On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company and its subsidiaries (the "Group") for the year ended 31 March 2005.

RESULTS

The Group reported a total turnover of approximately HK$502.2 million and a profit attributable to shareholders of approximately HK$34.9 million for the year ended 31 March 2005. Basic earnings per share was HK7.19 cents, based on the weighted average of 485,147,842 ordinary shares in issue during the year.

DIVIDENDS

The Board of Directors recommend the payment of a final dividend of HK3 cents per share for the year ended 31 March 2005 to all shareholders whose names appear on the register of members of the Company on 9 September 2005. This, together with the interim dividend of HK1 cent per share already paid on 4 February 2005, will bring the total dividend for the year to HK4 cents per share.

BUSINESS REVIEW

For the year under review, the Group reported a total turnover of approximately HK$502.2 million and a net profit attributable to shareholders of approximately HK$34.9 million, which represented an increase of about 12.6% to the total turnover and a decrease of about 10.7% to the net profit attributable to shareholders of the corresponding year ended 31 March 2004. For the year ended 31 March 2004, the total turnover and net profit attributable to shareholders of the Group was approximately HK$446.1 million and HK$39.1 million respectively.

Printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, together with the manufacture of children novelty books continued to be the Group's major business. For the year under review, the Group recorded a total turnover of about HK$383.4 million from this major business category, which represented an increase of about 8.4% over that of the previous year of about HK$353.6 million and was about 76.3% of the Group's total turnover for the year ended 31 March 2005. Like many other manufacturers in the southern China, the Group has also experienced the problems of temporary labor supply, power shortage, rising fuel prices, higher material costs, increased minimum wages and more tightly regulated PRC customs policies during the year under review. The resulting higher operating costs, together with the pricing pressure from competition and the provision for doubtful debts, have to certain extents affect the performance of this major business category of the Group for the year ended 31 March 2005. During the year under review, in order to achieve more market penetration, especially in the exploration and development of the overseas markets for the innovative children novelty books, the Group has adopted an aggressive pricing policy and proactive marketing strategy.

For the year ended 31 March 2005, the Group achieved an encouraging growth in turnover for both the manufacture of hangtags, labels, shirt paper boards and plastic bags as well as commercial printing. For the year under review, the turnover for the manufacture of hangtags, labels, shirt paper boards and plastic bags was approximately HK$51.3 million, which was about 10.2% of the Group's total turnover and represented a significant growth of about 40.8% over that of last year. The Group's commercial printing has also benefited from the improved investment market sentiment as compared to that of last year which has once been hard hit in the early year during the severe acute respiratory syndrome outbreak. For the year ended 31 March 2005, the turnover of the Group's commercial printing was approximately HK$67.5 million, which was about 13.5% of the Group's total turnover and represented an increase of about 20.5% from that of the year ended 31 March 2004. Both the manufacture of hangtags, labels, shirt paper boards and plastic bags as well as commercial printing have made a satisfactory contribution towards the performance of the Group for the year under review.

For the year under review, the administrative and other operating expenses have increased by about 25.8%. The increase was mainly attributable to the recruitment of more marketing and supporting teams to deal with the growth in the Group's total business of about 12.6% over the year and partly due to the operating difficulties that the Group has faced for its major business in the printing and manufacture of packaging boxes and children novelty books as explained above. For the year ended 31 March 2005, the administrative and other operating expenses amounted to about HK$81.3 million and represented about 16.2% of the Group's total turnover, whilst the same expenses for the year ended 31 March 2004 amounted to about HK$64.6 million and represented about 14.5% of that year's total turnover of the Group. With the Group's determination to further enhance its operation efficiency, strengthen its staff proficiency and tighten its internal controls, it is expected that the situation will be improved for the coming year. The Group has also seen an increase of about 12.1% in its selling and distribution costs, which was in line with the percentage increase of about 12.6% in the Group's total turnover over the year.

The Group's printing business continued to provide positive and steady contributions both in terms of operating profit and cashflow. For the year under review, out of the net profit attributable to shareholders of about HK$34.9 million after finance costs and taxation charges, about HK$4.3 million was write backs of revaluation deficit on the Group's leasehold land and buildings and investment properties no longer required as a result of the recovery of the property markets in Hong Kong. Had such write backs been excluded, the net operating profit of the Group's overall printing business after finance costs and taxation charges for the year ended 31 March 2005 would have been at approximately HK$30.6 million. Last year, the Group reported a net profit attributable to shareholders of about HK$39.1 million after finance costs and taxation charges and with write backs of revaluation deficit of about HK$6.0 million on the Group's leasehold land and buildings and investment properties no longer required. Had such write backs been excluded, the net operating profit of the Group's overall printing business after finance costs and taxation charges for the year ended 31 March 2004 would have been at approximately HK$33.1 million as compared to that of the year under review at approximately HK$30.6 million.

The continued commitment to use advanced technology and machinery has well positioned the Group as one of the leading printers in the industry. During the year under review, the Group spent about HK$20.8 million (2004: HK$25.0 million) in plant and machinery. The expenditure mainly included a brand new five-colour sheet-fed offset press and various supplementary machines.

In early January 2004, the Group acquired the whole 26th Floor, total twelve units, of the Metroplaza, Tower II, in Kwai Fong, as its head office and principal place of business for approximately HK$30.4 million, including stamp duties and legal fees. The purchase was completed in mid March 2004. In early May 2004, four units out of the twelve units, being more than needed by the Group, were disposed of for about HK$16.6 million. The sale was completed in mid July 2004. The remaining units held by the Group were revalued at about HK$27 million as at 31 March 2005.

Seeking geographic diversification and growth opportunity in the printing industry has always been one of the Group's strategies. In late March 2005, the Group entered into an agreement with one of its overseas customers to team up together and set up a production base in Shanghai to manufacture labels and hangtags. The production base is still in the set up stage and is expected to be in operation in the third quarter of the calendar year 2005. Once established, the production base will be one of the subsidiaries of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. The Group is financially sound and its cash position remains strong. As at 31 March 2005, the Group has available aggregate banking facilities of approximately HK$40.9 million which were secured by legal charges on certain properties owned by the Group. The Group's cash and bank balances and short term bank deposits as at 31 March 2005 amounted to approximately HK$91.9 million. The Group's gearing ratio as at 31 March 2005 was 6.9% (31 March 2004: 6.6%), basing on the short term and long term interest bearing bank borrowings of HK$25.3 million (31 March 2004: HK$22.4 million) and the shareholders fund of HK$368.9 million (31 March 2004: HK$338.0 million).

PROSPECTS

The Group will continue its endeavour to enhance its productivity and cost competitiveness in order to strengthen customer loyalty and broaden customer base. The Group's effort in recent years to explore and develop the overseas markets, especially in the innovative children novelty books, have shown its result. Not only is the Group's business from the manufacture of the children novelty books for the overseas markets on an encouraging rise, the Group has also progressively developed the necessary know-how and built up solid manufacturing teams to meet the demands of various customers for innovative design and delicate workmanship. With the Group's new production base in Shanghai soon in operation, it is anticipated that the Group's customer base will be further expanded by its being capable of supplying quality products to the eastern and northern China markets as well, which are areas with huge growth potential.

Pricing pressure due to industry competition will sustain. The recent revaluation of Renminbi will also add fuel to the rising operating costs. To cope with these challenges, every effort will be made by the Group to further enhance its production flexibility and operational efficiency, reinforce its workforce proficiency, widen its product range and focus on high margin products. Leveraged on its solid foundation and its being abreast of advanced technology, together with the improved global market sentiment, the Group is cautiously optimistic towards its business performance amidst the various challenges for the year to come.

EXCHANGE RATE EXPOSURE

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 March 2005, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars, Renminbi and US dollars were relatively stable and no hedging for foreign currency transactions has been carried out.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2005, the Group had an available workforce of 3,600, of which 3,400 were based in the People's Republic of China.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CONTINGENT LIABILITIES AND CHARGES ON ASSETS

As at 31 March 2005, corporate guarantee amounting to HK$89.9 million were given to banks by the Company for the provision of general banking facilities granted to the Group's subsidiaries, which were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK$43.8 million.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2005.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year under review, save that the independent non-executive directors have not been appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation in accordance with the Company's Bye-laws.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our staff for their dedication and contribution and our customers, suppliers, business associates and shareholders for their continuous support.

By Order of the Board
Lui Chi
Chairman

Hong Kong, 26 July 2005