

Chairman's Statement

主席報告

OPERATIONAL REVIEW

During the year under review, the Group recorded a consolidated turnover of approximately HK\$134.3 million (2004: approximately HK\$146.2 million), representing a mild decrease of 8.1% as compared to prior financial year. Net loss attributable to shareholders was HK\$0.09 million (2004: net loss of approximately HK\$18.9 million) with loss per share of HK\$0.05 cents (2004: loss per share of HK\$10.5 cents).

BUSINESS REVIEW

The year 2004/2005 was a difficult operating year for the Group whereas the increase in material costs (especially in terms of the worldwide increases in paper and oil prices), interrupted electricity supply and shortage in labour supply in Guangdong province continued to pose challenges to the Group's business operation. Notwithstanding the aforesaid, with the rejuvenation of retail business coupled with the Group's stringent retrenchment control and improved production efficiency, the Group successfully minimized its loss attributable to shareholders from HK\$18.9 million in last year to approximately HK\$0.09 million.

Further, with the Group's prudent financial management, the Group has successfully lowered its inventory and overall receivable levels and, on the other hand, further improved its gearing exposure, as measured by the Group's indebtedness (including obligations under finance leases) divided by the Company's shareholders' equity, from 68.9% to 53.2%.

營運回顧

回顧年內，本集團錄得綜合營業額約134,300,000港元（二零零四年：約146,200,000港元），較上個財政年度微跌8.1%。股東應佔淨虧損為90,000港元（二零零四年：淨虧損約18,900,000港元）。每股虧損為0.05港仙（二零零四年：每股虧損10.5港仙）。

業務回顧

對本集團而言，二零零四年／二零零五年度經營環境艱困，同時面對物料成本上升（特別是全球紙張及石油價格高漲）、廣東省的電力供應不穩定以及勞工短缺的問題，繼續對本集團營運構成挑戰。幸而，零售業務復甦，加上本集團嚴格控制成本及提升生產效率，本集團成功減輕股東應佔虧損，由去年18,900,000港元減至約90,000港元。

此外，憑著本集團的審慎財務管理，本集團成功減低存貨及整體應收款水平，並進一步改善按本集團借貸（包括融資租約項下承擔）除本公司股東權益計算的借貸水平，由68.9%降至53.2%。

Packaging Printing and Paper Gift Items

Packaging printing division remained to be the Group's biggest revenue generator contributing over 50.2% of the Group's total revenue. Notwithstanding the Group's effort in actively participating local and overseas exhibitions, in light of the keen market and price competitions, the packaging printing division recorded a decrease in divisional turnover during the year under review.

Since the third quarter of the financial year, in response to the said unfavourable production constraints (in terms of electricity shortage and scare labour supply), the Group restructured and consolidated its production facilities and workflow in Sha Jing, Shenzhen. With the implementation of such restructuring, the unfavorable impact as caused by the interrupted provincial electricity supply and labour shortage was, to certain extent, alleviated. Such restructuring also enabled the Group to better utilize its production facilities and resources on high margin products.

Due to the said production restructuring resulting from the change in the Group strategy in response to the said production constraints, the paper gift divisional turnover of the paper gift division decreased by 67.3% over prior year and recorded a turnover of approximately HK\$9.7 million, which accounted for approximately 7.2% of the Group's total turnover.

Promotional Products

To cope with continuous intensifying price-based competition in traditional, low-end packaging printing business, the Group has consistently implemented its strategy of diversifying its product offerings. During the year, the Group has launched new product-lines with higher profit margin such as stationery set, lenticular plastic and other paper products. In this connection, the turnover of the promotional products division amounted to approximately HK\$57.2 million, accounted for approximately 42.6% of the Group's turnover, representing an increase of approximately 39.6% over corresponding period in last year. For the year under review, this division achieved an encouraging growth, which was principally driven by the increase in China-based customers solicited through the Group's competitive marketing efforts, of 39.6%. In this connection, the Group has successfully secured new promotional products printing projects from a broad spectrum of fast-moving consumer product industries (such as wine, liquor and foodstuff, etc).

包裝印刷及紙製禮品

包裝印刷業務依然為本集團最大收入來源，佔本集團總收益逾50.2%。儘管本集團積極參與本地及海外展覽，鑑於市場及價格競爭激烈，包裝印刷業務於回顧年內之分部營業額減少。

自本財政年度第三季以來，本集團因應上述有關電力供應不足及勞工短缺等不利生產限制而重組及重整深圳沙井生產設施及生產流程。重組後，電力供應不穩定及勞工短缺所帶來負面影響有所緩和。重組亦有助本集團更有效運用生產設施及資源，以生產高毛利產品。

鑑於上述本集團因應上述生產限制改變策略產生之生產重組，紙製禮品業務之營業額較去年減少67.3%，而營業額約為9,700,000港元，佔本集團總營業額約7.2%。

宣傳品

為應付傳統、低檔包裝印刷業務日趨白熱化的割價競爭，本集團持續推行產品種類多元化策略。年內，本集團推出毛利較高的新產品線，例如文具組合、光柵膠及其他紙品。因此，宣傳品業務營業額約達57,200,000港元，佔本集團營業額約42.6%，較去年同期增加約39.6%。回顧年內，該部門受惠於本集團具競爭力的市場推廣工作，爭取到更多中國客戶，因而取得令人鼓舞的增長39.6%。就此，本集團成功自廣泛系列增長迅速的消費品行業多家公司取得新宣傳品印刷項目，例如酒與酒精飲料及食品等。

BUSINESS OUTLOOK

Looking ahead in the forthcoming financial year and with the distinctive revival in consumer confidence in the domestic retail market resulting from the prevailing favorable economic policies (such as the "Closer Economic Partnership Arrangement" and "Solotour") and the continuous economic growth in China (especially following its gradual accession into World Trade Organization and successful bidding for the hosting of 2008 Olympic Games), we believe the demands for packaging printing, paper gift and promotional item products in Hong Kong and China will be significantly resurgent in the forthcoming years. Although the price fluctuations in major raw materials will continuously be the challenges affecting the profitability of the domestic printing industry generally, with the Group's established reputation and commitment in product quality, the Group is confident that the operating results of the Group will be further improved.

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.

NG Man Chan

Chairman

27th July 2005

業務展望

展望來年，隨著當前有利經濟政策（如「更緊密經貿關係安排」及「自由行」）陸續落實，以及中國經濟的持續增長（尤其在其逐步加入世界貿易組織及成功申辦二零零八年奧運會後），本地零售市場的消費信心明顯復甦，我們相信，未來數年香港及中國對包裝印刷、紙製禮品及宣傳品的需求將顯著回升。儘管主要原材料的價格波動仍會對本地印刷行業的盈利能力構成隱憂；但是，憑藉本集團卓著的信譽以及對產品質量的執著追求，本集團有信心於不久將來進一步改善經營業績。

致謝

最後，本人謹此向集團各董事及員工就彼等堅定不移為本集團作出最大努力及貢獻，致以衷心謝意。本人深信，彼等的努力將於來年繼續為本集團帶來理想業績。同時，本人謹代表董事會仝人感謝股東、客戶、往來銀行及業務夥伴一直以來對本集團的鼎力支持。

主席

吳文燦

二零零五年七月二十七日