The Group reported a turnover of approximately HK$443.1 million (2005: HK$471.1 million) for the year under review. Loss before taxation and loss for the year amounted to approximately HK$21.2 million and approximately HK$23.1 million respectively (2005: profit of HK$6.3 million and HK$4.0 million respectively).

In recent years, the Group has been focusing on the development of the overseas market. While export sales for the year under review continued to grow, the Group suffered from a drop in the sales made to Hong Kong and other regions of China due to intense market competition. The drop was particularly pronounced during the low season in the second half and, as a result, the Group was unable to maintain the growth in turnover achieved during the first half and turnover for the full year fell by approximately 6% compared to the corresponding period last year.

Given the intense competitive pricing pressures, the increase of approximately 28% in minimum wages in the Dongguan area and the rise in paper and plastic material costs, gross profit margins decreased from approximately 18.8% during the corresponding period last year to approximately 16.4% during the year under review. There was also an increase in fixed costs, as reflected in part by the increase in depreciation and amortisation charges from approximately HK$34.1 million during the corresponding period last year to approximately HK$37.2 million during the year under review, following the completion of the new Dongguan factory buildings and the installation of two new printing presses which are expected to enhance the production capability of the Group in the longer term.

During the year under review, selling and distribution costs rose by approximately 15.3% compared to the corresponding period last year due mainly to the growth in export sales as well as the rise in freight and other logistics expenses because of the consistently high level of oil prices. Administrative expenses, on the other hand, were reduced during the year under review by approximately 1.7% compared to the corresponding period last year, reflecting the stringent cost control measures adopted by the Group under the difficult operating environment. The Group was, however, adversely affected by the increase in interest rates during the year under review as finance costs almost doubled compared to the corresponding period last year.

In order to strengthen the management of the Group, the Company has recently re-appointed two Non-Executive Directors, Mrs. Cheong So Ka Wai, Patsy and Mrs. Fung So Ka Wah, Karen, both of whom have extensive experience in the packaging printing industry and had served as Executive Directors from April 1993 to May 2005, to again assume executive functions and responsibilities in managing the Group. The Group has also initiated marketing efforts focusing on the development of business with a relatively steady flow of orders throughout the year so as to better utilize the production capacity particularly during the low season. The Directors believe that the Group has taken appropriate steps to address the problems that have been adversely affecting the performance of the Group and that, notwithstanding the negative short term impact as reflected in the increase in fixed costs, the investments in the new Dongguan factory buildings and the new printing presses will be able to contribute positively to the Group's performance in the longer term.