



FINAL RESULTS

For the year ended 31 March 2006, the Group recorded a consolidated turnover of approximately HK\$94.9 million (2005: approximately HK\$134.3 million), representing a decrease of approximately 29% as compared to prior financial year. Net loss attributable to equity shareholders of the Company was approximately HK\$42.4 million (2005: net loss of approximately HK\$0.9 million as restated) with loss per share of HK23.58 cents (2005: loss per share of HK0.49 cents as restated).

BUSINESS REVIEW

Packaging products

Being the largest division of the Group, the packaging and printing division contributed a total of approximately 46% of the Group's total revenue. The turnover of the division decreased from approximately HK\$67.4 million for 2004/2005 to approximately HK\$43.8 million for 2005/2006, representing a decrease of approximately 35%.

The decrease was mainly attributed to increasing competition from competitors and because of the difficulties in recovering receivables encountered in the PRC. The Group has been prudent and selective in accepting new orders in the PRC, resulting in a substantial decrease in turnover.

In this regards, the Group will explore and develop new markets overseas. The Group has accepted new orders from a few multi-nationals. It is expected that such strategic restructuring will bring in new source of revenue to the Group in future.

Paper gifts items

The paper gifts division managed to achieve a substantial growth throughout the year under review and the divisional turnover has increased from approximately HK\$9.7 million to approximately HK\$15.7 million, representing an increase of approximately 62%. However, because of increasing market competition and rising fuel and other direct material costs, the divisional gross profit has dropped from approximately HK\$3.2 million to approximately HK\$2.9 million.

Because of the increasing demand for paper gifts items in the industry, the Group will continue to develop further business in this sector.

Promotional products

Because of the difficulty in recovering receivables in the PRC, the Group has been prudent and selective in accepting new orders in the PRC and, as a result, there was a substantial decrease in the divisional turnover from approximately HK\$57.2 million to approximately HK\$35.5 million, or a decrease of approximately 38%. The Group continues to explore and develop new markets overseas and has secured new orders with a few multi-nationals.



Chairman's Statement

PROSPECTS

Given the unfavorable results of the printing business, the Company will review the operations of the Group with a view to developing a corporate strategy for the Group to enhance its existing businesses and asset base, and broaden its income stream by various measures. These may include further investing in and expansion of existing businesses and/or downsizing or divesting of loss-making operations of the Group should appropriate opportunities arise.

In June 2006, the Group succeeded in diversifying its business into bioscience related business by acquiring Figures Up Trading Limited ("FUTL"). FUTL and its subsidiaries are principally engaged in the sale and distribution of pharmaceutical and healthcare products in the PRC. By acquiring the FUTL group, the earnings and assets base of the Group have been enhanced.

A subsidiary of FUTL, Dongguan Shi Bo Kang Jian Pharmaceutical Technology Co., Ltd. (東莞市博康健醫藥科技有限公司) ("Dongguan Pharm") is jointly researching two drugs using recombinant DNA technology for possible treatment of diabetes and for the enhancement of immune system respectively. These drugs, if successful, could form the basis of application to the State Food and Drug Administration (國家食品藥品監督管理局) ("SFDA") of the PRC, each for registration as a Class I prescription new drug. On 27 June 2006, the Group announced that it has reached a milestone for the development of its drug for treatment of diabetes in that SFDA has granted its approval to conduct clinical trials of recombinant Exendin-4 for injection (注射用重組促胰島素分泌素). The patient dosing begins in July 2006. Preliminary data is expected to be available by the end of 2006. The clinical trials is designed to generate the type of safety and efficacy data critical to the treatment of Type 2 diabetes.

While the Company considers research and product invention an essential component of its business strategy for the development of its new bio-science related business, the success of its new business also hinges on whether it is able to establish its own manufacturing capability to control production of its invented products. The Company believes that an integrated production process from research, manufacturing to distribution will enable the Company to consolidate further its market position, enhance the Group's market share and overall competitiveness in the bio-science related industry. Accordingly, the Company will continue to pursue further acquisition opportunities in a prudent and selective manner with a view to establishing its manufacturing capability through investing in or acquiring manufacturing plants and/or facilities suitable for the production of bio-science related (including pharmaceutical) products.

The Company, through Dongguan Pharm, its sales and distribution arm with GSP certification will also be proactively establishing the geographical coverage of distribution network for its products in China and the South East Asian Region, which may include the entering into of distributorship agreements as and when suitable opportunities arise.



APPRECIATIONS

Finally, I give my sincerest thanks to my fellow directors and our colleagues for their unwavering dedications and significant contributions rendered. I am confident that their endeavors will continue to strive for the satisfactory results of the Group in the year ahead. On behalf of the Board, I would also like to take this opportunity to extend our heartfelt gratitude to our shareholders, customers, bankers and business associates for their continuous support to the Group.

TONG Kit Shing

Chairman

28 July 2006

