

中期股息

董事會宣佈，於二零零四年十月二十五日或前後向於二零零四年十月十二日(星期二)名列本公司股東名冊之股東，派付截至二零零四年六月三十日止六個月之中期現金股息每股1.5港仙。

INTERIM DIVIDEND

The Directors have declared the payment of an interim cash dividend of HK1.5 cents per share for the six months ended 30th June, 2004 payable on or about 25th October, 2004 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 12th October, 2004.

暫停辦理股東登記手續

本公司將於二零零四年十月六日(星期三)至二零零四年十月十二日(星期二)(包括首尾兩天)暫停辦理股東登記手續，在該期間內不會登記任何股份過戶。一切股份過戶文件連同有關之股票最遲須於二零零四年十月五日(星期二)下午四時前交回本公司之香港股份過戶登記分處雅柏勤證券登記有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 6th October, 2004 to Tuesday, 12th October, 2004 (both days inclusive) during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited, G/F Bank of East Asia Harbour View Center, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 5th October, 2004.

管理層之討論與分析

滿意之經營業績

截至二零零四年六月三十日止六個月，本集團之總營業額約為544,179,000港元，維持與二零零三年同期的水平。包裝印刷業務乃本集團之核心業務，其除稅前純利合共40,761,000港元，約佔截至二零零四年六月三十日止六個月之純利92.1%。

截至二零零四年六月三十日止六個月，包裝印刷業務之營業額為191,180,000港元，較去年同期略為增加0.1%。儘管回顧期間內之紙張成本普遍上漲，本集團仍能保持毛利率約28%。

截至二零零四年六月三十日止六個月之股東應佔溢利約為22,678,000港元，較二零零三年同期增加約6.1%。

MANAGEMENT'S DISCUSSION AND ANALYSIS

Satisfactory Operation Results

For the six months ended 30th June, 2004, the Group's total turnover was approximately HK\$544,179,000, maintaining the same level as compared to the corresponding period in 2003. Net profit before taxation from the packaging printing business, the Group's core business, accounted for approximately 92.1% of the net profit for the six months ended 30th June, 2004, amounted to HK\$40,761,000.

The turnover from packaging printing business for the six months ended 30th June, 2004 amounted to HK\$191,180,000, representing a slight increase of 0.1% compared to the same period last year. In spite of the general increase in paper costs, during the period under review, the Group maintained its gross profit margin at approximately 28%.

Profit attributable to shareholders were approximately HK\$22,678,000 for the six months ended 30th June, 2004. This represents an increase of approximately 6.1% as compared to the corresponding period in 2003.

市場概覽

儘管中國政府推行宏觀調控措施，但中國之國民生產總值並無受到打擊，於二零零四年上半年度仍能保持約9.8%之增長。本公司對消費市場在不久之將來將仍然保持活躍表示樂觀。隨著中國普遍生活水準提升，對中級至頂級優質消費產品之需求將逐漸上升。

於本年度之上半年度，中國卷煙生產量為18,943,000大箱，較去年同期上升2.9%。工商溢利及稅項增加15.4%至約人民幣100,000,000,000元。工商溢利及稅項增加是由於中國政府以發展中級至頂級香煙為煙草業之政策。中國市場將為本集團締造無限商機。

精密之生產設施及印刷技術

於回顧期內，為了進一步加強本集團之柯式印刷能力，本集團已訂立一份有關為雲南生產廠房購入另一台柯式印刷機之合約，預期安裝將於二零零四年年底前完成。此外，本集團已於二零零四年七月訂立一份有關為安徽省新廠房之印刷業務購入一台滾筒凹版印刷機之合約，預期有關安裝將於明年完成。

此外，在新印刷技術與其他印刷技術配合使用下，例如凹版印刷、柯式印刷、柔印及紫外光印刷技術，有助本集團保持在市場上之競爭能力。

分銷及投資業務

於回顧期內，分銷及投資業務之營業額約為352,999,000港元，與二零零三年同期相若。分銷及投資業務之總營業額中有70.2%乃來自分銷電子及電腦零件，餘額則來自分銷大宗貨品，主要為船舶用燃油。

然而，由於期內電子及電腦零件市場之競爭劇烈，美伊戰爭之影響，加上中東局勢緊張導致油價波動，令集團之整體分銷業務面對艱難時期。此外，本集團亦繼續採用審慎之存貨政策，以減低營商風險。於二零零四年六月三十日，分銷業務之存貨金額為15,688,000港元。

Market Overview

Despite the austerity measures implemented by the PRC Government, the gross domestic product growth rate in the PRC has not been deterred and remains strong at approximately 9.8% in the first half of 2004. The Company is optimistic that the consumer market will remain robust in the coming future. The demand for medium to premium quality consumer goods will rise, along with the general increase in living standards in the PRC.

In the first half of this year, tobacco output in the PRC was 18,943,000 master cartons, representing an increase of 2.9% over the same period of last year. The industrial and commercial profits and taxes rose 15.4% to approximately RMB100,000,000,000. This rise is attributable to the government policies in the PRC, for developing the tobacco industry, moving towards medium to premium grade tobacco. The PRC market will offer enormous opportunities for the Group.

Sophisticated Production Facilities and Printing Technique

During the period under review, to further enhance its offset printing capabilities, the Group contracted the installation of another offset printing machine in Yunnan production plant. The installation is expected to be completed by the end of 2004. In addition, the Group contracted a rotogravure machine for printing operations at the new plant in Anhui Province in July 2004. Installation is expected to be completed in next year.

Furthermore, the introduction of the new printing technique in combination with other printing techniques, such as gravure, offset, flexo and ultraviolet will enable the Group to maintain its competitiveness in the market.

Distribution and Investment Businesses

During the period under review, turnover from the distribution and investments was approximately HK\$352,999,000, being approximately the same level as compared to the corresponding period in 2003. 70.2% of total turnover from this category was from the distribution of electronic and computer components, while the balance was from distribution of mass merchandise, mainly marine fuel oil.

However, during the period, the overall distribution business suffered due to an intense competition in the electronic and computer components markets, and oil price fluctuations caused by the effect of post US-Iraqi War and the tense situation in the Middle East. Furthermore, the Group continued to adopt a prudent inventory policy to mitigate business risks. As at 30th June, 2004, the inventory amount of distribution business was HK\$15,688,000.

人力資源發展

於二零零四年六月三十日，本集團僱用合共超過800名僱員。大部份僱員乃由本集團設於中國之生產廠房所僱用。

為加強僱員之事業發展，本集團提供有關銷售管理、管理技巧及生產管理等範疇之內部培訓計劃。

未來展望

鑑於二零零四年上半年度中國推行宏觀調控及中東局勢緊張，預期中國二零零四年之國民生產總值增長將超過9%。隨著中國經濟穩定增長及生活水準提升，管理層深信對優質香煙以及消費產品（為本集團之主要市場分部）之需求將大幅上升。為抓緊商機，本集團將專注於以下工作：

安徽新生產基地

本公司於二零零四年六月就於安徽省成立一間中外合資企業（「新合資企業」）訂立一份協議。新合資企業之業務範圍包括設計、生產及經營印刷包裝產品及印刷原材料。新合資企業之總投資額及註冊資本分別為12,800,000美元及6,380,000美元。

按照中國合作夥伴之現有生產數據及其現有客戶之訂單計算，預期新合資企業於設立新生產設施後一年之生產力將為400,000大箱卷煙包裝產品。

繼續資本投資

除新增之柯式印刷機外，為加強柯式印刷能力，並簡化其生產流程以保持其競爭力，本集團將繼續投資於新機器以及混合應用印刷技術之研究開發工作，以進一步加強本集團卓越之防偽能力。

Human Resources Development

As at 30th June, 2004, the Group employed a total of over 800 employees. Most were hired by the Group's production plants in the PRC.

In order to enhance career development among the employees, the Group provides a variety of in-house training programmes in areas such as sales management, supervisory skills and production management.

Future Prospects

Amid the austerity measures in the PRC and the tense situation in the Middle East in first half of 2004, the growth rate of PRC's gross domestic product in 2004 is expected to be over 9%. The management is optimistic that the demand for high quality tobacco and consumer products, the main market segments of the Group, will be growing tremendously, along with stable economic growth and improving living standards in the PRC. In order to seize the opportunity, the Group will focus on the followings:

New Production Base in Anhui

The Company entered into an agreement for the establishment of a sino-foreign equity joint venture (the "New Joint Venture Company") in Anhui Province in June 2004. The business scope of the New Joint Venture Company includes designing, manufacturing and operating sale for printed packaging products and printed materials. The total investment and registered capital of the New Joint Venture Company is US\$12,800,000 and US\$6,380,000 respectively.

Based on the existing production figures and orders from existing customers of the PRC partner, the New Joint Venture Company is expected to have production capacity of 400,000 master cartons of tobacco packaging products in one year after the setting up of the new production facilities.

Continuous Capital Investment

Besides the additional offset printing machine, in order to reinforce the offset printing capability and to maintain its competitive edge by streamlining its production flow, the Group will continue to invest in new machines and research and development of the application of mixture printing techniques, with an aim to further enhance the Group's distinctive anti-counterfeit capability.

擴充營運規模及市場覆蓋率

除繼續於其現有生產廠房及安徽省之新合資企業進行資本投資外，本集團將繼續物色機會於中國其他地區設立生產設施，務求增加全國市場之覆蓋率，以及擴闊其客戶基礎。

盡量提高股東價值

本集團運用靈活而進取之市場推廣及投資策略以提高股東價值。本集團一直致力於透過開拓不同之收入來源及尋找良好之商機，達至長期增長，以盡量提高股東價值。本集團將繼續從事分銷業務，並以審慎之態度尋找其他投資機會。

Expanding Operating Scale and Market Coverage

In addition to the continuous capital investment in its existing production plants and the New Joint Venture Company in Anhui Province, the Group will continue to seek opportunities for establishing production facilities in other regions of the PRC to increase national coverage and to broaden its customer base.

Maximise Shareholders' Value

The Group applies flexible and aggressive marketing and investment strategies to maximise shareholders' value. The Group has been committed to achieving long-term growth, by generating various revenue sources and searching for good business opportunities, in order to maximise shareholders' value. The Group will continue to engage in distribution business and look for other investment opportunities in a prudent manner.

流動資金及財政資源

本集團於期內維持穩健之財政狀況。於二零零四年六月三十日，淨負債資產比率(即計息負債減現金/股東資金加少數股東權益)由31.9%上升至50.6%。本集團未計淨利息、稅項、折舊及攤銷之盈利(EBITDA)對利息支出淨額之利息盈利率由12.6倍大幅上升至20.7倍。手頭上可動用之現金由86,693,000港元增至110,995,000港元。

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a stable financial position for the period. As at 30th June, 2004, the net debt to equity ratio (Interest bearing liabilities less cash/Shareholders' equity plus minority interests) was increased from 31.9% to 50.6%. The interest coverage ratio of the Group's earnings before net interest, tax, depreciation and amortisation (EBITDA) to net interest expenses was substantially increased from 12.6 times to 20.7 times. The available cash on hand was increased from HK\$86,693,000 to HK\$110,995,000.

14.

董事擁有之證券權益

於二零零四年六月三十日，董事及本公司之主要行政人員於本公司或任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及淡倉(包括彼等根據證券及期貨條例之該等條文被當作或視為擁有之權益及淡倉)，根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之權益及淡倉，及須記錄於根據證券及期貨條例第352條存置之登記冊內之權益及淡倉如下：

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2004, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

董事名稱	身份	擁有權益之股份數目(好倉)	所佔權益百分比
Name of director	Capacity	Number of shares interested (Long position)	Percentage interest
許經振先生(附註) Mr. Hui King Chun, Andrew (Note)	以信託形式持有 Held by Trust	199,500,000	74.7%

附註：該199,500,000股股份乃以由Basab Inc. (作為The Basab Unit Trust之信託人) 全資擁有之公司Accufit Investments Inc.之名義登記。The Basab Unit Trust乃由Guardian Trustee Limited作為信託人之全權信託擁有之單位信託基金，其受益人為許經振先生之家族成員。

Note: The 199,500,000 shares are registered in the name of Accufit Investments Inc., which is 100% owned by Basab Inc. as trustee of The Basab Unit Trust. The Basab Unit Trust is a unit trust owned by Guardian Trustee Limited as trustee of a discretionary trust, the beneficiaries of which are the family members of Mr. Hui King Chun, Andrew.

除上文所披露者外，概無董事或本公司主要行政人員於本公司或任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之任何權益及淡倉(包括彼等根據證券及期貨條例之該等條文被當作或視為擁有之權益及淡倉)，根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之任何權益及淡倉，及須記錄於根據證券及期貨條例第352條存置之登記冊內之權益及淡倉。

Save as disclosed above, none of the directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

主要股東

於二零零四年六月三十日，就董事及本公司之主要行政人員所知，下列人士(董事或本公司之主要行政人員除外)於股份及相關股份擁有根據證券及期貨條例第336條存置之登記冊內之權益或淡倉。

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2004, so far as is known to the directors and the chief executive of the Company, the following persons (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares as recorded in the register required to be kept under section 336 of the SFO.

名稱	於本公司之權益	擁有權益之 股份數目(好倉) Number of shares interested (Long position)	所佔權益百分比 Percentage interest
Name	Interest in the Company		
Basab Inc. (附註)	信託人權益		
Basab Inc. (Note)	Trustee Interest	199,500,000	74.7%
Guardian Trustee Limited (附註)	信託人權益		
Guardian Trustee Limited (Note)	Trustee Interest	199,500,000	74.7%

附註：該199,500,000股股份乃以由Basab Inc. (作為The Basab Unit Trust之信託人) 全資擁有之公司Accufit Investments Inc.之名義登記。The Basab Unit Trust乃由Guardian Trustee Limited作為信託人之全權信託擁有之單位信託基金。許經振先生之家族成員乃該全權信託之受益人。

Note: The 199,500,000 shares are registered in the name of Accufit Investments Inc, which is 100% owned by Basab Inc. as trustee of The Basab Unit Trust. The Basab Unit Trust is a unit trust owned by Guardian Trustee Limited as trustee of a discretionary trust. The family members of Mr. Hui King Chun, Andrew, are the beneficiaries of the discretionary trust.

除上文所披露者外，於二零零四年六月三十日，就董事及本公司之主要行政人員所知，概無任何人士（董事或本公司之主要行政人員除外）於本公司之股份及相關股份中擁有根據證券及期貨條例第336條存置之登記冊內之權益或淡倉。

Save as disclosed above, the directors and the chief executive of the Company are not aware that there is any person (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as at 30th June, 2004 as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

買賣或贖回本公司之上市證券

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

本公司或其任何附屬公司於截至二零零四年六月三十日止六個月期間內，概無買賣或贖回本公司之任何上市證券。

During the six months period ended 30th June, 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

企業監管

CORPORATE GOVERNANCE

本公司於截至二零零四年六月三十日止六個月期間內均有一直遵照上市規則附錄14所載之最佳應用守則，惟對非執行董事之委任則並無指定任期。彼等根據本公司之公司細則第87條之規定，須在本公司之股東週年大會上退任及重選。

During the six months period ended 30th June, 2004, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive directors are not appointed for specific terms. They are subject to retirement and re-election at the annual general meeting of the Company in accordance with Article 87 of the Company's Bye-Laws.

16.

審核委員會

AUDIT COMMITTEE

審核委員會已聯同管理層就本集團採用之會計政策及應用作出檢討，並曾就核數、內部監控及財務申報等事宜（包括審閱未經審核之中期賬目）進行討論。

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

董事會

BOARD OF DIRECTORS

於本報告日期，本公司之董事會成員包括執行董事許經振先生、丘少明先生、許檳榔先生、李春仁先生、周勁先生及王鳳舞先生，而獨立非執行董事則為林炳昌先生及吳志揚先生。

As at the date of this report, the Board of Directors of the Company is comprised of Mr. Hui King Chun, Andrew, Mr. Yau Chau Min, Paul, Mr. Hui Bin Long, Mr. Li Chun Ren, Mr. Zhou Jin, Mr. Wang Feng Wu as executive directors, Mr. Lam Ping Cheung, Andrew and Mr. Ng Chi Yeung, Simon as independent non-executive directors.

承董事會命
許經振
主席

By Order of the Board
Hui King Chun, Andrew
Chairman

香港，二零零四年九月二十一日

Hong Kong, 21st September, 2004