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## **CHEONG MING INVESTMENTS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1196)

### **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010**

#### **RESULTS**

The directors of Cheong Ming Investments Limited (the “Company”) are pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2010 together with the comparative figures for the previous year as follows:

#### **CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 March 2010*

	<i>Notes</i>	<b>2010 HK\$'000</b>	<b>2009 HK\$'000</b>
<b>Revenue</b>	4	<b>458,680</b>	519,638
Cost of sales		<u>(331,223)</u>	<u>(390,209)</u>
<b>Gross profit</b>		<b>127,457</b>	129,429
Other operating income	5	<b>14,121</b>	8,116
Selling and distribution costs		<b>(13,763)</b>	(22,174)
Administrative expenses		<b>(90,698)</b>	(99,799)
Other operating expenses		<u>(17,227)</u>	<u>(21,528)</u>
<b>Profit/(Loss) from operations</b>	6	<b>19,890</b>	(5,956)
Finance costs	7	<u>(977)</u>	<u>(1,970)</u>
<b>Profit/(Loss) before income tax</b>		<b>18,913</b>	(7,926)
Income tax (expense)/credit	8	<u>(3,201)</u>	<u>1,323</u>
<b>Profit/(Loss) for the year attributable to the equity holders of the Company</b>		<u><b>15,712</b></u>	<u>(6,603)</u>
<b>Earnings/(Loss) per share for profit/(loss) for the year attributable to the equity holders of the Company</b>	10		
– Basic		<u><b>HK2.58 cents</b></u>	<u>HK(1.08) cents</u>

Details of dividends attributable to the equity holders of the Company for the year are set out in note 9.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2010*

	<b>2010</b> <b>HK\$'000</b>	2009 <b>HK\$'000</b>
Profit/(Loss) for the year	<b>15,712</b>	(6,603)
Other comprehensive income:		
Exchange loss on translation of financial statements of foreign operations	<b>(264)</b>	(953)
Revaluation surplus on leasehold land and buildings	<b>7,683</b>	1,343
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	<b>(1,387)</b>	(242)
<b>Other comprehensive income for the year, net of tax</b>	<b>6,032</b>	148
<b>Total comprehensive income attributable to the equity holders of the Company</b>	<b>21,744</b>	(6,455)

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2010*

	<i>Notes</i>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>155,261</b>	177,262
Prepaid lease payments		<b>14,910</b>	15,670
Deferred tax assets		<b>9</b>	2,385
		<b>170,180</b>	195,317
<b>Current assets</b>			
Inventories		<b>45,891</b>	42,953
Trade receivables	11	<b>84,553</b>	84,541
Prepayments, deposits and other receivables		<b>8,992</b>	12,530
Financial assets at fair value through profit or loss	12	<b>66,222</b>	32,636
Cash and cash equivalents		<b>194,421</b>	181,934
Tax receivable		<b>673</b>	639
		<b>400,752</b>	355,233
Non-current assets held for sale		<b>6,765</b>	–
		<b>407,517</b>	355,233
<b>Current liabilities</b>			
Trade payables	13	<b>53,565</b>	50,460
Accrued liabilities and other payables		<b>32,229</b>	26,239
Interest-bearing borrowings		<b>11,700</b>	8,000
Tax payable		<b>8,678</b>	7,526
		<b>106,172</b>	92,225
<b>Net current assets</b>		<b>301,345</b>	263,008
<b>Total assets less current liabilities</b>		<b>471,525</b>	458,325
<b>Non-current liabilities</b>			
Interest-bearing borrowings		<b>13,500</b>	13,750
Deferred tax liabilities		<b>7,268</b>	7,597
		<b>20,768</b>	21,347
<b>Net assets</b>		<b>450,757</b>	436,978
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital		<b>60,675</b>	60,916
Reserves		<b>384,014</b>	376,062
Proposed dividend		<b>6,068</b>	–
<b>Total equity</b>		<b>450,757</b>	436,978

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 (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. ADOPTION OF NEW OR AMENDED HKFRSs

### Adoption of new or amended HKFRSs effective on or after 1 April 2009

In the current year, the Group has applied, for the first time, the following new HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

#### *HKAS 1 (Revised 2007) Presentation of financial statements*

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group’s assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a ‘Statement of comprehensive income’. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 April 2008 and accordingly the third statement of financial position as at 1 April 2008 is not presented.

**HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate**

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, (i.e. a reduction of the cost of investment), if any. Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

***HKFRS 7 (Amendment) Improving disclosures about financial instruments***

The amendment requires additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

***HKFRS 8 Operating segments***

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. The directors considered the adoption of HKFRS 8 has not changed the identified operating segments and reporting segment information compared to 2009 financial statements. Comparatives have been restated on a basis consistent with the new standard.

### **3. SEGMENT INFORMATION**

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major business lines.

The Group has identified the following reportable segments:

- (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.

Each of these operating segments is managed separately as each of the business lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The directors consider the adoption of HKFRS 8 has not changed the identified operating segments for the Group compared to 2009 financial statements.

Under HKFRS 8, reported segment information is based on internal management reporting information that is reviewed by the executive directors. The executive directors assess segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (expenses relating to finance costs, income tax and corporate income and expenses).

#### **3.1 Business operating segments**

The executive directors have identified the Group's three product and service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Details of the Group's segment information and reconciliations of the totals of the Group's operating segments to the Group's key financial figures as presented in the financial statements are stated in the following tables.

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:										
Sales to external customers	377,680	427,569	24,041	31,226	56,959	60,843	-	-	458,680	519,638
Intersegment sales	9,400	10,908	417	209	413	301	(10,230)	(11,418)	-	-
Total	<u>387,080</u>	<u>438,477</u>	<u>24,458</u>	<u>31,435</u>	<u>57,372</u>	<u>61,144</u>	<u>(10,230)</u>	<u>(11,418)</u>	<u>458,680</u>	<u>519,638</u>
Reportable segment results	<u>7,955</u>	<u>444</u>	<u>(2,948)</u>	<u>(2,198)</u>	<u>3,115</u>	<u>9,548</u>	<u>-</u>	<u>-</u>	<u>8,122</u>	<u>7,794</u>
Unallocated income/(expenses):										
Interest income									2,435	3,784
Fair value gain/(loss) on financial assets at fair value through profit or loss									9,333	(17,534)
Profit/(Loss) from operations									19,890	(5,956)
Finance costs									(977)	(1,970)
Profit/(Loss) before income tax									18,913	(7,926)
Income tax (expense)/credit									(3,201)	1,323
Profit/(Loss) for the year									<u>15,712</u>	<u>(6,603)</u>

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	279,790	297,701	7,935	8,095	28,647	27,160	316,372	332,956
Unallocated assets:								
Financial assets at fair value through profit or loss							66,222	32,636
Others							195,103	184,958
Total assets							577,697	550,550
Reportable segment liabilities	51,149	62,004	3,504	3,587	31,141	11,108	85,794	76,699
Unallocated liabilities							41,146	36,873
Total liabilities							126,940	113,572
Other segment information:								
Depreciation on property, plant and equipment	12,289	18,040	790	1,771	1,620	1,151	14,699	20,962
Amortisation of prepaid lease payments	260	307	–	–	128	94	388	401
Loss on disposal of property, plant and equipment	225	652	1,493	89	–	7	1,718	748
Revaluation deficit on leasehold land and building	3,403	–	–	–	–	–	3,403	–
Write off of property, plant and equipment	9,626	450	–	–	–	–	9,626	450
Provision for slow moving inventories	1,427	–	–	–	–	–	1,427	–
Allowance for impairment on trade receivables	857	581	–	–	–	–	857	581
Allowance for impairment on other receivables	–	–	–	2,648	–	–	–	2,648
Bad debt expenses	196	118	–	–	–	–	196	118
Capital expenditure	5,500	5,987	1,060	1,056	57	3,489	6,617	10,532

### 3.2 Geographical information

The Group's revenues from, external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas.

	Hong Kong		Elsewhere in the PRC		United Kingdom		Europe and other countries, excluding United Kingdom		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:										
Sales to external customers	379,832	386,972	15,947	33,916	42,898	72,756	20,003	25,994	458,680	519,638
Non-current assets	28,299	36,212	141,872	156,720	-	-	-	-	170,171	192,932

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

During 2010, HK\$47,620,000 or 10% of the Group's revenues depended on a single customer in the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment. There was no dependence of the Group's revenues on a single customer in last year.

## 4. 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 year after eliminations of all significant intra-group transactions.

	2010 HK\$'000	2009 HK\$'000
Sales of goods	401,721	458,795
Rendering of services	56,959	60,843
	<b>458,680</b>	<b>519,638</b>

## 5. OTHER OPERATING INCOME

	2010 HK\$'000	2009 HK\$'000
Gross rental income from investment properties	-	1,173
Interest income	2,435	3,784
Dividend income from financial assets at fair value through profit or loss	80	326
Gain on disposal of financial assets at fair value through profit or loss	6,606	-
Fair value gain on financial assets at fair value through profit or loss	2,727	-
Net exchange gain	1,137	-
Sundry income	1,136	2,833
	<b>14,121</b>	<b>8,116</b>

## 6. PROFIT/(LOSS) FROM OPERATIONS

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Amortisation of prepaid lease payments*	388	401
Auditors' remuneration	880	1,086
Cost of inventories sold	312,939	371,689
Cost of services rendered	18,284	18,520
Depreciation on property, plant and equipment**	14,699	20,962
Exchange (gain)/loss, net	(1,137)	4,410
Loss on disposal of property, plant and equipment##	1,718	587
Loss on disposal of properties held for sales##	–	53
Provision for slow moving inventories##	1,427	–
Fair value (gain)/loss on financial assets at fair value through profit or loss##	(2,727)	12,310
(Gain)/Loss on disposal of financial assets at fair value through profit or loss##	(6,606)	5,224
Operating lease charges on land and buildings***	10,174	11,857
Bad debt expenses##	196	118
Allowance for impairment##		
– trade receivables	857	581
– other receivables	–	2,648
Write off of property, plant and equipment##	9,626	–
Revaluation deficit on leasehold land and buildings##	3,403	–
Staff costs (excluding directors' remuneration)		
Wages and salaries****	77,934	100,027
Provision for long service payment#	649	1,535
Net pension scheme contributions*****	6,054	3,187
Rental income from investment properties, net of outgoings	–	(605)

\* Amortisation of prepaid lease payments of HK\$108,000 (2009: HK\$121,000) has been expensed in cost of sales and HK\$280,000 (2009: HK\$280,000) in administrative expenses.

\*\* Depreciation on property, plant and equipment of HK\$10,210,000 (2009: HK\$16,314,000) has been expensed in cost of sales and HK\$4,489,000 (2009: HK\$4,648,000) in administrative expenses.

\*\*\* Operating lease charges on land and buildings of HK\$788,000 (2009: HK\$1,854,000) has been expensed in cost of sales and HK\$9,386,000 (2009: HK\$10,003,000) in administrative expenses.

\*\*\*\* Wages and salaries of HK\$35,177,000 (2009: HK\$52,237,000) has been expensed in cost of sales and HK\$42,757,000 (2009: HK\$47,790,000) in administrative expenses.

\*\*\*\*\* Net pension scheme contributions of HK\$398,000 (2009: HK\$906,000) has been expensed in cost of sales and HK\$5,656,000 (2009: HK\$2,281,000) in administrative expenses.

# Provision for long service payment of HK\$Nil (2009: HK\$288,000) has been expensed in cost of sales and HK\$649,000 (2009: HK\$1,247,000) in administrative expenses.

## Included in other operating (income)/expenses.

## 7. FINANCE COSTS

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest charges on overdrafts, bank and other borrowings repayable within five years	<b>977</b>	1,650
Interest on bank loans not wholly repayable within five years	–	320
	<u>977</u>	<u>1,970</u>

## 8. INCOME TAX EXPENSE/(CREDIT)

The income tax expense/(credit) comprises:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax – Hong Kong		
Tax expense for the year	<b>2,928</b>	2,652
Over provision in respect of prior years	<b>(625)</b>	(544)
	<u>2,303</u>	<u>2,108</u>
Current tax – overseas		
Tax expense/(credit) for the year	<b>105</b>	(333)
Under/(Over) provision in respect of prior years	<b>133</b>	(107)
	<u>238</u>	<u>(440)</u>
Deferred tax		
Tax expense/(credit) for the year	<b>660</b>	(2,991)
Income tax expense/(credit)	<u><b>3,201</b></u>	<u>(1,323)</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year. Taxes on overseas profits have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

PRC Enterprise Income Tax (“EIT”) has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2009: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Deferred tax is accounted for using the balance sheet liability method at the rate of 16.5% (2009: 16.5%) in Hong Kong or the tax rates prevailing in the countries in which the Group operates.

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates is as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit/(Loss) before income tax	<b>18,913</b>	(7,926)
Tax on profit/(loss) before income tax, calculated at the rates applicable to profit/(loss) in the tax jurisdiction concerned	<b>3,823</b>	(1,455)
Tax effect on non-deductible expenses	<b>1,588</b>	5,712
Tax effect on non-taxable revenue	<b>(899)</b>	(5,341)
Tax effect of utilisation of tax losses not previously recognised	<b>(51)</b>	(127)
Tax effect on tax loss not recognised	<b>850</b>	883
Tax effect on temporary differences not recognised	<b>(1,618)</b>	(367)
Over provision in prior years	<b>(492)</b>	(651)
Others	<b>–</b>	23
Income tax expense/(credit)	<b>3,201</b>	(1,323)

## 9. DIVIDENDS

### (a) Dividends attributable to the year

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interim dividend of HK1 cent (2009: HK1 cent) per ordinary share	6,068	6,092
Proposed final dividend of HK1 cent (2009: Nil) per ordinary share	6,068	–
	<u>12,136</u>	<u>6,092</u>

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date but reflected as an appropriation of retained earnings for the year ended 31 March 2010.

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Final dividend in respect of the previous financial year (2009: HK2 cents)	–	12,183

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share (2009: basic loss per share) is based on the profit attributable to the owners of the Company of HK\$15,712,000 (2009: consolidated loss of HK\$6,603,000) and on the weighted average number of ordinary shares of 608,093,868 (2009: 609,163,826) in issue during the year.

No diluted earnings per share has been presented as there had been no dilutive potential shares in both years of 2010 and 2009.

## 11. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables	<b>87,213</b>	90,004
Less: Allowance for impairment of receivables	<b>(2,660)</b>	(5,463)
	<hr/>	<hr/>
Trade receivables – net	<b>84,553</b>	84,541
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables generally have credit terms of 30 to 90 days.

At 31 March 2010, the aging analysis of the trade receivables, based on invoiced date and net of allowance, is as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current to 30 days	<b>41,125</b>	34,943
31 to 60 days	<b>17,010</b>	16,065
61 to 90 days	<b>16,244</b>	13,488
Over 90 days	<b>10,174</b>	20,045
	<hr/>	<hr/>
	<b>84,553</b>	84,541
	<hr/> <hr/>	<hr/> <hr/>

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
British pounds	–	1,430
Euro	–	1,258
Australian dollars	–	2,302
Renminbi	<b>3,020</b>	–
US dollars	<b>19,972</b>	27,027
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The movement in the allowance for impairment of trade receivables is as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Carrying amount at 1 April	<b>5,463</b>	4,956
Allowance for impairment loss of prior year written off against trade receivables	<b>(3,660)</b>	(74)
Allowance for impairment loss charged to the profit or loss (included in other operating expenses)	<b>857</b>	581
	<hr/>	<hr/>
Carrying amount at 31 March	<b>2,660</b>	5,463
	<hr/>	<hr/>

At each of the reporting date, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. The impaired receivables are recognised based on the credit history of its customers, indication of financial difficulties, default in payments, and current market conditions. Consequently, specific impairment allowance was recognised. The Group does not hold any collateral over these balances.

As at 31 March 2010, the Group's trade receivables of HK\$2,660,000 (2009: HK\$5,463,000) were fully made for allowance for impairment. The impaired receivables mainly relate to customers that were in financial difficulties and management assessed that the entire amount of the receivable balances is unlikely to be recovered.

The aging analysis of trade receivables by past due date that are neither individually nor collectively considered to be impaired are as follows:

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Not past due	<b>61,356</b>	57,071
Unimpaired but past due		
Not more than 30 days	<b>13,902</b>	16,061
31 – 60 days	<b>2,543</b>	2,740
61 – 90 days	<b>3,144</b>	1,945
Over 90 days	<b>3,608</b>	6,724
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	<b>84,553</b>	84,541
	<hr/>	<hr/>

As at 31 March 2010, trade receivables of HK\$61,356,000 (2009: HK\$57,071,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of customers that the Group had continuing business relationships with these customers including sales to and settlements from these customers in general, which in the opinion of the directors have no indication of default. Based on past credit history, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong unlisted linked notes	<b>10,145</b>	7,276
Hong Kong unlisted debt investments	–	4,419
Hong Kong unlisted currency notes	<b>4,800</b>	–
Hong Kong listed equity investments	<b>9,747</b>	1,183
Overseas listed equity investments	<b>991</b>	38
Overseas unlisted commodity fund	<b>1,592</b>	–
Overseas unlisted equity investments	–	1,695
Overseas unlisted debt investments	<b>27,397</b>	6,076
Overseas unlisted linked notes	<b>2,361</b>	1,414
Overseas unlisted currency notes	<b>9,189</b>	10,535
	<b>66,222</b>	32,636

The above financial assets are classified as held for trading.

## 13. TRADE PAYABLES

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>53,565</b>	50,460

At 31 March 2010, the aging analysis of the trade payables, based on invoiced date, is as follows:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current to 30 days	<b>25,296</b>	16,663
31 to 60 days	<b>12,740</b>	11,589
61 to 90 days	<b>7,576</b>	4,709
Over 90 days	<b>7,953</b>	17,499
	<b>53,565</b>	50,460

## **BUSINESS REVIEW**

The year 2010 remained a year of challenges and volatility. The Group recorded a total revenue of approximately HK\$458.7 million, which represented a decrease of about 11.7% to that of last year of approximately HK\$519.6 million. Gross profit margin of the Group was 27.8% for the year under review, having improved when compared to 24.9% of the previous year. The Group recorded a profit attributable to equity holders of approximately HK\$15.7 million for the year as against loss attributable to equity holders of HK\$6.6 million last year. The improvement was mainly attributable to the increase in gain arising from the Group's financial assets attributable by the recovery of the global financial markets whereas the Group recorded a loss arising from the Group's financial assets last year.

For the year under review, the principal activities of the Group continued to be printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, manufacture of children's novelty books, manufacture, trading and sale of hangtags, labels and shirt paper board, financial printing, provision of translation services and assets management businesses.

Printing and manufacture of packaging boxes, which included accompanying brochures, manuals and catalogues, together with the manufacture of children's novelty books continued to be the Group's major business. For the year under review, the Group recorded total revenue of approximately HK\$377.7 million from this major business segment, which decreased by about 11.7% compared to that of last year of HK\$427.6 million. The profit from this segment increased from HK\$0.4 million last year to approximately HK\$8.0 million this year. The decrease in turnover was due to the slowdown of the US and European markets. However, the prudent review and improvement of cost structure enhanced the overall segment result.

The Group's revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags decreased by about 23.1% to approximately HK\$24.0 million for the year under review as compared to that of last year of HK\$31.2 million. The loss from this segment increased from HK\$2.2 million last year to HK\$2.9 million this year. It was mainly caused by the decrease in turnover and lower profit margin during the year within this segment.

The Group's business in commercial printing was adversely affected by the reduction in turnover resulting from intensive competition, and rise in rental expenses. The revenue and profit from this segment for the year ended 31 March 2010 were approximately HK\$57.0 million and HK\$3.1 million, respectively as compared to approximately HK\$60.8 million and HK\$9.5 million, respectively of last year.

Due to the recovery of financial market, the performance of the Group's financial assets recorded a gain of approximately HK\$9.3 million during the year whereas the Group recorded a loss from financial assets of approximately HK\$17.5 million last year.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

The Group generally finances its operations with internally generated cashflow and banking facilities. The Group is financially sound with healthy cash position. Its cash and bank balances and short term bank deposits as at 31 March 2010 amounted to approximately HK\$194.4 million. Its gearing ratio as at 31 March 2010 was 5.6% (2009: 5.0%), based on the short term and long term interest bearing bank borrowings of approximately HK\$25.2 million (2009: HK\$21.8 million) and total equity of the Group of HK\$450.8 million (2009: HK\$437.0 million). The directors consider that the Group's cash holding, liquid assets, future revenue and available facilities will be sufficient to fulfill the present working capital requirements of the Group.

### **Exchange Rate Exposure**

Most of the transactions of the Group were denominated in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 March 2010, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars was relatively stable under the current peg system, and the hedging of revenue received, and costs incurred, by the Group in Renminbi.

### **Financial Guarantees and Charges on Assets**

As at 31 March 2010, corporate guarantees amounting to approximately HK\$187.7 million (2009: HK\$162.7 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries, which were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK\$14.9 million (2009: HK\$10.3 million).

## **PROSPECTS**

Looking forward, it is expected that the operating environment in the printing industry will continue to be tough and difficult. Because of the slow economic recovery in the United States and potential crisis in European Union, the overseas demand for our products remains discouraging. In order to tackle the anticipated challenges and stay competitive, the Group will continue to implement stringent cost controls and management strategies. These include reducing fixed costs for the manufacturing operations, effective management in purchases and inventories level and credit tightening on customers. However, it is foreseen that the consistent increase in costs of PRC labours and raw materials as well as additional investment for fulfillment of environmental protection requirements will limit the effect of cost control measures.

For the purpose of sustaining long term growth, the directors will also keep on exploring all potential opportunities to develop its business.

## **DIVIDENDS**

The Directors recommended the payment of final dividend of HK1 cent (2009: Nil) per share for the year ended 31 March 2010 to all shareholders whose name appear on the register of members of the Company on 28 July 2010, which is expected to be paid on or about 10 August 2010. This, together with interim dividend of HK1 cent per share already paid in January 2010, will bring the total dividend for the year to HK2 cents (2009: HK1 cent) per share.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 26 July 2010 to Wednesday, 28 July 2010 (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 branch 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 pm on Friday, 23 July 2010.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, the Company repurchased 2,410,707 shares at the offer price of HK\$0.38 per share through the voluntary cash offer. The shares repurchased during the year were cancelled in October 2009.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2010.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

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 consolidated financial statements of the Company for the year ended 31 March 2010. This preliminary announcement of the Group's results for the year ended 31 March 2010 has been agreed with the Company's external auditors, Grant Thornton, to the amounts set out in the Group's audited consolidated financial statements for the year.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standards of corporate governance practices. It met all the code provisions in the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the year ended 31 March 2010 except for the deviation from Code provision A.4.1 in that the non-executive directors of the Company were not appointed for a specific term. However, as the Bye-laws of the Company stipulate that one-third of the directors shall retire from office by rotation so that each director shall be subject to retirement at least once every three years, 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 Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding directors’ securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2010.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the Company’s website (<http://www.cheongming.com>) and the Stock Exchange’s website (<http://www.hkexnews.hk>). The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

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

Hong Kong, 18 June 2010

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