

中期股息

董事會宣佈，於二零零五年十月二十七日或相近日子向於二零零五年十月十二日(星期三)名列本公司股東名冊之股東，派付截至二零零五年六月三十日止六個月之中期現金股息每股1.8港仙(二零零四年：1.5港仙)。

暫停辦理股東登記手續

本公司將於二零零五年十月十三日(星期四)至二零零五年十月十九日(星期三)(包括首尾兩天)暫停辦理股東登記手續，在該期間內不會進行任何股份過戶登記。所有股份過戶文件連同有關之股票最遲須於二零零五年十月十二日(星期三)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。

管理層之討論與分析

理想的經營業績

截至二零零五年六月三十日止六個月，本集團之總營業額約為673,511,000港元，較二零零四年同期增加23.8%。印刷包裝業務乃本集團之核心業務，其毛利佔本集團截至二零零五年六月三十日止六個月之毛利約91.6%。

截至二零零五年六月三十日止六個月，印刷包裝業務之營業額為197,087,000港元，較去年同期增加3.1%。回顧期內，雖然紙張成本上漲及市場競爭激烈，惟本公司透過有效的成本控制措施及提升生產效能，二零零五年上半年毛利率上升至約32.0%。

截至二零零五年六月三十日止六個月之股東應佔溢利約為29,536,000港元，較二零零四年同期增加約30.2%。

此外，本集團確認收購一間附屬公司所產生負商譽淨額約4,465,000港元(已扣除稅項及少數股東權益)，其財務影響已計入股東應佔溢利內。

INTERIM DIVIDEND

The Directors have declared the payment of an interim cash dividend of HK1.8 cents (2004: HK1.5 cents) per share for the six months ended 30th June, 2005 payable on or about 27th October, 2005 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 12th October, 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 13th October, 2005 to Wednesday, 19th October, 2005 (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 Wednesday, 12th October, 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Satisfactory Operation Results

For the six months ended 30th June, 2005, the total turnover of the Group was approximately HK\$673,511,000, representing an increase of 23.8% over the corresponding period in 2004. Gross profit from the printed packaging business, which is the core business of the Group and accounted for approximately 91.6% of the Group's gross profit for the six months ended 30th June, 2005.

The turnover from printed packaging business for the six months ended 30th June, 2005 amounted to HK\$197,087,000, representing an increase of 3.1% compared to the same period last year. The Company has successfully improved its gross profit margin to approximately 32.0% in the first half of 2005 in view of the rising paper costs and keen market competition, through effective cost control measures and improvement in production efficiency.

Profit attributable to shareholders were approximately HK\$29,536,000 for the six months ended 30th June, 2005. This represents an increase of approximately 30.2% as compared to the corresponding period in 2004.

In addition, the net financial impact of the recognition of negative goodwill arising from the acquisition of a subsidiary by the Group was amounted to approximately HK\$4,465,000 (net of tax and minority interests). It was included in the profit attributable to shareholders.

管理層之討論與分析 (續)

市場概覽

儘管中國政府持續採取宏觀調控措施，惟中國之國內生產總值增長率於二零零五年上半年度仍能保持約9.5%之強勢。煙草印刷包裝仍為印刷包裝部門之核心生產業務，其營業額佔印刷包裝業務的營業額約93.5%。中國煙草行業改革產生之影響較二零零四年年度相對輕微。隨著中國國民生活水平普遍提升，以中長期而言，市場對中檔至優質消費品之需求甚殷，本集團相信改革只會帶來短暫影響，並對未來的需求抱樂觀態度。

上半年度中國香煙生產量為19,872,000大箱，較去年同期增加4.9% (二零零四年上半年產量為18,943,000大箱)。工商溢利及稅項於二零零五年上半年增加17.0%至超過人民幣120,000,000,000元。此現象與中國政府將煙草業發展至中高檔的香煙市場之政策一致，這將為本集團締造無限商機。

於安徽省滁州市之新工廠

於回顧期間內，本集團主要集中發展位於安徽省之新廠房，即安徽僑豐包裝印刷有限公司(「僑豐」)。新廠房目前正在動工，並已落實訂購一台凹印機、一台燙金機、一台壓凸及模切機，預期於年底前投入營運。

於雲南省昆明市之新研究及開發中心(「研發中心」)

於二零零五年上半年度，新研發中心的興建工程已全面進行，並預期於本年底前竣工。隨著昆明市研發中心之逐漸落成，研發中心將為本集團之研發隊伍及銷售隊伍於全國各地招聘員工提供穩固的基礎。與此同時，研發中心亦能進一步提高本集團設計新產品之能力及提升偽偽技術，務求更有效地照顧客戶之需要。

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Market Overview

Despite the austerity measures implemented by the PRC government, the growth rate of the gross domestic product in the PRC remains strong at approximately 9.5% in the first half of 2005. The turnover from the tobacco printed package continues to be the core product line in the printed packaging division, constituting approximately 93.5% of the turnover from this division. The impact on reforms in the tobacco industry in the PRC were relatively mild as compared to those in the Year 2004. The Group is optimistic that the effects of the reforms will only be temporary as the demand for medium to premium quality consumer goods will rise coming along with the general improvement in living standards in the PRC in the medium to long term.

In the first half of this year, tobacco output in the PRC was 19,872,000 master cartons, representing an increase of 4.9% over the same period of last year (18,943,000 master cartons in the first half of 2004). The industrial and commercial profits and taxes rose 17.0% in the first half of 2005 to over RMB120,000,000,000. This conforms the government policies in the PRC to develop the tobacco industry towards medium to premium grade tobacco market which will offer enormous opportunities for the Group.

New Plant in Chuzhou City, Anhui Province

During the period under review, the main focus of the Group was the construction of the new plant in Anhui Province, namely Anhui Qiaofeng Package Printing Co., Ltd. ("Qiaofeng"). The new plant is currently under construction and has confirmed the order of a gravure machine, a hot-foil stamping machine and an embossing and die-cutting machine. It is expected to commence operation before the end of the year.

New Research and Development Center (the "R&D Center") in Kunming City, Yunnan Province

Construction of the new R&D Center was in its full swing in the first half of 2005 and expected to be completed by the end of this year. With the gradual completion of the R&D Center in Kunming City, it will provide a firm foundation for the Group's research team and sale team to recruit staffs with nation-wide horizon. Meanwhile, it will also further enhance the Group's capabilities in designing new products and advanced anti-counterfeit techniques to better cater to customers' needs.

管理層之討論與分析 (續)

分銷及投資業務

回顧期內，分銷及投資業務之營業額約為476,424,000港元，較二零零四年同期增加35.0%。分銷及投資業務之總營業額中有66.0%乃來自分銷大量貨品，主要為船舶用燃油，餘額則來自分銷電子及電腦零件。

期內，雖然於電子及電腦零件市場競爭激烈及油價持續上升，導致國際間對原油的需求增加，加上供應短缺，令本集團之整體分銷業務經歷一段艱難時期，此外，本集團仍然繼續採取審慎之存貨政策，以減低業務風險。於二零零五年六月三十日，分銷業務之存貨金額僅為2,098,000港元。

此外，為專注將資源投放於中國之核心業務—印刷及生產印刷包裝產品，本公司出售於歐洲之附屬公司，而該附屬公司對本集團之貢獻相對較少。

人力資源發展

於二零零五年六月三十日，本集團聘用合共超過800名僱員。大部份僱員乃於二零零五年內由本集團設於中國之生產廠房所聘用。

為提升僱員之事業發展，本集團提供不同之培訓計劃，亦為僱員提供若干工作輪調機會。

未來展望

由於中國政府於二零零五年上半年度持續採取宏觀調控措施，加上全球原油價格日益高企導致前景不明朗，故此預期中國於二零零五年之國內生產總值之增長率仍會超過9.0%。隨著中國經濟穩步增長及國民生活水平日漸提升，管理層對優質香煙及消費品(此乃本集團具有發展潛力之主要市場分部)之需求將日益殷切抱樂觀態度。為掌握商機，本集團將專注於下列各方面：

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Distribution and Investment Businesses

During the period under review, turnover from the distribution and investment businesses was approximately HK\$476,424,000, representing an increase of 35.0% over the corresponding period in 2004, of which 66.0% of total turnover from this category was from the distribution of mass merchandise, mainly marine fuel oil, while the balance was from distribution of electronics and computer components.

Although the overall distribution business faced a challenging time during the period as a result of the intense market competition of electronic and computer components and increase in oil price caused by the high demand and tight supply internationally, the Group has continued to adopt a prudent inventory policy to mitigate business risks. As at 30th June, 2005, the inventory amount of distribution business was only HK\$2,098,000.

Furthermore, in order to dedicate more resources to its core business of printing and manufacturing of printed packaging products in the PRC, the Company disposed of a subsidiary in Europe and its contribution to the Group was relatively insignificant.

Human Resources Development

As at 30th June, 2005, the Group employed a total of over 800 employees. Most were hired by the Group's production plants in the PRC during 2005.

In order to enhance career development among the employees, the Group provides a variety of training programmes and also offers certain job rotation opportunities for its employees.

Future Prospects

Amid the continuing austerity measures implemented by the PRC government and the uncertainty situation caused by the rising cruel oil price globally in first half of 2005, the growth rate of PRC's gross domestic product in 2005 is expected to be over 9.0%. The management is also optimistic that the demand for high quality tobacco as well as consumable products, which is the major potential 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:

管理層之討論與分析 (續)

安徽新廠房

中國經濟保持高速增長，尤其是東部地區之消費品市場，本集團相信隨著安徽省僑豐之竣工，於該地區之印刷包裝業務發展前景極為理想。僑豐廠房營運初期之目標市場將為中高檔之消費品，特別是鄰近地區包括安徽省、江蘇省及浙江省之煙草公司。

新市場分部

本集團亦已於二零零五年研究發展新市場分部(即飲品包裝)之機會。由於中國國民對健康的意識不斷提升，該分部之市場潛力龐大。

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僑豐進行資本投資外，本集團將會繼續物色於中國其他地區設立生產設施的機會，務求增加全國市場之覆蓋率，以及擴闊其地區客戶基礎。

致力提升股東價值

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至極致。本集團一直竭力透過開拓各種收入來源及物色良好之業務發展機會，並以審慎之態度發掘其他投資機會，務求取得長期增長，以提升股東價值。

流動資金及財政資源

本集團於期內維持穩健之財政狀況。於二零零五年六月三十日，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)由二零零四年十二月三十一日之39.7%輕微上升至46.0%。本集團之未計淨利息支出、稅項、折舊及攤銷之盈利(簡稱EBITDA)對利息支出淨額之利息盈利率由二零零四年十二月三十一日之16.8倍輕微減少至15.1倍。手頭上可動用之現金由二零零四年十二月三十一日之156,747,000港元增至225,459,000港元。

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

New Plant in Anhui

With the high economic growth in the PRC, especially in the consumer product market in the Eastern region, the Group believes the printed packaging business development outlook in the region is extremely promising after following the completion of Qiaofeng in Anhui Province. Initially, the target market of Qiaofeng will be the medium to premium grade consumer products, especially the tobacco companies around the region, including Anhui, Jiangsu and Zhejiang Provinces.

New Market Segment

The Group has also explored the opportunity to develop a new market segment, namely beverage packaging, in 2005. The market potential of this segment is tremendous as the increasing public awareness of the health in the PRC.

Expansion of Operating Scale and Market Coverage

In addition to the continuous capital investment in its existing production plants and Qiaofeng in Anhui Province, the Group will continue to seek for opportunities to set up other regional production facilities in the PRC for national coverage and broadening of its customer base geographically.

Maximise Shareholders' Value

The Group applies flexible and proactive marketing and investment strategies to maximise shareholders' value. The Group had been committed to achieving long-term growth by generating various revenue sources and searching for good business opportunities as well as looking for other investment opportunities in a prudent manner with an aim to maximise shareholders' value.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a stable financial position for the period. As at 30th June, 2005, the net debt to equity ratio (Interest bearing liabilities less cash/Shareholders' equity plus minority interests) was slightly increased from 39.7%, as of 31st December, 2004, to 46.0%. The interest coverage ratio of the Group's earnings before net of interest expenses, tax, depreciation and amortisation (EBITDA) to net interest expenses was slightly decreased from 16.8 times, as of 31st December, 2004, to 15.1 times. The available cash on hand was increased from HK\$156,747,000 as of 31st December, 2004 to HK\$225,459,000.