CHEONG MING INVESTMENTS LIMITED

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2012

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 2012 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Notes	**2012** **HK$'000**	2011 *HK$'000*
Revenue	4	**503,780**	517,409
Cost of sales		**(390,118)**	(372,614)
Gross profit		**113,662**	144,795
Other operating income	5	**11,032**	14,518
Selling and distribution costs		**(12,924)**	(12,748)
Administrative expenses		**(94,576)**	(96,889)
Other operating expenses		**(24,856)**	(8,934)
(Loss)/Profit from operations	6	**(7,662)**	40,742
Finance costs	7	**(882)**	(816)
Share of loss of associates		**(56)**	–
(Loss)/Profit before income tax		**(8,600)**	39,926
Income tax expense	8	**(2,874)**	(5,019)
(Loss)/Profit for the year attributable to the equity holders of the Company		**(11,474)**	34,907
(Loss)/Earnings per share for (loss)/profit for the year attributable to the equity holders of the Company			
– Basic	10	**(HK1.84 cents)**	HK5.75 cents

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 2012

	2012	2011
	HK$'000	*HK$'000*
(Loss)/Profit for the year	**(11,474)**	34,907
Other comprehensive income:		
Exchange gain on translation of financial statements of foreign operations	**838**	777
Share of other comprehensive income of an associate	**137**	–
Revaluation surplus on properties transferred from property, plant and equipment and prepaid lease payments to investment properties	**43,370**	–
Deferred tax charge arising from revaluation surplus on properties transferred from property, plant and equipment and prepaid lease payments to investment properties	**(10,843)**	–
Revaluation surplus on leasehold land and buildings	**18,960**	13,906
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	**(4,402)**	(2,944)
Other comprehensive income for the year, net of tax	**48,060**	11,739
Total comprehensive income attributable to the equity holders of the Company	**36,586**	46,646

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**169,826**	165,470
Prepaid lease payments		**2,810**	13,703
Investment properties		**86,570**	8,140
Deposits paid for acquisition of property, plant and equipment		**–**	11,226
Deposit paid for acquisition of an investment property		**–**	801
Interest in associates	13	**–**	–
Deposits paid for investment in an associate	13(a)	**–**	28,000
Deferred tax assets		**233**	94
		259,439	227,434
Current assets			
Inventories		**30,458**	51,033
Trade receivables	11	**93,324**	76,158
Amount due from an associate	13(c)	**933**	–
Prepayments, deposits and other receivables		**12,957**	12,193
Financial assets at fair value through profit or loss	12	**74,491**	77,372
Cash and cash equivalents		**124,759**	173,109
Tax receivable		**791**	323
		337,713	390,188
Non-current assets held for sale	14	**65,000**	–
		402,713	390,188

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Current liabilities			
Trade payables	15	**58,820**	67,207
Accrued liabilities and other payables		**32,467**	31,359
Interest-bearing borrowings		**29,117**	29,556
Tax payable		**7,548**	10,735
		127,952	138,857
Net current assets		**274,761**	251,331
Total assets less current liabilities		**534,200**	478,765
Non-current liabilities			
Deferred tax liabilities		**25,376**	9,722
Net assets		**508,824**	469,043
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**63,535**	60,675
Reserves		**432,582**	396,233
Proposed dividend	9	**12,707**	12,135
Total equity		**508,824**	469,043

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 2011

In the current year, the Group has applied, for the first time, the following new or amended 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 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Other than as noted below, the adoption of the new or amended HKFRSs has no material impact on the Group's financial statements.

HKFRS 7 (Amendments) – Financial Instruments: Disclosures

As part of the improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and no amendment in the disclosures of its related party transactions in the current and comparable periods is required. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

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

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2009-2011[4]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that may have impact to the Group is as follows:

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors of the Company anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties. The directors of the Company are in the process of assessing the impact on application of these amendments to HKAS 12 and the directors of the Company anticipate that these amendments will have an impact on deferred tax liabilities of the Group.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 "Financial Instruments: Recognition and Measurement". This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current de-recognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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 executive directors assess segment reporting 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 described above.

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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**415,898**	428,165	**25,052**	30,938	**62,830**	58,306	**–**	–	**503,780**	517,409
Intersegment sales	**7,323**	7,596	**25**	1,339	**271**	320	**(7,619)**	(9,255)	**–**	–
Total	**423,221**	435,761	**25,077**	32,277	**63,101**	58,626	**(7,619)**	(9,255)	**503,780**	517,409
Reportable segment results	**41**	27,828	**(1,020)**	(496)	**4,292**	4,191	**–**	–	**3,313**	31,523
Unallocated income:										
Interest income									**4,050**	3,568
Rental income on investment properties									**1,839**	–
Dividend income from financial assets at fair value through profit or loss									**589**	530
Fair value (loss)/gain on financial assets at fair value through profit or loss									**(1,971)**	1,131
(Loss)/Gain on disposal of financial assets at fair value through profit or loss									**(1,729)**	3,278
Gain on disposal of non-current assets held for sale									**–**	3,130
Impairment loss on amount due from an associate									**(67)**	–
Impairment loss on non-current assets held for sale									**(16,043)**	–
Revaluation surplus on investment properties									**2,423**	305
Unallocated expenses									**(66)**	(2,723)
(Loss)/Profit from operations									**(7,662)**	40,742
Finance costs									**(882)**	(816)
Share of loss of associates									**(56)**	–
(Loss)/Profit before income tax									**(8,600)**	39,926
Income tax expense									**(2,874)**	(5,019)
(Loss)/Profit for the year									**(11,474)**	34,907

	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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**282,933**	296,493	**3,969**	6,507	**20,554**	26,783	**307,456**	329,783
Unallocated assets:								
Investment properties							**86,570**	8,140
Deposit paid for acquisition of an investment property							**–**	801
Deposits paid for investment in an associate							**–**	28,000
Non-current assets held for sale							**65,000**	–
Financial assets at fair value through profit or loss							**74,491**	77,372
Amount due from an associate							**933**	–
Cash and cash equivalents							**124,759**	173,109
Others							**2,943**	417
Total assets							**662,152**	617,622
Reportable segment liabilities	**72,683**	83,544	**2,778**	3,497	**13,109**	11,525	**88,570**	98,566
Unallocated liabilities							**64,758**	50,013
Total liabilities							**153,328**	148,579
Other segment information:								
Depreciation on property, plant and equipment	**13,047**	12,071	**432**	950	**1,921**	1,522	**15,400**	14,543
Amortisation of prepaid lease payments	**83**	233	**–**	–	**154**	113	**237**	346
Gain on disposal of property, plant and equipment	**(161)**	(1,210)	**–**	–	**–**	–	**(161)**	(1,210)
Revaluation surplus on leasehold land and buildings	**(20)**	(85)	**–**	–	**–**	–	**(20)**	(85)
Impairment loss on property, plant and equipment	**4,005**	–	**623**	–	**–**	–	**4,628**	–
Write off of property, plant and equipment	**–**	2,571	**–**	1,195	**–**	–	**–**	3,766
Provision for slow moving inventories	**418**	4,769	**–**	–	**–**	–	**418**	4,769
(Reversal of)/Allowance for impairment on trade receivables	**(622)**	(227)	**129**	–	**(311)**	326	**(804)**	99
Allowance for impairment on other receivables	**–**	300	**–**	–	**–**	–	**–**	300
Capital expenditure	**18,937**	10,723	**87**	390	**385**	211	**19,409**	11,324

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 (domicile)		Elsewhere in the PRC		Europe and other countries		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue:								
Sales to external customers	**406,367**	446,414	**15,250**	26,961	**82,163**	44,034	**503,780**	517,409
Non-current assets	**49,103**	81,082	**210,103**	146,258	**–**	–	**259,206**	227,340

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.

Certain geographical segment information for the year ended 31 March 2011 has been changed to conform to the current year's presentation.

3.3 Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**61,352**	52,644
Customer B [(a)]	**60,564**	–
	121,916	52,644

(a) Revenue from Customer B contributes less than 10% of total revenue of the Group during the year ended 31 March 2011.

(b) The two customers are included in the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment.

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.

	2012	2011
	HK$'000	*HK$'000*
Sales of goods	**440,950**	459,103
Rendering of services	**62,830**	58,306
	503,780	517,409

5. OTHER OPERATING INCOME

	Group	
	2012	2011
	HK$'000	*HK$'000*
Interest income	**4,050**	3,568
Rental income on investment properties	**1,839**	–
Revaluation surplus on leasehold land and buildings	**20**	85
Revaluation surplus on investment properties	**2,423**	305
Reversal of impairment of trade receivables	**804**	–
Dividend income from financial assets at fair value through profit or loss	**589**	530
Fair value gain on financial assets at fair value through profit or loss	**–**	1,131
Gain on disposal of financial assets at fair value through profit or loss	**–**	3,278
Gain on disposal of non-current assets held for sale	**–**	3,130
Gain on disposal of property, plant and equipment	**161**	1,210
Sundry income	**1,146**	1,281
	11,032	14,518

6. (LOSS)/PROFIT FROM OPERATIONS

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

	2012	2011
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments [(a)]	**237**	346
Auditor's remuneration	**880**	813
Cost of inventories sold	**370,072**	352,846
Cost of services rendered	**20,046**	19,768
Depreciation on property, plant and equipment [(b)]	**15,400**	14,543
Exchange loss, net	**1,068**	831
Gain on disposal of property, plant and equipment [(g)]	**(161)**	(1,210)
Gain on disposal of non-current assets held for sale [(g)]	**–**	(3,130)
Impairment loss on non-current assets held for sale [(g)] (note 14(a))	**16,043**	–
Impairment loss on amount due from an associate [(g)]	**67**	–
Provision for slow moving inventories [(g)]	**418**	4,769
Fair value loss/(gain) on financial assets at fair value through profit or loss [(g)]	**1,971**	(1,131)
Loss/(Gain) on disposal of financial assets at fair value through profit or loss [(g)]	**1,729**	(3,278)
Gross rental income on investment properties	**(1,839)**	–
Less: Outgoing expenses	**43**	–
Net rental income on investment properties	**(1,796)**	–
Operating lease charges on land and buildings [(c)]	**9,295**	8,770
(Reversal of)/Allowance for impairment [(g)]		
– trade receivables	**(804)**	99
– other receivables	**–**	300
Impairment loss on property, plant and equipment [(g)]	**4,628**	–
Write off of property, plant and equipment [(g)]	**–**	3,766
Revaluation surplus on leasehold land and buildings [(g)]	**(20)**	(85)
Revaluation surplus on investment properties [(g)]	**(2,423)**	(305)
Staff costs (excluding directors' remuneration)		
Wages and salaries [(d)]	**89,537**	94,818
Provision for long service payment [(f)]	**–**	2,106
Pension scheme contributions [(e)]	**4,713**	4,877

(a) Amortisation of prepaid lease payments of HK$83,000 (2011: HK$83,000) has been expensed in cost of sales and HK$154,000 (2011: HK$263,000) in administrative expenses.

(b) Depreciation on property, plant and equipment of HK$11,690,000 (2011: HK$10,563,000) has been expensed in cost of sales and HK$3,710,000 (2011: HK$3,980,000) in administrative expenses.

(c) Operating lease charges on land and buildings of HK$617,000 (2011: HK$539,000) has been expensed in cost of sales and HK$8,678,000 (2011: HK$8,231,000) in administrative expenses.

(d) Wages and salaries of HK$43,254,000 (2011: HK$39,902,000) has been expensed in cost of sales and HK$46,283,000 (2011: HK$54,916,000) in administrative expenses.

(e) Pension scheme contributions of HK$542,000 (2011: HK$337,000) has been expensed in cost of sales and HK$4,171,000 (2011: HK$4,540,000) in administrative expenses.

(f) Provision for long service payment of Nil (2011: HK$2,106,000) has been expensed in administrative expenses.

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

7. FINANCE COSTS

	Group	
	2012	2011
	HK$'000	*HK$'000*
Interest charges on overdrafts, bank and other borrowings		
– wholly repayable within five years	**819**	816
– not wholly repayable within five years	**63**	–
	882	816

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has 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% (2011: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Deferred tax is accounted for using the balance sheet liabilities method at the rate of 16.5% (2011: 16.5%) in Hong Kong or the tax rates prevailing in the countries in which the Group operates.

	Group	
	2012	2011
	HK$'000	HK$'000
Current tax – Hong Kong		
Tax expense for the year	**1,991**	6,246
Under/(Over) provision in respect of prior years	**94**	(370)
	2,085	5,876
Current tax – overseas		
Tax expense for the year	**519**	136
Over provision in respect of prior years	**–**	(27)
	519	109
Deferred tax		
Tax expense/(credit) for the year	**270**	(966)
Income tax expense	**2,874**	5,019

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(8,600)**	39,926
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdiction concerned	**(1,447)**	6,153
Tax effect on non-deductible expenses	**4,104**	1,762
Tax effect on non-taxable revenue	**(783)**	(1,850)
Tax effect of utilisation of tax losses not previously recognised	**(475)**	(928)
Tax effect on tax loss not recognised	**1,381**	279
Under/(Over) provision in prior years	**94**	(397)
Income tax expense	**2,874**	5,019

9. DIVIDENDS

(a) Dividends attributable to the year

	2012	2011
	HK$'000	*HK$'000*
Interim dividend of Nil (2011: HK1 cent) per ordinary share	**–**	6,068
Special dividend of Nil (2011: HK3 cents) per ordinary share	**–**	18,202
Proposed final dividend of HK2 cents (2011: HK2 cents) per ordinary share	**12,707**	12,135
	12,707	36,405

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 2012.

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

	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year of HK2 cents (2011: HK1 cent) per ordinary share	**12,135**	6,068

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of HK$11,474,000 (2011: profit of HK$34,907,000) and on the weighted average number of ordinary shares of 624,413,228 (2011: 606,753,119) in issue during the year.

No diluted (loss)/earnings per share has been presented as there had been no dilutive potential shares in both years of 2012 and 2011.

11. TRADE RECEIVABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**94,635**	78,739
Less: Allowance for impairment of receivables	**(1,311)**	(2,581)
Trade receivables – net	**93,324**	76,158

Trade receivables generally have credit terms of 30 to 120 days (2011: 30 to 90 days).

At 31 March 2012, the aging analysis of the trade receivables, based on invoiced date and net of allowance, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current to 30 days	**43,478**	40,737
31 to 60 days	**19,407**	15,133
61 to 90 days	**12,990**	15,663
Over 90 days	**17,449**	4,625
	93,324	76,158

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Pound sterling	**530**	–
Euro	**64**	527
US dollars	**41,833**	24,266

The movement in the allowance for impairment of trade receivables is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**2,581**	2,660
Allowance for impairment loss of prior year written off against trade receivables	**(466)**	(178)
Allowance for impairment loss charged to the profit or loss	**129**	99
Reversal of impairment loss credited to the profit or loss	**(933)**	–
Carrying amount at end of year	**1,311**	2,581

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 2012, the Group's trade receivables of HK$1,311,000 (2011: HK$2,581,000) 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:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Not past due	**76,046**	61,677
Unimpaired but past due		
Not more than 30 days	**8,013**	10,221
31 – 60 days	**2,508**	2,785
61 – 90 days	**1,731**	1,155
Over 90 days	**5,026**	320
	93,324	76,158

As at 31 March 2012, trade receivables of HK$76,046,000 (2011: HK$61,677,000) 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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong listed equity investments	**2,878**	2,650
Hong Kong unlisted debt investments	**37,862**	36,462
Hong Kong unlisted currency notes	**4,760**	6,343
Hong Kong unlisted linked notes	**–**	3,163
Hong Kong unlisted commodity linked note	**–**	1,579
Overseas listed equity investments	**814**	1,679
Overseas unlisted fund investments	**15,618**	11,894
Overseas unlisted debt investments	**12,559**	8,894
Overseas unlisted currency notes	**–**	4,708
	74,491	77,372

The above financial assets are classified as held for trading.

13. INTEREST IN ASSOCIATES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Share of net assets – unlisted		
At beginning of year	**–**	–
Acquisition of interest in an associate [(a)]	**56,330**	–
Capital contribution to an associate [(b)]	**2**	–
Share of loss	**(56)**	–
Share of other comprehensive income	**137**	–
Transfer to non-current assets held for sale (note 14)	**(56,413)**	–
At end of year	**–**	–

(a) On 26 March 2011, the Group entered into an acquisition agreement (the "Acquisition Agreement") with Fullpower Investment Holdings Corp. ("Fullpower") to conditionally acquired 25% equity interest in Suntap Enterprises Ltd. ("Suntap"), which indirectly holds two coalbed methane gas projects (the "CBM Projects") in the PRC, at a consideration comprising HK$41,000,000 in cash and the issuance of 28,600,000 new shares to Fullpower by the Company (the "Consideration Shares"). Details of the acquisition are laid out in the announcement made by the Company on 28 March 2011. The fair value of the Consideration Shares was valued at HK$15,330,000 at the completion date, i.e. 26 April 2011, by an independent firm of professional valuers. Accordingly, the total consideration was HK$56,330,000 for the acquisition of the 25% equity interest in Suntap. The cash consideration included a deposit of HK$28,000,000 paid in last year and the balance of HK$13,000,000 paid on the completion date of 26 April 2011. The initial recognition of the investment in the associate was accounted as purchase of assets and assumption of liabilities since the operation of the associate did not constitute a business for accounting purpose as it is still in early stage of exploration. Accordingly, the purchase consideration has been allocated to the individual assets and liabilities acquired and no goodwill arose on the acquisition.

As part and parcel of the acquisition of the interest in the associate, the Group had advanced a loan of RMB20,000,000 (the "Loan") to Suntap after the acquisition.

Details of the associate are as follows:

Name	**Form of business structure**	**Place of incorporation**	**Principal activity**	**Percentage of equity interests indirectly held**
Suntap Enterprises Ltd.	Limited liability company	British Virgin Islands	Investment holding	25%

According to the Acquisition Agreement, a repurchase option was granted to Fullpower pursuant to which Fullpower has the right to repurchase the 25% equity interest in Suntap sold to the Group, together with the Loan, at a total consideration of HK$65,000,000 in cash, in certain circumstances, including but not limited to, the Company demanding for the repayment of the Loan from Suntap. Subsequent to the completion of the acquisition, the CBM Projects have made due progress. However, the Company has been informed that for the purpose of accelerating the scale of exploration of the CBM Projects, additional shareholders' fundings are required to be provided. Having regard to the tightened liquidity in the capital market and the relatively weak market sentiment, and with a view to preserving the cash resources of the Group in face of the difficult market conditions ahead, the Company considers it appropriate to take a prudent investment approach and issued a demand notice for repayment of the Loan on 29 March 2012. On 30 March 2012, Fullpower exercised the right stated in the Acquisition Agreement to repurchase the 25% equity interest in Suntap, together with the Loan, at a total consideration of HK$65,000,000 (the "Repurchase"). The interest in Suntap with net carrying amounts of HK$56,413,000 and the Loan equivalent to HK$24,630,000 as of 30 March 2012 was reclassified as non-current assets held for sale (note 14(a)).

The summarised financial information based on the consolidated management accounts of Suntap for the period from 26 April 2011 (date of acquisition) to 30 March 2012 is set out below:

	HK$'000
As at 30 March 2012	
Total assets	126,617
Total liabilities	(115,605)
Net assets	11,012
Revenue	–
Loss for the period from 26 April 2011 (date of acquisition) to 30 March 2012	(217)
Total other comprehensive income for the period from 26 April 2011 (date of acquisition) to 30 March 2012	549
Group's share of net assets of the associate based on the purchase price allocation as at 30 March 2012	**56,413**
Group's share of loss of the associate for the period from 26 April 2011 (date of acquisition) to 30 March 2012	**(54)**
Group's share of other comprehensive income of the associate for the period from 26 April 2011 (date of acquisition) to 30 March 2012	**137**

(b) During the year, the Group set up Smooth Fortune Investments Limited, which owns the entire equity interest in Artel Corporation Limited, with an independent third party.

The summarised financial information based on the consolidated management accounts of Smooth Fortune Investments Limited for the period from 15 September 2011 (date of incorporation) to 31 March 2012, is set out below:

	HK$'000
As at 31 March 2012	
Total assets	3,976
Total liabilities	(4,243)
Net liabilities	(267)
Revenue	5,705
Loss for the period from 15 September 2011 (date of incorporation) to 31 March 2012	(275)
Total other comprehensive income for the period from 15 September 2011 (date of incorporation) to 31 March 2012	–
Group's share of loss of the associates for the period from 15 September 2011 (date of incorporation) to 31 March 2012	**(2)**
Group's share of other comprehensive income of the associates for the period from 15 September 2011 (date of incorporation) to 31 March 2012	**–**

The Group has discontinued the recognition of its share of losses of the associates amounted to HK$67,000 during the year because the share of losses of these associates exceeded the Group's interests in them.

Details of the associates as at 31 March 2012 are as follows:

Name	**Form of business structure**	**Place of incorporation**	**Principal activity**	**Percentage of equity interests indirectly held**
Smooth Fortune Investments Limited	Limited liability company	British Virgin Islands	Investment holding	25%
Artel Corporation Limited	Limited liability company	Hong Kong	Retailing of mobile handsets and accessories	25%

(c) The amount due from an associate is unsecured, interest-free and repayable on demand.

14. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2012	2011
	HK$'000	*HK$'000*
At beginning of year	**–**	6,765
Transfer from interest in an associate [(a)]	**56,413**	–
Transfer from loan to an associate [(a)] (note 13(a))	**24,630**	–
Disposal of property held for sale [(b)] (note 13(a))	**–**	(6,765)
Less: Impairment loss on the interest in an associate [(a)]	**(16,043)**	–
At end of year	**65,000**	–

Non-current assets are classified as assets held for sale and stated at the lower of its carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets are available for immediate sale in its present condition. Impairment losses on non-current assets held for sale are recognised in the profit or loss.

(a) On 30 March 2012, Fullpower exercised the right stated in the Acquisition Agreement to repurchase the 25% equity interest in and the Loan to Suntap, at total consideration of HK$65,000,000. Pursuant to the Acquisition Agreement, the repurchase of the 25% equity interest in Suntap (together with the Loan) by Fullpower shall be completed on the 90th day from the date of exercising the right by Fullpower (or such other date as the parties may agree). However, by mutual agreement between the parties to the Acquisition Agreement, it was agreed at the time Fullpower exercises its repurchase right that completion of the Repurchase by Fullpower would be on or before 31 May 2012. The transaction was yet to be completed as at 31 March 2012 and the carrying amount of interest in associate of HK$56,413,000 (note 13(a)) and the Loan of HK$24,630,000 (note 13(a)) were classified as non-current assets held for sale. Accordingly, an impairment loss of HK$16,043,000 was charged to the profit or loss during the year.

The Repurchase was originally agreed to be completed on or before 31 May 2012 but has been mutually agreed by Fullpower and the Company to extend to 25 June 2012 (or such other earlier date as the parties may agree). On 25 June 2012, Fullpower and the Company have mutually agreed to further extend the completion date of the Repurchase to 31 July 2012 (or such other earlier date as the parties may agree). Save as the above, all the other terms of the Repurchase shall continue in full force and effect.

Although the completion date of the Repurchase was further extended to 31 July 2012, the Company has been informed by Fullpower that an independent financier has indicated to Fullpower that the said financier is willing to provide a loan to a shareholder of Fullpower amounting to HK$290 million of which HK$65 million will be designated for direct settlement of the Repurchase consideration upon fulfillment of certain prerequisite and finalisation of the terms of the loan agreement. The relevant loan agreement is expected to be signed on 15 July 2012. Although the said financing arrangements of Fullpower are subject to certain prerequisite and signing of the relevant agreement with the said financier, taking consideration of this, the Company is of the view that it is probable that the Repurchase would be completed on or before 31 July 2012. On this basis, the directors of the Company consider that the carrying amount of HK$65 million (which is the Repurchase price) of the non-current assets held for sale is representative of the fair value of it to the Company.

(b) On 4 November 2009, the Group entered into a sale and purchase agreement for the disposal of the property held for sale with an independent third party to the Group. Pursuant to the sale and purchase agreement, the Group agreed to dispose of the industrial land and buildings in Third Industrial Zone, Wangmu Village, Dapany Town, Shenzhen, the PRC with a carrying amount of HK$6,765,000 for a total consideration of HK$9,895,000. The property was classified as non-current assets held for sale and was stated at the lower of its carrying amount and fair value less costs to sell. The transaction was completed in April 2010 and a net gain of HK$3,130,000 was credited to the profit or loss for the year ended 31 March 2011.

15. TRADE PAYABLES

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade payables	**58,820**	67,207

At 31 March 2012, the aging analysis of the trade payables, based on invoiced date, is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Current to 30 days	**34,580**	31,955
31 to 60 days	**7,995**	5,571
61 to 90 days	**2,835**	10,275
Over 90 days	**13,410**	19,406
	58,820	67,207

16. EVENT AFTER REPORTING DATE

As stated in note 14(a) above, on 31 May 2012 and in relation to the Repurchase of 25% equity interest in and the Loan to Suntap, Fullpower and the Company have mutually agreed to extend the completion date of the Repurchase to 25 June 2012 (or such other earlier date as the parties may agree). On 25 June 2012, Fullpower and the Company have mutually agreed to further extend the completion date of the Repurchase to 31 July 2012 (or such other earlier date as the parties may agree). Save as the above, all the other terms of the Repurchase shall continue in full force and effect.

MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT

Basis for Qualified Opinion

As stated in the consolidated financial statements, the Group had classified the 25% equity interest (the "Interest") in and the loan (the "Loan") to an associate, Suntap Enterprises Ltd., of approximately HK$56.4 million and approximately HK$24.6 million, respectively, as a disposal group held for sale in the consolidated statement of financial position as at 31 March 2012. An impairment loss of approximately HK$16 million was recognised in the consolidated income statement for the year resulting in a net aggregate carrying amount of the Interest and the Loan of HK$65 million as at 31 March 2012.

In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", a disposal group classified as held for sale should be recognised at the lower of its carrying amount and its fair value less costs to sell.

We were unable to satisfy ourselves that the disposal group is properly stated at its fair value less costs to sell. The fair value less costs to sell of the disposal group has been determined based on the agreed repurchase consideration of HK$65 million. The repurchase consideration was negotiated as part of the original acquisition agreement on 26 March 2011 and is not a current price. It represents the cash portion of the consideration paid by the Group to Fullpower Investment Holdings Corp. ("Fullpower") in exchange for the Interest and the Loan but excludes the value of the share portion of the consideration for the acquisition. In addition, Fullpower has not yet secured committed funds to finance the repurchase as the loan agreement with its finance lender is not completed and signed at the date of this report. Consequently, it is uncertain that the sale of the disposal group will be realised at the repurchase price. These factors taken together indicate that the repurchase consideration may not be representative of the fair value of the disposal group as at 31 March 2012. There was no alternative evidence available to us to determine the fair value of the disposal group as the operations of the associate are at an early stage of exploration. Consequently, we are unable to determine whether any adjustment to the carrying amount of the disposal group in the consolidated statement of financial position of HK$65 million as at 31 March 2012 and the amount of the impairment loss in the consolidated income statement of HK$16 million for the year ended 31 March 2012 were fairly stated.

There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the carrying amount of the disposal group and the amount of the impairment loss were free from material misstatement. Any adjustments found to be necessary may have a consequential effect on the Group's net assets as at 31 March 2012 and the Group's net loss for the year ended 31 March 2012, and the related disclosures thereof in the consolidated financial statements of the Group.

Qualified Opinion Arising from Limitation of Scope

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS REVIEW AND MANAGEMENT DISCUSSION

General Review

The year 2012 remained a year of challenges and volatility. The Group recorded a total revenue of approximately HK$503.8 million, which represented an decrease of about 2.6% to that of last year of approximately HK$517.4 million. Gross profit margin of the Group was 22.6% for the year under review, having deteriorated when compared to 28.0% of the previous year. The Group recorded a loss attributable to equity holders of approximately HK$11.5 million for the year as compared with a profit attributable to equity holders of HK$34.9 million last year. The loss was mainly resulted from the impairment loss arising from investment in an associated company engaging in the development of coalbed methane projects in Shaanxi and Shanxi of approximately HK$16.0 million and the increase in raw materials cost and labour cost in China which adversely affected the profitability of the Group's major business operating segment in manufacture and sales of packaging boxes and children's novelty books.

Business Operation

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$415.9 million from this major business segment, which decreased by about 2.9% compared to that of last year of HK$428.2 million. The profit from this segment decreased from HK$27.8 million last year to approximately breakeven this year. The decrease in turnover was primarily due to the reduction in orders from customers because of the volatile export market in US and Europe. Moreover, the increase in raw materials cost, especially the rising in commodity price, and labour cost in China adversely affected the overall segment result. As a result, our gross profit in this major business segment decreased to 15% compared with 22% in the previous year.

The Group's revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags decreased by 19.0% to approximately HK$25.1 million for the year under review as compared to that of last year of HK$30.9 million. The loss from this segment increased to HK$1.0 million as compared to HK$0.5 million last year.

The Group's commercial printing business was slightly improved by the increase in turnover resulting from increase in customer base. The revenue generated in this segment increased from HK$58.3 million to HK$62.8 million while the profit from this segment slightly increased to HK$4.3 million as compared to HK$4.2 million last year.

The Group's financial assets recorded a loss of approximately HK$3.7 million during the year compared to a gain of approximately HK$4.4 million last year.

Investment in Suntap Enterprises Limited

Subsequent to the completion of the acquisition of 25% interest in Suntap Enterprises Limited ("Suntap"), though the exploration and drilling work particularly in Shanxi Xiahuangyan has been made due progress, the Group has been informed that for the purpose of accelerating the scale of exploration of the CBM projects, additional shareholders' fundings are required to be provided. Having regard to the tightened liquidity in the capital market and the relatively weak market sentiment, and with a view to preserving the cash resources of the Group, the Group considered to take a prudent investment approach and issued a demand notice for repayment of the shareholder's loan of RMB20.0 million. The Group on 30 March 2012 received a notice from Fullpower exercising the right to repurchase (the "Repurchase") the 25% interest in Suntap, together with the shareholder's loan, from the Group at a total price of HK$65.0 million in accordance with the terms of the acquisition agreement. Accordingly, the Group recorded an impairment loss on its investments in Suntap of approximately HK$16.0 million during the year.

Fair value of non-current assets held for sale

For the consolidated financial statements of the Company for the year ended 31 March 2012, the independent auditor of the Company has issued a qualified opinion in respect of the carrying amount of the 25% interest in Suntap, together with the shareholder's loan (collectively, the "Disposal Asset"). The basis for qualified opinion (including, among other things, the consequential effect of any adjustments found to be necessary on the carrying amount of Disposal Asset) and the qualified opinion arising from limitation of scope as extracted from the independent auditor's report is set out in the section headed "MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT" above. The said qualified opinion includes basis that as Fullpower has not yet secured committed funds to finance the Repurchase as the loan agreement with its finance lender is not completed and signed at the date of the independent auditor's report. Consequently, it is uncertain that the sale of the Disposal Asset will be realised at the repurchase price of HK$65.0 million. Consequently, the independent auditor have expressed that they were unable to determine whether any adjustment to the carrying amount of the Disposal Asset in the consolidated statement of financial position of HK$65.0 million as at 31 March 2012 and the amount of the impairment loss in the consolidated income statement of HK$16.0 million for the year ended 31 March 2012 were fairly stated.

In this respect, the Company's view on the carrying amount of the Disposal Asset is set out in note 14(a) to the consolidated financial statements as referred to in this announcement. Although the completion date of the Repurchase was further extended to 31 July 2012, the Company has been informed by Fullpower that an independent financier has indicated to Fullpower that the said financier is willing to provide a loan to a shareholder of Fullpower amounting to HK$290.0 million of which HK$65.0 million will be designated for direct settlement of the Repurchase consideration upon fulfillment of certain prerequisite and finalisation of the terms of the loan agreement. The relevant loan agreement is expected to be signed on 15 July 2012. Although the said financing arrangements of Fullpower are subject to certain prerequisite and signing of the relevant agreement with the said financier, taking consideration of this, the Company is of the view that it is probable that the Repurchase would be completed on or before 31 July 2012. On this basis, the directors of the Company consider that the carrying amount of HK$65.0 million (which is the Repurchase price) of the Disposal Asset is representative of the fair value of it to the Company.

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 2012 amounted to approximately HK$124.8 million. Its gearing ratio as at 31 March 2012 was 5.7% (2011: 6.3%), based on the interest bearing bank borrowings of approximately HK$29.1 million (2011: HK$29.6 million) and total equity of the Group of HK$508.8 million (2011: HK$469.0 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 2012, 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 Group managed the exchange rate exposures of Renminbi and Hong Kong dollars through financial instruments.

Financial Guarantees and Charges on Assets

As at 31 March 2012, corporate guarantees amounting to approximately HK$179.7 million (2011: HK$157.7 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$37.1 million (2011: HK$18.5 million).

PROSPECTS

Looking forward, it is expected that the operating environment in the printing and packaging industry will continue to be tough and difficult. Because of the uncertain economic recovery in the United States and potential crisis in European Union, the overseas demand for our products remains volatile. The intense competition in the printing and packaging industry also limit the Group to pass the inflating cost to customers. 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 labour and raw materials 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 HK2 cents (2011: HK2 cents) per share for the year ended 31 March 2012 to all shareholders whose name appear on the register of members of the Company on Wednesday, 22 August 2012, which is expected to be paid on or before Friday, 7 September 2012. No interim dividend (2011: HK1 cent per share) and special dividend (2011: HK3 cents per share) have been recommended this year. Total dividend for the year amount to HK2 cents (2011: HK6 cents) per share.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled on Friday, 10 August 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 8 August 2012 to Friday, 10 August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, 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, for registration not later than 4:30 p.m. on Tuesday, 7 August 2012.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Wednesday, 22 August 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 20 August 2012 to Wednesday, 22 August 2012, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at the above address, for registration not later than 4:30 p.m. on Friday, 17 August 2012. The proposed final dividend will be paid on or before Friday, 7 September 2012.

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

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 2012.

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 2012. This preliminary announcement of the Group's results for the year ended 31 March 2012 has been agreed with the Company's external auditor, BDO Limited, 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. In the opinion of the directors, the Company has compiled the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules for the year ended 31 March 2012 except for the deviation from Code provision A.4.1 in that the non-executive directors were not appointed for a specific term and Code provision A.5.1 in that no nomination committee has been established. 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 and the procedures for shareholders to elect a director has properly published in the Company's website, 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 2012.

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, 28 June 2012

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.