

MANAGEMENT DISCUSSION AND ANALYSIS

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The Group reported a turnover of approximately HK\$435.4 million (2003: HK\$451.5 million) for the year under review. Profit from ordinary activities before taxation and profit attributable to shareholders amounted to approximately HK\$21.8 million and approximately HK\$17.0 million respectively (2003: HK\$17.9 million and HK\$11.2 million (restated)).

Due to the severe market competition in the packaging printing industry and the outbreak of severe acute respiratory syndrome in Hong Kong in 2003, there was a slight decrease of approximately 3.6% in turnover during the current financial year as compared to the corresponding period of last year. However the gross profit margin of the Group improved from approximately 21.9% during the corresponding period last year to approximately 22.3% during the year under review mainly resulted from the relocation of the production facilities from Hong Kong to Dongguan in 2002 despite the increase in paper price and energy costs during the current financial year.

There was also a decrease of approximately 12.1% and 1.8% in the selling and distribution costs and administrative expenses respectively during the year under review. The savings were the results of the Group's cost control and the fact that the majority of the relocation expenses of the production facilities from Hong Kong to Dongguan were reflected in last year.