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CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

CONTINUING CONNECTED TRANSACTIONS

The Group entered into the Sale Transactions and Commission Transactions with Fastabs in the total value of HK\$1.8 million and HK\$4.4 million respectively during the period from 6th June, 2005 to 31st March, 2006. Fastabs has had business relationship with the Group since 2001, and had been an independent third party until June 2005 when Fastabs and the Group established a 45/55 joint venture in the PRC – Shanghai Fastabs. By virtue of Fastabs' 45% shareholding in Shanghai Fastabs, a subsidiary of the Company, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules commencing from June 2005.

The Group intends to continue the Transactions in its ordinary and usual course of business. The Master Agreement was signed on 16th June, 2006 to govern the Transactions during the three years ending 31st March, 2009. It is currently expected that the annual aggregate amount of the Transactions will be less than HK\$10,000,000 for each of the three years ending 31st March, 2009. In accordance with Rule 14A.34 of the Listing Rules, the Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements.

The Board announces that during the period from 6th June, 2005 to 31st March, 2006, Chun Ming, a wholly owned subsidiary of the Company, entered into the Sale Transactions and Commission Transactions with Fastabs.

Fastabs and its owners were independent from and not connected with the Company and its connected persons until 6th June, 2005 when Fastabs and Chun Ming set up Shanghai Fastabs, a foreign funded enterprise, in Shanghai, the PRC with shareholding split of 45% : 55%. Since then, Fastabs has become a connected person of the Company by reason of it being a substantial shareholder of a subsidiary of the Company and the Transactions therefore constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Save for this, Fastabs and its owners are otherwise independent of, and not connected with the Company or any of its connected persons.

Sale Transactions

The Group is principally engaged in the printing and manufacturing of paper products, commercial printing, provision of translation services and property holding. In its ordinary and usual course of business, Chun Ming has been supplying labels and hangtags to Fastabs since June 2001. The principal business of Fastabs is manufacturing of printed garment labels, self-adhesive labels, swing tickets, riders, woven labels and POS packaging.

Since June 2005, the Sale Transactions have become continuing connected transactions of the Company pursuant to the Listing Rules. Such Sale Transactions were entered into on an order by order basis and the consideration was reached after arm's length negotiations between Chun Ming and Fastabs with reference to the prices charged by Chun Ming to other independent customers, which basis was the same as that before Fastabs became a connected person of the Company. For the period from 6th June, 2005 to 31st March, 2006, the total consideration of the Sale Transactions amounted to approximately HK\$1.8 million.

Commission Transactions

Since June 2001, Fastabs has been referring customers to Chun Ming. Chun Ming pays commission to Fastabs on a monthly basis ("Monthly Commission") in respect of the Referred Sale at a variable percentage on the transaction value of the Referred Sale to be agreed between the parties from time to time when Chun Ming received the purchase order from the referred customers. In determining such a variable percentage, the nature of the orders and the order size will be taken into account. Chun Ming will also pay annual commission ("Annual Commission") to Fastabs calculated at the end of each fiscal year at 6.5% of the aggregate annual value of the Sale Transactions and the Referred Sales, minus the Monthly Commission paid in the twelve calendar month period. The basis for the calculation of commission to Fastabs was agreed between Chun Ming and Fastabs before Fastabs became a connected person of the Company and arrived after arm's length negotiation. The Directors consider that the commission basis continue to be fair and reasonable as the nature of the transactions has not changed after Fastabs has become a connected person of the Company in June 2005. Chun Ming has not entered into similar arrangements with other third parties and no master agreement was signed between Chun Ming and Fastabs to govern the Commission Transactions before the date of the Master Agreement.

With Fastabs becoming a connected person in June 2005, the subsequent Commission Transactions have become continuing connected transactions of the Company pursuant to the Listing Rules. For the period from 6th June, 2005 to 31st March, 2006, the commission paid to Fastabs amounted to approximately HK\$4.4 million. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the referred customers are independent third parties not connected with any of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Annual Caps

Set out below are the annual amounts of the Transactions conducted between Chun Ming and Fastabs for the three years ended 31 March 2006 and the Annual Caps for each of the three years ending 31 March 2009:

<i>HK\$ million</i>	2004	Year ended/ending 31st March,					2009
		2005	2006	2007	2008	(Note)	
Sale Transactions	2.2	1.8	2.0	2.3	2.5		2.7
Commission Transactions	2.0	3.9	5.3	5.9	6.5		7.0
Total amount	4.2	5.7	7.3	8.2	9.0		9.7

Note: Fastabs becomes connected person of the Company since June 2005.

The Annual Caps set out above are determined with reference to the projected sales to Fastabs and the projected amounts of Referred Sale after taking into account the historical sales amounts and an estimated year-on-year growth by approximately 10%, 8% and 6% in 2007, 2008 and 2009 respectively together with a general buffer to cater for possible fluctuations in demand for the Group's products and price adjustments for inflation.

Master Agreement

As Fastabs has become a connected person of the Company, the Directors consider it appropriate to enter into a master agreement to set out the agreed arrangements relating to the Transactions during the three years ending 31st March, 2009 to ensure compliance with the Listing Rules. The Master Agreement was entered into on 16th June, 2006. It is provided in the Master Agreement that (a) the Sale Transactions will be on normal commercial terms and on arm's length basis and (b) the Group will pay Fastabs Monthly Commission and Annual Commission. The terms of the Transactions set out in the Master Agreement are on the same basis as those before the Master Agreement was entered into. It is currently expected the annual aggregate amount of the Transactions will be less than HK\$10,000,000 for each of the three years ending 31st March, 2009. In accordance with Rule 14A.34 of the Listing Rules, the Transactions are only subject to the reporting and announcement requirements and are exempt from the independent shareholders' approval requirements. The Company will include details of the Transactions in the annual reports for each of the three years ending 31st March, 2009.

General

The Group has been conducting the Transactions with Fastabs since June 2001. Fastabs only became a connected person of the Company following formation of Shanghai Fastabs with Chun Ming on 6th June, 2005, which did not constitute a notifiable transaction of the Company at the relevant time.

The connected nature of the Transactions subsequent to the formation of Shanghai Fastabs was inadvertently overlooked by the Directors. No announcement had been made by the Company when the cumulative aggregate value of Transactions entered into since 6th June, 2005 exceeded HK\$1 million as required by the Listing Rules. The independent non-executive Directors have reviewed the Transactions conducted during the year ended 31st March, 2006. As the bases in determining the consideration or commission for the Transactions have been the same before and after Fastabs became a connected person of the Company, and the Transactions have been carried out in the normal and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Master Agreement is in the interest of the Company and the shareholders as a whole and the terms thereof and the Annual Caps are fair and reasonable.

The failure of the Company to disclose the Transactions by way of a press announcement mentioned above constitutes a breach of the Listing Rules. The Company will include details of the Transactions conducted during the period from 6th June, 2005 to 31st March, 2006 in the annual report of the Company for the financial year ended 31st March, 2006 in accordance with the Listing Rules. The Company will be more cautious and in the event of doubt, will promptly seek professional advice in the future.

Definitions

“Annual Caps”	the expected maximum amounts of the Transactions contemplated under the Master Agreement for each of the three years ending 31st March, 2009
“Chun Ming”	Chun Ming Printing Factory Company Limited, a wholly owned subsidiary of the Company
“Commission Transactions”	the payment of commission by Chun Ming to Fastabs for (i) the Referred Sale; and (ii) the Sale Transactions as a sales rebate
“Company”	Cheong Ming Investments Limited, a company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Fastabs”	Fastabs Limited
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 16th June, 2006 between Chun Ming and Fastabs to govern the Transactions during the three years ending 31st March, 2009
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Referred Sale”	the sale of labels and hangtags by Chun Ming to customers referred by Fastabs
“Sale Transactions”	the sale of labels and hangtags by Chun Ming to Fastabs
“Shanghai Fastabs”	Shanghai Fastabs Printing Co. Ltd., a foreign funded enterprise set up in Shanghai, the PRC, and owned by Chun Ming and Fastabs in the ratio of 55% and 45% respectively

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Transactions”

the Sale Transactions and the Commission Transactions

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

By Order of the board of directors of

Cheong Ming Investments Limited

Lui Shing Ming, Brian

Managing Director

Hong Kong, 30th June, 2006

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

Please also refer to the published version of this announcement in The Standard.