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 36.

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

2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, the consolidated balance sheet and the consolidated statement of changes in equity. In particular, the presentation of minority interests has been changed in accordance with HKAS 1 "Presentation of Financial Statements". These changes in presentation have been applied retrospectively.

The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas:

(1) Business Combinations

HKFRS 3 "Business Combinations" is effective for business combinations for which the agreement date is on or after 1st January, 2005 and for goodwill previously recognised and brought forward as at 1st January, 2005. The principal effects of the application of transitional provision HKFRS 3 to the Group are summarised below:

Goodwill

Goodwill previously recognised in reserves amounting to HK$33,216,000 has been transferred to the Group's retained profits on 1st January, 2005. The adoption of HKFRS 3 has no material impact to the results and net assets for the current and prior periods.

2. CHANGES IN ACCOUNTING POLICIES *(cont'd)*

(2) Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term. This change in accounting policy has been applied retrospectively and the financial impact on the Group is set out in note 3.

(3) Investment Properties

In previous years, the Group's investment properties were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1st January, 2005 onwards. The amount held in investment property revaluation reserve at 1st January, 2005 has been transferred to the Group's retained profits and the financial impact on the Group is set out in note 3.

(4) Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

2. CHANGES IN ACCOUNTING POLICIES *(cont'd)*

(4) Financial Instruments *(cont'd)*

Redeemable preference shares

HKAS 32 requires an issuer of a financial instrument to classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. The principal impact of HKAS 32 on the Group is in relation to redeemable preference shares issued by the Company that have contractual obligation to deliver cash to the holder. Previously, redeemable preference shares were classified as equity on the balance sheet. On adoption of HKAS 32, the redeemable preference shares were reclassified as financial liabilities retrospectively. Comparative profit for the previous years has been restated in order to reflect the dividends on the redeemable preference shares as finance costs and the financial impact on the Group is set out in note 3.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities, other than debt and equity securities (which were previously outside the scope of Statement of Standard Accounting Practice 24), in accordance with the requirements of HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. The adoption of HKAS 39 has had no material effect on the Group's retained profits.

(5) Deferred Taxes related to Investment Properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied HK(SIC) Interpretation 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HK(SIC) Interpretation 21, this change in accounting policy has been applied retrospectively. There is no material deferred taxes impact on adoption of HK(SIC) Interpretation 21, and the comparative figures have not been restated.

2. CHANGES IN ACCOUNTING POLICIES *(cont'd)*

(6) Initial Direct Costs incurred by Lessors under Operating Leases

HKAS 17 has eliminated the choice of expensing initial direct costs incurred by lessors in negotiating and arranging an operating lease, the policy previously followed by the Group. Initial direct costs are now required to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. This change in accounting policy has been applied retrospectively. There is no material impact to the Group on this adoption.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 2 above are an increase in finance costs of approximately HK$709,000 in respect of the reclassification of preference shares dividends for the current year (2004: HK$2,281,000).

The effects on the consolidated balance sheet of the changes in the accounting policies described in note 2 above are as follows:

	As at 31st December, 2004 (originally stated)	Adjustments	As at 31st December, 2004 (restated)	Adjustments	As at 1st January, 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
On adoption of HKAS 17					
Property, plant and equipment	241,236	(9,048)	232,188	–	**232,188**
Prepaid lease payments	–	9,048	9,048	–	**9,048**
On adoption of HKAS 32					
Redeemable preference shares (liability)	–	(48,500)	(48,500)	–	**(48,500)**
Total effects on net assets	241,236	(48,500)	192,736	–	**192,736**
Preference share capital	808	(808)	–	–	**–**
Preference share premium	47,692	(47,692)	–	–	**–**
Goodwill	(33,216)	–	(33,216)	33,216	**–**
Investment property revaluation reserve	2,780	–	2,780	(2,780)	**–**
Retained profits	245,602	–	245,602	(30,436)	**215,166**
Minority interests	–	44,665	44,665	–	**44,665**
Total effects on equity	263,666	(3,835)	259,831	–	**259,831**
Minority interests	44,665	(44,665)	–	–	**–**

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(cont'd)*

The financial effects of the application of the new HKFRSs to the equity of the Group at 1st January, 2004 are summarised below:

	As originally stated	Adjustments	As restated
	HK$'000	*HK$'000*	*HK$'000*
Preference share capital	2,475	(2,475)	–
Preference share premium	146,025	(146,025)	–
Minority interests	–	40,900	40,900
Total effect on equity	148,500	(107,600)	40,900
Minority interests	40,900	(40,900)	–

The Company has not early applied the following new HKFRSs and HKFRS interpretations ("HK(IFRIC) – INT") that have been issued but are not yet effective. The Directors of the Company have commenced considering the potential impact of these new HKFRSs and HKFRS interpretations. The Directors anticipate that the adoption of these new HKFRSs and HKFRS interpretations should not result in any significant changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(cont'd)*

HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"[4]
HK(IFRIC) – INT 8	Scope of HKFRS 2[5]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st January, 2006.
[3] Effective for annual periods beginning on or after 1st December, 2005.
[4] Effective for annual periods beginning on or after 1st March, 2006.
[5] Effective for annual periods beginning on or after 1st May, 2006.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which 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 its subsidiaries made up to 31st December each year.

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.

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.

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

Goodwill

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

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.

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

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 dereognised.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

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.

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

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 represents fair value of net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances and property rental income during the year.

Sales-of-goods are 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.

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.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant lease.

Service income is recognised when the services are provided.

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

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 net profit as reported in the 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense 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.

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Financial instruments *(cont'd)*

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 trade and other receivables) 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 Group's financial liabilities generally include other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

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

Equity instruments

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

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.

Investment properties

The fair value of investment properties as at the balance sheet date is set out in note 16 and were stated at fair value in accordance with the accounting policy stated in note 4. The fair value of the investment properties are determined by the directors of the Company with reference to the property valuation performed by DTZ Debenham Tie Leung Limited, a firm of independently qualified professional valuers. Such valuations were based on certain assumptions that are mainly based on market conditions existing at the balance sheet dates.

Impairment loss on trade receivables

The amount of trade receivables at the balance sheet date is set out in note 21. The assessment of the impairment loss on trade receivables of the Group is based on management's judgment of the ultimate realisation of these receivables after taking into accounts factors such as aging analysis and current creditworthiness and past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include borrowings, trade receivables and trade payables. 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. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The sales transactions of the Group are denominated in United States Dollars ("US$"), Euro, Pound Sterling and Renminbi ("RMB") and there are expenses and acquisition of plant and machinery that required to settle in US$, RMB and Euro. Certain trade receivables, trade payables, bank balances and borrowings of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(cont'd)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st December, 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In addition, the Group has concentration of credit risk by certain major customers. In order to minimise the credit risk, the management of the Group 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. The Group maintains export credit insurance to protect the Group against the risk of non-performance of its overseas customers. In this regard, the Directors of the Company consider that the credit risk is significantly reduced.

Liquidity risk

The management monitors the working capital requirements of the Group. In the opinion of the Directors, most of the borrowings that mature within one year are able to renew and the Group expects to have adequate source of funding to finance the Group's existing operations.

Commodity price risk

The Group is exposed to commodity price risk such as papers and ink. The management monitors commodity price exposure and will consider hedging significant commodity price exposure when the need arises.

Interest rate risk

The Group's cash flow interest rate risks mainly relates to variable-rate borrowings. The Directors monitor the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

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:

	2005	2004
	HK$'000	*HK$'000*
Sales of goods	**744,657**	719,311
Rental and management fee income generated from property investment	**13,646**	17,568
	758,303	736,879

8. SEGMENT INFORMATION

Business segments

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

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 corporate income			1,894
Unallocated corporate 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 corporate assets			139,952
Consolidated total assets			860,663
LIABILITIES			
Segment liabilities	194,066	7,357	201,423
Unallocated corporate liabilities			178,662
Consolidated total liabilities			380,085

8. SEGMENT INFORMATION *(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
Loss on disposal of property, plant and equipment	62	–	62

2004

CONSOLIDATED INCOME STATEMENT

	Printing	**Property investment**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000* (restated)
TURNOVER – external	719,311	17,568	736,879
SEGMENT RESULTS	67,064	10,733	77,797
Unallocated corporate income			927
Unallocated corporate expenses			(1,843)
Finance costs			(8,058)
Profit before taxation			68,823
Income tax expenses			(9,399)
Profit for the year			59,424

8. SEGMENT INFORMATION *(cont'd)*

2004 *(cont'd)*

CONSOLIDATED BALANCE SHEET

	Printing	**Property investment**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000* (restated)
ASSETS			
Segment assets	527,042	431,953	958,995
Unallocated corporate assets			96,252
Consolidated total assets			1,055,247
LIABILITIES			
Segment liabilities	211,414	27,231	238,645
Unallocated corporate liabilities			310,330
Consolidated total liabilities			548,975

OTHER INFORMATION

	Printing	**Property investment**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Impairment loss recognised in respect of trade receivables	6,112	–	6,112
Capital expenditure	40,258	–	40,258
Depreciation and amortisation	34,497	253	34,750
(Gain) loss on disposal of property, plant and equipment	(1,173)	496	(677)

8. SEGMENT INFORMATION *(cont'd)*

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 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	
	2005	2004
	HK$'000	*HK$'000*
Hong Kong	**228,177**	185,991
North America	**222,844**	196,628
Europe	**209,337**	229,341
Australia and New Zealand	**45,053**	76,268
The PRC	**36,372**	42,768
Others	**16,520**	5,883
	758,303	736,879

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**	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**373,809**	334,638	**4,475**	898
The PRC	**485,116**	720,397	**33,934**	39,360
	858,925	1,055,035	**38,409**	40,258

9. OTHER INCOME

	2005	2004
	HK$'000	*HK$'000*
Gain on disposal of a subsidiary *(note 29)*	**5,828**	–
Income from sale of scrap	**8,522**	6,294
Interest income	**1,894**	927
Sundry income	**1,209**	1,912
Reversal of impairment losses recognised in respect of trade receivables	**831**	–
Exchange gain	**–**	5,591
Gain on disposal of property, plant and equipment	**–**	677
	18,284	15,401

10. PROFIT BEFORE TAXATION

	2005	2004
	HK$'000	*HK$'000*
		(restated)
Profit before taxation has been arrived at after charging:		
Other staff costs	**94,363**	91,949
Retirement benefit scheme contribution	**1,732**	1,858
Total staff costs	**96,095**	93,807
Impairment losses recognised in respect of trade receivables	**–**	6,112
Auditors' remuneration:		
Current year	**918**	848
(Over)underprovision in prior years	**(17)**	140
	901	988
Cost of inventories recognised as an expense	**534,738**	495,300
Depreciation and amortisation of property, plant and equipment	**35,441**	34,750
Loss on disposal of property, plant and equipment	**62**	–
Release of prepaid lease payments	**229**	229
Rental of premises under operating leases	**6,256**	5,384
Exchange losses	**4,825**	–
and after crediting:		
Gross rental income from investment properties	**13,428**	17,459
Less:		
direct operating expenses from investment properties that generated rental income during the year	**(3,342)**	(3,316)
direct operating expenses from investment properties that did not generate rental income during the year	**(287)**	(323)
	9,799	13,820

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 12 (2004: 11) Directors were as follows:

2005	Mr. KO Sheung Chi	Mr. CHAN Sheung Chiu	Mr. KWONG Tin Lap	Mr. KWOK Chi Fai	Miss LI Mee Sum, Ann	Mr. TANG Chow Ming, Paul	Mr. WONG Chi Sing	Mr. LEE Sai Wai	Mr. Dominic LAI	Mr. SHEK Lai Him, Abraham	Dr. LI Sau Hung, Eddy	Mr. YAU Chi Ming	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*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	–	–	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

2004	Mr. CHAN Sheung Chiu	Mr. KWONG Tin Lap	Mr. KWOK Chi Fai	Miss LI Mee Sum, Ann	Mr. TANG Chow Ming, Paul	Mr. WONG Chi Sing	Mr. LEE Sai Wai	Mr. Dominic LAI	Mr. SHEK Lai Him, Abraham	Dr. LI Sau Hung, Eddy	Mr. YAU Chi Ming	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	30	20	20	20	20	20	20	80	80	80	80	470
Other emoluments:												
Salaries and other benefits	–	1,020	900	–	660	180	–	–	–	–	–	2,760
Bonus	300	935	825	–	440	15	–	–	–	–	–	2,515
Retirement benefit scheme contribution	–	15	15	–	15	5	–	–	–	–	–	50
Total emoluments	330	1,990	1,760	20	1,135	220	20	80	80	80	80	5,795

(b) Employees' emoluments

During the year, the 5 highest paid individuals included 3 (2004: 3) Directors, details of whose emoluments are set out in note 11(a) above.

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

(b) Employees' emoluments *(cont'd)*

The emoluments of the remaining 2 (2004: 2) individuals are as follows:

	2005	2004
	HK$'000	*HK$'000*
Salaries and other benefits	**1,200**	1,365
Bonus	**385**	519
Retirement benefit scheme contribution	**48**	30
	1,633	1,914

Emoluments of the employees are within the following bands:

	Number of employees	
	2005	2004
HK$1,000,000 or below	**2**	1
HK$1,000,001 to HK$1,500,000	**–**	1
	2	2

During the years ended 31st December, 2005 and 2004, no emoluments were paid by the Group to the 5 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 the years ended 31st December, 2005 and 2004, no Director waived any emoluments.

(c) Emoluments of senior management

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

	2005	2004
	HK$'000	*HK$'000*
Short-term benefits	**1,431**	2,455
Post-employment benefits	**48**	45
	1,479	2,500

12. FINANCE COSTS

	2005 HK$'000	2004 HK$'000 (restated)
Dividends paid to preference shareholders	**709**	2,281
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**5,315**	2,950
Amount due to a minority shareholder	**1,172**	2,811
Finance charge on obligations under finance leases	**–**	16
	7,196	8,058

13. INCOME TAX EXPENSES

	2005 HK$'000	2004 HK$'000
The charge (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	**4,881**	7,057
PRC income tax	**6,536**	2,179
	11,417	9,236
Under(over)provision in prior years:		
Hong Kong Profits Tax	**132**	128
PRC income tax	**–**	(46)
	132	82
Deferred tax *(note 24)*:		
Current year	**(409)**	81
	11,140	9,399

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the year.

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

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

Pursuant to the relevant laws and regulations in the PRC, Dongguan Midas Printing Company Limited, a subsidiary of the Company, is entitled to an exemption from the PRC income tax for two years commencing from its first profit-making year of operation and a 50% relief from the PRC income tax for the following three years. During the year, Dongguan Midas Printing Company Limited was entitled to a 50% relief from the PRC income tax.

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

	2005	2004
	HK$'000	*HK$'000*
		(restated)
Profit before taxation	**53,753**	68,823
Tax at the domestic income tax rate of 17.5%	**9,407**	12,044
Tax effect of expenses not deductible for tax purpose	**1,682**	2,639
Tax effect of income not taxable for tax purpose	**(985)**	(1,105)
Underprovision in prior years	**132**	82
Tax effect of additional tax losses not recognised	**247**	571
Utilisation of tax losses previously not recognised	**(2,035)**	(546)
Effect of tax holidays granted to a PRC subsidiary	**(1,342)**	(1,210)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**4,034**	(3,076)
Income tax expense for the year	**11,140**	9,399

14. DIVIDENDS TO ORDINARY SHAREHOLDERS OF THE COMPANY

	2005	2004
	HK$'000	*HK$'000*
Dividends paid:		
2003 final dividend of HK3.0 cents per share	**–**	16,029
2004 interim dividend of HK1.2 cents per share	**–**	6,412
2004 final dividend of HK3.3 cents per share	**17,632**	–
2005 interim dividend of HK1.2 cents per share	**6,411**	–
	24,043	22,441

14. DIVIDENDS TO ORDINARY SHAREHOLDERS OF THE COMPANY *(cont'd)*

The final dividend of HK3.3 cents (2004: HK3.3 cents) per share to ordinary shareholders of the Company whose names appear on the register of members on 29th May, 2006, amounting to approximately HK$17,632,000 (2004: 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 (2004: HK1.2 cents) per share had paid to the ordinary shareholders of the Company whose names appear on the register of members on 14th October, 2005.

Subject to the Companies Law, the holders of Series B preference shares are 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, all outstanding Series B preference shares had been 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$43,014,000 (2004: HK$58,330,000 as restated) and on 534,290,068 (2004: 534,290,068) ordinary shares in issue during the year.

Diluted earnings per share is not presented for the two years ended 31st December, 2005 as there were no potential ordinary shares in existence for both years.

16. INVESTMENT PROPERTIES

	HK$'000
At 1st January, 2004	382,700
Revaluation increase for the year	11,000
At 1st January, 2005	393,700
Disposal of a subsidiary	(230,180)
Transferred from property, plant and equipment at fair value	450
At 31st December, 2005	**163,970**

16. INVESTMENT PROPERTIES *(cont'd)*

	2005	2004
	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	**163,520**	393,700
Hong Kong under long leases	**450**	–
	163,970	393,700

Legal title to certain investment properties amounting to approximately HK$143,700,000 (2004: HK$143,700,000) still rests in the name of the vendor even though the Group has the right to execute the transfer at anytime at their discretion. As substantially all the risks and rewards of ownership of the properties have been transferred to the Group upon execution of sales agreement, the Group has recognised the properties as its assets.

The fair values of the investment properties of the Group at 31st December, 2005 have been arrived at on the basis of a valuation carried out on 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 or the net income derived from the existing tenants with due allowance for the reversionary potential of the respective properties.

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

	2005	2004
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Land use rights in the PRC under a medium-term lease	**8,819**	9,048
Analysed for reporting purposes as:		
Non-current asset	**8,590**	8,819
Current asset	**229**	229
	8,819	9,048

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	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, 2004	53,893	3,157	359,685	37,765	6,015	460,515
Additions	–	–	35,449	2,938	1,871	40,258
Disposals	(1,465)	–	(6,448)	(242)	(1,159)	(9,314)
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 31st December, 2005	**53,642**	**6,034**	**415,076**	**36,319**	**6,745**	**517,816**
DEPRECIATION AND AMORTISATION						
At 1st January, 2004	6,935	1,359	191,900	28,005	4,002	232,201
Provided for the year	2,234	414	27,035	4,110	957	34,750
Eliminated on disposals	(178)	–	(6,195)	(172)	(1,135)	(7,680)
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 31st December, 2005	**9,964**	**2,587**	**239,982**	**26,037**	**4,830**	**283,400**
CARRYING VALUES						
At 31st December, 2005	**43,678**	**3,447**	**175,094**	**10,282**	**1,915**	**234,416**
At 31st December, 2004	43,437	1,384	175,946	8,518	2,903	232,188

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

	2005	2004
	HK$'000	*HK$'000*
The carrying value of the properties comprises:		
Leasehold buildings situated in:		
the PRC under medium-term land use right	**43,678**	42,935
Hong Kong under long leases	**–**	502
	43,678	43,437

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*
	(note a)	*(note b)*	
At 1st January, 2004 and 31st December, 2004	3,751	28,968	32,719
Disposal of a subsidiary	(3,751)	(7,949)	(11,700)
At 31st December, 2005	**–**	**21,019**	**21,019**

19. CONTRACTUAL REIMBURSEMENT FROM RELATED COMPANIES *(cont'd)*

Notes:

(a) 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 had agreed and undertaken in favour of the Company to bear 51% of all the construction costs from the date of completion of the Acquisition Agreement up to completion of the construction works of the properties under development ("Completion Costs"). Accordingly, the relevant portion of the estimated Completion Costs had been presented as a reimbursement of outstanding construction costs due from CCC and Chuang's China Investments Limited ("Chuang's China") at the time of acquisition of the properties under development by the Group. CCC is a wholly owned subsidiary of Chuang's China, a substantial shareholder of the Company, of which Mr. CHAN Sheung Chiu, Miss LI Mee Sum, Ann and Mr. LEE Sai Wai were also directors in 2001. 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. During the year, the subsidiary, which owned the above mentioned property, had been disposed of and the remaining unsettled balance of HK$3,751,000 had been eliminated on disposal. At 31st December, 2005, Miss LI Mee Sum, Ann is a director of Chuang's China.

(b) The amount represents a reimbursement due from CCC and Chuang's China in respect of certain deferred taxation liabilities arising from the properties of subsidiaries at the date of acquisition by the Group pursuant to the Acquisition Agreement.

20. INVENTORIES

	2005	2004
	HK$'000	*HK$'000*
Raw materials	**47,658**	43,256
Work in progress	**22,846**	23,101
Finished goods	**4,659**	3,904
	75,163	70,261

21. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group has a policy of allowing credit periods ranging from 30 days to 180 days (2004: 30 days to 180 days) to its trade customers.

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

	2005	2004
	HK$'000	*HK$'000*
0 to 30 days	**54,624**	55,567
31 to 60 days	**35,836**	32,427
61 to 90 days	**45,783**	36,304
91 to 120 days	**29,994**	40,058
121 to 180 days	**37,658**	40,326
More than 180 days	**7,658**	13,072
	211,553	217,754
Less: Impairment losses on trade receivables	**(4,271)**	(9,330)
	207,282	208,424

The fair value of the Group's trade receivables, deposits, prepayments and other receivables at 31st December, 2005 approximates to corresponding carrying amount.

22. TRADE PAYABLES, ACCRUED CHARGES AND OTHER PAYABLES

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

	2005	2004
	HK$'000	*HK$'000*
0 to 30 days	**28,327**	31,863
31 to 60 days	**29,842**	28,616
61 to 90 days	**24,655**	22,085
91 to 120 days	**15,730**	18,012
More than 120 days	**48,377**	54,328
	146,931	154,904

The fair value of the Group's trade payables, accrued charges and other payables at 31st December, 2005 approximates to corresponding carrying amount.

23. BORROWINGS

	2005	2004
	HK$'000	*HK$'000*
Borrowings comprise:		
Bank loans	**138,294**	141,580
Import loans	**7,376**	1,269
	145,670	142,849
Analysed as:		
Secured	**3,900**	21,980
Unsecured	**141,770**	120,869
	145,670	142,849
Analysed as:		
Denominated in HK$	**145,670**	132,569
Denominated in RMB	**–**	10,280
	145,670	142,849

The terms and repayment schedules of bank borrowings are as follows:

	2005	2004
	HK$'000	*HK$'000*
(a) Fixed-rate borrowings with effective interest rate of 8.235% (2004: 6.903% to 8.235%) are repayable as follows:		
Within one year	**–**	10,280

23. BORROWINGS *(cont'd)*

	2005 **HK$'000**	2004 *HK$'000*
(b) Variable-rate borrowings with effective interest of 1.18% to 6.02% (2004: 0.93% to 2.63%) are repayable as follows:		
Within one year or on demand	**45,507**	25,569
In more than one year but not more than two years	**34,050**	27,250
In more than two years but not more than three years	**34,500**	23,700
In more than three years but not more than four years	**31,613**	27,250
In more than four years but not more than five years	**–**	28,800
	145,670	132,569
Total	**145,670**	142,849
Less: Amount repayable within one year or on demand and shown under current liabilities	**(45,507)**	(35,849)
Amount due after one year	**100,163**	107,000

The borrowings of the Group are guaranteed by the Company and secured by certain assets of the Group. Details of pledge of assets are set out in note 32.

During the year, the Group obtained new floating-rate loans in the amount of HK$35,000,000. The loans bear interest at market rates and will be repayable by instalments before 2009. The proceeds were used to finance the acquisition of property, plant and equipment.

The carrying amount of bank borrowings approximates their fair value as the contractual variable interest rates approximate the market rates.

24. 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, 2004	(2,406)	5,289	47,841	–	50,724
(Credit) charge to income statement for the year	(520)	601	–	–	81
Charge to equity for the year	–	–	–	5,549	5,549
Balance at 31st December, 2004	(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**

At 31st December, 2005, the Group has unused tax losses of HK$19.6 million (2004: HK$32.8 million) available for offsetting against future profits. A deferred tax asset amounting to HK$1.8 million (2004: HK$2.9 million) has been recognised in respect of such losses of HK$10.2 million (2004: HK$11.6 million). No deferred tax asset has been recognised in respect of the remaining HK$9.4 million (2004: HK$21.2 million) tax losses due to the unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

25. AMOUNT DUE TO A MINORITY SHAREHOLDER

The amount was unsecured and the minority shareholder agreed not to demand repayment within one year from the balance sheet date.

A balance of HK$40,724,000 was interest bearing at approximately 0.6% per month and the remaining balance was interest-free.

During the year, the amount was fully settled through disposal of a subsidiary.

26. REDEEMABLE PREFERENCE SHARES

	Number of shares	Amount *HK$'000*
Series B preference shares of HK$0.01 each		
Balance at 1st January, 2004	247,500,000	148,500
Redemption of shares	(166,666,666)	(100,000)
Balance at 31st December, 2004	80,833,334	48,500
Redemption of shares	(80,833,334)	(48,500)
Balance at 31st December, 2005	–	–

The Series B preference shares are non-voting, redeemable and their holders are entitled to a fixed cumulative preferential dividend payable semi-annually at a rate of 2.5 percent per annum on the issue price of HK$0.60 of each preference share. In addition, Series B preference shares rank in priority to the ordinary shares in the Company as to dividend and return of capital. Subject to the Companies Law, Series B preference shares are redeemable by the Company at any time prior to 13th December, 2006 at their outstanding subscription amount together with any unpaid dividend in cash. Further, the Company shall mandatorily redeem all outstanding Series B preference shares which have not been previously redeemed on or before 13th December, 2006 at their outstanding subscription amount together with any unpaid dividend in cash. During the year, the Series B preference shares were fully redeemed.

27. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
Balance at 1st January, 2004, 31st December, 2004 and 2005	1,000,000,000	100,000
Preference shares of HK$0.01 each		
Series A Preference Shares		
Balance at 1st January, 2004, 31st December, 2004 and 2005	1,000,000,000	10,000
Series B Preference Shares		
Balance at 1st January, 2004, 31st December, 2004 and 2005	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, 2004, 31st December, 2004 and 31st December, 2005	534,290,068	53,429

According to HKAS 32, the redeemable preference shares were reclassified as financial liabilities and details of which are set out in note 26.

28. 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.

29. 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 consideration of RMB100 million (equivalent to approximately HK$93.5 million) and the 6th floor of the Chengdu Chuang's Centre.

	2005	2004
	HK$'000	*HK$'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:		
Investment properties	**19,820**	–
Deposit received by the Group during the year ended 31st December, 2004	**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.

30. CAPITAL COMMITMENTS

At 31st December, 2005, the Group had commitments of approximately HK$18,171,000 (2004: HK$3,655,000) for capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment.

31. OPERATING LEASES

(a) Operating lease commitments

At 31st December, 2005, the Group was committed to make minimum lease payments under non-cancellable operating leases for land and buildings which fall due as follows:

	2005	2004
	HK$'000	*HK$'000*
Within one year	**4,960**	4,338
More than one year but within five years	**5,141**	5,579
	10,101	9,917

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$13,428,000 (2004: HK$17,459,000). The properties are expected to generate rental yields of 3%. All of the properties held have committed tenants for an average term of two to seven years.

At 31st December, 2005, the Group had contracted with tenants for the following future minimum lease payments in respect of its investment properties:

	2005	2004
	HK$'000	*HK$'000*
Within one year	**1,880**	18,384
More than one year but within five years	**4,360**	95,497
More than five years	**1,921**	35,996
	8,161	149,877

32. PLEDGE OF ASSETS

At the balance sheet date, certain assets of the Group with the following carrying amounts had been pledged to secure borrowings granted to the Group:

	2005	2004
	HK$'000	HK$'000
Investment properties	–	75,618
Land use rights	4,210	4,321
Leasehold buildings	22,768	23,278
	26,978	103,217

33. RETIREMENT BENEFIT PLANS

Defined benefit plan

In previous years, the Group operated a defined benefit plan (the "Plan") for its qualifying employees in Hong Kong. The Group wound up the Plan on 30th September, 2004.

The expense charged to the consolidated income statement related to the Plan for the year ended 31st December, 2004 was approximately HK$911,000.

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$1,732,000 (2004: HK$947,000) represents contributions payable to the defined contribution plans by the Group in respect of the current accounting period. As at 31st December, 2005, contributions in respect of the reporting period had been paid over to the MPF Scheme. As at 31st December, 2004, contributions of approximately HK$190,000 due had not been paid over to the MPF Scheme.

34. RELATED PARTY TRANSACTIONS

Transactions between group companies have been eliminated on consolidation and are not disclosed in this note.

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$1,012,000. Rental income received by the Group for the year ended 31st December, 2005 was approximately HK$1,012,000 (2004: HK$1,067,000).

As at 31st December, 2005, included in trade receivables, there was rental receivable from Yuen Sang of approximately HK$83,000 (2004: HK$89,000).

(b) The Group also paid building management fee amounting to approximately HK$802,000 (2004: 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 the balances with related parties are set out in notes 11 and 19, respectively.

35. BALANCE SHEET OF THE COMPANY

The balance sheet of the Company as at 31st December, 2005 is as follows:

	2005	2004
	HK$'000	*HK$'000*
		(restated)
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	**92,963**	92,963
Amounts due from subsidiaries	**–**	265,761
	92,963	358,724
Current assets		
Amount due from a subsidiary	**350,407**	–
Prepayments and other receivables	**196**	194
Bank balances	**64**	84
	350,667	278
Current liabilities		
Amounts due to subsidiaries	**134,212**	–
Accrued charges	**550**	946
	134,762	946
Net current assets (liabilities)	**215,905**	(668)
Non-current liability		
Redeemable preference shares	**–**	48,500
	308,868	309,556
CAPITAL AND RESERVES		
Share capital	**53,429**	53,429
Reserves	**255,439**	256,127
	308,868	309,556

36. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st December, 2005 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$121,878,184	100%	Manufacturing and trading of packaging printed products
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
廣東省博羅縣圓州勤達印務有限公司 Guangdong Boluo Yuanzhou Midas Printing Limited	PRC *(note b)*	US$7,500,000	100%	Book binding and printing

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.

36. SUBSIDIARIES *(cont'd)*

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.