

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

(a) *Basis of preparation*

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the Hong Kong Society of Accountants (“HKSA”). KPMG’s independent review report to the board of directors is included on page 13.

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice 25 “Interim financial reporting” issued by the HKSA.

The financial information relating to the financial year ended 31st March, 2001 included in the interim financial report does not constitute the Company’s statutory accounts for that financial year but is derived from those accounts. Statutory accounts for the year ended 31st March, 2001 are available from the Company’s office in Hong Kong. The auditors have expressed an unqualified opinion on those accounts in their report dated 23rd July, 2001.

The same accounting policies adopted in the 2001 annual accounts have been applied to the interim financial report except as disclosed in note 1(b) below.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2001 annual accounts.

(b) *Changes in accounting policies*

In prior years, dividends proposed or declared were recognised as a liability in the accounting period to which they related. With effect from 1st April, 2001, in order to comply with Statement of Standard Accounting Practice 9 (revised) “Events after the balance sheet date”, issued by the HKSA, the Group recognises dividends proposed or declared as a liability in the accounting period in which they are declared by the directors (in the case of interim dividends) or approved by the shareholders (in the case of final dividends).

As a result of this new accounting policy, the Group’s net assets at 30th September, 2001 have been increased by \$2,225,000 (31st March, 2001:\$3,338,000). There is no impact on the Group’s profit attributable to shareholders for the periods presented. This new accounting policy has been adopted retrospectively with the opening balance of retained profits and certain comparative information restated or adjusted for the amounts relating to prior periods.

2. SEGMENTAL INFORMATION

The analysis of the geographical locations of the turnover of the Group during the financial period is as follows:

	Six months ended 30th September,	
	2001 \$'000	2000 \$'000
Hong Kong	84,358	93,141
Other areas of the People's Republic of China ("PRC")	68,168	65,704
Other countries	84,959	80,800
	237,485	239,645

The Group's turnover is almost entirely attributable to the printing business. Accordingly, no business segment analysis of the Group's turnover is presented.

The contribution to operating profit by geographical segment is not presented as the contribution to operating profit from each geographical segment as a proportion of turnover from that market is in line with the overall ratio of profit to turnover achieved by the Group.

3. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 30th September,	
	2001 \$'000	2000 \$'000
Cost of inventories	188,382	181,176
Finance charges on obligations under finance leases	384	301
Interest payable on bank loans and overdrafts	6,894	7,284
Depreciation	13,856	12,817
Gain on sale of fixed assets	(130)	(327)

4. TAXATION

	Six months ended 30th September,	
	2001 \$'000	2000 \$'000
Hong Kong taxation	—	1,800
PRC taxation	2,511	5,531
	2,511	7,331

No provision for Hong Kong profits tax is required in respect of the six months ended 30th September, 2001 as the accumulated tax losses brought forward from the prior six months period exceed the estimated assessable profit for the period.

The provision for Hong Kong profits tax for the six months ended 30th September, 2000 was calculated by applying the estimated annual effective tax rate of 16% to the profit for the period. Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that would be applicable to the relevant areas in which the subsidiaries operate.

5. DIVIDENDS

(a) Dividends attributable to the interim period

	Six months ended 30th September,	
	2001	2000
	\$'000	\$'000
Interim dividend declared after the interim period end of 1 cent per share (2000/2001: 2 cents per share)	2,225	4,451

The interim dividend declared after the interim period end has not been recognised as a liability at the interim period end date.

(b) Dividends attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30th September,	
	2001	2000
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 1.5 cents per share (2000/2001: 2.5 cents per share)	3,338	5,563

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of \$11,010,000 (2000/2001: \$13,028,000) and 222,529,000 shares (2000/2001: 222,529,000 shares) in issue during the period.

7. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30-90 days to its trade customers. Included in trade and other receivables are trade debtors (net of provisions for bad and doubtful debts) with the following ageing analysis:

	At 30th September,	At 31st March,
	2001	2001
	\$'000	\$'000
Current	51,103	50,084
1 to 3 months overdue	35,739	32,508
More than 3 months overdue	10,724	11,553
	97,566	94,145

8. CASH AND CASH EQUIVALENTS

	At 30th September, 2001 \$'000	At 31st March, 2001 \$'000
Deposits with bank	2,279	2,323
Cash at bank and in hand	21,522	28,057
	23,801	30,380

9. BANK LOANS AND OVERDRAFTS

At 30th September, 2001, the bank loans and overdrafts were repayable as follows:

	At 30th September, 2001			At 31st March, 2001
	Secured \$'000	Unsecured \$'000	Total \$'000	Total \$'000
Within 1 year	61,586	37,043	98,629	125,237
After 1 year but within 2 years	32,045	2,000	34,045	28,288
After 2 years but within 5 years	50,333	1,167	51,500	28,854
	82,378	3,167	85,545	57,142
	143,964	40,210	184,174	182,379

Certain banking facilities and loans granted to the Group are secured by mortgages over the Group's land, buildings and machinery with an aggregate carrying value of \$239,976,000 (31st March, 2001: \$247,218,000) at 30th September, 2001. Such banking facilities, amounting to \$214,750,000 (31st March, 2001: \$168,930,000) were utilized to the extent of \$156,470,000 (31st March, 2001: \$142,086,000) at 30th September, 2001.

10. OBLIGATIONS UNDER FINANCE LEASES

At 30th September, 2001, the obligations under finance leases were repayable as follows:

	At 30th September, 2001			At 31st March, 2001		
	Present value of the minimum lease payments \$'000	Interest expense relating to future periods \$'000	Total minimum lease payments \$'000	Present value of the minimum lease payments \$'000	Interest expense relating to future periods \$'000	Total minimum lease payments \$'000
Within 1 year	4,837	793	5,630	5,100	784	5,884
After 1 year but within 2 years	4,279	490	4,769	3,263	491	3,754
After 2 years but within 5 years	5,106	222	5,328	4,710	278	4,988
	9,385	712	10,097	7,973	769	8,742
	14,222	1,505	15,727	13,073	1,553	14,626

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30th September, 2001 \$'000	At 31st March, 2001 \$'000
Current	24,840	29,732
1 to 3 months overdue	27,616	16,836
More than 3 months overdue	3,560	3,247
	56,016	49,815

12. BILLS PAYABLE

Ageing analysis of bills payable are as follows:

	At 30th September, 2001 \$'000	At 31st March, 2001 \$'000
Due within 1 month	11,941	13,591
Due after 1 month but within 2 months	7,708	16,331
Due after 2 months but within 3 months	5,514	10,706
Due after 3 months but within 4 months	543	—
	25,706	40,628

13. SHARE CAPITAL

	No. of shares '000	Amount \$'000
Issued and fully paid shares of \$0.1 each:		
At 1st April, 2001 and 30th September, 2001	222,529	22,253

14. RESERVES

	Share premium \$'000	Exchange reserve \$'000	Statutory surplus reserve \$'000	Retained profits \$'000	Total \$'000
At 1st April, 2001					
—as previously stated	37,741	(5,726)	6,678	192,538	231,231
—prior period adjustment in respect of dividends (<i>note 1(b)</i>)	—	—	—	3,338	3,338
—as restated	37,741	(5,726)	6,678	195,876	234,569
Dividends approved in respect of the previous financial year (<i>note 5 (b)</i>)	—	—	—	(3,338)	(3,338)
Exchange differences on translation of accounts of subsidiaries outside Hong Kong	—	29	—	—	29
Profit for the period	—	—	—	11,010	11,010
At 30th September, 2001	37,741	(5,697)	6,678	203,548	242,270

The exchange reserve has been set up and will be dealt with in accordance with the accounting policies adopted for foreign currency translation.

According to the current PRC Company Law and the PRC subsidiaries' articles of association, the PRC subsidiaries are required to transfer a certain percentage of their profit after taxation to statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital of the PRC subsidiaries.

The statutory surplus reserve can be used to make good previous years' losses, and is not distributable to shareholders.

15. CONTINGENT LIABILITIES

The Company has given guarantees to banks and leasing companies to secure facilities of \$346 million (31st March, 2001: \$260 million) granted to subsidiaries, of which \$198 million (31st March, 2001: \$216 million) was utilised at 30th September, 2001.

16. COMMITMENTS

At 30th September, 2001, the Group had the following outstanding commitments not provided for in the accounts:

	At 30th September, 2001 \$'000	At 31st March, 2001 \$'000
Contracted for:		
Acquisition of land	6,556	6,547
Construction of buildings	9,285	—
Construction of fire fighting system	—	123
	15,841	6,670

17. COMPARATIVE INFORMATION

Certain comparative information has been restated in respect of the change in accounting policy for dividends as described in note 1(b).