CHEONG MING INVESTMENTS LIMITED

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2006

RESULTS

The Board of Directors (the "Directors") of Cheong Ming Investments Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Revenue	4	**554,343**	502,183
Cost of sales		**(401,643)**	(371,291)
Gross profit		**152,700**	130,892
Other operating income	5	**13,145**	10,273
Selling and distribution costs		**(23,688)**	(21,499)
Administrative expenses		**(91,865)**	(79,008)
Other operating expenses		**(2,322)**	(1,894)
PROFIT FROM OPERATIONS	6	**47,970**	38,764
Finance costs		**(1,558)**	(638)
PROFIT BEFORE INCOME TAX		**46,412**	38,126
Income tax expense	7	**(6,347)**	(3,175)
PROFIT FOR THE YEAR		**40,065**	34,951
Attributable to:			
Equity holders of the Company		**40,662**	34,951
Minority interests		**(597)**	–
Profit for the year		**40,065**	34,951
Dividends	8		
– Interim		**4,867**	4,867
– Additional final and special dividend in respect of the previous year		**–**	131
– Proposed final		**14,601**	14,601
EARNINGS PER SHARE	9		
Basic		**HK8.35 cents**	HK7.20 cents
Diluted		**HK8.35 cents**	HK7.19 cents

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March 2006 HK$'000	31 March 2005 HK$'000 (Restated)
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**189,710**	192,093
Investment properties		**18,220**	16,462
Prepaid lease payments		**14,502**	14,875
Goodwill		**–**	211
		222,432	223,641
CURRENT ASSETS			
Inventories		**49,868**	45,849
Trade and bills receivables	10	**110,477**	100,815
Prepayments, deposits and other receivables		**8,697**	6,849
Tax recoverable		**–**	977
Financial assets at fair value through profit or loss/ Other investments		**35,872**	37,921
Cash and cash equivalents		**98,513**	91,889
		303,427	284,300
CURRENT LIABILITIES			
Trade payables	11	**64,790**	68,814
Amount due to a related company	11	**206**	–
Accrued liabilities and other payables		**20,338**	37,229
Tax payable		**15,509**	16,503
Interest-bearing borrowings		**16,863**	13,279
		117,706	135,825
NET CURRENT ASSETS		**185,721**	148,475
TOTAL ASSETS LESS CURRENT LIABILITIES		**408,153**	372,116
NON-CURRENT LIABILITIES			
Interest-bearing borrowings		**21,100**	12,000
Deferred tax		**4,171**	3,492
		25,271	15,492
NET ASSETS		**382,882**	356,624
CAPITAL AND RESERVES			
Share capital		**48,671**	48,671
Reserves		**318,407**	293,352
Proposed dividend		**14,601**	14,601
Equity attributable to shareholders		**381,679**	356,624
Minority interests		**1,203**	–
TOTAL EQUITY		**382,882**	356,624

Notes:

1. BASIS OF PREPARATION

The financial statements are prepared in accordance with and comply with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

From 1 April 2005, the Group has adopted for the first time the new or revised standards and interpretations of HKFRS, which are relevant to its operations. These include the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC) Int-21	Income Taxes – Recovery of Revalued Non-Depreciated Assets

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2005 financial statements and their presentation have been amended in accordance with HKAS 8. Due to the change in accounting policies, the 2005 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 31 March 2005.

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect to presentation, recognition and measurement of accounts are described in the following notes:

(i) Adoption of HKAS 1

The application of HKAS 1 has resulted in a change in the presentation of the financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the Company is now presented as an allocation of the net result of the year.

(ii) Adoption of HKAS 17

In previous years, leasehold land and buildings were included in property, plant and equipment and carried at valuation less accumulated depreciation and accumulated impairment losses.

Upon the adoption of HKAS 17, the land and buildings elements are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid land lease payments under operating leases, which are carried at cost and subsequently recognised in the income statement on a straight-line basis over the lease term. This change in accounting policy has been applied retrospectively. Where the land and buildings elements cannot be allocated reliably, the entire lease payments continues to be treated as finance leases and included in property, plant and equipment.

(iii) Adoption of HKAS 36, HKAS 38 and HKFRS 3

These standards stipulate a prospective change to the accounting policies.

In previous years, goodwill arising on acquisition prior to 1 April 2001 was eliminated against reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisition on or after 1 April 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment.

In accordance with the provisions of HKFRS 3, with respect to goodwill previously capitalised on the consolidated balance sheet, the amortisation of goodwill has ceased from 1 April 2005 and the accumulated amortisation at 31 March 2005 was eliminated against the original gross amount of goodwill. Goodwill is now subject only to annual testing for impairment as well as when there is an indication of impairment.

In respect of goodwill previously eliminated against reserve, HKFRS 3 does not require entities to recognise that goodwill in profit or loss when it disposes of all or part of the business to which that goodwill relates or when a cash-generating unit to which the goodwill relates becomes impaired. Moreover, the Group is not required nor permitted to restate goodwill previously eliminated against reserve. Goodwill previously recognised in reserves has been transferred to retained profits on 1 April 2005.

(iv) Adoption of HKFRS 2

Prior to the adoption of HKFRS 2 on 1 April 2005, equity-settled share-based payment transactions were treated as changes in the entity's equity only upon execution. HKFRS 2 requires all goods and services received in the course of share-based payment transactions to be measured at fair value and recognised in the financial statements with a corresponding credit to equity, unless the transaction is settled in cash. When applied to employee share-based compensation, this leads to the recognition of share options which have been granted and are expected to vest as an expense in profit or loss.

According to the transitional provisions of HKFRS 2, all equity-settled share-based payments granted after 7 November 2002 that had not vested at the first application of this standard are required to be recognised retrospectively in the Group's financial statements.

As the Group's share options were granted before 7 November 2002, in accordance with the transitional provisions the Group is not required to apply the accounting provisions of HKFRS 2.

(v) Adoption of HKAS 32 and HKAS 39

Prior to the adoption of HKAS 39, securities that are not intended to be held for an identified long term purposes were measured at fair value. Changes in fair value of these securities were recognised in income statement as they arose.

On the adoption of HKAS 39, the Group classified its investments as fair value through profit and loss and measured its financial assets at fair value.

In accordance with the transitional provisions of HKAS 39, it does not permit the recognition, derecognition and measurement of financial assets and liabilities in accordance with the standard on a retrospective basis. Accordingly, any adjustment to the previous carrying amount should be recognised in the opening balance of retained earnings on 1 April 2005 and the comparative figures should not be restated. However, the adoption of these standards does not result in any changes in the opening balance of retained profits on 1 April 2005.

(vi) Adoption of HKAS 40 and HK (SIC) Int-21

In previous years, investment properties were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and a revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged.

The adoption of HKAS 40 has led to the changes in the fair value of investment properties being recorded in the income statement. The revaluation surplus or deficit of investment properties of the Group were all charged to the income statements in previous years, therefore, no adjustment to the Group's retained profits or revaluation reserve is required.

The adoption of revised HK(SIC) Int-21 has resulted in a change in the accounting policy relating to the deferred taxation of the Group's investment property. In accordance with the provision of HK(SIC) Int-21, the deferred tax liability arising from the revaluation of investment properties is measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In previous years, the carrying amount of that asset is expected to be recovered through sale. However, there was no significant change on the deferred tax liabilities in this aspect.

(vii) Other standards adopted

The adoption of HKAS 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 24, 27, 33 and 37 did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in the financial statements.

2. **SUMMARY OF THE IMPACT OF CHANGES ON ACCOUNTING POLICIES**

The effect of changes in the accounting policies on consolidated income statement is summarized below:

	Effect of adopting HKAS 17* HK$'000	Total HK$'000
Year ended 31 March 2005		
(Increase)/Decrease in profit		
Decrease in surplus on revaluation of property, plant and equipment	320	320
Decrease in depreciation	(742)	(742)
Increase in amortisation of prepaid lease payments	373	373
Total increase in profit	**(49)**	**(49)**
Increase in basic earnings per share (HK cents)	**0.01**	**0.01**
Year ended 31 March 2006		
(Increase)/Decrease in profit		
Decrease in surplus on revaluation of property, plant and equipment	663	663
Decrease in depreciation	(1,090)	(1,090)
Increase in amortisation of prepaid lease payments	373	373
Total increase in profit	**(54)**	**(54)**
Increase in basic earnings per share (HK cents)	**0.01**	**0.01**

The effect of changes in the accounting policies on the consolidated balance sheet is summarised below:

		Effect of adopting	
	HKAS 17* HK$'000	HKAS 32* & HKAS 39# HK$'000	Total HK$'000
At 1 April 2004			
Increase/(Decrease) in assets/liabilities			
Property, plant and equipment	(31,330)	–	(31,330)
Prepaid lease payments	24,133	–	24,133
Other investments	–	(4,304)	(4,304)
Financial assets at fair value through profit or loss	–	4,304	4,304
Deferred tax liabilities	(2,330)	–	(2,330)
Increase/(Decrease) in equity			
Asset revaluation reserve	(12,553)	–	(12,553)
Retained profits	7,686	–	7,686
At 31 March 2005 and 1 April 2005			
Increase/(Decrease) in assets/liabilities			
Property, plant and equipment	(30,016)	–	(30,016)
Prepaid lease payments	14,875	–	14,875
Other investments	–	(37,921)	(37,921)
Financial assets at fair value through profit or loss	–	37,921	37,921
Deferred tax liabilities	(2,894)	–	(2,894)
Increase/(Decrease) in equity			
Asset revaluation reserve	(18,408)	–	(18,408)
Retained profits	6,161	–	6,161

		Effect of adopting	
	HKAS 17* HK$'000	HKAS 32* & HKAS 39# HK$'000	Total HK$'000
At 31 March 2006			
Increase/(Decrease) in assets/liabilities			
Property, plant and equipment	(34,300)	–	(34,300)
Prepaid lease payment	14,502	–	14,502
Other investments	–	(35,872)	(35,872)
Financial assets at fair value through profit or loss	–	35,872	35,872
Deferred tax liabilities	(3,240)	–	(3,240)
Increase/(Decrease) in equity			
Asset revaluation reserve	(22,773)	–	(22,773)
Retained profits	6,215	–	6,215

* adjustment which take effect prospectively from 1 April 2005.
# adjustment which take effect retrospectively.

3. SEGMENT INFORMATION

By business segments

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

An analysis by business segments is as follows:

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

2005 (Restated)	SEGMENT REVENUE Sales to external customers *HK$'000*	Intersegment sales *HK$'000*	Total sales *HK$'000*	SEGMENT RESULTS *HK$'000*
Manufacture and sale of paper cartons, packaging boxes and children's novelty books	383,364	9,469	392,833	18,072
Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags	51,297	74	51,371	10,042
Commercial printing	67,522	260	67,782	8,567
Intersegment elimination	–	(9,803)	(9,803)	–
	502,183	–	502,183	36,618
Interest income				2,083
Finance costs				(638)
Profit before income tax				38,126

By geographical segments

An analysis by geographical market is as follows:

	2006 Segment revenue *HK$'000*	2005 Segment revenue *HK$'000* (Restated)
Hong Kong	**426,596**	421,622
PRC	**17,474**	14,695
Europe and other countries	**110,273**	65,866
	554,343	502,183

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 during the year after eliminations of all significant intra-group transactions.

5. OTHER OPERATING INCOME

	2006 *HK$'000*	2005 *HK$'000*
Reversal of write down of inventories	**1,490**	–
Recovery of provision for impairment on receivables	**–**	136
Exchange gain, net	**–**	27
Gross rental income from investment properties	**1,991**	1,781
Interest income	**2,879**	2,083
Dividend income from listed investments	**252**	46
Gain on disposal of listed investments	**1,504**	308
Gain on disposal of unlisted investments	**335**	193
Gain on disposal of property, plant and equipment	**–**	60
Fair value gain on investment properties	**1,758**	2,512
Surplus on revaluation of leasehold land and buildings	**1,673**	1,445
Sundry income	**1,263**	1,682
	13,145	10,273

6. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging:

	2006 *HK$'000*	2005 *HK$'000* (Restated)
Amortisation of goodwill	**–**	105
Amortisation of prepaid lease payments	**373**	373
Auditors' remuneration	**1,005**	850
Cost of inventories sold	**360,919**	334,982
Cost of services rendered	**40,724**	36,309
Depreciation	**27,531**	26,706
Exchange loss, net	**1,214**	–
Impairment of goodwill	**211**	–
Loss on disposal of property, plant and equipment	**41**	–
Net loss on financial assets at fair value through profit or loss/Other investments	**71**	183
Operating lease charges on land and buildings	**5,838**	4,509
Provision for impairment		
– trade receivables	**4,426**	1,408
– other receivables	**2,251**	1,711
Staff costs (excluding directors' remuneration)		
Wages and salaries	**87,412**	75,448
Provision for long services payment	**161**	–
Net pension scheme contributions	**2,893**	2,523
and crediting:		
Rental income from investment properties net of outgoings	**1,823**	1,437

7. INCOME TAX EXPENSE

The tax charge comprises:

	2006 *HK$'000*	2005 *HK$'000* (Restated)
Current tax – Hong Kong:		
Tax for the year	**5,260**	4,854
Under provision in respect of prior years	**–**	430
	5,260	5,284
Current tax – overseas:		
Tax for the year	**1,021**	716
Over provision in respect of prior years	**–**	(903)
	1,021	(187)
Deferred tax		
Current year – tax charge/(credit)	**66**	(1,922)
	6,347	3,175

Hong Kong profits tax is provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong is calculated at the rates of tax prevailing in the countries in which the Group operated during the year based on existing legislation, interpretations and practices in respect thereof.

Deferred tax is accounted for using the balance sheet liability method at the rate of 17.5% (2005: 17.5%).

8. DIVIDENDS

(a) Dividends attributable to the year

	2006 *HK$'000*	2005 *HK$'000*
Interim dividend of HK1 cent per ordinary share (2005: HK1 cent)	**4,867**	4,867
Additional final and special dividends in respect of the previous year	**–**	131
Proposed final dividend of HK3 cents per ordinary share (2005: HK3 cents)	**14,601**	14,601
	19,468	19,599

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained profits for the year ended 31 March 2006.

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

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

	2006 *HK$'000*	2005 *HK$'000*
Additional final and special dividends in respect of the previous year	**–**	131
Final dividend in respect of the previous financial year	**14,571**	14,470

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holder for the year of HK$40,662,000 (2005: HK$34,951,000) and the weighted average of 486,706,061 (2005: 485,147,842) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2006 was based on the Group's profit attributable to equity holder of HK$40,662,000 (2005: HK$34,951,000). The weighted average number of ordinary shares used in the calculation was 486,706,061 (2005: 485,147,842) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average of 293,967 (2005: 902,637) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the year.

10. TRADE AND BILLS RECEIVABLES

At 31 March 2006, the aging analysis of the trade and bills receivables, based on invoiced date and net of provisions, is as follows:

	Group	
	2006 *HK$'000*	2005 *HK$'000*
Current to 30 days	**43,163**	38,684
31 to 60 days	**17,427**	21,828
61 to 90 days	**22,344**	24,168
Over 90 days	**27,543**	16,135
	110,477	100,815

11. TRADE PAYABLES AND AMOUNT DUE TO A RELATED COMPANY

	Group	
	2006 *HK$'000*	2005 *HK$'000*
Trade payable	**64,790**	68,814
Amount due to a related company	**206**	–
	64,996	68,814

The amount due to a related company is trading in nature. At 31 March 2006, the aging analysis of the trade payables including amount due to a related company, based on invoiced date, is as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
Current to 30 days	**28,068**	32,706
31 to 60 days	**12,989**	9,416
61 to 90 days	**7,860**	13,161
Over 90 days	**16,079**	13,531
	64,996	68,814

FINAL DIVIDEND

The Directors recommended the payment of a final dividend of HK3 cents per share for the year ended 31 March 2006. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on 7 September 2006, the final dividend will be payable to all shareholders whose names appear on the register of members of the Company on 7 September 2006. Dividend cheques will be sent to shareholders on or before 14 September 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 September 2006 to Thursday, 7 September 2006 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 pm on Monday, 4 September 2006.

BUSINESS REVIEW

For the year under review, the Group was able to achieve continuous steady growth in both of its total turnover and profit attributable to equity holders. At its dedicated effort and within an improved global market sentiment, the Group recorded a total turnover of approximately HK$554.3 million and a profit attributable to equity holders of approximately HK$40.7 million for the year ended 31 March 2006, which represented a growth of about 10.4% and 16.3% to that of the last corresponding year respectively. For the last corresponding year ended 31 March 2005, the total turnover was approximately HK$502.2 million and the profit attributable to equity holders was approximately HK$35.0 million. Gross profit margin of the Group has also improved from about 26.1% to about 27.5% through the Group's on-going strive for operational efficiency and stringent cost control measures.

Printing and manufacture of packaging boxes, including accompanying brochures, manuals and catalogues, together with the manufacture of children novelty books continued to be the Group's major business. For the year under review, the Group recorded a total turnover of approximately HK$425.2 million from this major business category, which represented an increase of about 10.9% over that of the previous year of approximately HK$383.4 million and accounted for about 76.7% of the Group's total turnover. The Group's effort in recent years to explore the overseas markets has seen positive results and which has helped contribute to the increased business in this major category. The operating environment has remained highly competitive. However, the necessary know how and delicate workmanship that the Group built up and developed within its solid manufacturing teams in recent years for innovative children novelty books has especially facilitated the Group to secure more orders of these kinds in the overseas markets, which are usually sophisticated products but with higher margins.

The Group's business in the manufacture of hangtags, labels, shirt paper boards and plastic bags continued to maintain its upwards momentum as well. Leverage on its production flexibility and focus on value added services, the turnover for the manufacture of hangtags, labels, shirt paper boards and plastic bag for the year ended 31 March 2006 has increased to approximately HK$58.3 million, which represented a growth of about 13.7% over that of the previous year of approximately HK$51.3 million and accounted for about 10.5% of the Group's total turnover. The Group has also seen an increase in the turnover of commercial printing. However, due to severe pricing competition, the increase was only at a moderate rate of 4.8%. For the year ended 31 March 2006, the turnover of the Group's commercial printing was approximately HK$70.8 million as compared to that of the corresponding year of approximately HK$67.5 million and accounted for about 12.8% of the Groups' total turnover. Both the manufacture of hangtags, labels, shirt paper boards and plastic bags as well as commercial printing have continued to make a satisfactory contribution towards the overall performance of the Group for the year under review.

The selling and distribution costs for the year ended 31 March 2006 has increased by about 10.2%, which was in line with the increase in the Group's total turnover of about 10.4%. For the year under review, the administrative expenses have increased by about 16.3%, which was mainly due to the write off of a provision for impairment on receivables in the amount of approximately HK$1.9 million following a final settlement with an overseas customer of its long overdue account. A provision for impairment on receivables in the amount of about HK$2.5 million has also been made to an overseas customer which has filed for Chapter 11 in the United States in May 2006. Had such write-off and provision been excluded, the administrative expenses have only increased by 10.7%, which was in line with the increase in the Group's total turnover. The Group will continue to closely monitor its credit that are allowed to its customers through its tight credit appraisal procedures in place.

The Group's printing business continued to provide positive and steady contributions both in terms of operating profit and cashflow. For the year under review, out of the profit attributable to the equity holders of approximately HK$40.7 million after finance costs and taxation charges, approximately HK$3.4 million were write backs of revaluation deficits no longer required on the Group's leasehold land and buildings and change in fair values on the Group's investment properties as a result of the continued recovery of the property markets in Hong Kong. Had such write backs and change in fair values been excluded, the Group's overall printing business profit attributable to equity holders after finance costs and taxation charges for the year ended 31 March 2006 would have been at approximately HK$37.2 million. Last corresponding year ended 31 March 2005, the Group reported a profit attributable to equity holders of approximately HK$35.0 million after finance costs and taxation charges and with write backs of revaluation deficits no longer required on the Group's leasehold land and buildings and change in fair values on the Group's investment properties of approximately HK$4.0 million in total. Had such write backs and change in fair values been excluded, the Group's overall printing business profit attributable to equity holders after finance costs and taxation charges for the year ended 31 March 2005 would have been at approximately HK$31.0 million as compared to that of the year under review at approximately HK$37.2 million.

The Group's production base in Shanghai to manufacture labels and hangtags has been in operation during the fourth quarter of the year under review. Because of the initial set up costs, it is yet to record a profit. However, it is anticipated that the Shanghai production base will make a satisfactory returns to the Group over the long run by its being capable of supplying quality products to the eastern and northern China markets, which are areas with growth potentials.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. The Group is financially sound and its cash position remains strong. As at 31 March 2006, the Group has available aggregate banking facilities of approximately HK$126.1 million which were secured by legal charges on certain properties and financial assets at fair value through profit and loss owned by the Group. The Group's cash and bank balances and short term bank deposits as at 31 March 2006 amounted to approximately HK$98.5 million. The Group's gearing ratio as at 31 March 2006 was 9.9% (31 March 2005: 7.1%), basing on the short term and long term interest bearing bank borrowings of HK$38 million (31 March 2005: HK$25.3 million) and the shareholders fund of HK$381.7 million (31 March 2005: HK$356.6 million).

PROSPECTS

The Directors believe that the operating environment will continue to be tough for the coming year. Intensive pricing competition as well as increasing operating costs within the mainland China have already imposed increasing pressure to manufacturers across the board. Labour supply, power shortage, rising fuel prices, higher material costs, increased minimum wages along with the appreciating Reminbi have all pushed up the overall operating costs and made it more difficult to stay competitive without at the expense of reduced profit margin. To meet all these anticipated challenges, the Group is committed to enhance its productivity and efficiency. Focus will be made to streamline its operation procedures, provide thorough training to the production teams, implement effective internal controls, maintain well planned logistics and keep abreast of latest market trend as well as production technology. Further endeavour will also be made to sustain customers loyalty as well as to explore broader customers base.

The Directors believe that with its solid foundation and committed focus and endeavour, the Group is well positioned to maintain its competitiveness and meet the ever increasing challenges within the marketplace.

EXCHANGE RATE EXPOSURE

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the year ended 31 March 2006, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars, Renminbi and US dollars were relatively stable and no hedging for foreign currency transactions has been carried out.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2006, the Group had an available workforce of 2,870, of which 2,685 were based in the People's Republic of China.

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

CONTINGENT LIABILITIES AND CHARGES ON ASSETS

As at 31 March 2006, corporate guarantee amounting to HK$104.9 million was given to banks by the Company for the provision of general banking facilities granted to the Group's subsidiaries, which were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK$37.5 million.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2006.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") which was established in accordance with the requirements of the Code and with reference to the "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants in December 1997. The Committee comprises three independent non-executive directors, namely Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man. The principal duties of the Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited financial consolidated financial statements of the Company for the year ended 31 March 2006.

REMUNERATION COMMITTEE

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31 March 2006, except for the following deviation.

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

- Code provision E.1.2 provides that the chairman of the Board should attend the annual general meeting of the Company. However, due to unexpected commitment, Mr. Lui Chi, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 9 September 2005, but, in his absence, all the other directors of the Board, including the chairman of the audit committee, were present. The Company considers that the members of the Board and the audit committee who attended the annual general meeting were already of sufficient caliber and number available for answering questions at the meeting.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

PROPOSED AMENDMENT OF THE BYE-LAWS OF THE COMPANY

The Directors of the Company will propose a special resolution at the coming annual general meeting of the Company for amendment of the Bye-laws of the Company to comply with the new requirements in paragraph 4.3 of Appendix 3 of the Listing Rules to remove any directors of the Company by ordinary resolution instead of special resolution.

A circular giving details of the proposed amendment of the Bye-laws of the Company will be sent to shareholders shortly.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The annual report containing all the information required by Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Lui Chi
Chairman

Hong Kong, 24 July 2006

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

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