2009
Annual Report

CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1196

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lui Shing Ming, Brian *(Chairman)*
Lui Shing Cheong *(Managing Director)*
Lui Shing Chung, Victor
Lam Chun Kong*
Lo Wing Man*
Ng Lai Man, Carmen*

* *Independent Non-executive Directors*

AUDIT COMMITTEE

Ng Lai Man, Carmen *(Chairman)*
Lam Chun Kong
Lo Wing Man

REMUNERATION COMMITTEE

Lo Wing Man *(Chairman)*
Ng Lai Man, Carmen
Lam Chun Kong
Lui Shing Ming, Brian

COMPANY SECRETARY

Ong King Keung

SOLICITORS

Jennifer Cheung & Co.

INDEPENDENT AUDITORS

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central, Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

4th Floor, Mai Sik Industrial Building
1-11 Kwai Ting Road
Kwai Chung
New Territories
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

STOCK CODE

1196

COMPANY WEBSITE

http://www.cheongming.com

RESULTS

The Group recorded a total revenue of approximately HK$519.6 million and a loss attributable to equity holders of approximately HK$6.6 million for the year ended 31 March 2009. Basic loss per share was HK1.08 cents, based on the weighted average of 609,163,826 shares in issue during the year.

DIVIDENDS

An interim dividend of HK1 cent per share (2008: HK1 cent per share) was paid in January 2009. The Directors do not recommend the payment of final dividend (2008: HK2 cents per share).

BUSINESS REVIEW

The economy climate in 2009 was extraordinarily difficult. Overall business environment experienced drastic adverse change and turmoil due to the global financial tsunami. The Group's operation was affected unavoidably. 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. The Group recorded a total revenue of approximately HK$519.6 million, which represented a decrease of about 19.9% to that of last year of approximately HK$648.7 million. Gross profit margin of the Group was 24.9% for the year under review, as compared to 24.6% of the previous year. The Group recorded loss attributable to equity holders of approximately HK$6.6 million. The loss was mainly resulted from a decrease in the Group's revenue during the year due to the decline in the export market and global customer demand in packaging as well as hangtags and labels, and fair value loss arising principally from the Group's financial assets in equity linked notes and listed equity investments caused by the adverse conditions of the global financial markets.

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$427.6 million from this major business segment, which decreased by about 12.1% compared to that of last year of HK$486.5 million. The profit from this segment decreased from HK$19.0 million last year to approximately HK$0.4 million this year. The decrease in turnover and profit from this segment was due to the slowdown of the US and European markets.

The Group's revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags decreased about 64.8% to approximately HK$31.2 million for the year under review as compared to that of last year of HK$88.6 million. This segment suffered loss of about HK$2.2 million for the year as against a profit of HK$20.6 million last year. Its performance was adversely affected by the decrease of overseas sales orders and disposal of Shanghai Fastabs Printing Company Limited in November 2007.

The Group's business in commercial printing was adversely affected by the reduction in the market. The revenue and profit from this segment for the year ended 31 March 2009 were approximately HK$60.8 million and HK$9.5 million, respectively as compared to approximately HK$73.6 million and HK$11.9 million, respectively of last year.

The selling and distribution costs, administrative expenses and other operating expenses were approximately HK$22.2 million (2008: HK$29.2 million), HK$99.8 million (2008: HK$100.6 million) and HK$21.5 million (2008: HK$15.0 million), respectively. The increase in other operating expenses was mainly due to the increase in fair value loss of the Group's financial assets. Due to the financial tsunami, the performance of the Group's financial assets was under pressure and recorded fair value loss of HK$17.5 million during the year. In order to retain adequate financial resources to cope with the uncertain market situations, the portfolio of the financial assets was reduced and more cash was kept at the year end.

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 2009 amounted to approximately HK$181.9 million. Its gearing ratio as at 31 March 2009 was 5.0% (2008: 9.0%), based on the short term and long term interest bearing bank borrowings of approximately HK$21.8 million (2008: HK$41.5 million) and the equity attributable to equity holders of the Company of HK$437.0 million (2008: HK$461.7 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 2009, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars was relatively stable under the current peg system, and the hedging of revenue received, and costs incurred, by the Group in Renminbi.

Financial Guarantees and Charges on Assets

As at 31 March 2009, corporate guarantees amounting to approximately HK$162.7 million (2008: HK$127.2 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$10.3 million (2008: HK$46.5 million).

PROSPECTS

It is expected that the operating environment in the printing industry will continue to be tough and difficult under the financial tsunami. In order to meet the anticipated challenges and stay competitive, the Group will continue to implement stringent cost controls and effectiveness strategies. These include reducing fixed costs for the manufacturing operations, effective management in purchases and inventories level and credit tightening on customers.

The management believes that the Group's strong financial position will enable the Group to develop its business when suitable opportunities arise.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2009, the Group had a total workforce of approximately 1,250, of whom approximately 1,100 were based in the People's Republic of China and the balance in Hong Kong.

Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, 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.

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 2009.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our staff for their dedication and contributions and our customers, suppliers, business associates and shareholders for their continuous support at the present difficult business environment.

By Order of the Board
Lui Shing Ming Brian
Chairman

Hong Kong, 17 July 2009

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

EXECUTIVE DIRECTORS

Mr. Lui Shing Ming, Brian, aged 49, is the Chairman of the Company responsible for the Group's overall corporate policy and strategy. He holds a Master Degree in Commerce from the University of New South Wales, Australia, and is a fellow member of the CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is currently an independent non-executive director of Four Seas Food Investment Holdings Limited (Stock Code: 60), a company whose shares are listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). He first joined the Group in 1986, left in 1989 and rejoined the Group in 1991.

Mr. Lui Shing Cheong, aged 55, is the Managing Director of the Company responsible for the management and development of the Group. Prior to joining the Group in June 1994, Mr. Lui had more than 18 years of experience in the electronic and the telecommunication industries and worked for an international telecommunications company as a product technology engineer for 12 years. Mr. Lui holds a Bachelor Degree in Electrical Engineering and a Bachelor Degree in Chemical Engineering from the University of Wisconsin, USA.

Mr. Lui Shing Chung, Victor, aged 46, has overall responsibility for the operational system of the Group. Prior to joining the Group in June 1993, he worked for an international telecommunications company for 6 years. Mr. Lui holds a Bachelor Degree in Electrical Engineering from the University of Wisconsin, USA.

Mr. Lui Shing Ming, Brian, Mr. Lui Shing Cheong and Mr. Lui Shing Chung, Victor are brothers.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lam Chun Kong, aged 57, is the Managing Director of Nature & Technologies (HK) Limited, which is engaged in the provision of environmental and energy management solution services. Dr. Lam has more than 30 years of experience in environmental and thermal power engineering work. He holds a Doctorate Degree of Philosophy from The University of Queensland, Australia and a Master Degree of Science from The University of Manchester, the United Kingdom. Dr. Lam is a fellow member of The Hong Kong Institution of Engineers and the Hong Kong Institute of Acoustics and a member of each of The Institution of Mechanical Engineers, the United Kingdom and The Institute of Acoustics Ltd., the United Kingdom. Dr. Lam was an independent non-executive director of China Jin Hui Mining Corporation Limited (formerly known as Linfair Holdings Limited) (Stock Code: 462) until 8 April 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Mr. Lo Wing Man, aged 55, is the Managing Director of Chun Ming Engineering Co., Ltd., which is licensed as a Registered Lift and Escalator Contractor. Mr. Lo holds a Bachelor of Science Degree from the University of Wisconsin, USA. He is also the Chairman of the board of directors of Chun Ming Elevators (China) Ltd., which runs an elevator services operation in Zhuhai, the PRC.

Dr. Ng Lai Man, Carmen, aged 44, is a practising accountant in Hong Kong. She has nearly 20 years of experience in professional accounting and corporate finance in Hong Kong, China, U.S.A. and Europe. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Certified Chartered Accountants in the United Kingdom, and an associate member of the Institute of Chartered Accountants in England and Wales. She received her Doctor of Business Administration degree from The Hong Kong Polytechnic University, Master in Laws (Corporate and Finance Laws) degree from The University of Hong Kong, Master in Business Administration degree from The Chinese University of Hong Kong, and Master in Professional Accounting degree from The Hong Kong Polytechnic University. Dr. Ng is currently an independent non-executive director of Goldin Properties Holdings Limited (formerly known as Matsunichi Communication Holdings Limited) (Stock Code: 283) and eSun Holdings Limited (Stock Code: 571), the companies whose shares are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Yuen Hung, aged 74, is the General Manager and a Director of Chun Ming Printing Factory Company Limited. He has more than 50 years of experience in the printing industry. He joined the Group in 1965.

Mr. Ng Wing Tim, aged 64, is a Senior Manager of the Group's Dalingshan factory in Dongguan, the PRC. He has more than 30 years of experience in the plastic bag and printing business. He joined the Group in 1975.

Mr. Lui Kai Wa, aged 48, is the General Manager of the Group's Dalingshan factory in Dongguan, the PRC. He has more than 16 years of experience in the printing and paper products industry. He joined the Group in September 1996.

Mr. Tong Tak Ming, aged 49, is the Senior Production Manager of the Group's Dalingshan factory in Dongguan, the PRC. He has more than 16 years of experience in the book printing and paper products industry. He joined the Group in April 2003.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

SENIOR MANAGEMENT (Continued)

Miss Ng Shuk Fong, Aman, aged 44, is the Administration and Personnel Manager of the Group. She holds a Bachelor of Social Sciences Degree and a Bachelor of Arts Degree from the University of Ottawa, Canada. She joined the Group in 1993. She is the spouse of Mr. Lui Shing Chung, Victor and a sister-in-law of Mr. Lui Shing Ming, Brian and Mr. Lui Shing Cheong.

Mr. Ong King Keung, aged 33, is the Chief Financial Officer and Company Secretary of the Group. He holds a Master Degree in Corporate Finance from the City University of Hong Kong and a Bachelor Degree in Accountancy from The Hong Kong Polytechnic University, and is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Mr. Ong joined the Group in April 2008.

Mr. Ng Wai Li, Adrian, aged 39, is the Financial Controller of the Group. He holds a Bachelor Degree of Accounting from the University of New South Wales in Australia, and is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Ng joined the Group in July 2005.

Mr. Li Chun Sing, aged 52, is the Operation Director of Capital Financial Press Limited. Mr. Li has more than 18 years of experience in the financial printing industry. He holds an electrical engineering diploma and printing, publishing and typesetting diploma. Prior to joining the Group in 1998, he worked in one of the leading financial printing companies in Hong Kong for 8 years.

Mr. Yuen Wai Kin, Roger, aged 43, is the General Manager of Chun Ming Printing Factory Company Limited. He holds a Bachelor of Arts Degree from Carleton University, Canada, and joined the Group in 1993.

Mr. Lai Yan Yee, Alan, aged 48, is a Sales and Marketing Manager of the Group. He has more than 16 years of experience in the book printing and paper products industry. He joined the Group in 1998.

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 March 2009 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 25 to 96.

An interim dividend of HK1 cent per share, amounting to an aggregate of approximately HK$6.1 million was paid in cash in January 2009. The Directors do not recommend the payment of final dividend.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated upon the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") as appropriate. This summary does not form part of the audited financial statements.

The results for the three years ended 31 March 2005, 2006 and 2007 have not been adjusted for the adoption of new HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 April 2007.

SUMMARY FINANCIAL INFORMATION (Continued)

Results

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**519,638**	648,730	574,882	554,343	502,183
Profit/(loss) from operations	**(5,956)**	51,832	33,812	47,970	38,764
Finance costs	**(1,970)**	(3,047)	(2,182)	(1,558)	(638)
Profit/(loss) before income tax	**(7,926)**	48,785	31,630	46,412	38,126
Income tax credit/(expense)	**1,323**	(6,687)	(4,730)	(6,347)	(3,175)
Profit/(loss) for the year	**(6,603)**	42,098	26,900	40,065	34,951
Attributable to:					
Equity holders of the Company	**(6,603)**	42,098	26,359	40,662	34,951
Minority interests	**–**	–	541	(597)	–
Profit/(loss) for the year	**(6,603)**	42,098	26,900	40,065	34,951

SUMMARY FINANCIAL INFORMATION (Continued)

Assets and Liabilities

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**177,262**	187,132	183,941	189,710	192,093
Investment properties	**–**	460	19,430	18,220	16,462
Prepaid lease payments	**15,670**	16,071	16,472	14,502	14,875
Deferred tax assets	**2,385**	–	–	–	–
Goodwill	**–**	–	–	–	211
Current assets	**355,233**	424,609	385,869	303,427	284,300
Total assets	**550,550**	628,272	605,712	525,859	507,941
Current liabilities	**92,225**	140,766	176,901	117,706	135,825
Interest-bearing borrowings	**13,750**	17,837	28,043	21,100	12,000
Deferred tax liabilities	**7,597**	7,961	4,599	4,171	3,492
Total liabilities	**113,572**	166,564	209,543	142,977	151,317
Net assets	**436,978**	461,708	396,169	382,882	356,624
Minority interests	**–**	–	4,467	1,203	–

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND PREPAID LEASE PAYMENTS

Details of the movements in the property, plant and equipment, investment properties and prepaid lease payments of the Group are set out in notes 14, 15 and 16, respectively, to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the Company's share capital and share options during the year are set out in notes 26 and 27, respectively, to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its shareholders.

RESERVES

Details of the movements in the reserves of the Company and of the Group during the year are set out in note 28 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 March 2009 are set out in note 28 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers were as follows:

(1) The aggregate amount of turnover attributable to the Group's five largest customers represented 32.5% of the Group's total turnover. The amount of sales to the Group's largest customer represented 7.4% of the Group's total turnover.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented 44.1% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented 16.8% of the Group's total purchases.

None of the directors of the Company, their associates or any shareholder (who, to the best knowledge of the directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

DIRECTORS

The directors of the Company during the year were as follows:

Executive directors:

Mr. Lui Shing Ming, Brian
Mr. Lui Shing Cheong
Mr. Lui Shing Chung, Victor
Mr. Lui Chi (resigned on 1 September 2008)

Independent non-executive directors:

Dr. Lam Chun Kong
Mr. Lo Wing Man
Dr. Ng Lai Man, Carmen

Mr. Lui Shing Ming, Brian and Mr. Lui Shing Cheong will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with Bye-law 87 of the Company's Bye-laws.

The Independent non-executive directors are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Bye-laws.

The Company has received annual confirmation of independence from Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man, Carmen and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No director of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Connected transaction" below, no director had a material interest directly or indirectly in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

DISCLOSURE OF INTERESTS

As at 31 March 2009, the interests of the directors in the shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

	Number of shares held				
Name of director	Personal interests (held as beneficial owner)	Family interests	Other interests	Total interests	Total interests as % of the issued share capital
Mr. Lui Shing Ming, Brian	5,468,750	–	318,895,286 *(Note 1)*	324,364,036	53.24%
Mr. Lui Shing Cheong	3,906,250	–	318,895,286 *(Note 1)*	322,801,536	52.99%
Mr. Lui Shing Chung, Victor	3,906,250	1,562,500 *(Note 2)*	318,895,286 *(Note 1)*	324,364,036	53.24%

Notes:

1. These shares are owned by Harmony Link Corporation, a company incorporated in the British Virgin Islands. Approximately 48.4% of the issued share capital of Harmony Link Corporation is held by The Lui Family Company Limited as trustee of The Lui Unit Trust. All units (except 1 unit which is owned by Mr. Lui Shing Ming Brian) of The Lui Unit Trust are held by Trident Trust Company (B.V.I.) Limited (formerly known as "Trident Corporate Services (B.V.I.) Limited") as trustee of a discretionary trust, the discretionary objects of which include Messrs. Lui Shing Ming Brian, Lui Shing Cheong and Lui Shing Chung, Victor. Messrs. Lui Shing Ming Brian, Lui Shing Chung Victor and Lui Shing Cheong further own approximately as to 24.13%, 14.59% and 12.88% of the issued share capital of Harmony Link Corporation respectively.

2. These shares are owned by the spouse of Mr. Lui Shing Chung, Victor.

DISCLOSURE OF INTERESTS (Continued)

In addition to the above, certain directors have non-beneficial interests in certain subsidiaries held for the benefit of the Company.

Save as disclosed above, as at 31 March 2009, none of the directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2009, the following persons (other than a director or chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held	Percentage of issued capital
Mr. Lui Chi	Founder of a discretionary trust	318,895,286 *(Note 1)*	52.35%
Madam Ng Sze Mui	Founder of a discretionary trust	318,895,286 *(Note 1)*	52.35%
Madam Ng Shuk Fong, Aman	Beneficial owner and interest of spouse	324,364,036 *(Note 2)*	53.24%
Harmony Link Corporation	Beneficial owner	318,895,286	52.35%
The Lui Family Company Limited	Trustee	318,895,286 *(Note 3)*	52.35%
Trident Trust Company (B.V.I.) Limited (formerly known as "Trident Corporate Services (B.V.I.) Limited")	Trustee	318,895,286 *(Note 3)*	52.35%

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. These shares are held by Harmony Link Corporation. Mr. Lui Chi and his spouse, Madam Ng Sze Mui, are founders of the discretionary trust mentioned in Note 1 to the section headed "Disclosure of interests" above.

2. Interests in these shares include interests in 1,562,500 shares held by Madam Ng Shuk Fong, Aman personally and interests in 322,801,536 shares held by her spouse, Mr. Lui Shing Chung, Victor as disclosed in the section headed "Disclosure of interests" above.

3. These shares are held by Harmony Link Corporation. Please refer to Note 1 to the section headed "Disclosure of interests" above.

Save as disclosed above, as at 31 March 2009, there was no person who had any interest or short position in the shares or underlying shares of the Company according to the register of interest required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

On 5 September 2002, the Company's share option scheme adopted on 27 December 1996 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted. As at 31 March 2009, the outstanding options granted under the Old Scheme had either been exercised or lapsed and no options had been granted under the New Scheme.

Details of the Company's share option schemes are stated in note 27 to the financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors or any of their respective associates has interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

CONNECTED TRANSACTION

During the year, the Company had the following connected transaction within the meaning of Chapter 14A of the Listing Rules:

On 2 June 2008, the Group entered into two agreements with Mr. Lui Shing Ming Brian, an executive director of the Company, in relation to the disposal of the properties known as Factory Unit A of 2nd, 6th, 9th and 10th floors, Factory Unit B of 5th, 6th, 9th, 10th and 13th floors and Car Parks Nos. 4, 11 and 20 on the ground floor of Mai Sik Industrial Building, Nos. 1-11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong, for an aggregate cash consideration of HK$24.74 million. The transaction was completed in July 2008.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including for the provision of services to the Group.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 18 to 22.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the directors, the Company had maintained the prescribed public float under the Listing Rules throughout the year under review.

AUDITORS

The Company's auditors, Grant Thornton, retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

For and on behalf of the Board

Lui Shing Ming Brian
Chairman

Hong Kong, 17 July 2009

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices. It met all the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2009 except for the deviation from Code provision A.4.1 in that the non-executive directors were not appointed for a specific term. However, as the Bye-laws of the Company stipulate that one-third of the directors shall retire from office by rotation so that each director shall be subject to retirement at least once every three years, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the Code.

DIRECTORS' SECURITIES TRANSACTIONS

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 2009.

BOARD OF DIRECTORS

The Company is governed by a board of directors (the "Board") which has the responsibility for leadership and monitoring of the Company. The directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's activities with a view to develop its business and to enhance shareholder value.

The Board met 10 times during the year ended 31 March 2009. Its composition and the attendance of individual directors at these board meetings were follows:

Name	Number of meetings held during the director's term of office	Number of meetings attended
Executive directors		
Lui Shing Ming, Brian *(Chairman)*	10	10
Lui Shing Cheong *(Managing Director)*	10	8
Lui Shing Chung, Victor	10	10
Lui Chi *(Resigned on 1 September 2008)*	6	5
Independent non-executive directors		
Lam Chun Kong	10	7
Lo Wing Man	10	7
Ng Lai Man, Carmen	10	7

On 1 September 2008:

1. Mr. Lui Chi resigned as the Chairman and a director of the Company due to his senior age. He remains as a consultant of the Company;

2. Mr. Lui Shing Ming, Brian became the Chairman of the Board and ceased to be the Managing Director of the Company; and

3. Mr. Lui Shing Cheong became the Managing Director of the Company.

Messrs. Lui Shing Ming, Brian, Lui Shing Cheong and Lui Shing Chung, Victor are brothers. Mr. Lui Chi is their father.

CHAIRMAN AND MANAGING DIRECTOR

The roles of Chairman and Managing Director of the Company are separated, with a clear division of responsibilities to assume a balance of authority and power.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Managing Director is responsible for the day-to-day management of the Group's business, especially the Mainland China operation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Group benefits from the experience and expertise of the independent non-executive directors of the Company. They advise the Company on strategy development and enable the Board to maintain high standards of compliance of financial and other mandatory requirements. Each independent non-executive director of the Company gives an annual confirmation of the independence to the Company and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

All the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Bye-laws of the Company, which 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.

REMUNERATION OF DIRECTORS

The Remuneration Committee has 4 members, comprising Mr. Lo Wing Man, Dr. Lam Chun Kong, Dr. Ng Lai Man, Carmen (all independent non-executive directors) and Mr. Lui Shing Ming, Brian, an executive director of the Company. This Committee is chaired by Mr. Lo Wing Man.

The terms of reference of the Remuneration Committee have been determined with reference to the Code.

The Remuneration Committee met once during the year. All members attended this meeting.

The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, the levels of remuneration paid to executive directors and senior management of the Group.

NOMINATION OF DIRECTORS

Executive directors identify potential new directors and recommend to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment.

Potential new directors are selected on the basis of their qualifications, skills and experience which the directors consider will make a positive contribution to the performance of the Board.

During the year, no new director had been appointed.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The directors acknowledge their responsibility for preparing the financial statements of the Company. As at 31 March 2009, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Independent Auditors' Report attached to the Company's Financial Statements for the year ended 31 March 2009.

Internal Controls

The Board conducts regular review and evaluation of the ongoing effectiveness and adequacy of the Group's internal control system covering all controls, including financial, operational, compliance and risk management controls. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The result has been reported to the Audit Committee. Appropriate measures and actions have been taken during the year ended 31 March 2009 on areas where rooms for improvement were identified.

AUDITORS' REMUNERATION

For the year ended 31 March 2009, fees paid/payable to the Company's external auditors for audit services totalled HK$933,000, compared with HK$933,000 in the previous year. For non-audit services, the fees amounted to HK$153,000, compared with HK$153,000 in the previous year. The significant non-audit service assignments covered by these fees include the following:

Services rendered	Fees paid/payable (HK$'000)
– Review on 2009 interim results	120
– Review on announcement of 2009 annual results	33
	153

AUDIT COMMITTEE

The Audit Committee has 3 members, comprising Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man (all independent non-executive directors). This Committee is chaired by Dr. Ng Lai Man, Carmen.

The terms of reference of the Audit Committee follow the guidelines set out in the Code. During the year, the Audit Committee had reviewed the Group's interim and annual results, internal control system and financial reporting matters.

The Audit Committee met 4 times during the year, which were attended by all members.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the Company has established, including but not limited to, the following various channels:

1. annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the directors are available at annual general meetings to address shareholders' queries;

2. separate resolutions are proposed at general meetings on each substantially separate issue to facilitate the enforcement of shareholders' rights. Pursuant to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2009 annual general meeting of the Company will be voted by poll;

3. interim and annual results are announced as early as possible so that the shareholders are kept informed of the Group's performance and operations; and

4. corporate website www.cheongming.com contains extensive information and updates on the Company's business developments and operations, financial information and other information.

Grant Thornton
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Member of Grant Thornton International Ltd

To the members of
Cheong Ming Investments Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Cheong Ming Investments Limited (the "Company") and its subsidiaries (together with the Company referred to as the "Group") set out on pages 25 to 96, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, 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 2009 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.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

17 July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	6	**519,638**	648,730
Cost of sales		**(390,209)**	(489,287)
Gross profit		**129,429**	159,443
Other operating income	7	**8,116**	37,187
Selling and distribution costs		**(22,174)**	(29,175)
Administrative expenses		**(99,799)**	(100,603)
Other operating expenses		**(21,528)**	(15,020)
(Loss)/Profit from operations	8	**(5,956)**	51,832
Finance costs	9	**(1,970)**	(3,047)
(Loss)/Profit before income tax		**(7,926)**	48,785
Income tax credit/(expense)	10	**1,323**	(6,687)
(Loss)/Profit for the year attributable to the equity holders of the Company	11	**(6,603)**	42,098
Dividends	12	**6,092**	18,275
(Loss)/Earnings per share for (loss)/profit for the year attributable to the equity holders of the Company	13		
– Basic		**HK(1.08) cents**	HK7.20 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**177,262**	187,132
Investment properties	15	**–**	460
Prepaid lease payments	16	**15,670**	16,071
Deferred tax assets	29	**2,385**	–
		195,317	203,663
Current assets			
Properties held for sale	18	**–**	24,632
Inventories	19	**42,953**	65,415
Trade receivables	20	**84,541**	109,233
Prepayments, deposits and other receivables	21	**12,530**	15,188
Financial assets at fair value through profit or loss	22	**32,636**	93,975
Cash and cash equivalents	23	**181,934**	116,166
Tax receivable		**639**	–
		355,233	424,609
Current liabilities			
Trade payables	24	**50,460**	78,307
Accrued liabilities and other payables		**26,239**	28,944
Interest-bearing borrowings	25	**8,000**	23,687
Tax payable		**7,526**	9,828
		92,225	140,766
Net current assets		**263,008**	283,843
Total assets less current liabilities		**458,325**	487,506
Non-current liabilities			
Interest-bearing borrowings	25	**13,750**	17,837
Deferred tax liabilities	29	**7,597**	7,961
		21,347	25,798
Net assets		**436,978**	461,708

CONSOLIDATED BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	26	**60,916**	60,916
Reserves	28	**376,062**	388,609
Proposed dividend	12	**–**	12,183
Total equity		**436,978**	461,708

LUI SHING MING, BRIAN
Director

LUI SHING CHUNG, VICTOR
Director

BALANCE SHEET

As at 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	17	**116,995**	116,995
Current assets			
Amounts due from subsidiaries	17	**174,909**	179,333
Prepayments, deposits and other receivables	21	**172**	284
Cash and cash equivalents	23	**567**	180
Tax receivable		**421**	–
		176,069	179,797
Current liabilities			
Amounts due to subsidiaries	17	**2,307**	2,307
Accrued liabilities and other payables		**1,518**	385
Tax payable		**–**	150
		3,825	2,842
Net current assets		**172,244**	176,955
Total assets less current liabilities		**289,239**	293,950
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	26	**60,916**	60,916
Reserves	28	**228,323**	220,851
Proposed dividend	12	**–**	12,183
Total equity		**289,239**	293,950

LUI SHING MING, BRIAN
Director

LUI SHING CHUNG, VICTOR
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	**(7,926)**	48,785
Adjustments for:		
Interest expense	**1,970**	3,047
Interest income	**(3,784)**	(6,731)
Impairment loss of goodwill arising from acquisition of additional interests in a subsidiary	**–**	2,958
Dividend income from financial assets at fair value through profit or loss	**(326)**	(458)
Loss/(Gain) on disposal of financial assets at fair value through profit or loss	**5,224**	(3,971)
Loss/(Gain) on disposal of property, plant and equipment	**587**	(644)
Loss/(Gain) on disposal of properties held for sale	**53**	(14,959)
Fair value loss on financial assets at fair value through profit or loss	**12,310**	10,377
Depreciation of property, plant and equipment	**20,962**	24,964
Amortisation of prepaid lease payments	**401**	401
Surplus on revaluation of leasehold land and buildings	**–**	(1,214)
Fair value gain on investment properties	**–**	(80)
Fair value gain on properties held for sale	**–**	(3,485)
Allowance for impairment on trade receivables	**581**	87
Allowance for impairment on other receivables	**2,648**	810
Bad debts expenses	**118**	–
Loss on disposal of a subsidiary	**–**	875
Operating profit before working capital changes	**32,818**	60,762
Decrease in inventories	**22,462**	4,832
Decrease in trade receivables	**23,993**	19,393
Decrease in prepayments, deposits and other receivables	**10**	1,116
Decrease/(Increase) in financial assets at fair value through profit or loss	**43,805**	(50,625)
Decrease in amount due from a related company	**–**	2,200
Decrease in trade payables	**(27,847)**	(13,806)
(Decrease)/Increase in accrued liabilities and other payables	**(2,705)**	9,258
Cash generated from operations	**92,536**	33,130
Interest received	**3,784**	6,731
Interest paid	**(1,970)**	(3,047)
Dividend received from financial assets at fair value through profit or loss	**326**	458
Income tax paid	**(4,609)**	(10,262)
Net cash generated from operating activities	**90,067**	27,010

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		**(10,532)**	(20,711)
(Placement)/Withdrawal of bank deposits		**(15,658)**	27,546
Proceeds from disposal of property, plant and equipment		**656**	1,319
Proceeds from disposal of properties held for sale		**24,579**	33,381
Acquisition of additional interests in a subsidiary		**–**	(7,425)
Proceeds from disposal of a subsidiary, net of cash disposed		**–**	7,003
Net cash (used in)/generated from investing activities		**(955)**	41,113
Cash flows from financing activities			
Dividends paid		**(18,275)**	(24,367)
Repayment of trust receipt loans		**–**	(4,396)
Repayment of bank loans		**(35,478)**	(45,973)
Borrowing of bank loans		**16,250**	27,500
Net proceeds from rights issue		**–**	41,135
Net cash used in financing activities		**(37,503)**	(6,101)
Net increase in cash and cash equivalents		**51,609**	62,022
Cash and cash equivalents at beginning of year		**115,620**	54,626
Effect of foreign exchange rate changes		**(953)**	(1,028)
Cash and cash equivalents at end of year	23	**166,276**	115,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Equity attributable to equity holders of the Company										
	Share capital	Share premium account	Contributed surplus	Asset revaluation reserve	Capital reserve	Exchange reserve	Retained profits	Proposed dividend	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2007	48,733	66,843	34,080	22,079	–	248	201,444	18,275	391,702	4,467	396,169
Exchange difference on consolidation	–	–	–	–	–	(1,028)	–	–	(1,028)	–	(1,028)
Reserve realised upon disposal of land and buildings	–	–	–	(2,878)	–	–	2,878	–	–	–	–
Reversal of deferred tax upon disposal of land and buildings	–	–	–	(374)	–	–	475	–	101	–	101
Revaluation surplus on leasehold land and buildings	–	–	–	15,193	–	–	–	–	15,193	–	15,193
Deferred tax charge	–	–	–	(3,126)	–	–	–	–	(3,126)	–	(3,126)
Net income/(expense) recognised directly in equity	–	–	–	8,815	–	(1,028)	3,353	–	11,140	–	11,140
Profit for the year	–	–	–	–	–	–	42,098	–	42,098	–	42,098
Total recognised income/(expense) for the year	–	–	–	8,815	–	(1,028)	45,451	–	53,238	–	53,238
Issue of shares	12,183	30,458	–	–	–	–	–	–	42,641	–	42,641
Share issuance expenses	–	(1,506)	–	–	–	–	–	–	(1,506)	–	(1,506)
Acquisition of minority shares in a subsidiary	–	–	–	–	–	–	–	–	–	(4,467)	(4,467)
Transfer to capital reserve	–	–	–	–	9,900	–	(9,900)	–	–	–	–
Final 2007 dividend paid	–	–	–	–	–	–	–	(18,275)	(18,275)	–	(18,275)
Interim 2008 dividend paid	–	–	–	–	–	–	(6,092)	–	(6,092)	–	(6,092)
Proposed final 2008 dividend	–	–	–	–	–	–	(12,183)	12,183	–	–	–
At 31 March 2008	**60,916**	**95,795**	**34,080**	**30,894**	**9,900**	**(780)**	**218,720**	**12,183**	**461,708**	**–**	**461,708**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2009

	Equity attributable to equity holders of the Company								
	Share capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Proposed dividend HK$'000	Total equity HK$'000
At 1 April 2008	60,916	95,795	34,080	30,894	9,900	(780)	218,720	12,183	461,708
Exchange difference on consolidation	–	–	–	–	–	(953)	–	–	(953)
Reserve realised upon disposal of land and buildings	–	–	–	(136)	–	–	136	–	–
Reversal of deferred tax upon disposal of land and buildings	–	–	–	(77)	–	–	101	–	24
Revaluation surplus on leasehold land and buildings	–	–	–	1,343	–	–	–	–	1,343
Deferred tax credit arising from change of tax rate	–	–	–	14	–	–	–	–	14
Deferred tax charge	–	–	–	(280)	–	–	–	–	(280)
Net income/(expense) recognised directly in equity	–	–	–	864	–	(953)	237	–	148
Loss for the year	–	–	–	–	–	–	(6,603)	–	(6,603)
Total recognised income/(expense) for the year	–	–	–	864	–	(953)	(6,366)	–	(6,455)
Final 2008 dividend paid	–	–	–	–	–	–	–	(12,183)	(12,183)
Interim 2009 dividend paid	–	–	–	–	–	–	(6,092)	–	(6,092)
At 31 March 2009	**60,916**	**95,795**	**34,080**	**31,758**	**9,900**	**(1,733)**	**206,262**	**–**	**436,978**

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and its principal place of business is located at 4/F, Mai Sik Industrial Building, 1-11 Kwai Ting Road, Kwai Chung, N.T., Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. Its subsidiaries (together with the Company referred to as the "Group") are principally engaged in the following activities:

– manufacture and sale of paper cartons, packaging boxes and children's novelty books

– manufacture and sale of hangtags, labels and shirt paper boards and plastic bags

– commercial printing

Details of the principal activities of the principal subsidiaries are set out in note 17 to the financial statements.

The directors consider Harmony Link Corporation, a company incorporated in the British Virgin Islands, to be the ultimate holding company.

The financial statements on pages 25 to 96 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"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial statements for the year ended 31 March 2009 were approved by the board of directors on 17 July 2009.

2. ADOPTION OF NEW OR AMENDED HKFRSs

Adoption of new or amended HKFRSs effective on or after 1 April 2008

In the current year, the Group has applied, for the first time, the following new HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008.

HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

Adoption of new or amended HKFRSs effective on or after 1 April 2008 (Continued)

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

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

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate[1]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement – Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2008[6]
HKFRS (Amendments)	Improvements to HKFRS 2009[7]

2. ADOPTION OF NEW OR AMENDED HKFRSs (Continued)

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

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 July 2008
[4] Effective for annual periods beginning on or after 1 October 2008
[5] Effective for annual periods ending on or after 30 June 2009
[6] Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS
[7] Generally effective for annual periods beginning on or after 1 January 2010 unless otherwise stated in the specific HKFRS
[8] Effective for transfer received on or after 1 July 2009

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements.

Among these new or amended HKFRSs, HKFRS 1 (Revised) – Presentation of Financial Statements, is expected to materially change the presentation of the Group's financial statements. This revised standard affects the presentation of owner changes in equity and introduces a statement of comprehensive income. The Group will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

The revised HKFRS 3 introduced a number of changes in the accounting for business combinations for which the acquisition date is on or after 1 April 2010 that will impact the amount of goodwill recognised. The revised HKAS 27 requires that a change in the ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore, it changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The revised HKFRS 3 and HKAS 27 shall be applied prospectively and will affect future acquisition and transactions with minority interests.

In addition, HKFRS 8 – Operating Segments may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors are currently assessing the impact of the other new or amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain leasehold land and buildings, investment properties, financial assets and liabilities. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

3.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Subsidiaries (Continued)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

3.4 Property, plant and equipment

Land held under operating leases and buildings thereon (where the fair value of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease) are stated at revalued amounts being fair value at the date of revaluation less subsequent accumulated depreciation and any subsequent impairment losses. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at each balance sheet date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment (Continued)

Any surplus arising on revaluation of these land and buildings is credited to the asset revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss as described in note 3.10. To the extent that any decrease has previously been recognised in income statement, a revaluation increase is credited to income statement with the remaining part of the increase dealt with in the asset revaluation reserve. A decrease in net carrying amount of buildings arising on revaluations or impairment testing is charged against any revaluation surplus in the asset revaluation reserve and the remaining decrease recognised in income statement.

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease are stated at revalued amounts being fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. All other plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Medium term leasehold land in Hong Kong	Over the lease terms
Medium term leasehold buildings in Hong Kong	Over the lease terms
Medium term leasehold buildings outside Hong Kong	Over the lease terms
Plant and machinery	10%
Furniture, fixtures and office equipment	20%
Motor vehicles	25%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of land and buildings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to the income statement during the financial period in which they are incurred.

3.5 Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the balance sheet reflect the prevailing market conditions at the balance sheet date.

Gains or losses arising from either changes in the fair value or the sale of an investment property is included in the income statement for the period in which they arise.

3.6 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

(a) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 3.5); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 3.4). For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(b) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

(c) Operating lease charges as the lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(d) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in income statement on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

3.7 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

The Group's financial assets mainly include cash and cash equivalents, trade receivables, deposits, other receivables, and financial assets at fair value through profit or loss. Trade receivables, deposits and other receivables are categorised as loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Financial assets (Continued)

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criterion are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Financial assets (Continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;
– a breach of contract, such as a default or delinquency in interest or principal payments;
– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Financial assets (Continued)

Impairment of financial assets (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in income statement of the period in which the reversal occurs.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in income statement.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity. Net realisable value is calculated as the actual or estimated selling prices in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Goodwill

Goodwill represents the excess of the cost of a business combination or an investment over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination or investment.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in income statement.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.10 Impairment of non-financial assets

Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired.

All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Impairment of non-financial assets (Continued)

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

Impairment losses on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks or other financial institutions and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

3.12 Financial liabilities

The Group's financial liabilities mainly include interest-bearing borrowings under current or non-current liabilities, trade payables, accrued liabilities and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial liabilities (Continued)

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(b) Trade payables, accrued liabilities and other payables

These payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.13 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Accounting for income taxes (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement or in equity if they relate to items that are charged or credited directly to equity.

3.14 Retirement benefit costs and short term employee benefits

(a) Retirement benefit costs

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Hong Kong Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Hong Kong Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Hong Kong Scheme. The assets of the Hong Kong Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Hong Kong Scheme, except for the Group's employer voluntary contributions with a vesting period of five years, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Hong Kong Scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Retirement benefit costs and short term employee benefits (Continued)

(a) Retirement benefit costs (Continued)

Pursuant to the relevant regulations of the government of the People's Republic of China except Hong Kong (the "PRC"), a subsidiary of the Company operating in the PRC participates in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiary is required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary. The only obligation of the Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to the income statement as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Short term employee benefits

(i) Provisions for bonus due wholly within twelve months after the balance sheet date are recognised when the Group has a present legal or constructive obligations as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(ii) Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.15 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

The transaction costs of an equity transaction are accounted for as a deduction from share premium (net of any related income tax benefit) to the extent of their incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are determined at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the balance sheet date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3.17 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity attributable to equity holders of the Company of the balance sheet, until they have been approved by the equity holders of the Company in a general meeting. When these dividends have been approved by the equity holders of the Company and declared, they are recognised as a liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Dividends (Continued)

Interim dividends are simultaneously proposed and declared, because the Company's Bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.18 Recognition of revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and the use by others of the Group's assets yielding interest and dividends, net of rebates and discounts and after eliminated sales within the Group. Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. When services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is an evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

3.19 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Financial guarantees issued (Continued)

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.20 Segment reporting

In accordance with the Group's internal financial reporting the Group has determined that business segment be presented as the primary reporting format and geographical segment as the secondary reporting format.

In respect of business segment reporting, unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, investment properties, prepaid lease payments, properties held for sale, inventories, trade receivables, prepayments, deposits and other receivables. Segment liabilities comprise trade payables, accrued liabilities and other payables.

Capital expenditure comprises additions to property, plant and equipment, and prepaid lease payments.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Provision and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliable, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisaton, if appropriate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Estimate fair value of leasehold land and buildings and investment properties*

The Group's leasehold land and buildings and investment properties were stated at fair value in accordance with the accounting policies stated in notes 3.4 and 3.5, respectively, to the financial statements. The fair value of the leasehold land and buildings and investment properties are determined by an independent firm of professional valuers, LCH (Asia-Pacific) Surveyors Limited ("LCH"), and the fair value of the leasehold land and buildings and investment properties are set out in notes 14 and 15, respectively, to the financial statements. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, reasonable consideration has been given to the underlying assumptions. For leasehold land and buildings and investment properties in Hong Kong, estimates are mainly based on market conditions existing at the balance sheet date. For leasehold land and buildings outside Hong Kong, estimates are made on the basis of depreciated replacement cost. These estimates are regularly compared to actual market data and actual transactions in the market.

(b) *Allowance for impairment of receivables*

The policy for the allowance for impairment of receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance for impairment may be required.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Critical judgements in applying the entity's accounting policies

Finance lease and operating lease

Certain properties are combined leases of land and buildings. It is not possible to obtain a reliable estimate of the split of the fair values of the lease interest between land and buildings at inception. 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.

5. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(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.

5. SEGMENT INFORMATION (Continued)

5.1 Business segments

The following tables present revenue, profit and asset, liability and expenditure information for the Group's business segments.

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000 (Restated)
Segment revenue:										
Sales to external customers	427,569	486,549	31,226	88,579	60,843	73,602	–	–	519,638	648,730
Intersegment sales	10,908	16,509	209	61	301	581	(11,418)	(17,151)	–	–
Total	438,477	503,058	31,435	88,640	61,144	74,183	(11,418)	(17,151)	519,638	648,730
Segment results	444	19,012	(2,198)	20,583	9,548	11,912	–	–	7,794	51,507
Interest income									3,784	6,731
Unallocated income:										
Gain on disposal of financial assets at fair value through profit or loss									–	3,971
Unallocated expenses:										
Fair value loss on financial assets at fair value through profit or loss									(17,534)	(10,377)
(Loss)/Profit from operations									(5,956)	51,832
Finance costs									(1,970)	(3,047)
(Loss)/Profit before income tax									(7,926)	48,785
Income tax credit/(expense)									1,323	(6,687)
(Loss)/Profit for the year									(6,603)	42,098

5. SEGMENT INFORMATION (Continued)

5.1 Business segments (Continued)

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	2009 HK$'000	2008 HK$'000 (Restated)	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000 (Restated)
Segment assets	**297,701**	357,798	**8,095**	20,179	**27,160**	40,154	**–**	–	**332,956**	418,131
Unallocated assets:										
Financial assets at fair value through profit or loss									**32,636**	93,975
Others									**184,958**	116,166
Total assets									**550,550**	628,272
Segment liabilities	**62,004**	86,805	**3,587**	7,968	**11,108**	12,478	**–**	–	**76,699**	107,251
Unallocated liabilities									**36,873**	59,313
Total liabilities									**113,572**	166,564
Other segment information:										
Depreciation on property, plant and equipment	**18,040**	22,062	**1,771**	2,037	**1,151**	865	**–**	–	**20,962**	24,964
Amortisation of prepaid lease payments	**307**	137	**–**	–	**94**	264	**–**	–	**401**	401
Impairment loss of goodwill arising from acquisition of additional interests in a subsidiary	**–**	–	**–**	2,958	**–**	–	**–**	–	**–**	2,958
Capital expenditure	**5,987**	15,103	**1,056**	3,382	**3,489**	2,226	**–**	–	**10,532**	20,711
Surplus on revaluation of leasehold land and buildings recognised in the income statement	**–**	(1,214)	**–**	–	**–**	–	**–**	–	**–**	(1,214)
Fair value gain on investment properties recognised in the income statement	**–**	(80)	**–**	–	**–**	–	**–**	–	**–**	(80)
Fair value gain on properties held for sale	**–**	(3,485)	**–**	–	**–**	–	**–**	–	**–**	(3,485)
Other non-cash expenses	**1,941**	8,373	**1,917**	1,378	**396**	1,317	**–**	–	**4,254**	11,068

5. SEGMENT INFORMATION (Continued)

5.2 Geographical segments

The following table presents revenue, asset and capital expenditure information for the Group's geographical segments.

	Hong Kong		Elsewhere in the PRC		United Kingdom		Europe and other countries, excluding United Kingdom		Consolidated	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Segment revenue:										
Sales to external customers	**386,972**	486,616	**33,916**	46,100	**72,756**	88,292	**25,994**	27,722	**519,638**	648,730
Other segment information:										
Segment assets	**131,966**	201,765	**200,990**	216,366	**–**	–	**–**	–	**332,956**	418,131
Unallocated assets									**217,594**	210,141
Total assets									**550,550**	628,272
Capital expenditure	**5,513**	4,733	**5,019**	15,978	**–**	–	**–**	–	**10,532**	20,711

6. 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.

	2009 HK$'000	2008 HK$'000
Sales of goods	**458,795**	575,128
Rendering of services	**60,843**	73,602
	519,638	648,730

7. OTHER OPERATING INCOME

	2009	2008
	HK$'000	HK$'000
Gross rental income from investment properties	**1,173**	2,214
Interest income	**3,784**	6,731
Dividend income from financial assets at fair value through profit or loss	**326**	458
Gain on disposal of financial assets at fair value through profit or loss	**–**	3,971
Gain on disposal of property, plant and equipment	**–**	644
Gain on disposal of properties held for sale	**–**	14,959
Fair value gain on investment properties	**–**	80
Fair value gain on properties held for sale	**–**	3,485
Exchange gain, net	**–**	1,123
Surplus on revaluation of leasehold land and buildings	**–**	1,214
Sundry income	**2,833**	2,308
	8,116	37,187

8. (LOSS)/PROFIT FROM OPERATIONS

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

	2009 HK$'000	2008 HK$'000
Amortisation of prepaid lease payments*	**401**	401
Auditors' remuneration	**1,086**	1,086
Cost of inventories sold	**371,689**	458,820
Cost of services rendered	**18,520**	30,467
Depreciation of property, plant and equipment**	**20,962**	24,964
Exchange loss, net	**4,410**	–
Impairment loss of goodwill arising from acquisition of additional interests in a subsidiary##	**–**	2,958
Loss/(Gain) on disposal of property, plant and equipment##	**587**	(644)
Loss/(Gain) on disposal of properties held for sale##	**53**	(14,959)
Loss on disposal of a subsidiary##	**–**	875
Fair value loss on financial assets at fair value through profit or loss##	**12,310**	10,377
Loss/(Gain) on disposal of financial assets at fair value through profit or loss##	**5,224**	(3,971)
Operating lease charges on land and buildings***	**11,857**	9,814
Bad debt expenses##	**118**	–
Allowance for impairment##		
– trade receivables	**581**	87
– other receivables	**2,648**	810
Staff costs (excluding directors' remuneration)		
Wages and salaries****	**100,027**	108,725
Provision for long service payment#	**1,535**	–
Net pension scheme contributions*****	**3,187**	9,002
Rental income from investment properties, net of outgoings	**(605)**	(1,322)

* Amortisation of prepaid lease payments of HK$121,000 (2008: HK$385,000) has been expensed in cost of sales and HK$280,000 (2008: HK$16,000) in administrative expenses.

** Depreciation on property, plant and equipment of HK$16,314,000 (2008: HK$20,354,000) has been expensed in cost of sales and HK$4,648,000 (2008: HK$4,610,000) in administrative expenses.

*** Operating lease charges on land and buildings of HK$1,854,000 (2008: HK$2,585,000) has been expensed in cost of sales and HK$10,003,000 (2008: HK$7,229,000) in administrative expenses.

**** Wages and salaries of HK$52,237,000 (2008: HK$59,316,000) has been expensed in cost of sales and HK$47,790,000 (2008: HK$49,409,000) in administrative expenses.

***** Net pension scheme contributions of HK$906,000 (2008: HK$2,096,000) has been expensed in cost of sales and HK$2,281,000 (2008: HK$6,906,000) in administrative expenses.

Provision for long service payment of HK$288,000 (2008: HK$Nil) has been expensed in cost of sales and HK$1,247,000 (2008: HK$Nil) in administrative expenses.

Included in other operating expenses.

9. FINANCE COSTS

	Group	
	2009	2008
	HK$'000	HK$'000
Interest charges on overdrafts, bank and other borrowings repayable within five years	**1,650**	2,139
Interest on bank loans not wholly repayable within five years	**320**	908
	1,970	3,047

10. INCOME TAX CREDIT/EXPENSE

The tax (credit)/expense comprises:

	Group	
	2009	2008
	HK$'000	HK$'000
Current tax – Hong Kong		
Tax for the year	**2,652**	5,531
Over provision in respect of prior years	**(544)**	(356)
	2,108	5,175
Current tax – overseas		
Tax (credit)/expense for the year	**(333)**	1,175
Over provision in respect of prior years	**(107)**	–
	(440)	1,175
Deferred tax		
Current year – tax (credit)/expense (note 29)	**(2,991)**	337
Income tax (credit)/expense	**(1,323)**	6,687

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits for the year. Taxes on overseas profits have been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

10. INCOME TAX CREDIT/EXPENSE (Continued)

PRC Enterprise Income Tax ("EIT") has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2008: 33%), unless preferential rates are applicable in the cities where the subsidiaries are located.

The Hong Kong Government enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Pursuant to the tax law passed by the Tenth National People's Congress on 16 March 2007, the new EIT rates for domestic and foreign enterprises in the PRC are unified at 25% with effective from 1 January 2008.

Deferred tax is accounted for using the balance sheet liability method at the rate of 16.5% (2008: 17.5%) in Hong Kong or the tax rates prevailing in the countries in which the Group operates.

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

	Group	
	2009	2008
	HK$'000	HK$'000
(Loss)/Profit before income tax	**(7,926)**	48,785
Tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdiction concerned	**(1,455)**	8,179
Tax effect on non-deductible expenses	**5,712**	3,348
Tax effect on non-taxable revenue	**(5,341)**	(4,150)
Tax effect of utilisation of tax losses not previously recognised	**(127)**	(488)
Tax effect on tax loss not recognised	**883**	68
Tax effect on temporary differences not recognised	**(367)**	86
Over provision in prior years	**(651)**	(356)
Others	**23**	–
Income tax (credit)/expense	**(1,323)**	6,687

11. (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss for the year attributable to the equity holders of the Group of HK$6,603,000 (2008: consolidated profit of HK$42,098,000), a profit of HK$13,564,000 (2008: HK$21,562,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS

(a) Dividends attributable to the year

	2009	2008
	HK$'000	HK$'000
Interim dividend of HK1 cent (2008: HK1 cent) per share	**6,092**	6,092
Proposed final dividend of HKNil cent (2008: HK2 cents) per share	**–**	12,183
	6,092	18,275

The directors do not recommend the payment of final dividend for the year.

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

	2009	2008
	HK$'000	HK$'000
Final dividend in respect of the previous financial year	**12,183**	18,275

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share (2008: basic earnings per share) is based on the Group's consolidated loss attributable to the equity holders of the Company for the year ended 31 March 2009 of approximately HK$6,603,000 (2008: consolidated profit of HK$42,098,000) and on the weighted average of 609,163,826 (2008: 584,951,519) shares in issue during the year.

No diluted earnings per share has been presented as there had been no dilutive potential shares in both years of 2009 and 2008.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2007							
Cost or valuation	101,367	244,613	30,326	13,412	103	9,022	398,843
Accumulated depreciation	–	(174,979)	(25,279)	(8,492)	(10)	(6,142)	(214,902)
Net carrying amount	**101,367**	**69,634**	**5,047**	**4,920**	**93**	**2,880**	**183,941**
Year ended 31 March 2008							
Opening net carrying amount	101,367	69,634	5,047	4,920	93	2,880	183,941
Additions	1,785	13,687	1,351	2,365	1,355	168	20,711
Transfer to properties held for sale	(2,590)	–	–	–	–	–	(2,590)
Disposals and write-off, net	(361)	(122)	(32)	(160)	–	–	(675)
Disposal of a subsidiary	–	(4,764)	(910)	(281)	–	(236)	(6,191)
Revaluation surplus	16,900	–	–	–	–	–	16,900
Depreciation	(2,853)	(17,948)	(1,720)	(1,235)	(66)	(1,142)	(24,964)
Closing net carrying amount	**114,248**	**60,487**	**3,736**	**5,609**	**1,382**	**1,670**	**187,132**
At 31 March 2008 and 1 April 2008							
Cost or valuation	114,248	250,047	30,293	15,198	1,458	8,690	419,934
Accumulated depreciation	–	(189,560)	(26,557)	(9,589)	(76)	(7,020)	(232,802)
Net carrying amount	**114,248**	**60,487**	**3,736**	**5,609**	**1,382**	**1,670**	**187,132**
Year ended 31 March 2009							
Opening net carrying amount	114,248	60,487	3,736	5,609	1,382	1,670	187,132
Additions	–	5,077	1,455	951	2,424	625	10,532
Transfer from investment properties	460	–	–	–	–	–	460
Disposals and write-off, net	–	(790)	(451)	(1)	–	(1)	(1,243)
Revaluation surplus	1,343	–	–	–	–	–	1,343
Depreciation	(3,360)	(13,223)	(1,371)	(1,392)	(619)	(997)	(20,962)
Closing net carrying amount	**112,691**	**51,551**	**3,369**	**5,167**	**3,187**	**1,297**	**177,262**
At 31 March 2009							
Cost or valuation	112,691	253,005	28,392	15,070	3,882	8,124	421,164
Accumulated depreciation	–	(201,454)	(25,023)	(9,903)	(695)	(6,827)	(243,902)
Net carrying amount	**112,691**	**51,551**	**3,369**	**5,167**	**3,187**	**1,297**	**177,262**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

At the balance sheet date, the Group's leasehold land and buildings in Hong Kong were carried at their valuations as at 31 March 2009 which was performed by LCH, an independent firm of professional valuers, on the basis of market value, at HK$12,941,000. The valuation was arrived at using sales comparison approach on the assumption that the Group sells the property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value. The resulting revaluation deficit of HK$962,000 is charged against the revaluation surplus in the asset revaluation reserve. As at 31 March 2008, a reversal of previously recognised revaluation deficit amounting to HK$1,214,000 was credited to the income statement.

At the balance sheet date, the Group's leasehold land and buildings outside Hong Kong were carried at their valuations as at 31 March 2009 which was performed by LCH, on the basis of depreciated replacement cost, at HK$99,750,000, on the assumption that the Group has free and uninterrupted rights to use the property interests for the whole of the unexpired terms as granted and any premiums payable have already been paid in full. The resulting revaluation surplus amounting to HK$2,305,000 is recognised in the asset revaluation reserve.

Had the Group's leasehold land and buildings in Hong Kong been valued at cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK$11,804,000 (2008: HK$10,679,000).

Had the Group's leasehold land and buildings outside Hong Kong been valued at cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK$26,436,000 (2008: HK$27,040,000).

At the balance sheet date, certain of the Group's leasehold land and buildings amounting to HK$10,260,000 (2008: HK$33,731,000) were pledged to secure the bank borrowings and general banking facilities granted to the Group as further detailed in notes 25 and 31 to the financial statements respectively.

Non-separable leasehold land and buildings were carried at their valuations at HK$10,685,000 (2008: HK$11,998,000) are held on medium term leases between 10 to 50 years.

The analysis of the cost or valuation at 31 March 2009 of the above assets is as follows:

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost	–	253,005	28,392	15,070	3,882	8,124	308,473
At valuation	112,691	–	–	–	–	–	112,691
	112,691	253,005	28,392	15,070	3,882	8,124	421,164

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The analysis of the cost or valuation at 31 March 2008 of the above assets is as follows:

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
At cost	–	250,047	30,293	15,198	1,458	8,690	305,686
At valuation	114,248	–	–	–	–	–	114,248
	114,248	250,047	30,293	15,198	1,458	8,690	419,934

15. INVESTMENT PROPERTIES

All of the Group's property interests that were held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

	Group 2009 HK$'000	Group 2008 HK$'000
Changes to the carrying amounts presented in the balance sheet are summarised as follows:		
Carrying amount at 1 April	**460**	19,430
Net gain from fair value adjustments	**–**	3,072
Transfer to properties held for sale	**–**	(22,042)
Transfer to property, plant and equipment	**(460)**	–
Carrying amount at 31 March	**–**	460

During the year, the investment property was transferred to property, plant and equipment. In last year, the Group's investment properties were revalued, on the basis of market value, at HK$460,000 by LCH as at 31 March 2008. The valuation was arrived at using investment approach on the assumption that the Group sells the property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value. The resulting revaluation surplus amounting to HK$80,000 was credited to the income statement. The remaining revaluation surplus amounting to HK$2,992,000 was transferred to properties held for sale.

The investment properties were leased to third parties under operating leases, further summary details of operating lease arrangements in respect of rental receivables are included in note 34 to the financial statements.

All of the Group's investment properties were situated in Hong Kong under medium term leases.

16. PREPAID LEASE PAYMENTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net carrying amount are analysed as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**883**	907
Outside Hong Kong held on:		
Leases of between 10 to 50 years	**14,787**	15,164
	15,670	16,071

	2009	2008
	HK$'000	HK$'000
Carrying amount at 1 April	**16,071**	16,472
Annual charges of prepaid lease payments	**(401)**	(401)
Carrying amount at 31 March	**15,670**	16,071

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**116,995**	116,995

17. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries are as follows:

Name	Country/Place of incorporation/ registration	Particulars of issued/ registered capital	Percentage of equity interests held by the Company Direct	Indirect	Principal activities	Place of operations
Cheong Ming (B.V.I.) Enterprises Limited	British Virgin Islands	HK$10,000 Ordinary shares	100%	–	Investment holding	Hong Kong
Capital Asset Management Limited ("CAM")	Hong Kong	HK$2 Ordinary shares	–	100%	Property and investment holding	Hong Kong
Cheong Ming Press Factory Limited ("CMP")	Hong Kong	HK$1,000 Ordinary shares HK$1,000,000 Non-voting deferred shares*	–	100%	Manufacture and sale of paper cartons, children's novelty books and commercial printing	Hong Kong
Chun Ming Printing Factory Company Limited	Hong Kong	HK$150,000 Ordinary shares	–	100%	Manufacture and sale of hangtags, labels and shirt paper boards	Hong Kong and PRC
Cheong Ming Paper, Poly Press & Printing Factory Limited	Hong Kong	HK$1,000 Ordinary shares HK$1,000,000 Non-voting deferred shares*	–	100%	Sub-contracting of the manufacture of paper cartons	PRC
Dongguan Cheong Ming Printing Co., Ltd. ("DGCM")	PRC**	Registered capital of HK$111,468,000	–	100%	Manufacture and sale of paper cartons and plastic bags	PRC
Capital Financial Press Limited	Hong Kong	HK$800,000 Ordinary shares	–	100%	Commercial printing	Hong Kong
Capital Translation Services Limited	Hong Kong	HK$500,000 Ordinary shares	–	100%	Provision of translation services	Hong Kong
Qualiti Printing And Sourcing Limited	Hong Kong	HK$3,750,000 Ordinary shares	–	100%	Digital printing	Hong Kong

17. INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries are as follows: (Continued)

Name	Country/Place of incorporation/ registration	Particulars of issued/ registered capital	Percentage of equity interests held by the Company Direct	Indirect	Principal activities	Place of operations
Harvest King Limited	Hong Kong	HK$2 Ordinary shares	–	100%	Trading of hangtags, labels and shirt paper boards	Hong Kong
資浚商務服務(深圳)有限公司	PRC**	Registered capital of HK$36,000,000 (2008: HK$16,000,000)	–	100%	Provision of business services	PRC
深圳市大昌明包裝有限公司	PRC***	Registered capital of RMB3,000,000	–	100%	Sale of paper cartons and plastic bags	PRC
上海晶明服裝輔料發展有限公司	PRC**	Registered capital of RMB2,000,000	–	100%	Manufacture and sale of garment supplementary materials	PRC

* The non-voting deferred shares carry no rights to dividends unless the profit available for distribution for the financial year exceeds HK$100,000,000,000,000, no rights to attend or vote at general meetings except at a general meeting convened for any resolution which directly affects the rights or privileges of the non-voting deferred shares, and no rights to receive any surplus in a return of capital in a winding-up (other than the amount paid up on those shares, provided that the holders of the ordinary shares of that company have received, by way of a distribution in such winding-up, a sum of HK$500,000,000,000,000).

** The subsidiaries are registered as a wholly-foreign owned enterprise under PRC law.

*** The subsidiary is incorporated as a limited liability company under local jurisdictions.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

(b) The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

18. PROPERTIES HELD FOR SALE

	Group	
	2009	2008
	HK$'000	HK$'000
Transfer from property, plant and equipment	**–**	2,590
Transfer from investment properties	**–**	22,042
	–	24,632

On 2 June 2008, the Group entered into an agreement for the disposal of these properties held for sale with a carrying amount of HK$24,632,000 with Mr. Lui Shing Ming, Brian, an executive director of the Company for a total consideration of HK$24,740,000. Details of such are set out in note 36(b). These properties held for sale were stated at the lower of its carrying amount and fair value less costs to sell.

19. INVENTORIES

	Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**30,388**	46,796
Work in progress	**4,944**	8,088
Finished goods	**7,621**	10,531
	42,953	65,415

20. TRADE RECEIVABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**90,004**	114,189
Less: Allowance for impairment of receivables	**(5,463)**	(4,956)
Trade receivables – net	**84,541**	109,233

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

20. TRADE RECEIVABLES (Continued)

At 31 March 2009, the aging analysis of the trade receivables, based on invoiced date and net of allowance, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current to 30 days	**34,943**	74,569
31 to 60 days	**16,065**	8,047
61 to 90 days	**13,488**	6,280
Over 90 days	**20,045**	20,337
	84,541	109,233

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	
	2009	2008
	HK$'000	HK$'000
British Pounds	**1,430**	–
Euro	**1,258**	–
Australian dollars	**2,302**	–
Renminbi ("RMB")	**–**	2,703
US dollars ("US$")	**27,027**	36,621

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

	Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount at 1 April	**4,956**	4,869
Allowance for impairment loss of prior year written off against trade receivables	**(74)**	–
Allowance for impairment loss charged to the income statement (included in other operating expenses)	**581**	87
Carrying amount at 31 March	**5,463**	4,956

20. TRADE RECEIVABLES (Continued)

At each of the balance sheet 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 2009, the Group's trade receivables of HK$5,463,000 (2008: HK$4,956,000) 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	
	2009	2008
	HK$'000	HK$'000
Not past due	**57,071**	66,027
Unimpaired but past due		
Not more than 30 days	**16,061**	17,917
31 – 60 days	**2,740**	8,108
61 – 90 days	**1,945**	4,339
Over 90 days	**6,724**	12,842
	84,541	109,233

As at 31 March 2009, trade receivables of HK$57,071,000 (2008: HK$66,027,000) were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

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

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**2,243**	3,782	**170**	284
Deposits	**4,870**	4,272	**2**	–
Other receivables	**8,875**	7,944	**–**	–
	15,988	15,998	**172**	284
Less: Allowance for impairment of receivables	**(3,458)**	(810)	**–**	–
	12,530	15,188	**172**	284

Impairment losses in respect of other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly. The movement in the provision for impairment of other receivables is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Carrying amount at 1 April	**810**	–	**–**	–
Allowance for impairment (including in other operating expenses)	**2,648**	810	**–**	–
Carrying amount at 31 March	**3,458**	810	**–**	–

At each of the balance sheet dates, the Group's other receivables were individually determined to be impaired. The Group encountered difficulties in collection of certain other receivables and appropriate allowance for impairment has been made against these other receivables. The individually impaired receivables are recognised based on the credit history of these debtors, such as financial difficulties or default in payments, and current market conditions. Consequently, specific allowance for impairment was recognised. The Group does not hold any collateral over these balances. Except for the amount impaired, none of the above assets is either past due or impaired.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	2008
	HK$'000	HK$'000
Hong Kong unlisted linked notes	**7,276**	26,926
Hong Kong unlisted debt investments	**4,419**	4,353
Hong Kong listed equity investments	**1,183**	2,841
Overseas listed equity investments	**38**	2,944
Overseas unlisted equity investments	**1,695**	15,500
Overseas unlisted debt investments	**6,076**	3,664
Overseas unlisted linked notes	**1,414**	8,262
Overseas unlisted currency notes	**10,535**	29,485
	32,636	93,975

The above financial assets are classified as held for trading.

The fair values of the listed investments are determined based on the quoted market prices whereas the fair values of the unlisted investments and the unlisted notes are provided by the counterparty financial institutions.

Financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

Changes in fair values of financial assets at fair value through profit or loss are recorded in other operating income or other operating expenses in the income statement.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash in hand, bank balances, and time deposits with original maturity of less than three months	**127,799**	65,096	**567**	180
Cash placed at securities brokerage firms	**38,477**	51,070	**–**	–
Time deposits with original maturity of more than three months	**15,658**	–	**–**	–
Cash and cash equivalents per consolidated balance sheet	**181,934**	116,166	**567**	180
Less: Time deposits with original maturity of more than three months	**(15,658)**	–	**–**	–
Bank overdrafts, secured	**–**	(546)	**–**	–
Cash and cash equivalents per consolidated cash flow statement	**166,276**	115,620	**567**	180

The effective interest rate of time deposits, denominated in HK$, US$, Japanese Yen, British Sterlings and RMB, with original maturity of less than three months are 0.03% to 1.25% per annum. They have a maturity of 8 days to 3 months and are eligible for immediate cancellation without receiving any interest for the last deposit period.

The effective interest rate of time deposits, denominated in US$, with original maturity of more than three months are 0.91% to 1.04% per annum. They have a maturity of 6 months and are eligible for immediate cancellation without receiving any interest for the last deposit period.

At the balance sheet date, cash and bank balances of the Group denominated in RMB amounted to HK$23,297,000 (2008: HK$23,148,000). RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE PAYABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade payables	**50,460**	78,307

At 31 March 2009, the aging analysis of the trade payables, based on invoiced date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current to 30 days	**16,663**	28,806
31 to 60 days	**11,589**	13,605
61 to 90 days	**4,709**	10,798
Over 90 days	**17,499**	25,098
	50,460	78,307

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

	Group	
	2009	2008
	HK$'000	HK$'000
RMB	**–**	8,324

25. INTEREST-BEARING BORROWINGS

	Group	
	2009	2008
	HK$'000	HK$'000
Bank overdrafts, secured	**–**	546
Bank loans, secured	**21,750**	40,978
	21,750	41,524

	Group	
	2009	2008
	HK$'000	HK$'000
Bank loans repayable		
Within one year or on demand	**8,000**	23,141
In the second year	**7,500**	4,224
In the third to fifth years, inclusive	**6,250**	6,731
Over five years	**–**	6,882
Trust receipt loans and bank overdrafts repayable within one year or on demand	**–**	546
	21,750	41,524
Less: Current portion due within one year included under current liabilities	**(8,000)**	(23,687)
Non-current portion included under non-current liabilities	**13,750**	17,837

The interest-bearing borrowings were secured by the pledge of certain land and buildings under property, plant and equipment with net carrying amount of approximately HK$10,260,000 as at 31 March 2009, the details are set out in note 14.

25. INTEREST-BEARING BORROWINGS (Continued)

Details of the loans are stated below.

	Loan amount HK$'000	Interest rate	Repayment terms
Loans denominated in HK$	21,750	HIBOR + 1% p.a. – HIBOR + 1.5% p.a.	Payable within 5 years

The carrying amounts of interest-bearing borrowings approximate their fair value.

26. SHARE CAPITAL

	2009 **HK$'000**	2008 HK$'000
Authorised:		
800,000,000 shares of HK$0.10 each	**80,000**	80,000
Issued and fully paid:		
609,163,826 shares of HK$0.10 each	**60,916**	60,916

Details of the movements in the issued share capital of the Company during the current year and the prior year were as follows:

	HK$'000	**Number of shares**
At 1 April 2007	48,733	487,331,061
Issue of new shares arising from rights issue	12,183	121,832,765
At 31 March 2008, 1 April 2008 and 31 March 2009	**60,916**	**609,163,826**

27. SHARE OPTION SCHEMES

The Company adopted a new share option scheme which was approved by the shareholders at the special general meeting of the Company held on 5 September 2002 (the "Scheme") to replace an old scheme which was adopted on 27 December 1996 and expired in the previous year.

A summary of the Scheme is set out below:

The Scheme became effective for a period of 10 years commencing on 5 September 2002. Under the Scheme, the directors may, at their sole discretion, grant to any eligible participants options to subscribe for shares of the Company at the higher of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; or (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. The offer of a grant of options may be accepted within 21 days from the date of the offer. The exercise period of the options granted is determinable by the directors, and commences after a certain vesting period and ends in any event not later than 10 years from the date of the offer on which the offer for grant of the option is made, subject to the provisions for early termination thereof.

The maximum number of securities to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company in issue from time to time.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the annual general meeting held on 5 September 2002.

No share options were granted under the Scheme in the past years and during the year. At 31 March 2009, there were no outstanding options granted under the Scheme.

Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

28. RESERVES

Group

	2009 HK$'000	2008 HK$'000
Share premium account	**95,795**	95,795
Contributed surplus	**34,080**	34,080
Asset revaluation reserve	**31,758**	30,894
Capital reserve	**9,900**	9,900
Exchange reserve	**(1,733)**	(780)
Retained profits	**206,262**	218,720
	376,062	388,609

The contributed surplus of the Group arose as a result of the Group reorganisation carried out on 24 December 1996 and represents the difference between the nominal value of the share capital of the former holding company of the Group acquired pursuant to the Group reorganisation, over the nominal value of the share capital of the Company issued in exchange therefor.

The capital reserve of the Group arose as a result of the capital injection into a subsidiary, DGCM, by CMP, its immediate holding company, on 1 August 2007 by way of reinvestment of DGCM's retained profits brought forward as approved by the PRC authorities.

28. RESERVES (Continued)

Company

	Share premium account HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2007	66,843	116,795	5,174	188,812
Profit for the year	–	–	21,562	21,562
2007 final dividends proposed	–	–	18,275	18,275
2007 final dividends paid	–	–	(18,275)	(18,275)
Interim dividend	–	–	(6,092)	(6,092)
Proposed final dividend	–	–	(12,183)	(12,183)
Issue of shares	30,458	–	–	30,458
Share issuance expenses	(1,706)	–	–	(1,706)
At 31 March 2008 and 1 April 2008	95,595	116,795	8,461	220,851
Profit for the year	–	–	13,564	13,564
Interim dividend	–	–	(6,092)	(6,092)
At 31 March 2009	**95,595**	**116,795**	**15,933**	**228,323**

The contributed surplus of the Company arose as a result of the same Group reorganisation scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange therefor. In accordance with the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances.

29. DEFERRED TAX

The following are major deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the current and prior year:

Deferred Tax Liabilities

	Accelerated tax depreciation	Revaluation of properties	Total
	HK$'000	HK$'000	HK$'000
Balance at 1 April 2007	2,802	1,797	4,599
Charge to income for the year (note 10)	337	–	337
Charge to equity for the year	–	3,126	3,126
Reversal of deferred tax upon disposal of land and buildings	–	(101)	(101)
Balance at 31 March 2008	3,139	4,822	7,961
Reallocation to deferred tax assets	–	(831)	(831)
Charge to income for the year (note 10)	29	–	29
Charge to equity for the year	–	438	438
Balance at 31 March 2009	**3,168**	**4,429**	**7,597**

29. DEFERRED TAX (Continued)

Deferred Tax Assets

	Tax loss	Accelerated tax depreciation	Revaluation of properties	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2007 and 31 March 2008	–	–	–	–
Reallocation from deferred tax liabilities	–	–	831	831
Credit to income for the year (note 10)	(3,073)	53	–	(3,020)
Charge to equity for the year	–	–	(158)	(158)
Reversal of deferred tax upon disposal of land and buildings	–	–	(24)	(24)
Effect from change of tax rate	–	–	(14)	(14)
Balance at 31 March 2009	**(3,073)**	**53**	**635**	**(2,385)**

Deferred tax relating to the revaluation of the Group's properties was debited/credited directly to equity.

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

Deferred tax assets in respect of tax losses have not been recognised in the financial statements due to the unpredictability of future profit streams against which the tax losses can be utilised. The Group has unrecognised tax losses of HK$11,576,000 (2008: HK$5,741,000) to carry forward against future taxable income. The tax losses of the subsidiaries operating in the PRC amounted to HK$5,324,000 (2008: HK$Nil) can be carried forward for 5 years and the tax losses of the subsidiaries operating in Hong Kong amounted to HK$6,252,000 (2008: HK$5,741,000) will not be expired under the current tax legislation.

Deferred tax liabilities of HK$60,000 (2008: HK$20,000) have not been established for the withhholding and other taxation that would be payable on the unremitted earnings of certain subsidiaries, as such amounts are permanently reinvested; such unremitted earnings totalled HK$1,197,000 at 31 March 2009 (2008: HK$399,000).

30. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

30.1 Directors' remuneration

Remuneration of the directors disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the provisions of the Listing Rules are as follows:

	Fees	Basic salaries, housing benefits, other allowances and benefits in kind	Discretionary bonus	Pension scheme contribution	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2009					
Executive directors:					
Mr. Lui Chi (Resigned on 1 September 2008)	–	500	–	–	500
Mr. Lui Shing Ming, Brian	–	1,680	–	156	1,836
Mr. Lui Shing Cheong	–	1,440	–	89	1,529
Mr. Lui Shing Chung, Victor	–	1,440	–	132	1,572
Independent non-executive directors:					
Dr. Lam Chun Kong	120	–	–	–	120
Mr. Lo Wing Man	140	–	–	–	140
Dr. Ng Lai Man, Carmen	170	–	–	–	170
	430	5,060	–	377	5,867
Year ended 31 March 2008					
Executive directors:					
Mr. Lui Chi	–	2,016	168	–	2,184
Mr. Lui Shing Ming, Brian	–	1,800	1,200	168	3,168
Mr. Lui Shing Cheong	–	1,162	650	136	1,948
Mr. Lui Shing Chung, Victor	–	1,440	600	172	2,212
Mr. Lung Wai Kee	–	512	80	30	622
Independent non-executive directors:					
Dr. Lam Chun Kong	120	–	–	–	120
Mr. Lo Wing Man	140	–	–	–	140
Dr. Ng Lai Man, Carmen	170	–	–	–	170
	430	6,930	2,698	506	10,564

30. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

30.1 Directors' remuneration (Continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

30.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2008: five) directors, details of their emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2008: Nil) employees are as follows:

	2009	2008
	HK$'000	HK$'000
Basic salaries, housing benefits, other allowances and benefits in kind	**2,357**	–
Pension scheme contribution	**11**	–

	Number of individuals	
	2009	2008
Emolument bands		
HK$1,000,001 – HK$1,500,000	**2**	–

31. BANKING FACILITIES

At 31 March 2009, general banking facilities available to the Group amounted to HK$287,900,000 (2008: HK$311,378,000). The banking facilities utilised by the Group amounted to HK$22,650,000 (2008: HK$44,850,000) as at 31 March 2009.

At the balance sheet date, the Group's general banking facilities were secured by the followings:

(a) legal charges on certain of the Group's leasehold land and buildings (note 14);

(b) corporate guarantees from the Company (note 32).

32. FINANCIAL GUARANTEES

At 31 March 2009, the Company provided corporate guarantees to banks for the provision of general banking facilities to its subsidiaries to the extent of HK$162,700,000 (2008: HK$127,200,000) (note 31).

33. CAPITAL COMMITMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Acquisition of property, plant and equipment		
– contracted for	**8**	430

The Company did not have any significant capital commitments at the balance sheet date (2008: Nil).

34. OPERATING LEASE ARRANGEMENTS

At 31 March 2009, the Group had total future minimum lease receivables in respect of properties under non-cancellable operating leases as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**109**	2,207
In the second to fifth years, inclusive	**4**	560
	113	2,767

The Company does not have any minimum lease receipts under non-cancellable operating leases at the balance sheet date (2008: Nil).

35. OPERATING LEASE COMMITMENTS

The Group leases certain of its properties and other assets under operating lease arrangements. The leases are negotiated for terms ranging from one to twenty nine years. None of the leases includes contingent rentals.

At 31 March 2009, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Group			
	2009		2008	
	Land and buildings HK$'000	**Other assets HK$'000**	Land and buildings HK$'000	Other assets HK$'000
Within one year	**7,658**	**589**	7,201	492
In the second to fifth years, inclusive	**15,574**	**2,098**	10,235	1,436
After five years	**12,032**	**–**	17,626	–
	35,264	**2,687**	35,062	1,928

The Company did not have any significant operating lease commitments under non-cancellable operating leases at the balance sheet date (2008: Nil).

36. RELATED PARTY TRANSACTIONS

(a) Saved as disclosed elsewhere in the financial statements, the following transactions were carried out with a related party, which was a minority shareholder of a subsidiary disposed of during the year ended 31 March 2008:

	2009 HK$'000	2008 HK$'000
Commission	**–**	4,041
Sales of goods	**–**	3,597

36. RELATED PARTY TRANSACTIONS (Continued)

(b) On 2 June 2008, CAM and CMP (the "Vendors") each entered into a sale and purchase agreement (the "Agreements") with Mr. Lui Shing Ming, Brian ("the Purchaser"), an executive director of the Company, respectively. Pursuant to the Agreements, the Vendors should sell and the Purchaser or companies nominated by him shall acquire from the Vendors certain properties located in Mai Sik Industrial Building, Nos 1/11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong at an aggregated consideration of HK$24,740,000. The aforesaid disposal was approved by independent shareholders at the special general meeting on 9 July 2008. Such properties were finally disposed to two companies nominated by the Purchaser. One company is solely owned by the Purchaser and the other is owned by all existing executive directors of the Company. A loss on disposal of approximately HK$53,000 was resulted.

(c) The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 30 to the financial statements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks such as market risk (including foreign currency risk, interest rate risk, other price risk), liquidity risk and credit risk, which result from both its operating and investing activities. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to these financial risks. Generally, the Group employs a conservative strategy regarding its risk management. The Group holds certain derivative financial instruments which are included in financial assets at fair value through profit or loss.

37.1 Interest rate risks

The Group's interest rate risk arises mainly from its interest-bearing borrowings (note 25) which are granted at variable rates and expose the Group to cash flow interest rate risk. The Group currently does not have an interest rate hedging policy but the management regularly monitor the change of interest rate. In this regard, the directors of the Company consider that the Group's interest rate risk is immaterial.

37.2 Credit risk

Generally, the maximum credit risk exposure of financial assets which are described in note 3.7 to the financial statement is the carrying amount of the financial assets as shown on the face of the balance sheet. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37.2 Credit risk (Continued)

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

Transactions in relation to derivative financial instruments are only carried out with financial institutions of high reputation.

37.3 Foreign currency risk

The Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and most of its subsidiaries are HK$ and RMB, respectively, with certain of their business transactions being settled in US$ and RMB. Other than certain trade receivables and payables, certain financial assets at fair value through profit or loss, bank deposits, interest-bearing borrowings of the Group are denominated mainly in RMB and US$. The Group is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily US$ and RMB, against the functional currency of the relevant Group entities. The management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The overall net exposure in respect of the carrying amount of the Group's foreign currency denominated financial assets and liabilities in net position as at 31 March 2009 and 2008 were as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Net financial assets/(liabilities)		
RMB	**2,449**	(1,471)
US$	**127,786**	95,388

As HK$ is linked to US$, the Group does not have material exchange rate risk on such currency.

A 5% strengthening/weakening of HK$ against RMB as at the respective balance sheet dates would increase/(decrease) the loss or (decrease)/increase the profit after income tax (due to changes in the fair value of monetary assets and liabilities) by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37.3 Foreign currency risk (Continued)

		Group	
		2009	2008
	Increase/ (Decrease)	**Increase/ (Decrease) in net loss HK$'000**	Increase/ (Decrease) in net profit HK$'000
As at 31 March 2009			
If HK$ strengthen against RMB	5%	**225**	(21,223)
If HK$ weaken against RMB	(5%)	**(219)**	5,204

The sensitivity analysis above has been determined assuming that the change in currency exchange rates had occurred at the beginning of the year and had been applied to the abovementioned financial instruments at that date and throughout the year constantly. The 5% increase or decrease represents management's assessment of a reasonably possible change in currency exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the year ended 31 March 2008.

37.4 Price risk

The Group is exposed to equity security price risk because of its investments in financial instrument which are held for trading and are classified as financial assets at fair value through profit or loss (see note 22).

The Group's investments in equity of other entities are Hong Kong and overseas listed and unlisted equity. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant stock market Index and other industry indicators, as well as the Group's liquidity needs. To manage its price risk arising from the equity securities, the Group maintains a portfolio of diversified investments in terms of industry distribution such as natural resources and container terminal. Temporarily, the Group management has monitored price risk and will consider hedging of the risk if necessary. In the coming future, the Group will appoint a special team to take up the position.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37.4 Price risk (Continued)

The Group is also exposed to equity security price risk arising from its investment in derivative financial instruments. Details about the derivative financial instruments are set out in note 22. Management's best estimate of the effect on the Group's loss/profit after tax as a result of a reasonably possible change in the market price of the equity securities and the underlying equity securities of the derivative financial instruments, with all other variables held constant, is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Group	
	2009	2008
	Increase/ (Decrease) in net loss	Increase/ (Decrease) in net profit
	HK$'000	HK$'000
Market price of equity securities		
+ 10%	**(2,131)**	11,912
– 10%	**1,838**	(8,093)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37.5 Liquidity risk

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company can be required to pay:

Group	Repayable on demand	1-3 months	4-6 months	7-9 months	10-12 months	Over 1 year	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2009								
Trade payables	–	32,961	17,499	–	–	–	50,460	50,460
Other payables	2,830	–	–	–	–	–	2,830	2,830
Accrued liabilities	13,058	–	–	–	–	–	13,058	13,058
Interest-bearing borrowings	–	2,185	2,169	2,153	2,138	14,332	22,977	21,750
Total	15,888	35,146	19,668	2,153	2,138	14,332	89,325	88,098
At 31 March 2008								
Trade payables	–	53,209	25,098	–	–	–	78,307	78,307
Other payables	6,809	–	–	–	–	–	6,809	6,809
Accrued liabilities	16,090	–	–	–	–	–	16,090	16,090
Interest-bearing borrowings	546	20,344	1,348	1,353	1,357	21,845	46,793	41,524
Total	23,445	73,553	26,446	1,353	1,357	21,845	147,999	142,730

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37.5 Liquidity risk (Continued)

Company	Repayable on demand HK$'000	1-3 months HK$'000	4-6 months HK$'000	7-9 months HK$'000	10-12 months HK$'000	Over 1 year HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2009								
Other payables	5	–	–	–	–	–	5	5
Accrued liabilities	1,487	–	–	–	–	–	1,487	1,487
Amount due to subsidiaries	2,307	–	–	–	–	–	2,307	2,307
Total	3,799	–	–	–	–	–	3,799	3,799
At 31 March 2008								
Other payables	22	–	–	–	–	–	22	22
Accrued liabilities	360	–	–	–	–	–	360	360
Amount due to subsidiaries	2,307	–	–	–	–	–	2,307	2,307
Total	2,689	–	–	–	–	–	2,689	2,689

The Group and the Company enjoyed a healthy financial position as at 31 March 2009, with cash and cash equivalents amounting to HK$181,934,000 and HK$567,000, a significant increase from HK$116,166,000 and HK$180,000 as at 31 March 2008 respectively.

The Group and the Company financed its operations and investment activities with internally generated cash flow.

The Group's and the Company's policy is to monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

37.6 Fair value

The fair value of the Group's current financial assets and liabilities, other than financial assets at fair value through profit or loss, are not materially different from their carrying amounts because of the immediate or short term maturity.

The carrying amount of the non-current portion of interest-bearing borrowings approximates their fair value since the directors consider that their interest rates are close to the prevailing market rates of similar financial instruments.

37.7 Summary of financial assets and liabilities by category

The carrying amounts of the Group's and the Company's financial assets and liabilities as recognised at balance sheet dates may be categorised as follows. See notes 3.7 and 3.12 for explanations about how the category of financial instruments affects their subsequent measurement.

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables:				
Trade receivables	**84,541**	109,233	**–**	–
Deposits	**4,381**	3,782	**2**	–
Other receivables	**5,124**	7,134	**–**	–
Amounts due from subsidiaries	**–**	–	**174,909**	179,333
Cash and cash equivalents	**181,934**	116,166	**567**	180
Financial assets at fair value through profit or loss	**32,636**	93,975	**–**	–
	308,616	330,290	**175,478**	179,513
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade payables	**50,460**	78,307	**–**	–
Accrued liabilities	**13,058**	16,090	**1,487**	360
Other payables	**2,830**	6,809	**5**	22
Amounts due to subsidiaries	**–**	–	**2,307**	2,307
Interest-bearing borrowings	**21,750**	41,524	**–**	–
	88,098	142,730	**3,799**	2,689

38. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders;
- to support the Group's sustainable growth; and
- to provide capital for the purpose of potential mergers and acquisitions.

The Group sets the amount of equity capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The gearing ratio at the balance sheet date was as follows:

	31 March 2009 HK$'000	31 March 2008 HK$'000
Total borrowings	**21,750**	41,524
Total equity	**436,978**	461,708
Gearing ratio	**5%**	9%

39. COMPARATIVES

In the last year, the Group grouped the fair value loss on financial assets at fair value through profit or loss and gain on disposal of financial assets at fair value through profit or loss of HK$10,377,000 and HK$3,971,000 in segment results. In the current year, the directors consider that it is more appropriate to classify them as unallocated items. Accordingly, comparative figures have been adjusted in order to conform to the current year's presentation.