



# CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1196)

## 2008/09 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of Cheong Ming Investments Limited (the “Company”) is pleased to present the unaudited interim financial report of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2008 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	Notes		
Revenue	2	327,585	416,459
Cost of sales		(247,915)	(312,520)
Gross profit		79,670	103,939
Other operating income	5	4,174	23,286
Selling and distribution costs		(13,656)	(16,577)
Administrative expenses		(49,862)	(54,782)
Other operating expenses		(15,043)	(2,958)
Profit from operations	4	5,283	52,908
Finance costs	6	(1,137)	(1,742)
Profit before income tax		4,146	51,166
Income tax expense	7	(2,681)	(6,015)
Profit for the period		1,465	45,151
Attributable to:			
Equity holders of the Company		1,465	45,151
Dividends	8	6,092	6,092
Earnings per share for profit attributable to the equity holders of the Company during the period	9		
Basic		HK\$0.24 cent	HK8.05 cents

## CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 September	31 March
		2008	2008
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	181,020	187,132
Investment properties		–	460
Prepaid lease payments		15,869	16,071
		<u>196,889</u>	<u>203,663</u>
<b>CURRENT ASSETS</b>			
Properties held for sale	11	–	24,632
Inventories		54,152	65,415
Trade receivables	12	187,078	109,233
Prepayments, deposits and other receivables		15,454	15,188
Financial assets at fair value through profit or loss	13	81,862	93,975
Cash and cash equivalents		131,836	116,166
		<u>470,382</u>	<u>424,609</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	14	101,020	78,307
Accrued liabilities and other payables		33,182	28,944
Interest-bearing borrowings		48,502	23,687
Tax payable		12,144	9,828
		<u>194,848</u>	<u>140,766</u>
<b>NET CURRENT ASSETS</b>		<u>275,534</u>	<u>283,843</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>472,423</b>	<b>487,506</b>

# CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		As at	
		30 September	31 March
		2008	2008
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowings		13,750	17,837
Deferred tax		7,658	7,961
		<u>21,408</u>	<u>25,798</u>
<b>NET ASSETS</b>		<b><u>451,015</u></b>	<b><u>461,708</u></b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	60,916	60,916
Reserves		384,007	388,609
Proposed dividend		6,092	12,183
<b>TOTAL EQUITY</b>		<b><u>451,015</u></b>	<b><u>461,708</u></b>

Notes:

## 1. Basis of Preparation and Accounting Policies

The interim financial report of the Group has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Financial Reporting Standards (“HKFRSs”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31 March 2008 except that the Group has adopted certain new or amended HKFRSs, issued by HKICPA which are first effective for accounting periods beginning on or after 1 April 2008 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in any significant changes in the Group’s accounting policies.

The Group has not early adopted or applied the following new and amended HKFRSs that have been issued but are not yet effective. The directors are currently assessing the impact of these new and amended HKFRSs on the Group’s operation but are not yet in a position to state whether they would have any material financial impact.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 1 (Revised) (Amendment)	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 32 (Amendment)	Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items <sup>3</sup>
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate <sup>1</sup>
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combination <sup>3</sup>
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK (IFRIC) – Interpretation 13	Customer Loyalty Programmes <sup>2</sup>
HK (IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK (IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 October 2008

## **2. Revenue**

Revenue, which is also 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 period after eliminations of all significant intra-group transactions.

## **3. Segmental information**

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segment represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books for sale principally to manufacturers and publishers of consumer products;
- (b) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags segment produces hangtags, labels, shirt paper boards and plastic bags products for sale principally to manufacturers of consumer products; and
- (c) the commercial printing segment provides financial printing, digital printing and other related services.

### 3. Segmental information (continued)

#### Business segments

The following table presents revenue and results information for the Group's business segments:

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books For the six months ended 30 September 2008 (Unaudited) HK\$'000		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags For the six months ended 30 September 2008 (Unaudited) HK\$'000		Commercial printing For the six months ended 30 September 2008 (Unaudited) HK\$'000		Eliminations For the six months ended 30 September 2008 (Unaudited) HK\$'000		Consolidated For the six months ended 30 September 2008 (Unaudited) HK\$'000	
	2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000	
Segment revenue:										
Sales to external customers	274,294	332,941	14,533	36,795	38,758	46,723	-	-	327,585	416,459
Intersegment sales	7,331	3,503	95	27	2,820	377	(10,246)	(3,907)	-	-
Total	<u>281,625</u>	<u>336,444</u>	<u>14,628</u>	<u>36,822</u>	<u>41,578</u>	<u>47,100</u>	<u>(10,246)</u>	<u>(3,907)</u>	<u>327,585</u>	<u>416,459</u>
Segment results	<u>3,388</u>	<u>34,228</u>	<u>2,532</u>	<u>6,586</u>	<u>9,365</u>	<u>10,852</u>	<u>-</u>	<u>-</u>	<u>15,285</u>	<u>51,666</u>
Interest income									1,949	3,028
Unallocated expenses									(11,951)	(1,786)
Profit from operations									5,283	52,908
Finance costs									(1,137)	(1,742)
Profit before income tax									4,146	51,166
Income tax expense									(2,681)	(6,015)
Profit for the period									<u>1,465</u>	<u>45,151</u>

#### Geographical segments

The following table presents revenue information for the Group's geographical segments:

	Hong Kong For the six months ended 30 September 2008 (Unaudited) HK\$'000		Elsewhere in the People's Republic of China (the "PRC") For the six months ended 30 September 2008 (Unaudited) HK\$'000		United Kingdom For the six months ended 30 September 2008 (Unaudited) HK\$'000		Europe and other countries For the six months ended 30 September 2008 (Unaudited) HK\$'000		Consolidated For the six months ended 30 September 2008 (Unaudited) HK\$'000	
	2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000		2007 (Unaudited) HK\$'000	
Segment revenue:										
Sales to external customers	248,466	321,032	15,198	24,120	50,768	58,288	13,153	13,019	327,585	416,459

#### 4. Profit from operations

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit from operations is arrived at after charging:		
Amortisation of prepaid lease payments	202	220
Depreciation of property, plant and equipment	10,828	12,856
Staff costs (including directors' emoluments)	62,388	70,372
Impairment of goodwill arising from the acquisition of additional interests in a subsidiary (included in other operating expenses)	–	2,958
Allowance for impairment		
– trade receivables	1,804	–
– other receivables	1,228	–
Fair value loss on financial assets at fair value through profit or loss	10,340	1,786
Loss on disposal of financial assets at fair value through profit or loss	1,611	–
	<b><u>1,611</u></b>	<b><u>–</u></b>

#### 5. Other operating income

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	1,949	3,028
Dividend income from listed investments	157	21
Gross rental income from investment properties	861	1,051
Gain on disposal of properties held for sales	–	14,959
Gain on disposal of property, plant and equipment	134	–
Gain on disposal of financial assets at fair value through profit or loss	–	2,691
Others	1,073	1,536
	<b><u>1,073</u></b>	<b><u>1,536</u></b>
	<b><u>4,174</u></b>	<b><u>23,286</u></b>

**6. Finance costs**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest charges on overdrafts, bank and other borrowings repayable within five years	<b>818</b>	1,266
Interest on bank loan not wholly repayable within five years	<b>319</b>	476
	<b>1,137</b>	1,742

**7. Income tax expense**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
The tax charge comprises:		
Current tax – Hong Kong	<b>2,813</b>	4,810
Current tax – overseas	<b>33</b>	475
	<b>2,846</b>	5,285
Deferred tax (credit)/charge	<b>(165)</b>	730
	<b>2,681</b>	6,015

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the six months ended 30 September 2008. Taxes on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.



## 8. Interim dividends

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK1 cent		
(2007: HK1 cent) per ordinary share	<b>6,092</b>	6,092

The directors have resolved to declare an interim dividend of HK1 cent per share (2007: HK1 cent per share) for the six months ended 30 September 2008, payable on or before 15 January 2009 to shareholders whose names appear on the Register of Members of the Company on 6 January 2009. The interim 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 period ended 30 September 2008.

## 9. Earnings per share

The calculation of basic earnings per share is based on the Group's unaudited consolidated profit attributable to equity holders of the Company for the period ended 30 September 2008 of approximately HK\$1,465,000 (2007: HK\$45,151,000) and on the weighted average of 609,163,826 (2007: 560,739,213) ordinary shares in issue.

No diluted earnings per share has been presented as there had been no dilutive potential shares in both periods of 2008 and 2007.

## 10. Movement in property, plant and equipment

During the period, the Group spent approximately HK\$4,361,000 on plant and machinery in order to upgrade its manufacturing capacities.

## 11. Properties held for sale

	As at	
	30 September	31 March
	2008	2008
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Properties held for sale	–	24,632

On 2 June 2008, the Group has entered into an agreement to sell the properties held for sales with Mr. Lui Shing Ming, an executive director of the Company for an aggregate consideration of HK\$24,740,000. Details of such are set out in note 19 to the interim financial statements.

## 12. Trade receivables

	As at	
	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Trade receivables	193,720	114,189
Less: Allowance for impairment of receivables	(6,642)	(4,956)
Trade receivables – net	<u>187,078</u>	<u>109,233</u>

Trade receivables generally have credit terms of 30 to 90 days (31 March 2008: 30 to 120 days).

At 30 September 2008, the aging analysis of the trade receivables based on invoiced date and net of allowance, is as follows:

	As at	
	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Current to 30 days	64,647	74,569
31 to 60 days	48,161	8,047
61 to 90 days	47,156	6,280
Over 90 days	27,114	20,337
	<u>187,078</u>	<u>109,233</u>

**13. Financial assets at fair value through profit or loss**

	As at	
	30 September	31 March
	2008	2008
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Hong Kong unlisted currency notes	4,657	–
Hong Kong unlisted linked notes	13,232	26,926
Hong Kong listed equity investments	6,031	2,841
Hong Kong unlisted debt investments	4,854	4,353
Overseas listed equity investments	1,903	2,944
Overseas unlisted equity investments	13,550	15,500
Overseas unlisted debt investments	6,705	3,664
Overseas unlisted linked notes	4,869	8,262
Overseas unlisted currency notes	26,061	29,485
	<u>81,862</u>	<u>93,975</u>

**14. Trade payables**

	As at	
	30 September	31 March
	2008	2008
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade payables	<u>101,020</u>	<u>78,307</u>

At 30 September 2008, the aging analysis of the trade payables based on invoiced date, is as follows:

	30 September	31 March
	2008	2008
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Current to 30 days	28,241	28,806
31 to 60 days	21,002	13,605
61 to 90 days	24,145	10,798
Over 90 days	27,632	25,098
	<u>101,020</u>	<u>78,307</u>

## 15. Share capital

	30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Authorised:		
800,000,000 ordinary shares of HK\$0.10 each	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:		
609,163,826 ordinary shares of HK\$0.10 each	<u>60,916</u>	<u>60,916</u>

## 16. Banking facilities

At 30 September 2008, general banking facilities available to the Group amounted to HK\$297,900,000 (31 March 2008: HK\$311,378,000). The amount of banking facilities utilised by the Group amounted to HK\$63,773,000 as at 30 September 2008 (31 March 2008: HK\$44,850,000).

At 30 September 2008, certain of the Group's properties amounting to HK\$11,391,000 (31 March 2008: HK\$46,545,000) were pledged to secure general banking facilities granted to the Group.

## 17. Capital commitments

	As at 30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
Acquisition of property, plant and equipment		
– contracted for	<u>621</u>	<u>430</u>

## 18. Operating lease commitments

	As at			
	30 September 2008		31 March 2008	
	Land and buildings HK\$'000	Other assets HK\$'000	Land and buildings HK\$'000	Other assets HK\$'000
Within one year	10,868	512	7,201	492
In the second to fifth years, inclusive	24,824	1,080	10,235	1,436
After five years	14,386	–	17,626	–
	<u>50,078</u>	<u>1,592</u>	<u>35,062</u>	<u>1,928</u>

## 19. Related party transactions

Saved as disclosed elsewhere in the interim financial statements, the following transactions were carried out with the related parties:

	For the six months ended	
	30 September 2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
i) With a former minority shareholder of a subsidiary		
Commission	–	3,789
Sales of goods	–	1,948
	<u>–</u>	<u>5,737</u>
ii) On 2 June 2008, Capital Assets Management Limited and Cheong Ming Press Factory Limited (“Vendors”) entered into sale and purchase agreements (“Agreements”) with Mr. Lui Shing Ming, Brian (“Purchaser”), an executive director of the Company, respectively. Pursuant to the Agreements, Vendors should sell and the Purchaser or companies nominated by him shall acquire from Vendors certain properties located in Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong at an aggregated consideration of HK\$24,740,000. The aforesaid disposal was approved by independent shareholders at special general meeting on 9 July 2008. Such properties were finally disposed to two companies nominated by the Purchaser. One company is solely owned by the Purchaser and the other is owned by all existing executive directors of the Company. A loss on disposal of approximately HK\$53,000 was resulted.		

## 20. Comparative figures

In last year, certain expenses arising on fair value changes and disposal of financial assets at fair value through profit or loss were included in segment result. In the current year, the directors consider that it is more appropriate to classify them as unallocated expenses. Accordingly, comparative figures have been adjusted in order to conform to the current year's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The principal activities of the Group continues to be printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, manufacture of children's novelty books, commercial printing, manufacture, trading and sale of hangtags, labels and shirt paper boards, financial printing, provision of translation services and assets management businesses. For the period under review, the Group achieved a revenue of approximately HK\$327.6 million for the six months ended 30 September 2008, representing a decrease of approximately 21.3% from approximately HK\$416.5 million compared with last year's corresponding period. Gross profit margin of the Group was slightly decreased from 25.0% of last corresponding period to 24.3%. The Group's profit attributable to equity holders was decreased by 96.7% from that of last corresponding period of approximately HK\$45.2 million, to approximately HK\$1.5 million. Such downturn was mainly resulted from a decrease in the Group's revenue during the period due to the decline in the export market and global customer demand in packaging printing as well as hangtags and labels divisions, and a fair value loss of approximately HK\$10.3 million arising principally from the Group's financial assets investments held as at 30 September 2008 in equity linked notes and listed equity investments caused by the recent adverse conditions of the global financial markets, whereas there was gain on disposal of properties held for sale of approximately HK\$15.0 million in last corresponding period of 2007.

Printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, together with the manufacture of children's novelty books continued to be the Group's major business. For the period under review, the Group recorded total revenue of approximately HK\$274.3 million from this major business segment, which accounted for 83.7% of the Group's total revenue and was decreased by about 17.6% compared to that of last corresponding period of approximately HK\$332.9 million. The segment result decreased from last corresponding period of HK\$34.2 million to approximately HK\$3.4 million for the six months ended 30 September 2008. Contraction of export revenue in US and Europe induced the decrease in revenue and segment result.

The Group's business in the manufacture of hangtags, labels, shirt paper boards and plastic bags retreated during the period. For the six months ended 30 September 2008, the Group's total revenue for the manufacture of hangtags, labels, shirt paper boards and plastic bags was approximately HK\$14.5 million, which represented a decrease of about 60.6% as compared to that of last corresponding period of approximately HK\$36.8 million. The segment result decreased from last corresponding period of HK\$6.6 million to approximately HK\$2.5 million for the six months ended 30 September 2008. The reduction in revenue and segment result were mainly due to the sliding of overseas sale orders and disposal of Shanghai Fastabs Printing Company Limited in November 2007.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **BUSINESS REVIEW (Continued)**

The Group's business in the commercial printing sustained steadily. The revenue and segment result for the six months ended 30 September 2008 was approximately HK\$38.8 million and HK\$9.4 million, respectively, as compared to last corresponding period of HK\$46.7 million and HK\$10.9 million, respectively.

For the period under review, the selling and distribution costs, administrative expenses and other operating expenses were approximately HK\$13.7 million (2007: HK\$16.6 million), HK\$49.9 million (2007: HK\$54.8 million) and HK\$15.0 million (2007: HK\$3.0 million) respectively. The increase in other operating expenses were mainly due to the increase in fair value loss of the Group's financial assets at fair value through profit or loss caused by the recent deterioration of the global financial markets.

### **FINANCIAL REVIEW**

#### **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. During the period under review, the Group was financially sound. The Group's cash and bank balances and short term bank deposits as at 30 September 2008 amounted to approximately HK\$131.8 million. The Group's gearing ratio as at 30 September 2008 was 13.8% (31 March 2008: 9%), based on the short term and long term interest bearing bank borrowings of approximately HK\$62.3 million (31 March 2008: HK\$41.5 million) and the shareholders' fund of HK\$451.0 million (31 March 2008: HK\$461.7 million).

The Board believes that the Group's cash holding, liquid asset value, future revenue and available facilities from major shareholders will be sufficient to meet its working capital requirement of the Group.

#### **Exchange rate exposure**

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the six months ended 30 September 2008, 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. With the natural hedging of the revenue and costs denominated in Renminbi, the Group's foreign exchange exposure was insignificant in this respect.

During the period under review, the Group had a structured forward instrument in relation to US dollars and Renminbi which was included in financial assets at fair value through profit or loss. As stipulated in the contract, the Group endured exchange loss when the exchange rate of Renminbi against US dollars fluctuates beyond certain range due to depreciation of Renminbi.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **FINANCIAL REVIEW (Continued)**

#### **Financial guarantees and charges on assets**

As at 30 September 2008, corporate guarantees amounting to approximately HK\$127.2 million were 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\$11.4 million.

#### **CONTINGENT LIABILITIES**

As at 30 September 2008, the Group had no contingent liabilities.

#### **DISPOSAL OF PROPERTIES**

For the purpose of redeploying its assets and realising a major portion of its investment in properties, on 2 June 2008, the Group entered into the agreements with Mr. Lui Shing Ming Brian, a connected person of the Company, in relation to the disposal of certain units and car parks located at Mai Sik Industrial Building, Nos. 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong, for an aggregate consideration of approximately HK\$24.7 million. The disposal transaction was completed in July 2008 and the aggregated consideration was totally settled. For details, please refer to the circular dated 23 June 2008 and note 19 to the interim financial statements.

#### **PROSPECTS**

The vehement contraction of the United States and European economies nourishes tough business environment within the printing industry. The Group contemplates at the affluence of cash position to overcome these special economic situation and credit crunch effect by adoption of various defensive measures. The Directors aim to reduce the financial assets portfolio at several stages for the purpose of mitigating investment risk and enhancing liquidity stance. Credit amount granted to customers are under cautious management review and additional resources are diverted to contain the recoverability of trade receivables. Stringent inventory policies have been simultaneously applied in adherence to the strategies of promoting cost effectiveness and operation efficiency. The continuation of cost control strategy is implemented with a view to sustaining operating profit margin. Manufacturing fixed cost has been further slimmed to account for anticipated decrease in global customer demand.

The management views that not only upholding the principal of prudence and conservation survives the Group during this business turbulence, but also the adequate preservation of cash and liquid assets in core reserve will place the Group in an advantageous position to achieve organic growth as well as acquire new investment opportunities that will deliver long term sustainable growth for diversification in future years when suitable time and opportunities occur.



## **INTERIM DIVIDENDS**

The Directors have resolved to declare an interim dividend of HK1 cent per share (2007: HK1 cent per share) for the six months ended 30 September 2008 payable on or before Thursday, 15 January 2009 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 6 January 2009.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Friday, 2 January 2009 to Tuesday, 6 January 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 31 December 2008.

## **CORPORATE GOVERNANCE**

The Directors consider that 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 six months ended 30 September 2008, except for the following deviation:

- 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, under the Bye-laws of the Company, 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 ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

For the six months ended 30 September 2008, the Company has not redeemed any of its listed securities. Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 September 2008, the Group had an available workforce of approximately 2,400, of which around 2,200 were based in the PRC.

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 also be based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

The Group has established a Remuneration Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, the levels of remuneration paid to executive directors and senior management of the Group.

The Remuneration Committee comprises 4 members, namely Mr. Lo Wing Man, Dr. Lam Chun Kong, Dr. Ng Lai Man, Carmen (all independent non-executive directors) and Mr. Lui Shing Ming, Brian, an executive director of the Company. This Committee is chaired by Mr. Lo Wing Man.

## **MODEL CODE FOR 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.

## **AUDIT COMMITTEE**

The Group has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises 3 members, whom are independent non-executive directors, namely Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man (all independent non-executive directors). This Committee is chaired by Dr. Ng Lai Man, Carmen.

The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 September 2008.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008 have been reviewed by Grant Thornton, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement is published on the websites of the Company and the Stock Exchange of Hong Kong Limited. The interim report will be despatched to the shareholders of the Company and made available on the same websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board  
**Lui Shing Ming, Brian**  
*Chairman*

Hong Kong, 5 December 2008

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