CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1196)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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 2014 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Revenue	4	**524,494**	429,701
Cost of sales		**(393,134)**	(320,049)
Gross profit		**131,360**	109,652
Other operating income	5	**25,001**	25,621
Selling and distribution costs		**(12,450)**	(11,695)
Administrative expenses		**(112,634)**	(96,870)
Other operating expenses	6	**(40,754)**	(2,826)
(Loss)/Profit from operations	7	**(9,477)**	23,882
Finance costs	8	**(573)**	(614)
(Loss)/Profit before income tax		**(10,050)**	23,268
Income tax expense	9	**(2,394)**	(5,455)
(Loss)/Profit for the year attributable to the equity holders of the Company		**(12,444)**	17,813
(Loss)/Earnings per share for (loss)/profit for the year attributable to the equity holders of the Company	11		
– Basic and diluted		**(HK$1.96 cents)**	HK$2.80 cents

Details of dividends attributable to the equity holders of the Company for the year are set out in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
(Loss)/Profit for the year		**(12,444)**	17,813
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(36)**	492
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus on leasehold land and buildings		**12,548**	20,128
Deferred tax charge arising from revaluation surplus on leasehold land and buildings		**(2,337)**	(3,438)
Impairment loss on leasehold land and buildings		**(29,228)**	–
Deferred tax credit arising from impairment on leasehold land and buildings		**7,307**	–
Other comprehensive income for the year, net of tax		**(11,746)**	17,182
Total comprehensive income attributable to the equity holders of the Company		**(24,190)**	34,995

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2014

		As at 31 March	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**140,761**	180,674
Prepaid lease payments		**2,644**	2,727
Investment properties		**123,040**	104,260
Deposit paid for acquisition of an investment property		**–**	11,098
Other asset		**1,100**	1,100
Deferred tax assets		**590**	251
		268,135	300,110
Current assets			
Inventories		**26,504**	32,149
Trade receivables	13	**98,395**	80,771
Prepayments, deposits and other receivables	14	**40,157**	10,518
Financial assets at fair value through profit or loss	15	**78,251**	86,107
Cash at banks and in hand		**135,307**	103,261
Tax recoverable		**397**	1,192
		379,011	313,998
Non-current assets held for sale	12	**–**	65,000
		379,011	378,998

		As at 31 March	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Current liabilities			
Trade payables	16	**59,275**	48,020
Accrued liabilities and other payables		**43,749**	36,297
Financial liabilities of fair value through profit or loss	15	**1,622**	550
Interest-bearing borrowings		**13,618**	24,504
Tax payable		**8,108**	7,678
		126,372	117,049
Net current assets		**252,639**	261,949
Total assets less current liabilities		**520,774**	562,059
Non-current liabilities			
Deferred tax liabilities		**34,980**	39,368
Net assets		**485,794**	522,691
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**63,535**	63,535
Reserves		**422,259**	446,449
Proposed dividend	10	**–**	12,707
Total equity		**485,794**	522,691

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 2013

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 or after 1 April 2013.

HKFRSs (Amendments)	Improvements to HKFRSs 2009-2011
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (Revised)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

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

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

These amendments require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. The new presentation of other comprehensive income has been adopted retrospectively.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the presentation of consolidated financial statements and HK(SIC) Int 12 "Consolidation – Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interest in subsidiaries and associates. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Disclosure of interest in subsidiaries is made in the respective note to the financial statements. The adoption of this standard did not materially affect the disclosures of the Group in the current and last years.

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 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements and these are included in the respective notes to the financial statements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

New or amended HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current year. The disclosures about the impairment of property, plant and equipment in the respective note to the financial statements has been modified accordingly.

New or amended HKFRSs that have been issued but 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.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 July 2014

[3] Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. Among them, HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The Group is in the process of making an assessment of the potential impact of these new or amended HKFRSs. The directors of Company do not anticipate that these new or amended HKFRSs will have any material impact on the Group's financial statements.

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;

(d) the food and beverage segment engages in the operations of restaurants.

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 four 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		Food & beverage		Eliminations		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***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	**431,071**	347,681	**14,651**	22,377	**65,425**	59,643	**13,347**	–	**–**	–	**524,494**	429,701
Intersegment sales	**1,691**	4,835	**1,015**	72	**183**	258	**–**	–	**(2,889)**	(5,165)	**–**	–
Total	**432,762**	352,516	**15,666**	22,449	**65,608**	59,901	**13,347**	–	**(2,889)**	(5,165)	**524,494**	429,701
Reportable segment results	**(8,804)**	3,376	**606**	(700)	**2,642**	884	**(3,736)**	–	**–**	–	**(9,292)**	3,560
Unallocated income/(expenses):												
Interest income											**7,477**	2,981
Rental income on investment properties											**4,170**	3,677
Dividend income from financial assets at fair value through profit or loss											**818**	738
Fair value(loss)/gain on financial assets at fair value through profit or loss											**(3,590)**	1,253
Gain on disposal of financial assets at fair value through profit or loss											**852**	5,676
Impairment loss on amount due from an associate											**–**	(474)
Revaluation surplus on investment properties											**7,713**	7,566
Write off of loan receivable											**(17,179)**	–
Others											**(446)**	(1,095)
(Loss)/Profit from operations											**(9,477)**	23,882
Finance costs											**(573)**	(614)
(Loss)/Profit before income tax											**(10,050)**	23,268
Income tax expense											**(2,394)**	(5,455)
(Loss)/Profit for the year											**(12,444)**	17,813

	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		Food & beverage		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment asset:	**258,000**	282,317	**4,453**	3,628	**16,139**	18,547	**4,915**	–	**283,507**	304,492
Unallocated assets:										
Investment properties									**123,040**	104,260
Deposit paid for acquisition of an investment property									**–**	11,098
Other asset									**1,100**	1,100
Loan receivable									**24,500**	–
Non-current assets held for sale									**–**	65,000
Financial assets at fair value through profit or loss									**78,251**	86,107
Cash at banks and in hand									**135,307**	103,261
Others									**1,441**	3,790
Total assets									**647,146**	679,108
Reportable segment liabilities:	**84,166**	68,933	**2,380**	3,051	**15,527**	13,383	**1,582**	–	**103,655**	85,367
Unallocated liabilities:										
Interest bearing borrowings									**13,618**	24,504
Financial liabilities at fair value through profit or loss									**1,622**	–
Deferred tax liabilities									**34,980**	39,368
Others									**7,477**	7,178
Total liabilities									**161,352**	156,417
Other segment information:										
Depreciation on property, plant and equipment	**14,182**	12,875	**398**	394	**419**	825	**1,004**	–	**16,003**	14,094
Amortisation of prepaid lease payments	**83**	83	**–**	–	**–**	–	**–**	–	**83**	83
Gain on disposal of property, plant and equipment	**(3)**	(1,197)	**(29)**	–	**–**	–	**–**	–	**(32)**	(1,197)
Revaluation surplus on leasehold land and buildings	**–**	(268)	**–**	–	**–**	–	**–**	–	**–**	(268)
Provision for slow moving inventories	**1,928**	2,288	**–**	–	**–**	–	**–**	–	**1,928**	2,288
Reversal of over-provision of trade payables	**–**	–	**–**	–	**–**	(776)	**–**	–	**–**	(776)
(Reversal of)/Allowance for impairment on trade receivables	**572**	134	**–**	(192)	**–**	–	**–**	–	**572**	(58)
Allowance for impairment on other receivables	**235**	–	**–**	–	**–**	–	**–**	–	**235**	–
Write off of other receivables	**22**	–	**–**	–	**–**	–	**–**	–	**22**	–
Impairment loss on property, plant and equipment	**9,772**	–	**–**	–	**–**	–	**–**	–	**9,772**	–
Capital expenditure	**6,257**	3,679	**414**	407	**361**	615	**3,020**	–	**10,052**	4,701

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)		PRC except Hong Kong		USA		Europe and other countries		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	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	**326,443**	275,315	**70,262**	31,462	**91,032**	85,777	**36,757**	37,147	**524,494**	429,701
Non-current assets	**96,466**	93,876	**171,079**	205,983	**–**	–	**–**	–	**267,545**	299,859

The geographical location of customers is based on the location at which the customers operate. In the past, geographical location of customers was based on the location at which the services were provided or goods are delivered. In the current year, the directors considered that presenting the geographical information based on the location at which the customers operate is more representative in order to facilitate their regular internal review. Accordingly, the comparative figures of the revenue from customers by geographical areas have been amended to conform with the current year's presentation. The geographical location of the non-current assets is based on the physical location of the asset.

3.3 Information about major customers

Revenue from major customer who has individually contributed to 10% or more of the total revenue of the Group is disclosed as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**76,753**	72,113

The customer is included in the manufacture and sale of paper cartons and packaging boxes 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.

	2014	2013
	HK$'000	*HK$'000*
Sales of goods	**459,069**	370,058
Rendering of services	**65,425**	59,643
	524,494	429,701

5. OTHER OPERATING INCOME

	Group	
	2014	2013
	HK$'000	*HK$'000*
Interest income	**7,477**	2,981
Rental income on investment properties	**4,170**	3,677
Revaluation surplus on leasehold land and buildings	**–**	268
Revaluation surplus on investment properties	**7,713**	7,566
Reversal of impairment of trade receivables	**–**	58
Reversal of over-provision of trade payables	**–**	776
Dividend income from financial assets at fair value through profit or loss	**818**	738
Fair value gain on financial assets at fair value through profit or loss	**–**	1,253
Gain on disposal of financial assets at fair value through profit or loss	**852**	5,676
Gain on disposal of property, plant and equipment	**32**	1,197
Sundry income	**3,939**	1,431
	25,001	25,621

6. OTHER OPERATING EXPENSES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Impairment loss on amount due from an associate	**–**	474
Write off of property, plant and equipment	**7,456**	–
Allowance for impairment		
– trade receivables	**572**	–
– other receivables	**235**	–
Write off of other receivables	**22**	–
Loss on cessations of business	**–**	64
Fair value loss on financial assets at fair value through profit or loss	**3,590**	–
Provision for slow moving inventories	**1,928**	2,288
Impairment loss on loan receivable (note 14)	**17,179**	–
Impairment loss on property, plant and equipment	**9,772**	–
	40,754	2,826

Due to the proposed disposal of certain subsidiaries as described in note 17 (ii) (a), there was an indication that the carrying amount of the non-current assets of the disposal group which mainly attributable to the segment for manufacture and sale of paper cartons, packaging boxes and children's novelty books and food and beverage segment might be impaired. As a result, impairment loss of approximately HK$9.8 million has been identified and recognised in the segment of manufacture and sale of paper cartons, packaging boxes and children's novelty books as at 31 March 2014.

7. (LOSS)/PROFIT FROM OPERATIONS

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

	2014	2013
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments[a]	**83**	83
Auditor's remuneration	**1,257**	850
Cost of inventories sold	**373,559**	300,108
Cost of services rendered	**19,575**	19,941
Depreciation of property, plant and equipment[b]	**16,003**	14,094
Exchange loss, net	**676**	1,176
Gain on disposal of property, plant and equipment[f]	**(32)**	(1,197)
Impairment loss on loan receivable[f] (note 14)	**17,179**	–
Impairment loss on amount due from an associate[f]	**–**	474
Provision for slow moving inventories[f]	**1,928**	2,288
Fair value loss/(gain) on financial assets at fair value through profit or loss[f]	**3,590**	(1,253)
Gain on disposal of financial assets at fair value through profit or loss[f]	**(852)**	(5,676)
Gross rental income on investment properties	**(4,170)**	(3,677)
Less: Outgoing expenses	**42**	15
Net rental income on investment properties	**(4,128)**	(3,662)
Operating lease charges on land and buildings[c]	**12,995**	10,417
Allowance for/(Reversal of) impairment[f]		
– trade receivables	**572**	(58)
– other receivables	**235**	–
Write off of trade receivable[f]	**22**	–
Reversal of over-provision of trade payables	**–**	(776)
Write off of property, plant and equipment[f]	**7,456**	–
Impairment loss on property, plant and equipment[f]	**9,772**	–
Revaluation surplus on leasehold land and buildings[f]	**–**	(268)
Revaluation surplus on investment properties[f]	**(7,713)**	(7,566)
Staff costs (excluding directors' remuneration)		
Wages and salaries[d]	**104,816**	85,522
Pension scheme contributions[e]	**7,962**	4,476

(a) Amortisation of prepaid lease payments of HK$83,000 (2013: HK$83,000) has been expensed in cost of sales.

(b) Depreciation on property, plant and equipment of HK$13,671,000 (2013: HK$11,640,000) has been expensed in cost of sales and HK$2,332,000 (2013: HK$2,454,000) in administrative expenses.

(c) Operating lease charges on land and buildings of HK$3,284,000 (2013: HK$844,000) has been expensed in cost of sales and HK$9,711,000 (2013: HK$9,573,000) in administrative expenses.

(d) Wages and salaries of HK$54,035,000 (2013: HK$39,996,000) has been expensed in cost of sales and HK$50,781,000 (2013: HK$45,526,000) in administrative expenses.

(e) Pension scheme contributions of HK$960,000 (2013: HK$461,000) has been expensed in cost of sales and HK$7,002,000 (2013: HK$4,015,000) in administrative expenses.

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

8. FINANCE COSTS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Interest charges on overdrafts, bank and other borrowings		
– wholly repayable within five years	**396**	482
– not wholly repayable within five years	**177**	132
	573	614

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2013: 25%).

Land appreciation tax is estimated according to the requirements in relevant PRC tax laws and regulations. Land appreciation tax has been provided at ranges of progressive rates of the appreciation value.

Deferred tax is accounted for using the balance sheet liabilities method at a rate of 16.5% (2013: 16.5%) in Hong Kong or the tax rates prevailing in the countries in which the Group operates.

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Tax expense for the year	**1,574**	747
Over provision in respect of prior years	**(42)**	(111)
	1,532	636
Current tax – overseas		
Tax expense for the year	**619**	2,704
Deferred tax		
Tax expense for the year	**243**	2,115
Income tax expense	**2,394**	5,455

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
(Loss)/Profit before income tax	**(10,050)**	23,268
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdiction concerned	**(2,160)**	4,816
Tax effect on non-deductible expenses	**3,504**	958
Tax effect on non-taxable revenue	**(2,624)**	(1,235)
Tax effect of utilisation of tax losses not previously recognised	**(2)**	(646)
Tax effect on tax loss not recognised	**806**	279
Land appreciation tax on investment properties	**3,883**	1,859
Tax effect of land appreciation tax	**(971)**	(465)
Over provision in prior years	**(42)**	(111)
Income tax expense	**2,394**	5,455

10. DIVIDENDS

(a) Dividends attributable to the year

	2014	2013
	HK$'000	*HK$'000*
Proposed final dividend of nil (2013: HK2 cents) per ordinary share	**–**	12,707

The final dividend proposed after the reporting date was not recognised as a liability at the reporting date but reflected as an appropriation of retained earnings for the year ended 31 March 2013.

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

	2014	2013
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year of HK2 cents (2013: HK2 cents) per ordinary share	**12,707**	12,707

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on loss attributable to the owners of the Company of 12,444,000 (2013: profits of HK$17,813,000) and on the weighted average number of ordinary shares of 635,353,119 (2013: 635,353,119) in issue during the year.

There are no dilutive potential shares in both years of 2014 and 2013.

12. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2014	2013
	HK$'000	*HK$'000*
At end of year	–	65,000

Non-current assets are classified as assets held for sale and stated at the lower of their 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 their present condition. Impairment losses on non-current assets held for sale are recognised in the profit or loss.

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 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. Details of the acquisition are laid out in the announcement made by the Company on 28 March 2011. As part and parcel of the acquisition of the interest in Suntap, the Group had advanced a loan of RMB20,000,000 (the "Loan") to Suntap after the acquisition.

According to the Acquisition Agreement, a repurchase option was granted to Fullpower pursuant to which Fullpower has the right to repurchase 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. On 30 March 2012, Fullpower exercised the right stated in the Acquisition Agreement to repurchase the interest in Suntap, together with the Loan, at a total consideration of HK$65,000,000 (the "Repurchase"). The Repurchase had not been completed as at 31 March 2012 and the carrying amount of the interest in this associate of HK$56,413,000 and the Loan of HK$24,630,000 were classified as a disposal group held for sale. Accordingly, an impairment loss of HK$16,043,000 was charged to the profit or loss during the year ended 31 March 2012. Details of the Repurchase are laid out in the annual report of the Company for the year ended 31 March 2013.

The Repurchase was completed on 26 April 2013 with settlement by HK$25,000,000 in cash and HK$40,000,000 in a loan granted to Fullpower. In conjunction with the completion of the Repurchase of the 25% equity interest in and the Loan to Suntap, the Group, Fullpower and a shareholder of Fullpower, Mr. Wong Sin Hua ("Mr. Wong") entered into the loan agreement of HK$40,000,000 (the "Loan Receivable" in note 14) with interest bearing at the rate of 10% per annum to facilitate the completion of the Repurchase. The Loan Receivable was repayable on 31 December 2013, with personal guarantee given by Mr. Wong and secured by 16,667 shares of Fullpower held by Mr. Wong, representing approximately 33.33% of the entire issued share capital in Fullpower held by Mr. Wong, and 28,600,000 shares of the Company held by Fullpower. The Company received cash consideration of HK$25,000,000 which is equivalent to RMB20,060,000 on 26 April 2013. Details of completion of the Repurchase are laid out in the announcement made by the Company on 28 April 2013.

13. TRADE RECEIVABLES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**99,965**	81,879
Less: Allowance for impairment of receivables	**(1,570)**	(1,108)
Trade receivables – net	**98,395**	80,771

Trade receivables generally have credit terms of 30 to 120 days (2013: 30 to 120 days). The directors of the Group consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

At 31 March 2014, the aging analysis of the trade receivables, based on invoiced date and net of allowance, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**46,934**	42,975
31 to 60 days	**20,132**	17,059
61 to 90 days	**18,181**	11,982
Over 90 days	**13,148**	8,755
	98,395	80,771

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	
	2014	2013
	HK$'000	*HK$'000*
Euro ("EUR")	**49**	78
US dollars ("US$")	**21,914**	21,999

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

	2014	2013
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**1,108**	1,311
Allowance for impairment loss of prior year written off against trade receivables	**(110)**	(145)
Allowance for impairment loss charged to the profit or loss	**572**	–
Reversal of impairment loss credited to the profit or loss	**–**	(58)
Carrying amount at end of year	**1,570**	1,108

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 2014, the Group's trade receivables of HK$1,570,000 (2013: HK$1,108,000) 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	
	2014	2013
	HK$'000	*HK$'000*
Not past due	**70,334**	48,107
Unimpaired but past due		
Not more than 30 days	**19,779**	21,687
31 to 60 days	**2,614**	8,944
61 to 90 days	**2,589**	664
Over 90 days	**3,079**	1,369
	98,395	80,771

As at 31 March 2014, trade receivables of HK$70,334,000 (2013: HK$48,107,000) 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, 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.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 March 2014, prepayments, deposits and other receivables included the Loan Receivable of HK$40,000,000 before write off as stated below as a results of the Repurchase as stated in note 12 of this results announcement.

For the year ended 31 March 2014, the Loan Receivable of HK$40,000,000 generated interest income of approximately HK$2,700,000 (based on the interest rate of 10% per annum for the period from 26 April 2013 to 31 December 2013), of which approximately HK$1,000,000 was paid by Fullpower in July 2013.

As at 31 March 2014, a write off of HK$17,179,000 (note 6) in respect of the Loan Receivable and accumulated interest receivable was made as it was determined as irrecoverable due to the subsequent disposal as described in note 17(i). This has resulted in a carrying amount of HK$24,500,000 as at 31 March 2014.

15. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets

	Group	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong listed equity investments	**3,977**	2,610
Hong Kong unlisted debt investments	**53,171**	46,142
Hong Kong unlisted currency notes	**91**	61
Hong Kong unlisted equity linked notes	**–**	1,957
Hong Kong unlisted commodity linked notes	**–**	1,458
Overseas listed equity investments	**506**	1,693
Overseas unlisted fund investments	**20,506**	18,932
Overseas unlisted debt investments	**–**	13,254
	78,251	86,107

Financial liabilities

	Group	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong unlisted currency notes	**(1,622)**	(550)

The above financial assets/liabilities are classified as held for trading.

16. TRADE PAYABLES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade payables	**59,275**	48,020

At 31 March 2014, the aging analysis of the trade payables, based on invoiced date, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current to 30 days	**27,383**	24,796
31 to 60 days	**10,401**	7,493
61 to 90 days	**8,403**	7,678
Over 90 days	**13,088**	8,053
	59,275	48,020

All amounts are short term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

17. EVENTS AFTER REPORTING DATE

(i) On 30 April 2014, the board announced that Peace Broad Holdings Limited and Mr. Lo Ming Chi, Charles ("Mr. Lo") entered into the Loan Disposal Agreement, pursuant to which Peace Board agreed to sell and assign, and Mr. Lo agreed to purchase and accept the assignment of, all rights, title, benefits and interests of and in the loan of Fullpower. The disposal of the Loan Receivable was completed on 30 April 2014 with settlement by HK$24,500,000 in cash.

(ii) On 26 May 2014, the Company has published a circular (the "Circular") regarding a proposed share premium reduction ("Share Premium Reduction") and special distribution ("Special Distribution") and connected transactions, very substantial disposal and special deal in relation to the sale and purchase of Brilliant Stage Holdings Limited ("Brilliant Stage") which includes but not limited to the following transactions.

(a) A sale and purchase agreement (the "Asset Reorganisation Agreement") was entered into between the Company and Harmony Link Corporation ("Harmony Link") on 27 February 2014, pursuant to which the Company conditionally agrees to sell and Harmony Link conditionally agrees to purchase the entire issued share capital of the Brilliant Stage for a cash consideration of HK$180,000,000.

(b) On 26 February 2014, Harmony Link, Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui (directors of the Company) (the "Vendors") and Manureen Holdings Limited (the "Offeror") entered into a share sale agreement ("Share Sale Agreement") in which the Vendors agreed to sell and procure Ms Aman Ng (spouse of Mr. Victor Lui) to sell, and the Offeror agreed to purchase an aggregate of 338,331,036 shares of the Company, representing approximately 53.25% of the entire issued share capital of the Company; and

(c) Proposed declaration of Special Distribution (HK$0.50 per share) to the shareholders of the Company. The Special Distribution is conditional on the Share Premium Reduction which involves (i) the cancellation of a sum of HK$107.4 million standing to the credit of the Company's share premium account; and (ii) the application of the entire amount standing thereto to fund part of the Special Distribution or the transfer of the entire amount standing thereto to the contributed surplus account of the Company to be used in any manner permitted by the laws of Bermuda and the bye-laws of the Company.

The above-mentioned transactions were approved by the independent shareholders or shareholders, where applicable, at a special general meeting ("SGM") held on 11 June 2014.

(iii) As at the date of this announcement, the disposal of Brilliant Stage is yet to complete. However, the directors of the Company expected that this will soon to be completed in due course. The net asset value of Brilliant Stage and its subsidiaries as at 31 March 2014 is HK$186.2 million.

MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORT

Basis for Qualified Opinion

As stated in note 20 to 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., as a disposal group (the "Disposal Group") held for sale in the consolidated statement of financial position as at 31 March 2012 and thereafter because the vendor of the Interest, Fullpower Investment Holdings Corp. ("Fullpower") exercised the repurchase option stated in the acquisition agreement to repurchase the Interest together with the Loan at a total consideration of HK$65 million on 30 March 2012 (the "Repurchase"). The carrying amounts before impairment loss of the Interest and the Loan were approximately HK$56.4 million and approximately HK$24.6 million respectively. An impairment loss of approximately HK$16 million was recognised in the consolidated income statement for the year ended 31 March 2012 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 Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations" ("HKFRS 5"), the Interest of the 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 whereas the Loan of the Disposal Group classified as held for sale should be measured at its amortised cost less impairment following the measurement requirements of Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39").

The carrying amount of the Disposal Group as at 31 March 2013 was brought forward from the consolidated financial statements for the year ended 31 March 2012 and was determined based on the agreed repurchase consideration of HK$65 million. The repurchase consideration was negotiated as part of the original acquisition agreement dated 26 March 2011. It equals the cash portion of the consideration paid by the Group to Fullpower in exchange for the Interest and the Loan advanced by the Group to the associate after the acquisition but excludes the value of the share portion of the consideration for the acquisition. The completion of the Repurchase (including the settlement of the repurchase consideration) was outstanding as at 31 March 2013.

Fullpower informed the Company that the operations of the associate remained at an early stage of exploration as 31 March 2013 which was essentially similar to that as at 31 March 2012. The Repurchase was completed on 26 April 2013. The total consideration of HK$65 million has been settled as to (i) the payment of HK$25 million in cash by Fullpower and (ii) the remaining balance of the consideration of HK$40 million was funded by way of a loan to Fullpower by the Group. As such, the directors of the Company considered that the repurchase consideration of HK$65 million closely approximates the fair value of the Disposal Group as at 31 March 2013 and 26 April 2013 and the costs to complete the sale were immaterial. Therefore, the

Company concluded that no adjustment to the carrying amount of the Disposal Group was necessary as at 31 March 2013 and 26 April 2013 and the Company recognised the completion of the Repurchase at no gain or loss during the year ended 31 March 2014.

However, we were unable to verify the management's assessment that the repurchase consideration of HK$65 million closely approximates the fair value of the Disposal Group as at 31 March 2013 and 26 April 2013. The repurchase consideration was predetermined more than two years ago from 31 March 2013 and 26 April 2013. It might not be representative of the fair value of the Disposal Group as at 31 March 2013 and 26 April 2013. There was no alternative evidence available to determine the fair value of the Interest of the Disposal Group as the operations of the associate were at an early stage of exploration. We qualified our audit opinion on the consolidated financial statements for the year ended 31 March 2013 for any adjustments which may have found to be necessary to reduce the Group's net assets as at 31 March 2013 and the Group's results for the year then ended.

Accordingly, we were unable to determine whether the gain or loss arising from the completion of the Repurchase on 26 April 2013 (being the difference between the repurchase consideration and the carrying amount of the Disposal Group as at 26 April 2013), if any, was free from material misstatement. Any adjustment found to be necessary would have an impact on the Group's profit for the year ended 31 March 2014, and would have consequential effect on the related disclosures thereof in the consolidated financial statements for the year ended 31 March 2014.

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 2014 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 Group recorded total revenue of approximately HK$524.5 million, which represented an increase of about 22.1% to that of last year of approximately HK$429.7 million. Gross profit margin of the Group has been decreased to 25.0% for the year under review, as compared to 25.5% of the previous year. The Group recorded a loss attributable to equity holders of approximately HK$12.4 million for the year as compared with a profit attributable to equity holders of HK$17.8 million last year. The loss was mainly attributable to an impairment in value of the Fullpower Loan of approximately HK$17.2 million and write off of certain properties which has no real estate certificate, and plant and equipment of approximately HK$7.5 million and impairment loss of properties, plant and equipment of approximately HK$9.8 million in the segment of manufacture and sale of paper cartons, 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. During the year, the Group has also established a food and beverage business segment engaging in operations of restaurants in Hong Kong.

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$431.1 million from this major business segment, which increased by about 24.0% compared to that of last year of HK$347.7 million. The segment result however, decreased to loss of HK$8.8 million this year as compared to profit of HK$3.4 million last year. The decrease in segment result was mainly due to the impairment loss of properties, plant and equipment of approximately HK$9.8 million and write off of properties, plant and equipment of approximately HK$7.5 million. Excluding the impairment loss of properties, plant and equipment of HK$9.8 million and write off of properties, plant and equipment of HK$7.5 million, the segment result has been improved which was due to increase in turnover by approximately 24.0%. Increase in turnover was primarily due to the increase in orders from customers resulting from the recovery of export market in US and Europe. As a result, our gross profit in this major business segment increased to 19.5% compared with 18.3% in the previous year.

The Group's revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags decreased by 34.5% to approximately HK$14.7 million for the year under review as compared to that of last year of HK$22.4 million. Although the turnover decreased by 34.5%, through stringent cost control measures, the segment recorded profit of HK$0.6 million this year compared to loss of HK$0.7 million last year.

The Group's commercial printing business was improved by the increase in turnover resulting from the increase in new customers demanded for financial printing services of IPO transactions. The revenue generated in this segment increased by 9.7% to HK$65.4 million from HK$59.6 million last year. The profit from this segment increased from HK$0.9 million last year to approximately HK$2.6 million this year.

The business segment of food and beverage is a new business established by the Group during the year. As of 31 March 2014, the Group has operated four restaurants in Hong Kong. The total capital investment of the four restaurants was approximately HK$3.6 million and was financed by internal funding of the Group. During the year, the food and beverage segment recorded revenue of HK$13.3 million and a loss of HK$3.7 million. The loss was mainly attributable to pre-operating expenses incurred for business development at early stage.

The Group's financial assets recorded losses of approximately HK$2.7 million during the year compared to profits of approximately HK$6.9 million last year, while the Group's investment properties recorded a revaluation surplus of approximately HK$7.7 million during the year compared to approximately HK$7.6 million last year.

Fair value of non-current assets held for sale

For the consolidated financial statements of the Company for the year ended 31 March 2014, the independent auditor of the Company has issued a qualified conclusion in respect of the carrying amount of the 25% interest in Suntap, together with shareholder's loan (collectively the "Disposal Asset") as at 26 April 2013 and hence the gain or loss arising from the completion of the Repurchase on 26 April 2013. The basis for qualified conclusion (including, among other things, the consequential effect of any adjustments found to be necessary on the carrying amount of the Disposal Asset) and the qualified conclusion arising from limitation of scope is set out in the section headed "Modifications to the opinion in the independent auditor's report". The said qualified opinion includes basis that the repurchase consideration was predetermined more than two years ago from 31 March 2013 and 26 April 2013. It might not be representative of the fair value of the Disposal Asset as at 31 March 2013 and 26 April 2013. There was no alternative evidence available to determine the fair value of the Disposal Asset as the operations of the associate were at early stage of exploration. Consequently, the independent auditor has expressed that they were unable to determine whether the gain or loss arising from the completion of the Repurchase on 26 April 2013 (being the difference between the Repurchase consideration and the carrying amount of the Disposal Asset as at 26 April 2013), if any, was free from material misstatement.

In this respect, the Company is of the view that the Repurchase has been completed on 26 April 2013 and the total consideration of the Repurchase of HK$65 million has been settled by a payment of HK$25 million in cash by Fullpower and remaining balance of HK$40 million was funded by way of a loan to Fullpower ("Fullpower Loan"). The terms of the Fullpower Loan were arrived after arm's length negotiation between the Company, Fullpower and Mr. Wong and the provision of Fullpower Loan facilitates the completion of Repurchase, such that the Company can immediately receive (after netting off the amount of the Fullpower Loan) HK$25 million in cash. In view of the above and the fact that the Fullpower Loan is secured by collaterals provided by Fullpower and Mr. Wong, the directors consider that the terms of the Fullpower Loan agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole. On this basis, the directors consider that the carrying amount of the Disposal Asset, is representative of the fair value of it to the Company as at 31 March 2013 and 26 April 2013, therefore, no gain or loss arising from the completion of the Repurchase on 26 April 2013 should be recognised for the year ended 31 March 2014.

On this basis, although the Repurchase was not completed as at 31 March 2013, taking into account the subsequent completion on 26 April 2013, the directors consider that the carrying amount of HK$65.0 million of the Disposal Asset is representative of the fair value of it to the Company as at 31 March 2013.

Fullpower Loan

The Fullpower Loan is interest bearing at the rate of 10% per annum and repayable on 31 December 2013 pursuant to the Fullpower Loan agreement. The Fullpower Loan is secured by (i) a share charge in favour of Peace Broad Holdings Limited ("Peace Broad"), a wholly owned subsidiary of the Company, over 16,667 shares in Fullpower, representing approximately one third of the entire issued share capital in Fullpower; and (ii) a share charge in favour of Peace Broad over 28,600,000 Shares (collectively, the "Loan Security"). In addition, there is a personal guarantee given by Mr. Wong in favour of Peace Broad to secure the obligations of Fullpower under the Fullpower Loan agreement.

Fullpower has failed to repay the Fullpower Loan with accrued interest to Peace Broad on the due date. The Company has issued a final demand notice for payment of the amounts due through its legal advisers in January 2014 following repeated demands for repayment made to Fullpower.

In view of the uncertainties in recovering the Fullpower Loan and the agreement of the Offeror to make the Offer of which the details have been laid out in the circular of the Company dispatched on 26 May 2014, the Company has come to a view that disposing of the Fullpower Loan at a discount to the face value thereof for the purpose of recovering part of the Fullpower Loan and minimising the possible loss from the write off of the entire carrying amount of the Fullpower Loan would be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

On 30 April 2014, Peace Broad and Mr. Lo Ming Chi, Charles ("Mr. Lo") entered into an agreement (the "Loan Disposal Agreement"), pursuant to which Peace Broad agreed to sell and assign, and Mr. Lo agreed to purchase and accept the assignment of, all rights, title, benefits and interests of and in the Fullpower Loan (including the Loan Security) at consideration of HK$24.5 million ("Loan Disposal Consideration"). Mr. Lo has paid the Loan Disposal Consideration in cash upon completion of the Loan Disposal, which took place immediately after signing of the Loan Disposal Agreement.

For the year ended 31 March 2014, the Fullpower Loan (with principal amount of HK$40 million) generated interest income of approximately HK$2.7 million (based on the interest rate of 10% per annum for the period from 26 April 2013 to 31 December 2013), of which approximately HK$1.0 million was paid by Fullpower in July 2013. Based on the Loan Disposal Consideration of HK$24.5 million and the carrying amount of the Fullpower Loan of approximately HK$41.7 million, included in the other operating expenses, the Company recorded an impairment loss of loan receivable of approximately HK$17.2 million for the year ended 31 March 2014.

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 2014 amounted to approximately HK$135.3 million. Its gearing ratio as at 31 March 2014 was 2.8% (2013: 4.7%), based on the interest-bearing bank borrowings of approximately HK$13.6 million (2013: HK$24.5 million) and total equity of the Group of HK$485.8 million (2013: HK$522.7 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 2014, 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 2014, corporate guarantees amounting to approximately HK$328.3 million (2013: HK$174.6 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$64.8 million (2013: HK$53.1 million).

Prospects

On 26 May 2014, the Company has published a circular (the "Circular") regarding the proposed resolutions of share premium reduction ("Share Premium Reduction"), the very substantial disposal of Brilliant Stage Group (the "Asset Reorganisation") and special distribution of dividend of HK$0.5 per share ("Special Distribution"). The proposed resolutions of Share Premium Reduction, Asset Reorganisation and Special Distribution have been approved by the shareholders at the Special General Meeting ("SGM") held on 11 June 2014. The poll result of SGM has also been published on 11 June 2014.

Upon the completion of the Asset Reorganisation, the Group will be principally engaged in two major segments (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

Commercial printing business

The operating environment of the commercial printing business is competitive; the Group has been continuously marketing its services mainly through cold calls and road show presentations. In order to market its one-stop financial printing services, the Group has also provided ancillary printing support services to listed companies, including the design of corporate publications, document management, provision of virtual data room and electronic book for publication of corporate documents. In order to achieve sales growth, the Group will continuously strengthen the business development team through recruitment of high calibre sales and marketing persons in business networking.

Due to the seasonality of financial printing for listed companies, the Group will also strive to enlarge its customer base to include clients other than listed companies, such as government authorities, non-profit making organisation and universities in Hong Kong through provision of printing service of marketing materials (e.g. brochures, pamphlets and any other marketing materials, etc).

Manufacturing and sale of hangtags, labels, shirt paper boards and plastic bags business

The business of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags has been adversely affected by the declining economy in European countries in recent years. The retail industries in European markets suffered from the financial crisis back in 2009 and the Group has recorded a significant reduction in sales orders from its existing customers. According to International Monetary Fund World Economic Outlook Update in January 2014, the Euro area is turning the corner from recession to recovery, of which the growth is projected to strength to 1% in 2014 and 1.4% in 2015. The management of the Group expects the retail industries in European markets will gradually recover and the sales of this segment can be improved in future years through its marketing strategies as described below.

In order to achieve sales growth, the Group will continuously strengthen its relationship with its existing customers and its business development team to widen its customer base. The Group plans to expand its sales and marketing force and/or appoint marketing agency in its subsidiary in the United Kingdom to source sales orders from European markets. Apart from strengthening the relationship with original equipment manufacturing customers, the Group will market its business directly to retailers, through overseas visits to customers' office, to achieve marketing efficiency.

To manage the seasonality of the business, the Group will seek an optimal manufacturing and labour capacity through sub-contracting to improve cost and production efficiency, and to support the potential sales recovery.

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

DIVIDENDS

The Directors did not recommended the payment of final dividend (2013: HK2 cents per share) for the year ended 31 March 2014. No interim dividend (2013: Nil) have been recommended this year. Total dividend for the year is nil (2013: HK2 cents per share). Special dividend of HK$0.5 per share (2013: Nil) have been approved in the special general meeting held on 11 June 2014 which would be paid on or about 4 July 2014.

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 2014.

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 2014. This preliminary announcement of the Group's results for the year ended 31 March 2014 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 2014 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 2014.

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, 19 June 2014

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.