1. **GENERAL**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands ("Companies Law"). Its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 30.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

Potential impact arising on adoption of new or revised accounting standards

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill arising on acquisitions of subsidiaries prior to 1st January, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Goodwill *(cont'd)*

Goodwill arising on acquisitions of subsidiaries after 1st January, 2001 is capitalised as a separate asset on the balance sheet and amortised on a straight line basis over its useful economic life.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortisation and accumulated impairment losses.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment over their estimated useful lives, from the date on which they become fully operational, using the straight line method, as follows:

Leasehold land	50 years or over the term of the relevant lease, whichever is shorter
Buildings	20 – 30 years
Leasehold improvements	Over the term of the relevant lease
Plant and machinery	3 – 15 years
Furniture and fixtures	3 – 5 years
Motor vehicles	3 – 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Assets held under finance leases

Leases are classified as finance leases when the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group.

Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as obligations under finance leases. Finance costs, which represent the difference between the total finance lease payment and the original outstanding principal at the inception of the finance lease, are charged to the income statement over the period of the respective leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals payable are charged to the income statement on a straight line basis over the term of the relevant lease.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the term of the relevant lease.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in such currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of subsidiaries which are denominated in foreign currencies are translated into Hong Kong dollars at the approximate rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and are recognised as income or as expenses in the period in which the operations are disposed of.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense as they fall due.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which exceed 10 per cent of the greater of the present value of the Group's defined benefit obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the employees participating in the plan. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised on the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised transitional liability on initial adoption of Statement of Standard Accounting Practice 34 "Employee Benefits" issued by the Hong Kong Institute of Certified Public Accountants, and as reduced by the fair value of plan assets. Any asset resulting from this calculation was limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

3. SEGMENT INFORMATION

Business segments

The Group is currently operating in two business segments, namely printing and property investment. Turnover of the Group represents net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances and property rental income during the year. The Group reports business segments as its primary segment. Segmental information about these businesses is presented below.

3. SEGMENT INFORMATION *(cont'd)*

2004

CONSOLIDATED INCOME STATEMENT

	Printing HK$'000	Property investment HK$'000	Consolidated HK$'000
TURNOVER – external	719,311	17,568	736,879
SEGMENT RESULTS	67,971	10,749	78,720
Unallocated corporate income			4
Unallocated corporate expenses			(1,843)
Profit from operations			76,881
Finance costs			(5,777)
Profit before taxation			71,104
Income tax expenses			(9,399)
Profit before minority interests			61,705

CONSOLIDATED BALANCE SHEET

	Printing HK$'000	Property investment HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	527,042	431,953	958,995
Unallocated corporate assets			96,252
Consolidated total assets			1,055,247
LIABILITIES			
Segment liabilities	211,414	84,118	295,532
Unallocated corporate liabilities			204,943
Consolidated total liabilities			500,475

3. SEGMENT INFORMATION *(cont'd)*

2004 *(cont'd)*

OTHER INFORMATION

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Allowance for bad and doubtful debts	6,112	–	6,112
Capital expenditure	40,258	–	40,258
Depreciation and amortisation	34,726	253	34,979
(Gain) loss on disposal of property, plant and equipment	(1,173)	496	(677)

2003

CONSOLIDATED INCOME STATEMENT

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER – external	660,361	14,876	675,237
SEGMENT RESULTS	54,488	11,860	66,348
Unallocated corporate income			1,202
Unallocated corporate expenses			(1,620)
Profit from operations			65,930
Finance costs			(6,257)
Profit before taxation			59,673
Income tax expenses			(6,704)
Profit before minority interests			52,969

3. SEGMENT INFORMATION *(cont'd)*

2003 *(cont'd)*

CONSOLIDATED BALANCE SHEET

	Printing *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
ASSETS			
Segment assets	495,847	420,251	916,098
Unallocated corporate assets			169,028
Consolidated total assets			1,085,126
LIABILITIES			
Segment liabilities	214,245	81,005	295,250
Unallocated corporate liabilities			177,538
Consolidated total liabilities			472,788

OTHER INFORMATION

	Printing *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Allowance for bad and doubtful debts	1,567	–	1,567
Capital expenditure	74,387	715	75,102
Depreciation and amortisation	34,401	207	34,608
Loss on disposal of property, plant and equipment	86	–	86

3. SEGMENT INFORMATION *(cont'd)*

Geographical segments

The Group's printing business is located in both Hong Kong and the People's Republic of China (the "PRC"), while the property business is located in the PRC.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods and the services.

	Turnover by geographical market	
	2004	2003
	HK$'000	*HK$'000*
Europe	**229,341**	176,018
North America	**196,628**	167,381
Hong Kong	**185,991**	193,540
Australia and New Zealand	**76,268**	92,444
The PRC	**42,768**	45,060
Others	**5,883**	794
	736,879	675,237

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Capital expenditure**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**334,850**	346,983	**898**	2,352
The PRC	**720,397**	738,143	**39,360**	72,750
	1,055,247	1,085,126	**40,258**	75,102

4. PROFIT FROM OPERATIONS

	2004 HK$'000	2003 HK$'000
Profit from operations has been arrived at after charging:		
Directors' remuneration *(note 5)*	**6,200**	5,531
Other staff costs	**85,799**	81,888
Retirement benefit scheme contribution, excluding contributions for directors	**1,808**	2,358
Total staff costs	**93,807**	89,777
Allowance for bad and doubtful debts	**6,112**	1,567
Auditors' remuneration:		
Current year	**848**	830
Underprovision in prior years	**140**	–
	988	830
Cost of inventories recognised as an expense	**495,300**	466,580
Depreciation and amortisation	**34,979**	34,608
Loss on disposal of property, plant and equipment	**–**	86
Rental of premises under operating leases	**5,384**	5,604
and after crediting:		
Gain on disposal of property, plant and equipment	**677**	–
Interest earned on bank deposits	**927**	1,202
Release of negative goodwill (included in administrative and operating expense)	**–**	3,502
Rental income from investment properties, net of outgoings of HK$3,639,000 (2003: HK$3,277,000)	**13,929**	11,599

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of directors and the five highest paid employees are as follows:

(a) Directors' emoluments

	2004	2003
	HK$'000	*HK$'000*
Fees:		
Executive	**130**	110
Non-executive	**100**	20
Independent non-executive	**240**	160
	470	290
Other emoluments:		
Executive		
Salaries and other benefits	**2,760**	2,580
Bonus	**2,920**	2,625
Pension scheme contributions	**50**	36
	5,730	5,241
	6,200	5,531

Emoluments of the directors are within the following bands:

	Number of directors	
	2004	2003
HK$1,000,000 or below	**8**	5
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	3
	11	8

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(cont'd)*

(b) Employees' emoluments

During the year, the five highest paid individuals included three directors (2003: three directors), details of whose emoluments are set out in note 5(a) above.

The emoluments of the remaining two individuals (2003: two individuals) are as follows:

	2004	2003
	HK$'000	*HK$'000*
Salaries and other benefits	**1,365**	1,594
Bonus	**519**	2,350
Pension scheme contributions	**30**	24
	1,914	3,968

Emoluments of the employees are within the following bands:

	Number of employees	
	2004	2003
HK$1,000,000 or below	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	1
HK$2,000,001 to HK$2,500,000	**–**	1
	2	2

6. FINANCE COSTS

	2004	2003
	HK$'000	*HK$'000*
Finance charge on obligations under finance leases	**16**	76
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**2,950**	3,371
Amount due to a minority shareholder	**2,811**	2,810
	5,777	6,257

7. INCOME TAX EXPENSES

	2004	2003
	HK$'000	*HK$'000*
The charge (credit) represents:		
Current tax:		
Hong Kong Profits Tax	**7,057**	5,572
PRC income tax	**2,179**	1,459
	9,236	7,031
Under(over)provision in prior years:		
Hong Kong Profits Tax	**128**	324
PRC income tax	**(46)**	(216)
	82	108
Deferred tax *(note 21)*:		
Current year	**81**	(747)
Attributable to a change in tax rate	**–**	312
	81	(435)
	9,399	6,704

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the year.

PRC income tax is calculated at the applicable rates relevant to the PRC subsidiaries.

Pursuant to the relevant laws and regulations in the PRC, Dongguan Midas Printing Company Limited, a subsidiary of the Company, is entitled to an exemption from the PRC income tax for two years commencing from its first profit-making year of operation and a 50% relief from the PRC income tax for the following three years. During the year, Dongguan Midas Printing Company Limited was entitled to a 50% relief from the PRC income tax.

7. INCOME TAX EXPENSES *(cont'd)*

The income tax expenses for the year can be reconciled to the profit per consolidated income statement as follows:

	2004 **HK$'000**	2003 *HK$'000*
Profit before taxation	**71,104**	59,673
Tax at the domestic income tax rate of 17.5%	**12,443**	10,443
Tax effect of expenses not deductible for tax purpose	**2,240**	825
Tax effect of income not taxable for tax purpose	**(1,105)**	(1,427)
Underprovision in prior years	**82**	108
Tax effect of tax losses not recognised	**571**	–
Utilisation of tax losses previously not recognised	**(546)**	(181)
Effect of tax holidays granted to a PRC subsidiary	**(1,210)**	(219)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,076)**	(3,157)
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	**–**	312
Income tax expense for the year	**9,399**	6,704

In addition to the amount charged to the consolidated income statement, deferred tax relating to the revaluation of the investment properties of the Group has been charged directly to equity.

8. DIVIDENDS

	2004	2003
	HK$'000	*HK$'000*
Dividends paid to ordinary shareholders:		
2002 final dividend of HK2.8 cents per share	**–**	10,928
2003 special dividend of HK1.2 cents per share	**–**	4,684
2003 interim dividend of HK1.0 cent per share	**–**	5,343
2003 final dividend of HK3.0 cents per share	**16,029**	–
2004 interim dividend of HK1.2 cents per share	**6,412**	–
Dividends paid to Series B preference shareholders	**2,281**	3,801
Total dividends paid during the year	**24,722**	24,756

The final dividend of HK3.3 cents (2003: HK3.0 cents) per share to ordinary shareholders on the register of members on 25th May, 2005, amounting to approximately HK$17,632,000 (2003: HK$16,029,000), has been proposed by the directors and is subject to approval by the shareholders in general meeting.

Subject to the Companies Law, the holders of Series B preference shares are entitled to receive dividends semi-annually at 2.5 percent per annum on the issue price of HK$0.60 per preference share in arrears on a daily basis.

On 22nd May, 2003, the Company and Gold Throne Finance Limited ("Gold Throne"), a substantial shareholder of the Company and the holder of Series A and Series B preference shares, entered into an agreement (the "Concession Agreement") pursuant to which Gold Throne, among other things, would exercise the conversion right of converting 72,000,000 Series A preference shares of HK$0.01 each into 144,000,000 new ordinary shares in the Company of HK$0.10 each and waive any dividend payable on Series A preference shares for the period from 1st January, 2003 to 30th June, 2003. In addition, a special dividend of HK1.2 cents per share to the ordinary shareholders on the register of members on 30th June, 2003 (the date of an extraordinary general meeting of the shareholders of the Company approving the aforesaid transactions, "EGM") had been proposed by the directors pursuant to the Concession Agreement. The Concession Agreement became unconditional upon approval by the independent shareholders of the Company at the EGM, and accordingly the special dividend based on an aggregate of 390,290,068 ordinary shares, amounting to approximately HK$4,684,000, was distributed in July 2003.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2004	2003
	HK$'000	*HK$'000*
Net profit for the year	**60,611**	52,362
Dividends on preference shares	**(2,281)**	(3,801)
Earnings for the purposes of basic earnings per share and diluted earnings per share	**58,330**	48,561

	Number of shares	
	2004	2003
Weighted average number of ordinary shares for the purposes of basic earnings per share	**534,290,068**	462,821,575
Effect of dilutive potential ordinary shares:		
– Convertible preference shares	**–**	71,408,219
– Share options	**–**	10,818
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**534,290,068**	534,240,612

10. INVESTMENT PROPERTIES

	THE GROUP
	HK$'000
At 1st January, 2004	382,700
Revaluation increase for the year	11,000
At 31st December, 2004	**393,700**

The Group's investment properties are held under long leases in the PRC for rental income under operating leases.

Legal title to certain investment properties amounting to approximately HK$143,700,000 (2003: HK$143,700,000) still rests in the name of the vendor even though the Group has the right to execute the transfer at anytime at their discretion. As substantially all the risks and rewards of ownership of the properties have been transferred to the Group upon execution of sales agreement, the Group has recognised the properties as its assets.

At 31st December, 2004, these investment properties were revalued by DTZ Debenham Tie Leung Limited, a firm of independent professional valuers, on an open market value basis. This valuation gave rise to a revaluation increase of HK$11,000,000. The revaluation increase net of minority interest of HK$5,610,000 has been credited to the investment property revaluation reserve.

Certain investment properties with carrying amount of HK$250,000,000 as at 31st December, 2004 is owned by a non-wholly owned subsidiary of the Group. During the year, the Group has signed an agreement to dispose of that subsidiary to the minority shareholder of that subsidiary. Details of these are set out in note 17.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP						
COST						
At 1st January, 2004	64,433	3,157	359,685	37,765	6,015	471,055
Additions	–	–	35,449	2,938	1,871	40,258
Disposals	(1,465)	–	(6,448)	(242)	(1,159)	(9,314)
At 31st December, 2004	**62,968**	**3,157**	**388,686**	**40,461**	**6,727**	**501,999**
DEPRECIATION AND AMORTISATION						
At 1st January, 2004	8,198	1,359	191,900	28,005	4,002	233,464
Provided for the year	2,463	414	27,035	4,110	957	34,979
Eliminated on disposals	(178)	–	(6,195)	(172)	(1,135)	(7,680)
At 31st December, 2004	**10,483**	**1,773**	**212,740**	**31,943**	**3,824**	**260,763**
NET BOOK VALUES						
At 31st December, 2004	**52,485**	**1,384**	**175,946**	**8,518**	**2,903**	**241,236**
At 31st December, 2003	56,235	1,798	167,785	9,760	2,013	237,591

	THE GROUP	
	2004 **HK$'000**	2003 HK$'000
The net book value of the properties comprises:		
Leasehold land and buildings situated in:		
– the PRC under medium-term land use right	**51,983**	55,684
– Hong Kong under long leases	**502**	551
	52,485	56,235

The net book value of property, plant and equipment of the Group at 31st December, 2003 included an amount of approximately HK$5,623,000 in respect of assets held under finance leases. During the year ended 31st December, 2004, the finance leases were fully settled.

12. CONTRACTUAL REIMBURSEMENT FROM RELATED COMPANIES

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Reimbursement of construction costs of properties under development *(note a)*	**41,718**	41,718
Less: Reimbursement entitled up to the balance sheet date	**(37,967)**	(37,967)
	3,751	3,751
Reimbursement of deferred tax liabilities *(note b)*	**28,968**	28,968
	32,719	32,719

Notes:

(a) Pursuant to a sale and purchase agreement dated 29th October, 2001 entered into with Chuang's China Commercial Limited ("CCC") in respect of the acquisition of the entire issued share capital of, and shareholder's loan to, AsianWisdom.Com Limited (the "Acquisition Agreement"), CCC had agreed and undertaken in favour of the Company to bear 51% of all the construction costs from the date of completion of the Acquisition Agreement up to completion of the construction works of the properties under development (the "Completion Costs"). Accordingly, the relevant portion of the estimated Completion Costs amounting to approximately HK$41,718,000 had been presented as a reimbursement of outstanding construction costs due from CCC and Chuang's China Investments Limited ("Chuang's China") at the time of acquisition of the properties under development by the Group. CCC is a wholly owned subsidiary of Chuang's China, a substantial shareholder of the Company, of which Mr. CHAN Sheung Chiu, Ms. LI Mee Sum, Ann and Mr. LEE Sai Wai are also directors. Chuang's China also joined as a party to the Acquisition Agreement in order to guarantee the due and full performance of the obligations of CCC under the Acquisition Agreement.

(b) The amount represents a reimbursement due from CCC and Chuang's China in respect of certain deferred tax liabilities arising from the properties of subsidiaries at the date of acquisition by the Group pursuant to the Acquisition Agreement.

13. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	**92,963**	92,963
Amounts due from subsidiaries	**265,761**	300,307
	358,724	393,270

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repayable within twelve months from the balance sheet date and are therefore shown as a non-current asset.

Particulars of the Company's principal subsidiaries at 31st December, 2004 are set out in note 30.

14. INVENTORIES

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Raw materials	**43,256**	41,256
Work in progress	**23,101**	13,863
Finished goods	**3,904**	5,896
	70,261	61,015

Included above are raw materials of approximately HK$1,484,000 (2003: HK$962,000) which are carried at net realisable value.

15. TRADE RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 180 days to its trade customers. The aged analysis of trade receivables prepared on the basis of sales invoice date is stated as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
0 to 30 days	**55,567**	46,350
31 to 60 days	**32,427**	35,925
61 to 90 days	**36,304**	46,185
91 to 120 days	**40,025**	28,986
121 to 180 days	**36,110**	28,816
More than 180 days	**7,991**	6,347
	208,424	192,609

16. TRADE PAYABLES

The aged analysis of trade payables prepared on the basis of supplier invoice date is stated as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
0 to 30 days	**31,863**	23,226
31 to 60 days	**28,616**	28,125
61 to 90 days	**22,085**	28,222
91 to 120 days	**18,012**	22,372
More than 120 days	**54,328**	52,970
	154,904	154,915

17. DEPOSIT RECEIVED IN RESPECT OF DISPOSAL OF A SUBSIDIARY

Pursuant to a sale and purchase agreement dated 28th October, 2004 entered into with the minority shareholder of a 51%-owned subsidiary, 成都莊士中心開發有限公司Chengdu Chuang's Centre Development Company Limited ("Chengdu Chuang's"), a company registered in the form of an equity joint venture and engaged in property investment in the PRC, the Group agreed to dispose of its entire interests in Chengdu Chuang's (including the advance and accrued interest made by the Group to Chengdu Chuang's) at a consideration of RMB100 million (equivalent to approximately HK$93.5 million) and 6th floor of Chengdu Chuang's Centre which is currently owned by Chengdu Chuang's. The consideration has been determined with reference to, inter alia, the market value of Chengdu Chuang's Centre and is secured by the 49% equity interest of Chengdu Chuang's owned by the minority shareholder and guaranteed by Sichuan Langjiu Group Company Limited, a subsidiary of the minority shareholder.

Details of the transaction were disclosed in a press announcement dated 1st November, 2004.

The directors are of the view that the Group's right to the entire interests in Chengdu Chuang's are still enforceable at 31st December, 2004 and the amounts received are treated as a deposit.

Subsequent to the balance sheet date, the Group had received approximately HK$59 million as a deposit and installment payments and the agreement is expected to complete in 2005.

18. BORROWINGS

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Borrowings comprise:		
Bank loans	**141,580**	110,492
Import loans	**1,269**	5,777
	142,849	116,269
Analysed as:		
Secured	**21,980**	38,192
Unsecured	**120,869**	78,077
	142,849	116,269
Bank borrowings are repayable as follows:		
Within one year or on demand	**35,849**	44,969
More than one year but not exceeding two years	**27,250**	22,500
More than two years but not exceeding five years	**79,750**	48,800
Total	**142,849**	116,269
Less: Amount repayable within one year or on demand and shown under current liabilities	**(35,849)**	(44,969)
Amount due after one year	**107,000**	71,300

19. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The maturity of obligations under finance leases is as follows:				
Within one year	**–**	1,553	**–**	1,537
In the second to fifth year inclusive	**–**	–	**–**	–
	–	1,553		
Less: Future finance charges	**–**	(16)		
Present value of lease obligations	**–**	1,537	**–**	1,537
Less: Amount due for settlement within one year and shown under current liabilities			**–**	(1,537)
Amount due after one year			**–**	–

20. AMOUNT DUE TO A MINORITY SHAREHOLDER

The amount is unsecured and a balance of HK$40,724,000 is interest bearing at approximately 0.6% per month and the remaining balance is interest-free.

The minority shareholder agreed not to demand repayment within one year from the balance sheet date.

21. DEFERRED TAX

The major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are summarised below:

	Tax losses HK$'000	Accelerated tax depreciation HK$'000	Excess of fair value over historical cost of assets of certain subsidiaries at the date of acquisition by the Group HK$'000	Revaluation of investment properties HK$'000	Others HK$'000	Total HK$'000
THE GROUP						
Balance at 1st January, 2003	–	3,300	47,841	–	18	51,159
(Credit) charge to income statement for the year	(2,406)	1,679	–	–	(20)	(747)
Effect of change in tax rate charged to income statement	–	310	–	–	2	312
Balance at 31st December, 2003	(2,406)	5,289	47,841	–	–	50,724
(Credit) charge to income statement for the year	(520)	601	–	–	–	81
Charge to equity for the year	–	–	–	5,549	–	5,549
Balance at 31st December, 2004	**(2,926)**	**5,890**	**47,841**	**5,549**	**–**	**56,354**

At 31st December, 2004, the Group has unused tax losses of approximately HK$32.8 million (2003: HK$31.5 million) available for offsetting against future profits. A deferred tax asset amounting to HK$2,926,000 (2003: HK$2,406,000) has been recognised in respect of such losses of approximately HK$11.6 million (2003: HK$15.4 million). No deferred tax asset has been recognised in respect of the remaining HK$21.2 million (2003: HK$16.1 million) due to the unpredictability of future profit streams. Other than tax losses arising through the PRC subsidiary of approximately HK$5.6 million (2003: HK$4.6 million) that will be expired in five years time since the dates it incurred, all other losses may be carried forward indefinitely.

22. RETIREMENT BENEFIT OBLIGATIONS

Defined contribution plan

The Group operates a MPF Scheme for its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly at the lower of HK$1,000 or 5% of relevant payroll costs of each employee to the MPF Scheme, which contribution is matched by the employee.

The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the above scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of approximately HK$947,000 (2003: HK$909,000) represents contributions to the MPF Scheme and state-managed retirement benefit scheme by the Group in respect of the current accounting period. As at 31st December, 2004, contributions of approximately HK$190,000 (2003: HK$79,000) due in respect of the reporting period had not been paid over to the MPF Scheme.

Defined benefit plan

In previous years, the Group also operated a defined benefit plan (the "Plan") for its qualifying employees in Hong Kong. Under the Plan, the employees were entitled to retirement benefits varying between 30% and 170% of final salary multiplied by the pensionable service on attainment of a retirement age of 60. No other post-retirement benefits were provided. The Group wound up the Plan on 30th September, 2004. The qualifying employees were entitled to a wind up benefit equal to their leaving service benefit as of 30th September, 2004.

Each qualifying employee was offered an option to transfer his/her wind up benefit to the MPF Scheme of the Group or to secure the wind up benefit by the Plan Trustee and pay out when he/she leaves the Group. There is no material shortfall between the asset value of the Plan and the payment of employees benefits. The expense charged to the consolidated income statement related to the Plan for the year is approximately HK$911,000 (2003: HK$1,485,000).

23. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2003, 31st December, 2003 and 2004	**1,000,000,000**	**100,000**
Preference shares of HK$0.01 each		
Series A preference shares		
Balance at 1st January, 2003, 31st December, 2003 and 2004	1,000,000,000	10,000
Series B preference shares		
Balance at 1st January, 2003, 31st December, 2003 and 2004	1,000,000,000	10,000
	2,000,000,000	**20,000**
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2003	389,290,068	38,929
Issue of shares on exercise of share options	1,000,000	100
Conversion from Series A preference shares	144,000,000	14,400
Balance at 31st December, 2003 and 2004	**534,290,068**	**53,429**
Preference shares of HK$0.01 each *(Note)*		
Series A preference shares		
Balance at 1st January, 2003	72,000,000	720
Conversion to ordinary shares	(72,000,000)	(720)
Balance at 31st December, 2003 and 2004	**–**	**–**
Series B preference shares		
Balance at 1st January, 2003	337,500,000	3,375
Redemption of shares	(90,000,000)	(900)
Balance at 31st December, 2003	247,500,000	2,475
Redemption of shares	(166,666,666)	(1,667)
Balance at 31st December, 2004	**80,833,334**	**808**

23. SHARE CAPITAL *(cont'd)*

Note:

On 14th December, 2001, the Company issued 84 million Series A preference shares and 337.5 million Series B preference shares at a subscription price of HK$0.60 per share. The preference shares are non-voting, redeemable and their holders are entitled to a fixed cumulative preferential dividend payable semi-annually at a rate of 2.5% per annum on the issue price of HK$0.60 of each preference share. In addition, the preference shares rank in priority to the ordinary shares in the Company as to dividend and return of capital. Subject to adjustment in accordance with the terms of Series A preference shares, each of the Series A preference shares is convertible into two ordinary shares in the Company of HK$0.10 each ("Conversion Shares") at the option of the holders at any time from 14th December, 2001 prior to the fifth anniversary from the date of their issue. The Conversion Shares shall, when issued, rank pari passu in all respects with the then existing ordinary shares of the Company. Subject to the Companies Law, unless previously converted, the preference shares are redeemable by the Company at any time prior to the fifth anniversary from 14th December, 2001 at their outstanding subscription amount together with any unpaid dividend in cash. Further, the Company shall redeem all outstanding preference shares which have not been previously redeemed or converted on the fifth anniversary from 14th December, 2001 at their outstanding subscription amount together with any unpaid dividend in cash.

Pursuant to the resolutions in writing of all the directors of the Company passed on 7th January, 2004, 2nd February, 2004 and 9th September, 2004 respectively, written requests were made by the Company to the holder of Series B preference shares of the Company to redeem 166,666,666 Series B preference shares in aggregate at a redemption price of HK$0.60 each with a total consideration of HK$100,000,000.

24. SHARE OPTION SCHEMES

The share option scheme of the Company adopted on 22nd May, 1996 (the "1996 Scheme") was for the primary purpose of providing incentives to directors and eligible employees, and would be valid and effective for a period of ten years from the date of its adoption. Under the 1996 Scheme, the directors of the Company might grant options to any executive director or employee of the Company and its subsidiaries (the "Group") to subscribe for ordinary shares in the Company at a price notified by the directors and should not be less than 80% of the average of the closing prices of the Company's ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange (the "Daily Quotation Sheets") for the five trading days immediately preceding the date of the offer of the option or the nominal value of the ordinary shares, whichever is the higher. The number of ordinary shares in respect of which options might be granted to any individual at any time was not permitted to exceed 2.5% of the issued ordinary share capital of the Company at any point in time and the maximum number of ordinary shares in respect of which options might be granted under the 1996 Scheme should not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options granted under the 1996 Scheme should be taken up within 28 days from the date of grant of share options and were exercisable at any time after the date of options were accepted (the "Acceptance Date") to the third anniversary of the Acceptance Date, subject to certain restrictions contained in the offer letters. Consideration received by the Company for the options granted was nominal.

24. SHARE OPTION SCHEMES *(cont'd)*

A summary of the movements during the years ended 31st December, 2003 and 2004 in the share options granted under the 1996 Scheme, which were all granted to employees of the Group, is as follows:

			Number of ordinary shares to be issued upon exercise of the share options		
Date of grant	**Exercise price per share**	**Exercisable period**	**Balance at 1.1.2003**	**Exercised during the year ended 31.12.2003**	**Balance at 31.12.2003 and 31.12.2004**
	HK$			*(Note)*	
3.2.2000	0.320	3.2.2000 to 2.2.2003	1,000,000	1,000,000	–

Note: The closing price of the Company's ordinary shares immediately before the date on which the options were exercised was HK$0.40 per share.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapsed or cancelled prior to their exercise date are deleted from the register of outstanding options.

Pursuant to an extraordinary general meeting held on 13th December, 2001, a new share option scheme (the "2001 Scheme") was adopted by the Company in place of the 1996 Scheme. The termination of the 1996 Scheme did not affect the rights of the holders of the share options granted prior thereto and such options granted continue to remain valid and exercisable in accordance with the 1996 Scheme.

The purpose of the 2001 Scheme is to recognise the significant contribution of the employees of the Group, including directors of the Company (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long term prosperity.

24. SHARE OPTION SCHEMES *(cont'd)*

Under the 2001 Scheme which is valid and effective for a term of ten years from the date of its adoption, the directors of the Company may grant options to the Eligible Persons to subscribe for ordinary shares in the Company at a price to be notified by the directors and to be no less than the higher of: (i) the closing price of the Company's ordinary shares as stated in the Daily Quotation Sheets on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued ordinary share capital of the Company at any point in time, without prior approval from the Company's shareholders. The maximum number of ordinary shares in respect of which options may be granted under the 2001 Scheme shall not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options granted under the 2001 Scheme must be taken up within 28 days from the date of grant, upon payment of a nominal price. Options may be exercised at any time after the date of options were accepted (the "2001 Acceptance Date"), but none of them can be exercised later than ten years from the 2001 Acceptance Date.

No options have been granted under the 2001 Scheme since its adoption.

25. CAPITAL COMMITMENTS

At 31st December, 2004, the Group had commitments of approximately HK$3,655,000 (2003: HK$2,160,000) for capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment.

The Company had no significant capital commitments at the balance sheet date.

26. OPERATING LEASES

(a) Operating lease commitments

At 31st December, 2004, the Group was committed to make minimum lease payments under non-cancellable operating leases for land and buildings which fall due as follows:

	THE GROUP 2004 HK$'000	2003 HK$'000
Within one year	**4,338**	4,254
More than one year but within five years	**5,579**	9,355
	9,917	13,609

Operating lease payments represent rental payable by the Group for certain of its office and warehouse properties with fixed monthly rentals for an average term of three years.

The Company had no operating lease commitment at the balance sheet date.

(b) Operating lease arrangements

Property rental income earned during the year was approximately HK$17,568,000 (2003: HK$14,876,000). Part of the properties held have committed tenants for the next eight years.

At 31st December, 2004, the Group had contracted with tenants for the following future minimum lease payments in respect of its investment properties:

	THE GROUP 2004 HK$'000	2003 HK$'000
Within one year	**18,384**	17,059
More than one year but within five years	**95,497**	69,235
More than five years	**35,996**	71,286
	149,877	157,580

The Company had no operating lease arrangement at the balance sheet date.

27. CONTINGENT LIABILITIES

	THE COMPANY	
	2004	2003
	HK$'000	*HK$'000*
Guarantees given to banks and other financial institutions on facilities utilised by subsidiaries in respect of		
– credit facilities	**132,569**	97,577
– finance leases	**–**	1,537
	132,569	99,114

28. PLEDGE OF ASSETS

At 31st December, 2004, certain assets of the Group with the following net book values were pledged to secure borrowings granted to the Group:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Investment properties	**75,618**	71,562
Leasehold land and buildings	**27,599**	29,086
Plant and machinery	**–**	5,623
	103,217	106,271

29. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following related party transactions:

(a) The Group leased certain of its investment properties to Yuen Sang Hardware Co. (1988) Limited, a wholly owned subsidiary of Chuang's China, at an aggregate annual rental of approximately HK$1,067,000 which is carried out in accordance with the relevant agreement. Rental income received by the Group under this agreement for the year ended 31st December, 2004 was approximately HK$1,067,000 (2003: HK$1,067,000).

(b) The Group also paid building management fee amounting to approximately HK$802,000 (2003: HK$802,000) to Chuang's Development (China) Limited, a wholly owned subsidiary of Chuang's China. This transaction was carried out in accordance with the terms agreed by both parties.

30. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st December, 2004 are as follows:

Name of subsidiary	Place of incorporation or registration	Issued and fully paid share capital/ registered capital	Proportion of equity interest indirectly held by the Company	Principal activities *(note a)*
成都莊士中心開發有限公司 Chengdu Chuang's Centre Development Company Limited	PRC *(note b)*	RMB20,000,000	51%	Properties investment
Dah Hua International Printing Press Company Limited	Hong Kong	HK$1,600,000 ordinary shares	100%	Trading of printed products
東莞勤達印刷有限公司 Dongguan Midas Printing Company Limited	PRC *(note c)*	HK$112,150,000	100%	Manufacturing and trading of packaging printed products
Lever Printing Factory Limited	Hong Kong	HK$150,000 founders' shares HK$350,000 ordinary shares	100%	Manufacturing and trading of packaging printed products
Midas Packaging Printing Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of packaging printed products
Midas Printing (Asia) Limited	Hong Kong	HK$100 ordinary shares	100%	Trading of printed products
Midas Printing (HK) Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of printed products
Midas Printing International Limited	Hong Kong	HK$7,000 ordinary shares	100%	Trading of printed products
廣東省博羅縣圓洲勤達印務有限公司 Guangdong Boluo Yuanzhou Midas Printing Limited	PRC *(note c)*	US$7,500,000	100%	Book binding and printing

30. SUBSIDIARIES *(cont'd)*

Notes:

a. All subsidiaries carry out their operations principally in their respective place of incorporation or registration.

b. The company is registered in the form of an equity joint venture.

c. The company is registered in the form of a wholly owned foreign investment enterprise.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.