CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1196)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2007

RESULTS

The Board of Directors (the "Directors") of Cheong Ming Investments Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
Turnover	4	**574,882**	554,343
Cost of sales		**(437,267)**	(401,643)
Gross profit		**137,615**	152,700
Other operating income	5	**10,742**	13,145
Selling and distribution costs		**(28,160)**	(23,688)
Administrative expenses		**(86,385)**	(91,865)
Other operating expenses		**–**	(2,322)
PROFIT FROM OPERATIONS	6	**33,812**	47,970
Finance costs		**(2,182)**	(1,558)
PROFIT BEFORE INCOME TAX		**31,630**	46,412
Income tax expense	7	**(4,730)**	(6,347)
PROFIT FOR THE YEAR		**26,900**	40,065
Attributable to:			
Equity holders of the Company		**26,359**	40,662
Minority interests		**541**	(597)
Profit for the year		**26,900**	40,065
Dividends	8	**23,148**	19,468
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY DURING THE YEAR	9		
Basic		**HK5.41 cents**	HK8.35 cents
Diluted		**HK5.41 cents**	HK8.35 cents

CONSOLIDATED BALANCE SHEET

		As at	
		31 March 2007	31 March 2006
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**183,941**	189,710
Investment properties		**19,430**	18,220
Prepaid lease payments		**16,472**	14,502
		219,843	222,432
CURRENT ASSETS			
Properties held for sale		**18,460**	–
Inventories		**72,726**	49,868
Trade receivables	10	**136,141**	110,477
Prepayments, deposits and other receivables		**14,211**	8,697
Financial assets at fair value through profit or loss		**49,756**	35,872
Amount due from a related company	10	**2,190**	–
Cash and cash equivalents		**92,385**	98,513
		385,869	303,427
CURRENT LIABILITIES			
Trade payables	11	**96,702**	64,790
Amount due to a related company	11	**–**	206
Accrued liabilities and other payables		**20,398**	20,338
Interest-bearing borrowings		**46,017**	16,863
Tax payable		**13,784**	15,509
		176,901	117,706
NET CURRENT ASSETS		**208,968**	185,721
TOTAL ASSETS LESS CURRENT LIABILITIES		**428,811**	408,153
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**28,043**	21,100
Deferred tax		**4,599**	4,171
		32,642	25,271
NET ASSETS		**396,169**	382,882
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**48,733**	48,671
Reserves		**324,694**	318,407
Proposed dividend		**18,275**	14,601
		391,702	381,679
Minority interests		**4,467**	1,203
TOTAL EQUITY		**396,169**	382,882

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

From 1 April 2006, the Group has adopted all the new and amended HKFRSs which are first effective on 1 April 2006 and relevant to the Group. The adoption of these HKFRSs has resulted in changes in the Group's accounting policies on financial guarantee contracts. Other than this, the adoption of these new and amended HKFRSs did not result in significant changes in the Group's and Company's accounting policies.

Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

– the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies; and

– the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" ("HKAS 37").

Prior to this new accounting policy, the Group disclosed the financial guarantees issued as contingent liabilities in accordance with HKFRS 4 "Insurance Contracts" and HKAS 37. Provisions for the Group's liabilities under the financial guarantee contracts were made when it was more likely than not that the guaranteed party would default and the Group would incur outflow of resources embodying economic benefits.

This new accounting policy has been applied retrospectively to the extent that the financial guarantee contracts were in existence at 1 April 2005 (i.e. the date when HKAS 39 was initially adopted by the Group). The adoption of the amendments to HKAS 39 has no material effect to the financial statements for the current and prior years and thus no adjustment to prior periods has been made.

HK (IFRIC) Interpretation 4 ("HK (IFRIC) – Int 4") Determining whether an Arrangement contains a Lease

This interpretation concludes that an arrangement may contain a lease if the substance of the transaction (or a series of transactions) is the transfer of the right to use a specific asset or assets for an agreed period of time in return for a payment (or a series of payments) even if there is no legal form of a lease. The Group's accounting policy on leases has been changed accordingly, i.e. to account for a transaction (or a component of a transaction) as a lease even in the absence of a legal form of a lease.

The Group has followed the guidance in HK (IFRIC) - Int 4 to assess its outsourcing arrangements and identified several arrangements containing leases. According to HK (IFRIC) - Int 4, the Group's payments under these arrangements, if any, should be segregated into lease payments (on which the Group's accounting policies on leases applied) and payments for the outsourced arrangement (which would be recognised when it is incurred). Prior to this change, the Group recognised the charges as costs of the outsourced arrangements when they were incurred. These costs were included in the cost of sales.

This new accounting policy has been applied retrospectively. The adoption of the HK (IFRIC) - Int 4 has no material effect to the financial statements for the current and prior years and thus no adjustment to prior periods has been made.

New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company is currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKFRS 7	Financial Instruments: Disclosures [1]
HKFRS 8	Operating Segments [2]
HK(IFRIC) Interpretation 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [3]
HK(IFRIC) Interpretation 8	Scope of HKFRS 2 [4]
HK(IFRIC) Interpretation 9	Reassessment of Embedded Derivatives [5]
HK(IFRIC) Interpretation 10	Interim Financial Reporting and Impairment [6]
HK(IFRIC) Interpretation 11	Group and Treasury Share Transactions [7]
HK(IFRIC) Interpretation 12	Service Concession Arrangements [8]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 March 2006
4 Effective for annual periods beginning on or after 1 May 2006
5 Effective for annual periods beginning on or after 1 June 2006
6 Effective for annual periods beginning on or after 1 November 2006
7 Effective for annual periods beginning on or after 1 March 2007
8 Effective for annual periods beginning on or after 1 January 2008

3. SEGMENT INFORMATION

By business segments

The principal activities of the Group consisted of the manufacturing and sale of paper cartons, packaging boxes and children's novelty books, manufacturing and sale of hangtags, labels, shirt paper boards and plastic bag and commercial printing.

An analysis by business segments is as follows:

	SEGMENT TURNOVER			SEGMENT RESULTS
2007	**Sales to external customers**	**Intersegment sales**	**Total sales**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Manufacture and sale of paper cartons, packaging boxes and children's novelty books	**449,156**	**13,447**	**462,603**	**9,872**
Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags	**55,093**	**–**	**55,093**	**11,362**
Commercial printing	**70,633**	**425**	**71,058**	**8,008**
Intersegment eliminations	**–**	**(13,872)**	**(13,872)**	**–**
	574,882	**–**	**574,882**	**29,242**
Interest income				**4,570**
Finance costs				**(2,182)**
Profit before income tax				**31,630**
Income tax expense				**(4,730)**
Profit for the year				**26,900**

2006	Sales to external customers HK$'000	Intersegment sales HK$'000	Total sales HK$'000	SEGMENT RESULTS HK$'000
	SEGMENT TURNOVER			
Manufacture and sale of paper cartons, packaging boxes and children's novelty books	425,207	11,462	436,669	24,774
Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags	58,343	77	58,420	12,098
Commercial printing	70,793	291	71,084	8,219
Intersegment eliminations	–	(11,830)	(11,830)	–
	554,343	–	554,343	45,091
Interest income				2,879
Finance costs				(1,558)
Profit before income tax				46,412
Income tax expense				(6,347)
Profit for the year				40,065

By geographical segments

An analysis by geographical market is as follows:

	2007 Segment turnover ***HK$'000***	2006 Segment turnover *HK$'000*
Hong Kong	**435,499**	426,596
Elsewhere in the People's Republic of China	**32,172**	17,474
United Kingdom	**83,160**	69,792
Europe and other countries excluding United Kingdom	**24,051**	40,481
	574,882	554,343

4. TURNOVER

The Group's turnover represents the invoiced value of goods sold, after allowances for returns and trade discounts, and services rendered arising from the principal activities of the Group during the year after eliminations of all significant intra-group transactions.

5. OTHER OPERATING INCOME

	2007	2006
	HK$'000	*HK$'000*
Reversal of write down of inventories	**–**	1,490
Gross rental income from investment properties	**2,018**	1,991
Interest income	**4,570**	2,879
Dividend income from listed investments	**284**	252
Gain on disposal of listed investments	**644**	1,504
Gain on disposal of unlisted investments	**17**	335
Gain on disposal of property, plant and equipment	**233**	–
Fair value gain on investment properties	**1,210**	1,758
Fair value gain on financial assets at fair value through profit and loss	**173**	–
Surplus on revaluation of leasehold land and buildings	**1,002**	1,673
Sundry income	**591**	1,263
	10,742	13,145

6. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments	**472**	373
Auditors' remuneration	**1,013**	1,005
Cost of inventories sold	**399,270**	360,919
Cost of services rendered	**37,997**	40,724
Depreciation	**26,511**	27,531
Exchange loss, net	**667**	1,214
Impairment of goodwill	**–**	211
(Gain)/Loss on disposal of property, plant and equipment	**(233)**	41
Net (gain)/loss on financial assets at fair value through profit or loss	**(173)**	71
Operating lease charges on land and buildings	**6,597**	5,838
Provision for impairment		
– trade receivables	**443**	4,426
– other receivables	**–**	2,251
Staff costs (excluding directors' remuneration)		
Wages and salaries	**100,149**	87,412
Provision for long services payment	**965**	161
Net pension scheme contributions	**2,478**	2,893
Rental income from investment properties, net of outgoings	**(1,702)**	(1,823)

7. INCOME TAX EXPENSE

The tax charge comprises:

	2007	2006
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Tax for the year	**3,300**	3,909
Under provision in respect of prior years	**177**	166
	3,477	4,075
Current tax – overseas		
Tax for the year	**1,520**	1,416
Over provision in respect of prior years	**(328)**	(1,716)
	1,192	(300)
Deferred tax		
Current year – tax charge	**61**	2,572
	4,730	6,347

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the year. Taxes on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Deferred tax is accounted for using the balance sheet liability method at the rate of 17.5% (2006: 17.5%) in Hong Kong or the tax rates prevailing on the countries in which the Group operates.

8. DIVIDENDS

(a) Dividends attributable to the year

	2007	2006
	HK$'000	*HK$'000*
Interim dividend of HK1 cent per ordinary share (2006: HK1 cent)	**4,873**	4,867
Proposed final dividend of HK3 cents per ordinary share (2006: HK3 cents)	**18,275**	14,601
	23,148	19,468

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained profits for the year ended 31 March 2007.

The proposed final dividend for the year is subject to the approval of the Company's equity holders at the forthcoming annual general meeting.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2007	2006
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year	**14,598**	14,571

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 March 2007 was based on the Group's profit attributable to equity holders of the Company of HK$26,359,000 (2006: HK$40,662,000) and on the weighted average of 486,853,321 (2006: 486,706,061) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2007 was based on the Group's profit attributable to equity holders of the Company of HK$26,359,000 (2006: HK$40,662,000). The weighted average number of ordinary shares used in the calculation was 486,853,321 (2006: 486,706,061) ordinary shares in issue during the year, as used in the basic earnings per share calculation, plus the weighted average of nil (2006: 293,967) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

10. TRADE RECEIVABLES AND AMOUNT DUE FROM A RELATED COMPANY

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**141,010**	114,903
Less: provision for impairment of receivables	**(4,869)**	(4,426)
Trade receivables – net	**136,141**	110,477
Amount due from a related company	**2,190**	–
	138,331	110,477

Trade receivables generally have credit terms of 30 to 120 days.

The Group has recognised a loss of HK$443,000 (2006: HK$4,426,000) for the impairment of its trade receivables during the year ended 31 March 2007. The loss has been included in administrative expenses.

The amount due from a related company is trading in nature. At 31 March 2007, the aging analysis of the trade receivables including amount due from a related company, based on invoiced date, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current to 30 days	**106,173**	43,163
31 to 60 days	**11,005**	17,427
61 to 90 days	**5,202**	22,344
Over 90 days	**15,951**	27,543
	138,331	110,477

11. TRADE PAYABLES AND AMOUNT DUE TO A RELATED COMPANY

	Group	
	2007	2006
	HK$'000	*HK$'000*
Trade payables	**96,702**	64,790
Amount due to a related company	**–**	206
	96,702	64,996

The amount due to a related company is trading in nature. At 31 March 2007, the aging analysis of the trade payables including amount due to a related company, based on invoiced date, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current to 30 days	**51,264**	28,068
31 to 60 days	**17,310**	12,989
61 to 90 days	**11,506**	7,860
Over 90 days	**16,622**	16,079
	96,702	64,996

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK3 cents per share for the year ended 31 March 2007. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on 10 September 2007, the final dividend will be payable to all shareholders whose names appear on the register of members of the Company on 10 September 2007. Dividend cheques will be sent to shareholders on or before 18 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 6 September 2007 to Monday, 10 September 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 pm on Wednesday, 5 September 2007.

BUSINESS REVIEW

It has been a difficult year for the year under review. Intensive pricing competition as well as rising operating costs continue to impose pressure to the operating environment within the printing industry. For the year under review, the Group recorded a total turnover of approximately HK$574.9 million, which represented a growth of about 3.7% to that of last corresponding year. However, the Group's profit attributable to equity holders has declined by about 35.2% from that of last corresponding year to approximately HK$26.4 million. For the last corresponding year ended 31 March 2006, the total turnover of the Group was approximately HK$554.3 million and the profit attributable to equity holders was approximately HK$40.7 million. Gross profit margin of the Group has also declined to 23.9% for the year under review from that of the corresponding year ended 31 March 2006 of 27.5%.

Printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, together with the manufacture of children novelty books continued to be the Group's major business. For the year under review, the total turnover from this major business category has dropped by about 11.5% in the first half of the year when compared to that of the first half of the corresponding year. This was mainly due to a more cautious approach was seen taken by customers in placing orders for packaging boxes amidst an uncertain global economy in the first quarter of the year at the time. The situation has improved since the second quarter of the year. With the then improved global economy and market sentiment, and at the endeavour of the Group by providing more value-added services and adopting more aggressive marketing policy, the Group has been able to achieve a growth of about 5.6% in the total turnover from this major business category over the whole year. For the year ended 31 March 2007, the Group recorded a total turnover from this major business category of approximately HK$449.2 million as compared to that of the last corresponding year ended 31 March 2006 of approximately HK$425.2 million. The total turnover from this major business category accounted for about 78.1% of the Group's total turnover for the year under review. Despite an increase in the turnover, intensive pricing competition within the industry and the persistent rising labour costs, fuel prices and raw material costs in the southern China continued to impose downwards pressure to the profit margins and hence affect the overall performance of this business category.

The Group's business in the manufacture of hangtags, labels, shirt paper boards and plastic bags as well as commercial printing continued to make a stable and satisfactory contribution towards the overall performance of the Group for the year under review. Due to increasing competition, the Group recorded a decrease in turnover of about 5.6% in the manufacture of hangtags, labels, shirt paper boards and plastic bags for the year under review as compared to that of last corresponding year. For the year ended 31 March 2007, the Group's total turnover from the manufacture of hangtags, labels, shirt paper boards and plastic bags was approximately HK$55.1 million as compared to that of the last corresponding year of approximately HK$58.3

million. For the year under review, the total turnover from this business category represented about 9.6% of the Group's total turnover. The Group's total turnover from commercial printing remained stable. For the year under review, the Group's total turnover from the business of commercial printing was approximately HK$70.6 million as compared to that of last corresponding year of approximately HK$70.8 million. For the year ended 31 March 2007, the total turnover from this business category represented about 12.3% of the Group's total turnover.

The Group's production venture in Shanghai to manufacture labels and hangtags has been progressing satisfactorily and started to record profit in the fourth quarter of the year under review. In view of its satisfactory development, the Group intended to expand this Shanghai venture as its regional production base servicing the eastern and northern China markets. To this end, in March 2007, the Group entered into an agreement to acquire the remaining 45% equity interest in this Shanghai venture from the minority shareholder for a total consideration of £480,000 (approximately HK$7.4 million). The regulatory and PRC government approvals necessary for such change of shareholder have been obtained and the acquisition was completed in June 2007. Further details are set out in the post balance sheet events section below.

The Group continued to remain cost conscious through stringent cost control measures amidst an intensified and highly competitive operating environment. For the year ended 31 March 2007, the administrative expenses have decreased by about 6.0% to approximately HK$86.4 million as compared to that of last corresponding year. For the year ended 31 March 2006, the administrative expenses were approximately HK$91.9 million. The Group's selling and distribution costs increased by about 18.9% to HK$28.2 million for the year ended 31 March 2007, which were due to the adoption of a more aggressive marketing policy by the Group as well as the rising distribution costs incurred during the year under review. For the year ended 31 March 2006, the Group's selling and distribution costs were approximately HK$23.7 million.

For better jobs alliance and coordination in order to achieve operational efficiency, the Group has been taking steps relocating part of its back offices to the Mainland China. In November 2006, five brand new office units in a commercial building namely, Excellence Times Square, situated in Shenzhen were acquired by the Group for its own use at an aggregate consideration of approximately RMB22.2 million. Occupation permits for these five office units were obtained in February 2007 and the offices renovations have been completed and will be ready for operations in August 2007. In March 2007, the Group has also entered into an agreement to dispose of its office units situated in Metroplaza, Kwai Fong for approximately HK$33.6 million. Under the agreement, the Group will lease back the office units for a fixed term of two years commencing from 21 May 2007 to 20 May 2009. The disposal of the office units at Metroplaza was completed on 21 May 2007 and it is expected that the gain on the disposal is approximately HK$15 million after deducting relevant expenses. Please refer to the post balance sheet events section below for further details of the transaction.

On 11 July 2007, 121,832,765 new shares was issued and approximately HK$40 million after expenses was raised as a result of the Group's proposed right issue which was announced on 25 May 2007 by provisionally allotting 1 right share for every 4 shares held by qualifying shareholders. It is intended that the net proceeds so raised will be used as to approximately HK$15 million to repay bank indebtedness, approximately HK$10 million to expand production facilities of the Group in Dongguan and Shenzhen, the PRC, and the balance of approximately HK$15 million as general working capital.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. The Group is financially sound and its cash position remains strong. As at 31 March 2007, the Group has available aggregate banking facilities of approximately HK$251 million which were secured by legal charges on certain properties owned by the Group. The Group's cash and bank balances and short term bank deposits as at 31 March 2007 amounted to approximately HK$92.4 million. The Group's gearing ratio as at 31 March 2007 was 18.9% (31 March 2006: 9.9%), basing on the short term and long term interest bearing bank borrowings of HK$74.1 million (31 March 2006: HK$38 million) and the shareholders fund of HK$391.7 million (31 March 2006: HK$381.7 million).

POST BALANCE SHEET EVENTS

On 7 March 2007, the Group through one of its wholly-owned subsidiaries entered into a provisional sale and purchase agreement and subsequently on 31 March 2007 a formal sale and purchase agreement (the "Sale and Purchase Agreements") with Creative Business Development Limited to dispose of its office units situated at units 2604 to 2611, Level 26, Metroplaza, Tower II, 223 Hing Fong Road, Kwai Fong, Hong Kong (the "Properties") for an aggregate consideration of HK$33,579,800 in cash. Under the Sale and Purchase Agreements, the disposal of the Properties shall be completed on or before 21 May 2007 and a tenancy agreement shall be entered into by one of the Group's wholly owned subsidiaries with Creative Business Development Limited to lease back the Properties for a fixed term of two years commencing from 21 May 2007 to 20 May 2009 at monthly rental of HK$174,440, exclusive of air-conditioning charge, management fee and government rates and rent, with three months rental, air-conditioning charge, management fee and government rates and rent as deposit. On 21 May 2007, the disposal of the Properties was completed, the aggregated consideration of HK$33,579,800 was all settled and the tenancy agreement was entered. The Sales and Purchase Agreements constitute a discloseable transaction under Rule 14.06 of the Listing Rules and a circular containing details of the disposal of the Properties was dispatched to the Group's shareholders on 30 March 2007.

On 29 March 2007, the Group through one of its wholly-owned subsidiaries entered into a sale and purchase agreement with Fastabs Limited to acquire 45% equity interest in 上海發絲達印刷有限公司 from Fastabs Limited for an aggregate consideration of £480,000 (about HK$7,369,000) in cash (the "Agreement"). 上海發絲達印刷有限公司 is an equity joint venture enterprise established in the PRC and is 55% owned by one of the Group's wholly-owned subsidiaries as at 31 March 2007. The completion of the Agreement is conditional upon 上海發絲達印刷有限公司 obtaining the approval and consent from the relevant PRC authorities required for the transfer of its 45% equity interest from Fastabs Limited to the Group's wholly-owned subsidiary. If such condition is not fulfilled on or before 28 June 2007 (or such other date as the parties may mutually agree), the Agreement will lapse. The Agreement constitutes a connected transaction under the Listing Rules but is not subject to the approval of the independent shareholders of the Company pursuant to Rule 14A.32 of the Listing Rules. On 13 June 2007, all the required approval and consent were received from the relevant PRC authorities, the aggregate consideration was all settled and the Agreement was completed. Upon completion of the Agreement on 13 June 2007, 上海發絲達印刷有限公司 became a wholly-owned subsidiary of the Group.

On 25 May 2007, the Company announced that it aimed to raise about HK$40 million after expenses by issuing 121,832,765 new shares at a price of HK$0.35 per share (the "Rights Shares") through a proposed right issue by provisionally allotting 1 Rights Share for every 4 shares held by the qualifying shareholders of the Company. On 20 June 2007, a prospectus containing all the details of the proposed right issue was dispatched to all the qualifying shareholders. The right issue was oversubscribed. Share certificates for the successful applications and refund cheques for unsuccessful applications for excess Rights Shares were dispatched to the relevant applicants on 11 July 2007. On 13 July 2007, dealings in the fully-paid Rights Shares commenced and the issued share capital of the Company increased from 487,331,061 shares before the right issue to 609,163,826 shares after the right issue.

PROSPECTS

It is expected that the operating environment within the printing industry will continue to be tough and difficult as intensive pricing competition as well as increasing operating costs within the southern China continue. To meet the anticipated challenges and to stay competitive, every production and marketing efforts will continue to be made to enhance its production flexibility and efficiency as well as quality customers loyalty and new customers base. Following the completion of the recent right issues and with approximately HK$40 million after relevant expenses that has been so raised in July 2007, it is believed that the Group will be able to leverage more on its expertise in the printing business and take advantage of new business opportunity arising from time to time in the PRC markets. Further, with the acquisition of the remaining 45% equity interest in the Shanghai venture completed in June 2007, it is anticipated that the Shanghai production base will make satisfactory contribution to the Group in the long run by its expansion as the Group's regional production base servicing the eastern and northern China markets, which are areas full of growth potentials.

EXCHANGE RATE EXPOSURE

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 March 2007, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the current peg system. Further, with the natural hedging of the revenue and costs denominated in Renminbi, the Group's foreign exchange exposure in Renminbi was insignificant. No hedging for foreign currency transactions has been carried out during the year under review.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2007, the Group had an available workforce of 3,700 of which 3,503 were based in the People's Republic of China.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CONTINGENT LIABILITIES AND CHARGES ON ASSETS

As at 31 March 2007, corporate guarantee amounting to approximately HK$150 million was given to banks by the Company for the provision of general banking facilities granted to the Group's subsidiaries, which were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK$49 million.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2007.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man. The principal duties of the Committee include the review and supervision of the Group's financial reporting process and internal controls.

The audit committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited financial consolidated financial statements of the Company for the year ended 31 March 2007.

REMUNERATION COMMITTEE

- Code provision B.1.1 stipulates the establishment of a remuneration committee with specific written terms of reference as set out in the provision. On 1 December 2005, a remuneration committee was established with written terms of reference no less exacting terms than Code provision B.1.3. The remuneration committee comprises three independent non-executive directors, namely Mr. Lo Wing Man, Dr. Lam Chun Kong, Dr. Ng Lai Man Carman and one executive director, Mr. Lui Shing Ming Brian.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 March 2007, except for the deviation from code provision A.4.1.

- Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors of the Company are not appointed for specific terms. However, pursuant to the amendment to the Bye-laws that was passed in the 2005 annual general meeting of the Company held on 9 September 2005, at each annual general meeting of the Company, one-third of the directors, including executive and independent non-executive directors, shall retire from office by rotation, and every director shall be subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to essence that the corporate governance practices of the Company are no less exacting than those in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

By Order of the Board
Lui Chi
Chairman

Hong Kong, 25 July 2007

As at the date of this announcement, the executive directors of the Company are Mr. Lui Chi, Mr. Lui Shing Ming, Brian, Mr. Lui Shing Cheong, Mr. Lui Shing Chung, Victor, Mr. Lung Wai Kee and the independent non-executive directors of the Company are Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man, Carmen.