

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”).

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of revised and new SSAPs issued by the HKSA, which has resulted in the adoption of the following revised and new accounting policies.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) “Events after the Balance Sheet Date”, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date. In previous years, the declaration of dividends after the balance sheet date was treated as an adjusting post balance sheet event. The effect of this change has been to increase the reserves at 1st April 2000 by HK\$12,455,000 and the shareholders’ funds from HKD334,100,000 to HK\$346,555,000 at 1st April 2000.

Segment reporting

In the current period, the Group has changed the basis of identification of reportable segments to that required by SSAP 26 “Segment Reporting”. Segment disclosures for the six months ended 30th September 2000 have been amended so that they are presented on a consistent basis.

3. Turnover

Business segments

The Group's turnover and contribution to profit are mainly derived from the printing business.

Geographical segments

An analysis of the Group's turnover and contribution to profit from operations by geographical market are as follows:

	<u>Turnover</u>		<u>Contribution to profit from operations</u>	
	Six months ended		Six months ended	
	<u>30.9.2001</u>	<u>30.9.2000</u>	<u>30.9.2001</u>	<u>30.9.2000</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	185,431	213,937	39,572	41,421
Other regions in the People's Republic of China (the "PRC")	4,472	7,463	990	1,469
Europe	11,031	18,433	2,442	3,628
United States of America	44,084	48,433	9,760	6,840
Other	13,056	8,303	2,891	1,634
	<u>258,074</u>	<u>296,569</u>	<u>55,655</u>	<u>54,992</u>

4. Profit from operations

Profit from operations has been arrived at after charging:

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Depreciation and amortization	<u>14,851</u>	<u>7,465</u>

5. Taxation

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Hong Kong Profits Tax	4,597	4,324
Overseas taxation	125	109
Deferred taxation	800	–
	<u>5,522</u>	<u>4,433</u>

Hong Kong Profits Tax is calculated at 16% (1.4.2000 to 30.9.2000:16%) on the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Hong Kong Inland Revenue Department is conducting a review on the operations of the Group in relation to its Hong Kong tax affairs for the past few years. While these cases are still under review, the Inland Revenue Department has issued protective assessments for the year of assessment 1994/95 to certain subsidiaries of the Company in order not to jeopardise the assessment powers of the Inland Revenue Department which will be time-barred after 6 years of assessment. The Group's potential tax liabilities under these assessments amounted to approximately HK\$2,078,000. Objections have been filed against these assessments and the tax has been heldover completely and unconditionally. However, the tax enquiry is still in progress and, in the opinion of the Company's directors, no reliable estimate can be made of the ultimate liabilities arising, if any. Accordingly, no provision has been made in the financial statements in respect of any potential tax liabilities.

The deferred taxation is attributable to the tax effect of timing differences because of excess of depreciation allowances claimed for taxation purpose over depreciation.

There was no significant unprovided deferred taxation for the period or at the balance sheet date.

6. Dividends

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31st March 2001 at HK6 cents (year ended 31st March 2000:HK4 cents) per share	18,683	12,455

Subsequent to the balance sheet date, the directors determined that an interim dividend of HK2.7 cents per share (1.4.2000 to 30.9.2000: HK2.6 cents) be paid to the shareholders of the Company whose names appear in the Register of Members on 4th January 2002.

Based on the outstanding number of shares of 311,377,280 (30.9.2000: 311,377,280 shares), total proposed interim dividend amounts to HK\$8,407,000 (1.4.2000 to 30.9.2000: HK\$8,096,000).

7. Earnings per share

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

	Six months ended	
	30.9.2001	30.9.2000
	HK\$'000	HK\$'000
Earning for the purpose of basic and diluted earnings per share (profit for the period)	50,925	50,853
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	311,377,280	311,377,280
Effect of dilutive potential shares – share options	8,198,387	7,475,000
Weighted average number of shares for the purpose of diluted earnings per share	319,575,667	318,852,280

8. Additions to property, plant and equipment

During the period, the Group spent approximately HK\$6 million on the construction of its new factory in the PRC and HK\$34 million on additions to manufacturing plant in the PRC to expand its manufacturing capacity.

9. Trade and other receivables

Trade and other receivables includes trade receivables of approximately HK\$137,642,000 (31.3.2001: HK\$96,959,000). An aged analysis of the trade receivables is as follows:

	30.9.2001	31.3.2001
	<u>HK\$'000</u>	<u>HK\$'000</u>
0-30 days	46,938	34,572
31-60 days	44,621	27,845
61-90 days	30,842	11,994
over 90 days	15,241	22,548
	<u>137,642</u>	<u>96,959</u>
Deposits, prepayments and other debtors	14,151	13,453
	<u>151,793</u>	<u>110,412</u>

The Group's credit terms on sales generally range from 60 to 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial position.

10. Trade and other payables

Trade and other payables includes trade payables of approximately HK\$41,169,000 (31.3.2001:HK28,384,000). An aged analysis of the trade payables is as follows:

	<u>30.9.2001</u>	<u>31.3.2001</u>
	HK\$'000	HK\$'000
0-30 days	13,897	13,269
31-60 days	13,072	11,500
61-90 days	10,926	302
over 90 days	3,274	3,313
	<u>41,169</u>	<u>28,384</u>
Accrued expenses and other payables	6,156	9,943
	<u><u>47,325</u></u>	<u><u>38,327</u></u>

11. Bank borrowings

The bank borrowings are repayable within one year or upon demand and comprise the following:

	<u>30.9.2001</u>	<u>31.3.2001</u>
	HK\$'000	HK\$'000
Mortgage loans	37	90
Bank import loans	12,425	14,015
	<u>12,462</u>	<u>14,105</u>

Analysed as:

Secured	37	90
Unsecured	12,425	14,015
	<u>12,462</u>	<u>14,105</u>

12. Share capital

	<u>Number of shares</u>	<u>Share Capital HK\$'000</u>
Ordinary shares of HK\$0.10 each		
Authorized:		
At 1st April 2001 and at 30th September 2001	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid:		
At 1st April 2001 and at 30th September 2001	<u>311,377,280</u>	<u>31,138</u>

13. Reserves

	<u>Share premium HK\$'000</u>	<u>Capital redemption reserve HK\$'000</u>	<u>Retained profits HK\$'000</u>	<u>Total HK\$'000</u>
At 1st April 2000				
– as previously reported	63,268	63	239,631	302,962
– prior period adjustment de-recognition of liability for final dividend for 1999/2000 (note 2)	<u>–</u>	<u>–</u>	<u>12,455</u>	<u>12,455</u>
– as restated	63,268	63	252,086	315,417
Profit for the year	–	–	78,451	78,451
Dividends paid	<u>–</u>	<u>–</u>	<u>(20,534)</u>	<u>(20,534)</u>
At 31st March 2001	63,268	63	310,003	373,334
Profit for the period	–	–	50,925	50,925
Dividends paid	<u>–</u>	<u>–</u>	<u>(18,617)</u>	<u>(18,617)</u>
At 30th September 2001	<u>63,268</u>	<u>63</u>	<u>342,311</u>	<u>405,642</u>

14. Capital Commitments

	<u>30.9.2001</u>	<u>31.3.2001</u>
	HK\$'000	HK\$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided for in the financial statements.	<u>6,686</u>	<u>43,815</u>

15. Contingent Liabilities

The Group had no significant contingent liabilities at the balance sheet date other than the matters disclosed in note 5.