Co Ltd at the Pinefield factory in Shenzhen. The factory has a production capacity of about 20,000 tonnes of industrial coatings a year, and this will be expanded to 30,000 tonnes by next year.

According to Mulpha International Bhd director Derrick Tan Peng Koon, Mulpha has recouped a substantial part of its investment within a reasonable period.

"They (Greenfield) are sitting on cash and whatever their expenses are from internal funding," Tan told StarBiz during a recent media trip to Manfield's head office in Shatin, Hong Kong, and the Pinefield factory.

Tan, who is a non-executive director of Greenfield Chemical Holdings, said Mulpha had been receiving dividends from Greenfield and there was no necessity to provide any more funding at present. "We don't expand for the sake of expanding," he explained.

Greenfield Chemical Holdings



Yuen Shu Wah (left) and Derrick Tan posing with some of the finished products at the Pinefield factory

managing director Yuen Shu Wah said the group had managed to maintain "good profits" despite escalating raw material costs, the increase in crude oil prices and keen competition.

"We had a pretty good year although many paint companies didn't do well last year. This was due to our relentless efforts to improve quality in terms of service, product

and management that led to effective cost control. This is reflected in our high profit ratio despite industry pressures. We are able to satisfy our customers," he said.

"Furthermore, the mobile phone market is booming for both China and other countries, and our sales in this sector are expanding rapidly. As for trading via our joint-venture company, we have been a major

paint supplier to global brands such as Motorola, and are expanding into Sony Ericsson, Siemens, Samsung and Nokia. The total market growth is expected to be around 20%," he said.

The group achieved substantial sales growth of more than 20% last year, registering about HK\$300mil in turnover and HK\$50mil in profits.

The group had a consolidated turnover of HK\$283.8mil for the financial year ended Dec 31, 2003. This represented a substantial increase of 20%, compared with HK\$236.8 mil for the previous year. The net profit attributable to shareholders grew by 38% to HK\$50.58mil against HK\$36.64mil in the previous year.

Greenfield Chemical Holdings has no outstanding borrowings and has cash on hand of HK\$71.66mil (2002:HK\$67.99mil).

Yuen said the group had a "commanding" share of the market for coating metal toys in Hong Kong. Its customers include most of the major toy makers in Hong Kong as well as Mattel and the manufacturers of the McDonald's toys. As Hong Kong is the world's biggest producer of metal toys, the group enjoys a major

share of the world's paint market for toys.

He also expects a 20% growth in the plastic coating business and what he calls NSHT (non-stick, high temperature resisting) products such as cookware and electric goods.

"All our products for cookware and sandwich toaster interiors have FDA approvals," he said, adding that Manfield posted HK\$300mil in turnover last year and taking into account the sales from joint-venture partners, he expects the Shenzhen

factory to produce about HK\$500mil of paint sales to end-customers for this year alone.

Yuen, who founded Manfield in 1986 and is its managing director, said Manfield had won numerous awards. Among them were a Certificate of Merit at the Hong Kong Management Association's Quality Awards and a Certificate of Encouragement at the China Quality Management Awards organised by the China Quality Management Association. It has also successfully upgraded its existing certification from ISO9001: 1994 to ISO 9001:2000. Moreover, it has an ISO 14001 certification.

Manfield director cum general manager Ko Jack Lum said Manfield and their joint venture partners would have two new factories - one in Guangzhou that would start production in June this year and one in Wuxi that would begin operating by early 2006. They will serve customers in the eastern and northern parts of China respectively.

In June 2000, the group formed a joint venture firm called Weilburger Manfield Ltd (WML) with two international partners: Weilburger Lacke Handelsgesellschaft mbH (an international paint products manufacturer based in Germany) and Cashew Company Ltd (a Japan-based paint products manufacturer specialising in coatings for telecommunications products). Manfield, Weilburger and Cashew hold 45%, 45% and 10% stakes respectively in the joint venture.

WML would focus on plastic coatings for products such as cookware and cell phones.

Ko said China produced some 200 million cellular phones a year. He said girls and young women in China seemingly changed their cell phones once or twice a year. "It's like a fashion trend to them. This is good for our business," he said at Manfield's main office in Shatin.

Manfield has grown from a five-man operation to 1,000 employees today. In the late 80s, it shifted its entire production to the Shenzhen factory while maintaining the old office in Shatin.

Manfield produces myriad of coating products for industry

WHEN your child drops his Hotwheels toy cars, the colour would still look as good as new. Not a scratch or any peeling of the paint.

Well, the coating that we all take so much for granted is one of the quality products of China-based Manfield Coatings Co Ltd.

The production of coatings for toys is only one of the many products that are being churned out from Manfield's Pinefield factory in Shenzhen.

The plant, located off a busy highway, houses some 1,000 workers and its production facilities, particularly its quality control system, are so impressive that it has won a string of top awards.

In 1997, Mulpha became an indirect controlling shareholder of the Manfield group and during the same year the Pinefield factory was certified as having established a quality control system in the factory, meeting the requirements of ISO9001 for industrial coatings, powder coatings, paint, inks, solvents and pre-treatment chemicals.



The small drawers where dry paint samples are kept at Manfield's factory in Shenzhen

Its products include stoving enamel, air-dry coating, acrylic basecoat, and acrylic paints.

Three more factories and warehouse buildings with 8,000 sq metres and 10,000 sq metres of space and a multi-storey, modern hostel that is capable of housing

270 more workers (the existing four hostels can accommodate 700 workers) are nearing completion beside the existing plant.

First-time visitors to the plant may get the impression that the company is very frugal and pragmatic, seeing the modest office of

its founder cum managing director Yuen Shu Wah, 55, and the simple furnishing and old-looking corridors and staircases.

However, look closer, and one would find that the highly skilled workers handle expensive, sophisticated laboratory equipment as well as machinery including 750 sets of mixing tanks, 32 sets of grinders and 190 sets of high-speed dispersers.

There are some 250 colour-matching craftsmen, 90 technicians, and 60 outdoor servicemen.

There are two sets of in-house atomic absorption spectrometers to ensure no disruption of testing heavy metal content.

The factory is a hive of activities from the man powder-coating a piece of metal with a spray gun in one of the quality control stations to the production "librarians" meticulously cataloguing paint samples.

This factory stores a staggering 120,000 wet and dry paint samples spread over two floors and is ever ready for prompt retrieval of data when needed.

An example of the high precision standards can be seen from the fact that Manfield is well equipped with all the necessary testing equipment to meet stringent specifications of Motorola, as well as highly precise measurements down to one part per million of the eight heavy metal contents in toy paint.

Is there any other similar set-up in China? Not that he knows, came Yuen's reply.

The bespectacled professorial-looking, soft-spoken recipient of the Young Industrialist Award (conferred by the Federation of Hong Kong Industries in 1995), holds a First Class Honours bachelor degree in Chemistry and Mathematics from the University of Hong Kong and a masters degree in Chemical Engineering from the University of Wales.

Despite his heavy workload, he is actively involved in church work. He is a founder of the Gratia Foundation Limited in Hong Kong that aims to support charity work in China including the Grace Merciful Home orphanage in Fuzhou in China.