

中 期 股 息

董事會宣佈，於二零零六年十月二十日或相近日子向於二零零六年十月十二日(星期四)名列本公司股東名冊之股東，派付截至二零零六年六月三十日止六個月之中期現金股息每股2.0港仙(二零零五年：1.8港仙)。

INTERIM DIVIDEND

The Directors have declared the payment of an interim cash dividend of HK2.0 cents (2005: HK1.8 cents) per share for the six months ended 30th June, 2006 payable on or about 20th October, 2006 to shareholders whose names appear on the Register of Members of the Company on Thursday, 12th October, 2006.

暫 停 辦 理 股 東 登 記 手 續

本公司將於二零零六年十月六日(星期五)至二零零六年十月十二日(星期四)(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二零零六年十月五日(星期四)下午四時正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，地址為香港皇后大道東28號金鐘匯中心26樓。

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 6th October, 2006 to Thursday, 12th October, 2006 (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, 26/F Tesbury Center, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 5th October, 2006.

管 理 層 之 討 論 與 分 析

理想的經營業績

截至二零零六年六月三十日止六個月，本集團之總營業額約為782,531,000港元，較二零零五年同期增加16.2%。包裝印刷業務乃本集團之核心業務，其毛利佔本集團截至二零零六年六月三十日止六個月之毛利約82.5%。

截至二零零六年六月三十日止六個月，包裝印刷業務之營業額為243,832,000港元，較去年同期增加23.7%。雖然原材料及勞工成本普遍上漲，以及市場競爭激烈，惟本公司透過有效的成本控制措施及提升生產效能，於二零零六年上半年之毛利率仍成功保持約31.0%。

截至二零零六年六月三十日止六個月之母公司股權持有人應佔溢利約為35,703,000港元，較二零零五年同期增加約20.9%。

MANAGEMENT'S DISCUSSION AND ANALYSIS

Satisfactory Operation Results

For the six months ended 30th June, 2006, the total turnover of the Group was approximately HK\$782,531,000, representing an increase of 16.2% over the corresponding period in 2005. Gross profit from the package printing business, which is the core business of the Group, accounted for approximately 82.5% of the Group's gross profit for the six months ended 30th June, 2006.

The turnover from package printing business for the six months ended 30th June, 2006 amounted to HK\$243,832,000, representing an increase of 23.7% compared to the same period last year. The Company has also successfully maintained its gross profit margin at approximately 31.0% in the first half of 2006 despite of the rising raw material and labour costs in general as well as keen market competition, through effective cost control measures and improvement in production efficiency.

Profit attributable to equity holders of the parent was approximately HK\$35,703,000 for the six months ended 30th June, 2006. This represents an increase of approximately 20.9% as compared to the corresponding period in 2005.

管理層之討論與分析 (續)

市場概覽

儘管中國政府採取宏觀調控措施，以壓抑中國的經濟過熱，惟中國國內生產總值於二零零六年上半年仍能保持約10.9%之強勁增長率。煙草包裝印刷仍為包裝印刷部門之核心生產業務，其營業額佔包裝印刷業務之營業額約93.8%。此外，中國消費品市場於本期間內仍保持旺盛增長率。中國煙草行業持續不斷之整合於本年度上半年內稍微趨緩，惟預期於未來數年將會進一步整合。然而，透過本集團之各合營企業與地方政府及／或主要客戶建立策略夥伴關係之業務模式，本集團對將來取得訂單抱樂觀態度。此外，本集團之管理層相信，隨著中國國民生活水平普遍提升，就中長期而言，市場對優質消費品之需求將日益殷切。

於二零零六年上半年內，中國卷煙生產量為20,476,000大箱，較去年同期增加約3.0% (二零零五年上半年產量為19,872,000大箱)。然而，工商溢利及稅項於本期間內上升18.6%至超過人民幣150,000,000,000元，這反映卷煙之銷售額已大幅增長，並與中國政府致力於逐步從低檔卷煙產品發展至具較佳品牌形象之高檔卷煙產品之政策一致，從而為本集團締造無限商機。

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Market Overview

Despite the austerity measures implemented by the PRC government to suppress the overheating economy in the PRC, the growth rate of the gross domestic product in the PRC remains strong at approximately 10.9% in the first half of 2006. Turnover from the tobacco package printing continues to be the core product line in the package printing division, constituting approximately 93.8% of the turnover from package printing. In addition, the growth rate in the PRC consumer market remains robust during the period. The continuous consolidation of the tobacco industry in the PRC has been slowed down a bit in the first half of the year and further consolidation is foreseen in the years to come. However, the Group is optimistic that orders will be secured through its business model by having local government and/or major customer as the strategic partner in each of its joint ventures. Furthermore, the Group's management is confident that the demand for premium quality consumer goods will increase along with the general improvement in the living standards of the PRC in the medium to long run.

In the first half of 2006, tobacco output in the PRC was 20,476,000 master cartons, representing an increase of approximately 3.0% over the same period of last year (19,872,000 master cartons in the first half of 2005). However, the industrial and commercial profits and taxes rose 18.6% during the same period to over RMB150,000,000,000. This reflects that the sales values of tobacco has grown tremendously which is in line with the PRC government policies to gradually move away from low-priced to high-priced tobacco products with better perceived brand image, offering enormous opportunities for the Group.

管 理 層 之 討 論 與 分 析 (續)

安徽省滁州市之新廠房

於回顧期間內，安徽省之新廠房即安徽僑豐包裝印刷有限公司(「僑豐」)已竣工，並於二零零六年五月投產。在與地方政府建立夥伴關係之業務模式下，新廠房能夠取得更多訂單及順利投產。除七色滾筒凹板印刷機及數台用於燙金、壓凸及模切之印後機器外，新廠房亦訂購一台七色平張膠印機及兩台可轉換式燙金、壓凸及模切機，以進一步提升其產能及綜合印刷技術，以及實現產品差別化及價值轉移。

雲南省昆明市之新研究及開發中心(「研發中心」)

新研發中心已於二零零六年初竣工，並於二零零六年三月投入運作。昆明市研發中心落成標誌著本集團進入一個新的發展階段。一方面，研發中心有助本集團鞏固其於昆明市之立足點，特別是該地區之藥品行業。另一方面，研發中心可為本集團之研發隊伍提供穩固基礎，以開發新的設計、技術及物料應用，並與本集團之其他成員公司共享技術知識。

與此同時，研發中心亦將進一步提高本集團設計新產品之能力及提升防偽技術，務求更有效地創造高增值產品以更好迎合客戶之需要。

雲南省昭通市之新膠印機

雲南省昭通市之廠房已訂購一台六色平張膠印機，以進一步提升其生產設施。該台新機器已於二零零六年八月進行安裝。

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

New Plant in Chuzhou City, Anhui Province

During the period under review, the construction of the new plant in Anhui Province, namely Anhui Qiaofeng Package Printing Co., Ltd. ("Qiaofeng") was completed and production commenced in May 2006. With the business model of being in partnership with the local government, the new plant is able to gain more orders and commence production smoothly. In addition to seven-colour rotogravure printing press and post-printing machines for hot-foil stamping, embossing and die-cutting, the new plant confirmed the orders of a seven-colour sheet-fed offset printing machine and two switchable hot-foil stamping/embossing and die-cutting machines to further enhance its production capacity and combination of printing technologies as well as to achieve product differentiation and value migration.

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

Construction of the new R&D Center was completed in early 2006 and commenced operation in March 2006. The completion of the R&D Center in Kunming City marks a new development of the Group. On one hand, it helps the Group to strengthen its foothold in Kunming City, especially the pharmaceutical industry of the region. On the other hand, it provides a firm foundation for the Group's research team to develop new designs, techniques and material application and to share the know-how with other members of the Group.

Meanwhile, it will also further enhance the Group's capabilities in designing new products and advanced anti-counterfeit techniques with the prime directive of creating high value-added products to better cater to customers' needs.

New Offset Printing Machine in Zhaotong City, Yunnan Province

The plant in Zhaotong City, Yunnan Province confirmed an order of a six-colour sheet-fed offset printing machine to further upgrade its production facility. The installation of the new machine commenced in August 2006.

管理層之討論與分析 (續)

分銷及投資業務

於回顧期間內，分銷及投資業務之營業額約538,699,000港元，較二零零五年同期增加13.1%。分銷及投資業務之總營業額中有47.3%乃來自分銷大宗貨物，主要為船舶用燃油，餘額則來自分銷電子及電腦零件。

由於多項不利因素，包括電子及電腦零件市場競爭激烈、中東緊張局勢導致油價飛漲及利率持續上升，本集團之整體分銷業務於本期間內一直充滿挑戰。因此，本集團繼續採取審慎之存貨政策，以減低業務風險。

人力資源發展

於二零零六年六月三十日，隨著安徽省新廠房及新研發中心之竣工，本集團聘用合共超過1,000名僱員。大部份僱員乃於本期間內由本集團設於中國之生產廠房所聘用。

本集團已提供多項內部培訓計劃，並由其機器供應商為工程師提供學習課程，以確保其技術員工能夠有效地操作新機器。此外，本集團亦提供不同之培訓計劃，以提升僱員之事業發展。

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\$538,699,000, representing an increase of 13.1% over the corresponding period in 2005, of which 47.3% of total turnover from this category was generated from the distribution of mass merchandise, mainly marine fuel oil, while the balance was from distribution of electronic and computer components.

As a result of various unfavourable factors, including intense market competition of electronic and computer components, surge of oil price caused by the tensed situation in the Middle East and continuous increase in interest rates, the overall distribution business was challenging during the period. Accordingly, the Group continued to adopt a prudent inventory policy to mitigate business risks.

Human Resources Development

As at 30th June, 2006, with the completion of the construction of the new plant in Anhui Province and new R&D Center, the Group employed a total of over 1,000 employees. Most were hired by the Group's production plants in the PRC during the period.

The Group has provided various in-house training programmes and enrolled courses provided by its machine suppliers for engineers in order to ensure that its technical staffs can operate new machines efficiently. In addition, the Group also offered a variety of training programmes to enhance career development among the employees.

管 理 層 之 討 論 與 分 析 (續)

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

未來展望

本集團將維持其審慎擴充政策，透過建立新合營企業以面對挑戰及抓住商機。雖然中國政府持續採取宏觀調控措施及原材料價格普遍上漲，惟中國國內生產總值及國民一般消費需求之增長率預期於二零零六年可取得雙位數增長。因此，隨著中國經濟穩步增長及國民生活水平日漸提升，管理層對優質消費品(此乃本集團之主要市場分部)之需求將大幅增長感到樂觀。管理層將繼續採納嚴謹的成本控制措施，以及進一步提升生產效率。本集團將專注於以下方面：

安徽新廠房

於安徽省新廠房竣工後，僑豐將成為本集團未來數年之主要增長動力。隨著華東地區(包括浙江及江蘇省)之消費品市場持續保持旺盛增長勢頭，本集團相信，於該地區之包裝印刷業務發展前景將極為理想。僑豐之目標市場將為中高檔消費品，特別是安徽省之卷煙產品。

新市場分部

本集團亦已於二零零六年研究發展新市場分部(即奶製品包裝)之機會。由於中國國民之公共健康意識不斷提高，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，以及擴闊其客戶基礎之地域性。

Future Prospects

The Group will maintain its prudent expansion policy by setting up new joint ventures in face of challenges and opportunities. Amid the continual austerity measures implemented by the PRC government and the general increase in raw material price, the growth rate of PRC's gross domestic product and consumer spending in general are expected to achieve a double-digit growth in 2006. The management is therefore optimistic that the demand for high quality consumer products, which is the major market segments of the Group, will be growing tremendously, along with the stable economic growth and improving living standards in the PRC. The management will continue to adopt stringent cost control measures and further improve in production efficiency. The Group will focus on the followings:

New Plant in Anhui

After the completion of the new plant in Anhui Province, Qiaofeng will be the main growth driver for the years ahead. With the robust growth in the consumer product market of the Eastern region of the PRC, including Zhejiang and Jiangsu Provinces, the Group believes the package printing business development outlook in the region will be highly promising. The target market of Qiaofeng will be the medium to premium grade consumer products, especially the tobacco product in Anhui Province.

New Market Segment

The Group has also explored the opportunity to develop a new market segment, namely dairy packaging in 2006. The market potential of this segment is tremendous in view of the increasing public awareness of 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 opportunities to set up other regional production facilities in the PRC for wider national coverage and broaden its customer base geographically.

管理層之討論與分析 (續)

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，以致力提升股東價值。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。

流動資金及財政資源

本集團於本期間內維持穩健之財政狀況。於二零零六年六月三十日，淨負債資產比率(即計息負債減現金／股東權益加少數股東權益)由二零零五年十二月三十一日之52.9%上升至67.2%。本集團之未計利息支出、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二零零五年十二月三十一日之15.7倍輕微減少至14.9倍。手頭上可動用之現金由二零零五年十二月三十一日之201,959,000港元增至204,655,000港元。

股本結構

於本期間內，本公司之股本並無變動。

匯兌風險

包裝印刷部門之所有銷售額及購貨額均以人民幣定值，而分銷部門之大部份銷售額及購貨額則以美元或港元定值。銷售額及購貨額之貨幣互相配合，匯兌風險得以減至最低。

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Maximise Shareholders' Value

The Group applies flexible and proactive marketing and investment strategies to maximise shareholders' value. The Group is committed to achieve 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a stable financial position for the period. As at 30th June, 2006, the net debt to equity ratio (Interest bearing liabilities less cash/Shareholders' equity plus minority interests) was increased from 52.9%, as of 31st December, 2005, to 67.2%. 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 15.7 times, as of 31st December, 2005 to 14.9 times. The available cash on hand increased from HK\$201,959,000 as of 31st December, 2005 to HK\$204,655,000.

CAPITAL STRUCTURE

During the period, there was no change to the share capital of the Company.

EXCHANGE EXPOSURE

All the sales and purchases for the package printing division are denominated in Renminbi and most of sales and purchases for the distribution division are denominated in United States dollars or Hong Kong dollars. Through the currency match for sales and purchases, the exposure to exchange risks is minimised.