1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands ("Companies Law"). Its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" to the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 34.

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. NEW STANDARDS, AMENDMENT OR INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[7]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC)-Int 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[6]
HK(IFRIC)-Int 12	Service Concession Arrangements[8]

1 Effective for annual periods beginning on or after 1st January, 2007
2 Effective for annual periods beginning on or after 1st March, 2006
3 Effective for annual periods beginning on or after 1st May, 2006
4 Effective for annual periods beginning on or after 1st June, 2006
5 Effective for annual periods beginning on or after 1st November, 2006
6 Effective for annual periods beginning on or after 1st March, 2007
7 Effective for annual periods beginning on or after 1st January, 2009
8 Effective for annual periods beginning on or after 1st January, 2008

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except that investment properties are measured at fair values as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Basis of consolidation *(cont'd)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, from the date on which they become fully operational, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Cost comprises direct materials and, where applicable, direct labour costs and those overhead that have been incurred in bringing the inventories to their present location and condition.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets in prior years.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Revenue recognition *(cont'd)*

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Service income is recognised when the services are provided.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's current tax payable is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are charged as expenses as they fall due.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

Financial instruments *(cont'd)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment loss on accounts receivables

The impairment loss on trade receivables of the Group is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the accounts receivable is impaired. As at 31st December, 2006, the carrying value of accounts receivables (net of impairment loss of approximately HK$14 million) is approximately HK$221 million. When the actual cash receipts are less than expected, a material impairment loss may arise.

6. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's major financial instruments include trade and other receivables, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group's cash flow interest rate risk mainly relates to its variable-rate borrowings. The Group currently does not have any interest rate hedging policy. Management however monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

Foreign currency risk

Certain of the sales transactions of the Group are denominated in United States Dollars ("US$"), Euro, Pound Sterling and Renminbi ("RMB") and there are expenses and capital expenditures that are to be settled in US$, RMB and Euro. Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

As at 31st December, 2006, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties or debtors is arising from the carrying amount of the respective recognised financial assets in the consolidated balance sheet.

In order to minimise the credit risk, management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS *(cont'd)*

(a) Financial risk management objectives and policies *(cont'd)*

Credit risk (cont'd)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The Group has no significant concentration of credit risk as its credit exposure is spread over a number of counterparties and customers.

(b) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their respective fair values.

7. TURNOVER

Turnover represents the amounts received and receivable for goods sold, less returns, to outside customers during the year, and is analysed as follows:

	2006 ***HK$'000***	2005 *HK$'000*
Sales of goods	**733,464**	744,657
Rental and management fee income generated from property investment	**4,394**	13,646
	737,858	758,303

8. SEGMENT INFORMATION

Business segments

The Group is currently operating in two primary business segments, namely printing and property investment. Segmental information about these businesses is presented below.

2006

CONSOLIDATED INCOME STATEMENT

	Printing *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
TURNOVER – external	733,464	4,394	737,858
SEGMENT RESULTS	25,974	3,818	29,792
Unallocated income			2,678
Unallocated expenses			(526)
Finance costs			(6,822)
Profit before taxation			25,122
Income tax expenses			(7,492)
Profit for the year			17,630

8. SEGMENT INFORMATION *(cont'd)*

Business segments *(cont'd)*

2006 *(cont'd)*

CONSOLIDATED BALANCE SHEET

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	561,079	196,887	757,966
Unallocated assets			88,937
Consolidated total assets			846,903
LIABILITIES			
Segment liabilities	202,046	9,857	211,903
Unallocated liabilities			155,616
Consolidated total liabilities			367,519

OTHER INFORMATION

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Capital expenditure	22,264	–	22,264
Depreciation and amortisation	35,812	142	35,954
Impairment losses recognised in respect of accounts receivables	8,984	1,961	10,945

8. SEGMENT INFORMATION *(cont'd)*

Business segments *(cont'd)*

2005

CONSOLIDATED INCOME STATEMENT

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
TURNOVER – external	744,657	13,646	758,303
SEGMENT RESULTS	51,023	9,368	60,391
Unallocated income			1,894
Unallocated expenses			(1,336)
Finance costs			(7,196)
Profit before taxation			53,753
Income tax expenses			(11,140)
Profit for the year			42,613

CONSOLIDATED BALANCE SHEET

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	533,539	187,172	720,711
Unallocated assets			139,952
Consolidated total assets			860,663
LIABILITIES			
Segment liabilities	194,066	7,357	201,423
Unallocated liabilities			178,662
Consolidated total liabilities			380,085

8. SEGMENT INFORMATION *(cont'd)*

Business segments *(cont'd)*

2005 *(cont'd)*

OTHER INFORMATION

	Printing	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Capital expenditure	38,395	14	38,409
Depreciation and amortisation	35,290	151	35,441

Geographical segments

The Group's printing business is located in both Hong Kong and the People's Republic of China (the "PRC"), while the property business is mainly located in the PRC.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods and the services:

	Turnover by geographical market	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong	**220,528**	228,177
North America	**221,009**	222,844
Europe	**198,523**	209,337
Australia and New Zealand	**48,868**	45,053
The PRC	**23,206**	36,372
Others	**25,724**	16,520
	737,858	758,303

8. SEGMENT INFORMATION *(cont'd)*

Geographical segments *(cont'd)*

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital expenditure	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**257,223**	245,606	**1,895**	4,475
The PRC	**500,743**	475,105	**20,369**	33,934
	757,966	720,711	**22,264**	38,409

9. OTHER INCOME

	2006	2005
	HK$'000	*HK$'000*
Increase in fair value of investment properties	**4,893**	–
Income from sale of scrap	**7,964**	8,522
Interest income	**2,678**	1,894
Exchange gain	**1,661**	–
Gain on disposal of property, plant and equipment	**58**	–
Gain on disposal of a subsidiary *(note 28)*	**–**	5,828
Reversal of impairment losses recognised in respect of accounts receivables	**–**	831
Sundry income	**1,349**	1,209
	18,603	18,284

10. PROFIT BEFORE TAXATION

	2006 HK$'000	2005 HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs	108,701	94,363
Retirement benefit scheme contribution	2,265	1,732
Total staff costs	110,966	96,095
Auditor's remuneration:		
Current year	1,100	918
Underprovision in prior years	–	(17)
	1,100	901
Cost of inventories recognised as an expense	546,177	539,949
Depreciation and amortisation of property, plant and equipment	35,954	35,441
Exchange losses	–	4,825
Impairment losses recognised in respect of accounts receivables	10,945	–
Loss on disposal of property, plant and equipment	–	62
Release of prepaid lease payments	229	229
Rental of premises under operating leases	7,087	6,256
and after crediting:		
Gross rental income from investment properties	4,306	13,428
Less:		
direct operating expenses from investment properties that generated rental income during the year	(799)	(3,342)
direct operating expenses from investment properties that did not generate rental income during the year	(365)	(287)
	3,142	9,799

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of Directors, senior management and the 5 highest paid employees are as follows:

(a) Directors' emoluments

The emoluments paid or payable to each of the 10 (2005: 12) Directors were as follows:

2006	Mr. KO Sheung Chi HK$'000	Mr. KWONG Tin Lap HK$'000	Mr. KWOK Chi Fai HK$'000	Miss LI Mee Sum, Ann HK$'000	Mr. TANG Chow Ming, Paul HK$'000	Mr. WONG Chi Sing HK$'000	Mr. Dominic LAI HK$'000	Mr. SHEK Lai Him, Abraham HK$'000	Dr. LI Sau Hung, Eddy HK$'000	Mr. YAU Chi Ming HK$'000	Total HK$'000
Fees	30	20	20	20	20	20	80	80	80	80	450
Other emoluments:											
Salaries and other benefits	–	1,056	930	–	648	432	–	–	–	–	3,066
Bonus *(Note)*	–	88	78	–	56	36	–	–	–	–	258
Retirement benefit scheme contribution	–	24	24	–	24	22	–	–	–	–	94
Total emoluments	30	1,188	1,052	20	748	510	80	80	80	80	3,868

2005	Mr. KO Sheung Chi HK$'000	Mr. CHAN Sheung Chiu HK$'000	Mr. KWONG Tin Lap HK$'000	Mr. KWOK Chi Fai HK$'000	Miss LI Mee Sum, Ann HK$'000	Mr. TANG Chow Ming, Paul HK$'000	Mr. WONG Chi Sing HK$'000	Mr. LEE Sai Wai HK$'000	Mr. Dominic LAI HK$'000	Mr. SHEK Lai Him, Abraham HK$'000	Dr. LI Sau Hung, Eddy HK$'000	Mr. YAU Chi Ming HK$'000	Total HK$'000
Fees	30	–	20	20	20	20	20	–	80	80	80	80	450
Other emoluments:													
Salaries and other benefits	–	–	1,056	930	–	672	432	–	–	–	–	–	3,090
Bonus *(Note)*	–	–	88	78	–	56	36	–	–	–	–	–	258
Retirement benefit scheme contribution	–	–	24	24	–	24	16	–	–	–	–	–	88
Total emoluments	30	–	1,188	1,052	20	772	504	–	80	80	80	80	3,886

Note: The bonus is determined based on performance of the Group.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(cont'd)*

(b) Employees' emoluments

During the year, the 5 highest paid individuals included 3 (2005: 3) Directors, details of whose emoluments are set out in note 11(a) above.

The emoluments of the remaining 2 (2005: 2) individuals are as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	**1,224**	1,200
Bonus	**293**	385
Retirement benefit scheme contribution	**48**	48
	1,565	1,633

Emoluments of the employees are within the following bands:

	Number of employees	
	2006	2005
HK$1,000,000 or below	**2**	2

During each of the two years ended 31st December, 2006, no emoluments were paid by the Group to the five highest paid individuals, including Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during each of the two years ended 31st December, 2006, no Director waived any emoluments.

(c) Emoluments of senior management

The emoluments of senior management during the year are as follows:

	2006	2005
	HK$'000	*HK$'000*
Short-term benefits	**1,339**	1,431
Post-employment benefits	**48**	48
	1,387	1,479

12. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
– bank borrowings	**6,822**	5,315
– amount due to a minority shareholder	**–**	1,172
Dividends paid to preference shareholders	**–**	709
	6,822	7,196

13. INCOME TAX EXPENSES

	2006	2005
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**2,330**	4,881
PRC income tax	**2,911**	6,536
	5,241	11,417
Underprovision in prior years:		
Hong Kong Profits Tax	**211**	132
PRC income tax	**1,080**	–
	1,291	132
Deferred tax *(note 25)*:		
Current year	**224**	(409)
Underprovision in prior year	**736**	–
	960	(409)
	7,492	11,140

13. INCOME TAX EXPENSES *(cont'd)*

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the year.

PRC income tax is calculated at the applicable rates relevant to the PRC subsidiaries.

The income tax expenses for the year can be reconciled to the profit per consolidated income statement as follows:

	2006	2005
	HK$'000	*HK$'000*
Profit before taxation	**25,122**	53,753
Tax at the domestic income tax rate of 17.5%	**4,396**	9,407
Tax effect of expenses not deductible for tax purpose	**1,374**	1,682
Tax effect of income not taxable for tax purpose	**(1,072)**	(985)
Underprovision in prior years	**1,291**	132
Tax effect of additional tax losses not recognised	**274**	247
Utilisation of tax losses previously not recognised	**(517)**	(2,035)
Effect of tax holidays granted to a PRC subsidiary	**–**	(1,342)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,746**	4,034
Income tax expense for the year	**7,492**	11,140

14. DIVIDENDS

	2006	2005
	HK$'000	*HK$'000*
Dividends paid to ordinary shareholders:		
2005 final dividend of HK3.3 cents per share	**17,632**	–
2006 interim dividend of HK1.2 cents per share	**6,411**	–
2004 final dividend of HK3.3 cents per share	**–**	17,632
2005 interim dividend of HK1.2 cents per share	**–**	6,411
	24,043	24,043

14. DIVIDENDS *(cont'd)*

The final dividend of HK1.2 cents (2005: HK3.3 cents) per share to ordinary shareholders of the Company whose names appear on the register of members on 30th May, 2007, amounting to approximately HK$6,411,000 (2005: HK$17,632,000) has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

The interim dividend of HK1.2 cents (2005: HK1.2 cents) per share was paid to the ordinary shareholders of the Company whose names appeared on the register of members on 13th October, 2006.

Subject to the Companies Law, the holders of Series B preference shares were entitled to receive dividends semi-annually at 2.5 percent per annum on the issue price of HK$0.60 per preference share in arrears on a daily basis. During the year ended 31st December, 2005, all outstanding Series B preference shares were redeemed by the Company.

15. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary shareholders of the Company is based on the profit for the year attributable to ordinary shareholders of the Company of HK$17,630,000 (2005: HK$43,014,000) and on 534,290,068 (2005: 534,290,068) ordinary shares in issue during the year.

Diluted earnings per share is not presented for each of the two years ended 31st December, 2006 as there were no potential ordinary shares in existence for both years.

16. INVESTMENT PROPERTIES

	HK$'000
At 1st January, 2005	393,700
Disposal of a subsidiary	(230,180)
Transferred from property, plant and equipment at fair value	450
At 1st January, 2006	163,970
Exchange realignment	6,637
Increase in fair value	4,893
At 31st December, 2006	**175,500**

16. INVESTMENT PROPERTIES *(cont'd)*

	2006	2005
	HK$'000	*HK$'000*
The carrying value of the investment properties held for rental income comprises:		
Leasehold land and buildings situated in:		
– the PRC under long leases	**175,000**	163,520
– Hong Kong under long leases	**500**	450
	175,500	163,970

Legal title to certain investment properties with a carrying amount of approximately HK$150,000,000 (2005: HK$143,700,000) remains in the name of the vendor even though the Group has the right to execute the transfer at anytime at its discretion. As substantially all the risks and rewards of ownership of these properties have been transferred to the Group upon execution of the sales agreement, the Group has recognised these properties as its assets.

The fair values of the investment properties of the Group at 31st December, 2006 have been arrived at on the basis of a valuation carried out as of that date by DTZ Debenham Tie Leung Limited, a firm of independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to the comparable sales prices in the relevant locality.

The Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

17. PREPAID LEASE PAYMENTS

	2006	2005
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Land use rights in the PRC under a medium-term lease	**8,590**	8,819
Analysed for reporting purposes as:		
Non-current asset	**8,361**	8,590
Current asset	**229**	229
	8,590	8,819

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings in the PRC under medium–term lease	Leasehold improve-ments	Plant and machinery	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1st January, 2005	52,428	3,157	388,686	40,461	6,727	491,459
Additions	2,979	2,877	26,390	5,969	194	38,409
Disposals	–	–	–	(9,795)	(176)	(9,971)
Disposal of a subsidiary	(112)	–	–	(316)	–	(428)
Transferred to investment properties	(1,653)	–	–	–	–	(1,653)
At 1st January, 2006	53,642	6,034	415,076	36,319	6,745	517,816
Additions	528	19	16,294	5,215	208	22,264
Disposals	–	–	(328)	(330)	(546)	(1,204)
At 31st December, 2006	**54,170**	**6,053**	**431,042**	**41,204**	**6,407**	**538,876**
DEPRECIATION AND AMORTISATION						
At 1st January, 2005	8,991	1,773	212,740	31,943	3,824	259,271
Provided for the year	2,208	814	27,242	4,036	1,141	35,441
Eliminated on disposals	–	–	–	(9,724)	(135)	(9,859)
Disposal of a subsidiary	(32)	–	–	(218)	–	(250)
Transferred to investment properties	(1,203)	–	–	–	–	(1,203)
At 1st January, 2006	9,964	2,587	239,982	26,037	4,830	283,400
Provided for the year	2,287	1,383	26,739	4,680	865	35,954
Eliminated on disposals	–	–	(273)	(321)	(480)	(1,074)
At 31st December, 2006	**12,251**	**3,970**	**266,448**	**30,396**	**5,215**	**318,280**
CARRYING VALUES						
At 31st December, 2006	**41,919**	**2,083**	**164,594**	**10,808**	**1,192**	**220,596**
At 31st December, 2005	43,678	3,447	175,094	10,282	1,915	234,416

18. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

Property, plant and equipment are depreciated at the following rates per annum:

Buildings	20 – 30 years
Leasehold improvements	Over the term of the relevant lease
Plant and machinery	3 – 15 years
Furniture and fixtures	3 – 5 years
Motor vehicles	3 – 5 years

19. CONTRACTUAL REIMBURSEMENT FROM RELATED COMPANIES

	Reimbursement of construction costs of properties under development	Reimbursement of deferred tax liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st January, 2005	3,751	28,968	32,719
Disposal of a subsidiary	(3,751)	(7,949)	(11,700)
At 31st December, 2005 and 31st December, 2006	**–**	**21,019**	**21,019**

Pursuant to a sale and purchase agreement dated 29th October, 2001 entered into with Chuang's China Commercial Limited ("CCC") in respect of the acquisition of the entire issued share capital of, and shareholder's loan to, AsianWisdom.Com Limited ("Acquisition Agreement"), CCC and Chuang's China Investments Limited ("Chuang's China") had agreed and undertaken in favour of the Company to reimburse certain obligations including deferred taxation liabilities arising from the properties of subsidiaries at the date of acquisition by the Group pursuant to the Acquisition Agreement. CCC is a wholly owned subsidiary of Chuang's China, a substantial shareholder of the Company, of which Miss LI Mee Sum, Ann is a Director. Chuang's China also joined as a party to the Acquisition Agreement in order to guarantee the due and full performance of the obligations of CCC under the Acquisition Agreement.

20. INVENTORIES

	2006 HK$'000	2005 HK$'000
Raw materials	**65,207**	47,658
Work in progress	**29,659**	22,846
Finished goods	**3,260**	4,659
	98,126	75,163

21. ACCOUNTS RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 180 days (2005: 30 days to 180 days) to its customers.

The aged analysis of accounts receivables prepared on the basis of sales invoice date is as follows:

	2006 HK$'000	2005 HK$'000
0 to 30 days	**57,277**	54,452
31 to 60 days	**43,953**	34,664
61 to 90 days	**39,727**	45,929
91 to 120 days	**34,598**	27,579
121 to 180 days	**36,372**	36,224
More than 180 days	**8,800**	8,434
	220,727	207,282

22. BANK BALANCES

Bank balances carry interest at market rates which range from 0.25% to 5.45%.

23. ACCOUNTS PAYABLES

The aged analysis of accounts payables prepared on the basis of supplier invoice date is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 to 30 days	**37,764**	28,327
31 to 60 days	**45,016**	29,842
61 to 90 days	**18,952**	24,655
91 to 120 days	**29,279**	15,730
More than 120 days	**21,455**	48,377
	152,466	146,931

24. BORROWINGS

	2006	2005
	HK$'000	*HK$'000*
Borrowings comprise:		
Bank loans	**118,163**	138,294
Import loans	**–**	7,376
	118,163	145,670
Analysed as:		
Secured	**–**	3,900
Unsecured	**118,163**	141,770
	118,163	145,670

24. BORROWINGS *(cont'd)*

Variable-rate borrowings with effective interest of 4.62% to 6.12% (2005: 1.18% to 6.02%) are repayable as follows:

	2006 *HK$'000*	2005 *HK$'000*
Within one year or on demand	**38,050**	45,507
In more than one year but not more than two years	**38,500**	34,050
In more than two years but not more than three years	**35,613**	34,500
In more than three years but not more than four years	**4,000**	31,613
In more than four years but not more than five years	**2,000**	–
	118,163	145,670
Less: Amount repayable within one year or on demand and shown under current liabilities	**(38,050)**	(45,507)
Amount due after one year	**80,113**	100,163

During the year, the Group obtained a new floating-rate loan in the amount of HK$20,000,000. The loan bears interest at market rates and will be repayable by instalments before 2011. The proceeds were used to finance the Group's acquisition of property, plant and equipment.

25. DEFERRED TAX

The major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are summarised below:

	Tax losses	Accelerated tax depreciation	Excess of fair value over historical cost of assets of certain subsidiaries at the date of acquisition by the Group	Revaluation of investment properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st January, 2005	(2,926)	5,890	47,841	5,549	56,354
Disposal of a subsidiary	1,887	(2,775)	(21,613)	(5,549)	(28,050)
(Credit) charge to income statement for the year	(748)	339	–	–	(409)
Balance at 31st December, 2005	(1,787)	3,454	26,228	–	27,895
Exchange realignment	–	–	1,037	–	1,037
(Credit) charge to income statement for the year	(1,768)	1,701	–	1,027	960
Balance at 31st December, 2006	**(3,555)**	**5,155**	**27,265**	**1,027**	**29,892**

At 31st December, 2006, the Group had unused tax losses of HK$30.5 million (2005: HK$19.6 million) available for offsetting against future profits. A deferred tax asset amounting to HK$3.6 million (2005: HK$1.8 million) has been recognised in respect of such losses of HK$20.3 million (2005: HK$10.2 million). No deferred tax asset has been recognised in respect of the remaining HK$10.2 million (2005: HK$9.4 million) tax losses due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

26. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2005, 31st December, 2005 and 2006	1,000,000,000	100,000
Preference shares of HK$0.01 each		
Series A Preference Shares		
Balance at 1st January, 2005, 31st December, 2005 and 2006	1,000,000,000	10,000
Series B Preference Shares		
Balance at 1st January, 2005, 31st December, 2005 and 2006	1,000,000,000	10,000
	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2005, 31st December, 2005 and 31st December, 2006	534,290,068	53,429

27. SHARE OPTION SCHEME

The purpose of the 2001 Scheme adopted by the Company on 13th December, 2001 is to recognise the significant contribution of the employees of the Group, including Directors of the Company (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long term prosperity.

Under the 2001 Scheme which is valid and effective for a term of ten years from the date of its adoption, the Directors of the Company may grant options to the Eligible Persons to subscribe for ordinary shares in the Company at a price to be notified by the Directors and to be no less than the higher of: (i) the closing price of the Company's ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange (the "Daily Quotation Sheets") on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued ordinary share capital of the Company at any point in time, without prior approval from the Company's shareholders. The maximum number of ordinary shares in respect of which options may be granted under the 2001 Scheme shall not exceed 10% of the issued ordinary share capital of the Company from time to time.

Options granted under the 2001 Scheme must be taken up within 28 days from the date of grant, upon payment of a nominal price. Options may be exercised at any time after the date of options were accepted (the "Acceptance Date"), but none of them can be exercised later than ten years from the Acceptance Date.

No options have been granted under the 2001 Scheme since its adoption.

28. DISPOSAL OF A SUBSIDIARY

Pursuant to a sale and purchase agreement dated 28th October, 2004 entered into with the minority shareholder of a 51%-owned subsidiary, 成都莊士中心開發有限公司 Chengdu Chuang's Centre Development Company Limited ("Chengdu Chuang's"), a company registered in the form of an equity joint venture and engaged in property investment in the PRC, the Group agreed to dispose of its entire interests in Chengdu Chuang's (including the advance and accrued interest made by the Group to Chengdu Chuang's) at a cash consideration of RMB100 million (equivalent to approximately HK$93.5 million) and the transfer of certain investment properties to the Group.

	2005 *HK$'000*
The net assets of Chengdu Chuang's at the date of disposal were as follows:	
Investment properties	250,000
Property, plant and equipment	178
Contractual reimbursement from related companies	11,700
Deposits, prepayments and other receivables	2,985
Bank balances and cash	19,497
Accrued charges and other payables	(46,537)
Amount due to a minority shareholder	(58,059)
Deferred tax	(28,050)
Net assets	151,714
Minority interests	(44,264)
Gain on disposal of a subsidiary	5,828
Total consideration	113,278
Satisfied by:	
Transfer to investment properties	19,820
Deposit received by the Group during the year ended 31st December, 2005	936
Cash consideration	92,522
	113,278
Net cash inflow arising on disposal:	
Cash consideration	92,522
Bank balances and cash disposed of	(19,497)
	73,025

The subsidiary disposed of during the year did not have significant contribution to the Group's operating results and cash flows.

29. CAPITAL COMMITMENTS

At 31st December, 2006, the Group had commitments of approximately HK$1,263,000 (2005: HK$18,171,000) for capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment.

30. OPERATING LEASES

(a) Operating lease commitments

At 31st December, 2006, the Group was committed to make minimum lease payments under non-cancellable operating leases for land and buildings which fall due as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	**4,793**	4,960
More than one year but within two years	**1,045**	5,141
	5,838	10,101

Operating lease payments represent rental payable by the Group for certain of its office and warehouse properties with fixed monthly rentals for an average term of three years.

(b) Operating lease arrangements

Property rental income earned during the year was HK$4,306,000 (2005: HK$13,428,000). All of the properties held have committed tenants for an average term of two to six years.

At 31st December, 2006, the Group had contracted with tenants for the following future minimum lease payments in respect of its investment properties:

	2006	2005
	HK$'000	*HK$'000*
Within one year	**1,300**	1,880
More than one year but within five years	**4,371**	4,360
More than five years	**888**	1,921
	6,559	8,161

31. PLEDGE OF ASSETS

At 31st December, 2005, land use rights and leasehold buildings of approximately HK$4,210,000 and HK$22,768,000, respectively, were pledged to secure borrowings granted to the Group.

32. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Group operates a MPF Scheme for its qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$2,000 or 5% of the relevant payroll costs to the MPF Scheme.

The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the above scheme is to make the specified contributions.

The total cost charged to the consolidated income statement of approximately HK$2,265,000 (2005: HK$1,732,000) represents contributions payable to the defined contribution plans by the Group in respect of the current accounting period.

33. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following related party transactions:

(a) The Group leased certain of the investment properties to Yuen Sang Hardware Co. (1988) Limited ("Yuen Sang"), a wholly owned subsidiary of Chuang's China, at an aggregate annual rental of approximately HK$994,000. Chuang's China was a substantial shareholder of and had significant influence over the Company. Rental income received by the Group for the year ended 31st December, 2006 was approximately HK$994,000 (2005: HK$1,012,000).

As at 31st December, 2005, rental receivable from Yuen Sang was approximately HK$83,000.

(b) The Group also paid building management fee of approximately HK$802,000 (2005: HK$802,000) to Chuang's Development (China) Limited, a wholly owned subsidiary of Chuang's China.

In addition to the above, the emoluments of Directors and senior management during the year and balances with related parties are set out in notes 11 and 19, respectively.

34. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st December, 2006 are as follows:

Name of subsidiary	Place of incorporation or registration	Issued and fully paid share capital/ registered capital	Proportion of equity interest indirectly held by the Company	Principal activities *(note a)*
Dah Hua International Printing Press Company Limited	Hong Kong	HK$1,600,000 ordinary shares	100%	Trading of printed products
東莞勤達印刷有限公司 Dongguan Midas Printing Company Limited	PRC *(note b)*	HK$143,240,000	100%	Manufacturing and trading of packaging printed products
廣東省博羅縣圓洲勤達印務有限公司 Guangdong Buluo Yuanzhou Midas Printing Limited	PRC *(note b)*	US$12,503,119	100%	Book binding and printing
Lever Printing Factory Limited	Hong Kong	HK$150,000 founders' shares HK$350,000 ordinary shares	100%	Manufacturing and trading of packaging printed products
Midas Packaging Printing Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of packaging printed products
Midas Printing (Asia) Limited	Hong Kong	HK$100 ordinary shares	100%	Trading of printed products
Midas Printing (HK) Limited	Hong Kong	HK$2 ordinary shares	100%	Trading of printed products
Midas Printing International Limited	Hong Kong	HK$7,000 ordinary shares	100%	Trading of printed products

34. SUBSIDIARIES *(cont'd)*

Name of subsidiary	Place of incorporation or registration	Issued and fully paid share capital/ registered capital	Proportion of equity interest indirectly held by the Company	Principal activities *(note a)*
Sino Stream Limited 漢江有限公司	Hong Kong	HK$2 ordinary shares	100%	Property investment in the PRC
Riverside Trinity Limited 江南有限公司	Hong Kong	HK$2 ordinary shares	100%	Property investment in the PRC

Notes:

a. All subsidiaries carry out their operations principally in their respective place of incorporation or registration.

b. The company is registered in the form of a wholly owned foreign investment enterprise.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

35. POST BALANCE SHEET EVENT

In January 2007, the Group has entered into an agreement to acquire a property in the PRC through a company incorporated in Hong Kong. The consideration is approximately HK$1,400,000.

36. COMPARATIVE INFORMATION

The comparative information has been restated as a result of reclassification of certain selling expenses and administrative expenses.