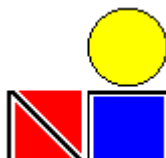


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NEW ISLAND PRINTING HOLDINGS LIMITED

新洲印刷集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 377)

**RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31st MARCH, 2010**

ANNUAL RESULTS

The board of directors (“the Board”) of New Island Printing Holdings Limited (“the Company”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (“the Group”) for the year ended 31st March, 2010 together with comparative figures for the year ended 31st March, 2009.

* For identification purpose only

CONSOLIDATED INCOME STATEMENT

<i>For the year ended 31st March,</i>	<i>Note</i>	<i>2010</i> HK\$'000	<i>2009</i> HK\$'000
Turnover	3 & 4	519,452	597,028
Cost of sales		<u>(397,624)</u>	<u>(466,735)</u>
Gross profit		121,828	130,293
Other revenue		9,814	8,618
Other net loss		(311)	(982)
Selling and distribution costs		(32,975)	(36,469)
Administrative expenses		<u>(57,765)</u>	<u>(62,160)</u>
Profit from operations		40,591	39,300
Finance costs	5(a)	<u>(3,553)</u>	<u>(10,491)</u>
Profit before taxation	5	37,038	28,809
Income tax	6	<u>(12,639)</u>	<u>(5,650)</u>
Profit for the year		24,399	23,159
		=====	=====
Attributable to:			
Equity shareholders of the Company		24,248	23,159
Minority interests		<u>151</u>	<u>-</u>
Profit for the year		24,399	23,159
		=====	=====
Earnings per share	8		
Basic		10.90 cents	10.41 cents
Diluted		10.90 cents	10.41 cents
		=====	=====

Details of the dividend payable and proposed for the year are disclosed in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 st March,	2010 HK\$'000	2009 HK\$'000
Profit for the year	24,399	23,159
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	<u>5,329</u>	<u>4,347</u>
Total comprehensive income for the year	29,728	27,506
	=====	=====
Attributable to:		
Equity shareholders of the Company	29,577	27,506
Minority interests	<u>151</u>	<u>-</u>
Total comprehensive income for the year	29,728	27,506
	=====	=====

CONSOLIDATED BALANCE SHEET

As at 31 st March,	<i>Note</i>	2010 HK\$'000	2009 HK\$'000
Non-current assets			
Fixed assets			
- Property, plant and equipment		321,566	354,162
- Interests in leasehold land held for own use under operating leases		<u>29,532</u>	<u>30,315</u>
		351,098	384,477
Deposits for purchases of machinery		<u>2,432</u>	<u>-</u>
		353,530	384,477
Current assets			
Inventories		66,838	67,672
Trade debtors, prepayments and deposits	9	97,634	97,120
Current tax recoverable		-	29
Pledged bank deposit		-	1,011
Cash and cash equivalents		<u>50,902</u>	<u>47,692</u>
		215,374	213,524
Current liabilities			
Bank loans and overdrafts		55,188	80,120
Obligations under finance leases		3,780	13,375
Trade creditors and accrued charges	10	106,648	89,348
Bills payable		21,311	22,761
Current tax payable		<u>13,027</u>	<u>4,552</u>
		199,954	210,156
Net current assets		<u>15,420</u>	<u>3,368</u>
Total assets less current liabilities		368,950	387,845

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 st March,	<i>Note</i>	<i>2010</i>		<i>2009</i>	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current liabilities					
Bank loans		12,280		45,970	
Obligations under finance leases		2,411		6,208	
Deferred taxation		<u>11,772</u>		<u>16,232</u>	
			<u>(26,463)</u>		<u>(68,410)</u>
NET ASSETS			342,487		319,435
			=====		=====
CAPITAL AND RESERVES					
Share capital			22,253		22,253
Reserves			<u>320,083</u>		<u>297,182</u>
Total equity attributable to equity shareholders of the Company			342,336		319,435
Minority interests			<u>151</u>		<u>-</u>
TOTAL EQUITY			342,487		319,435
			=====		=====

NOTES

1. Basis of preparation

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31st March, 2010 but are extracted from those financial statements. The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

2. Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to HKFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*
- HKAS 23 (revised 2007), *Borrowing costs*

The adoption of Improvements to HKFRSs (2008) and HKAS 23 (revised 2007) has no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 4). Corresponding amounts have been provided on a basis consistent with the revised segment information.
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

2. Changes in accounting policies (continued)

- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures in the financial statements about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.
- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1st April, 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated. The adoption of the amendments to HKAS 27 has no impact on the financial statements for the year ended 31st March, 2010.

3. Turnover

The principal activities of the Group are the printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products.

Turnover represents the invoiced value of goods sold, net of sales tax, returns and discounts.

4. Segment reporting

The Group manages its businesses by geographical areas. On first-time adoption of HKFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reporting segments.

- Dongguan and Hong Kong: manufacture and sales of paper products
- Shanghai: manufacture and sales of paper products

In accordance with HKFRS 8, segment information disclosed in the financial statements has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

4 Segment reporting (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31st March, 2010 and 2009 is set out below:

(a) Reportable segment revenues, profit or loss, assets and liabilities:

	<i>Dongguan and Hong Kong</i>		<i>Shanghai</i>		<i>Total</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	334,225	419,647	185,227	177,381	519,452	597,028
Inter-segment revenue	<u>16,625</u>	<u>14,675</u>	<u>3,623</u>	<u>14,355</u>	<u>20,248</u>	<u>29,030</u>
Reportable segment revenue	<u>350,850</u>	<u>434,322</u>	<u>188,850</u>	<u>191,736</u>	<u>539,700</u>	<u>626,058</u>
Reportable segment profit	<u>6,073</u>	<u>10,400</u>	<u>19,123</u>	<u>16,003</u>	<u>25,196</u>	<u>26,403</u>
Reportable segment assets	<u>344,156</u>	<u>372,893</u>	<u>239,239</u>	<u>226,467</u>	<u>583,395</u>	<u>599,360</u>
Reportable segment liabilities	<u>196,972</u>	<u>212,430</u>	<u>43,936</u>	<u>67,495</u>	<u>240,908</u>	<u>279,925</u>

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities:

	<i>2010</i>	<i>2009</i>
	HK\$'000	HK\$'000
<i>Revenue</i>		
Reportable segment revenue	539,700	626,058
Elimination of inter-segment revenue	<u>(20,248)</u>	<u>(29,030)</u>
Consolidated turnover	<u>519,452</u>	<u>597,028</u>

4. Segment reporting (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued):

	2010 HK\$'000	2009 HK\$'000
<i>Profit</i>		
Reportable segment profit	25,196	26,403
Elimination of inter-segment profit	<u>(797)</u>	<u>(3,244)</u>
Consolidated profit	24,399	23,159
	=====	=====
<i>Assets</i>		
Reportable segment assets	583,395	599,360
Elimination of inter-segment receivables	<u>(14,491)</u>	<u>(1,359)</u>
Consolidated total assets	568,904	598,001
	=====	=====
<i>Liabilities</i>		
Reportable segment liabilities	240,908	279,925
Elimination of inter-segment payables	<u>(14,491)</u>	<u>(1,359)</u>
Consolidated total liabilities	226,417	278,566
	=====	=====

(c) Geographical information

As the Group's business participates in only one geographical location classified by the location of assets, i.e. the PRC, including Hong Kong, no separate geographical segment analysis based on the location of assets is presented. The following table sets out information about the geographical location of revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered to:

	2010 HK\$'000	2009 HK\$'000
Hong Kong	85,090	116,947
Other areas of the PRC	245,944	268,602
United States	113,299	129,862
Europe	27,874	51,546
Other countries	<u>47,245</u>	<u>30,071</u>
	519,452	597,028
	=====	=====

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2010	2009
	HK\$'000	HK\$'000
(a) Finance costs:		
Interest on bank advances and other borrowings wholly repayable within five years	3,344	9,570
Finance charges on obligations under finance leases	<u>209</u>	<u>921</u>
	3,553	10,491
	=====	=====
(b) Staff costs (excluding directors' remuneration)#:		
Contributions to defined contribution retirement plans	5,386	7,718
Salaries, wages and other benefits	<u>102,368</u>	<u>110,235</u>
	107,754	117,953
	=====	=====
(c) Other items:		
Cost of inventories sold #	397,624	466,735
Auditor's remuneration		
- audit services	1,023	1,125
- tax services	267	47
- other services	-	98
Depreciation #		
- owned assets	28,496	26,831
- assets held under finance leases	8,186	11,715
Amortisation of land lease premium #	849	830
Operating lease charges for land and buildings #	2,477	3,191
Impairment loss on trade debtors	1,030	5,208
Reversal of impairment loss on trade debtors	(2,095)	-
Net loss/(gain) on disposal of fixed assets	524	(120)
Net loss on forward foreign exchange contracts	524	-
	=====	=====

Cost of inventories includes HK\$108,923,000 (2009: HK\$113,205,000) relating to staff costs, depreciation expenses, amortisation of land lease premium, and operating lease charges, which amount is also included in the respective amounts disclosed separately above for each of these types of expenses.

6. Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2010 HK\$'000	2009 HK\$'000
Current tax - Provision for Hong Kong Profits Tax		
Provision for the year	2,171	1,457
Under-provision in respect of prior years	<u>5,637</u>	<u>536</u>
	7,808	1,993
	-----	-----
Current tax - Outside Hong Kong		
Provision for the year	8,803	4,282
Under/(over)-provision in respect of prior years	<u>492</u>	<u>(30)</u>
	9,295	4,252
	-----	-----
Deferred tax		
Origination and reversal of temporary differences	(4,464)	(595)
	-----	-----
	12,639	5,650
	=====	=====

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year.

During the year ended 31st March, 2010, the Hong Kong Inland Revenue Department (“IRD”) conducted a field audit on the tax affairs of certain subsidiaries of the Company, principally related to the depreciation allowance claims in respect of plant and machinery. Subsequent to the balance sheet date in May 2010, the field audit was completed and revised assessments for the years of assessment 2002/03 to 2008/09 were raised by the IRD with an additional tax totaling HK\$8,222,000. Provision of HK\$2,582,000 and HK\$3,208,000 had previously been made under current tax payable and deferred tax liabilities respectively in the financial statements for the year ended 31st March 2009. All of the additional tax liabilities as a result of the revised assessments for the prior years have been fully provided for in the financial statements for the year ended 31st March, 2010.

6. Income tax in the consolidated income statement (continued)

(a) Taxation in the consolidated income statement represents (continued):

PRC Corporate Income Tax

The Company's subsidiaries in the PRC are subject to PRC Corporate Income Tax.

On 16th March, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which became effective on 1st January, 2008. As a result of the New Tax Law, the corporate income tax rate for the Company's subsidiaries in the PRC became 25% from 1st January, 2008. In respect of New Island (Shanghai) Paper Products Company Limited ("NISPP"), it has been granted a tax holiday where it is fully exempted from PRC Corporate Income Tax for two years from its first profit-making year of operations and then subject to a reduced tax rate at 50% of the applicable income tax rate for the following three years. NISPP has its first profit-making year for tax purpose in the calendar year ended 31st December, 2007.

Further, the State Council released the Implementation Rules to the Corporate Income Tax Law on 6th December, 2007 and Notice on the Implementation Rules of the Grandfathering Relief under the Corporate Income Tax Law (Guo Fa [2007] No. 39) on 26th December, 2007 (collectively, the "Implementation Rules"). Under the Implementation Rules, NISPP will continue to enjoy the remaining tax holiday until its expiry on 31st December, 2011.

Pursuant to the New Tax Law and the Implementation Rules, an investment holding company established in Hong Kong will be subject to a withholding tax at a tax rate of 5% on dividends that it receives from its PRC subsidiaries. This applies to dividends declared by all the Group's subsidiaries in the PRC the equity interests of which are held by a subsidiary incorporated in Hong Kong. Dividends receivable by the Group from subsidiaries in the PRC in respect of their undistributed profits accumulated up to 31st December, 2007 is exempted from withholding tax.

Bermuda tax

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in Bermuda.

United States tax

The Company's subsidiaries in the United States are subject to U.S. Corporate Income Tax rate of 15% (2009: 15%).

6. Income tax in the consolidated income statement (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2010	2009
	HK\$'000	HK\$'000
Profit before taxation	37,038	28,809
	=====	=====
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	8,091	3,929
Tax effect of non-deductible expenses	2,083	2,808
Tax effect of non-taxable revenue	(105)	(42)
Tax effect of unused tax losses not recognised	-	816
Tax effect of utilisation of prior years' unrecognised tax losses	(818)	-
Tax effect of reversal of temporary differences not recognised in prior years	(2,741)	(2,367)
Under-provision in respect of prior years	<u>6,129</u>	<u>506</u>
Actual tax expense	12,639	5,650
	=====	=====

7. Dividends

Dividends payable to equity shareholders of the Company attributable to the year:

	2010	2009
	HK\$'000	HK\$'000
Final dividend proposed after the balance sheet date of HK3.5 cents (2009: HK3.0 cents) per share	7,789	6,676
	=====	=====

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company for the year of HK\$24,248,000 (2009: HK\$23,159,000) and on the number of 222,529,000 (2009: 222,529,000) shares in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential shares during the years ended 31st March, 2010 and 2009, and diluted earnings per share are the same as basic earnings per share.

9. Trade debtors, prepayments and deposits

	<i>The Group</i>	
	2010 HK\$'000	2009 HK\$'000
Trade debtors	99,217	97,647
Less: Allowance for doubtful debts	<u>(8,534)</u>	<u>(9,598)</u>
	90,683	88,049
Amount due from a related company	5	-
Other receivables	5,258	7,855
Deposits and prepayments	<u>1,458</u>	<u>1,216</u>
	97,404	97,120
Derivative financial instruments	<u>230</u>	<u>-</u>
	<u>97,634</u>	<u>97,120</u>
	=====	=====

All trade debtors, prepayments and deposits, apart from deposits of the Group amounting to HK\$761,000 (2009: HK\$501,000), are expected to be recovered or recognised as expenses within one year. Other receivables, deposits and prepayments are neither past due nor impaired.

(a) Ageing analysis

Included in trade debtors, prepayments and deposits are trade debtors (net of allowance for doubtful debts) with the following ageing analysis:

	<i>The Group</i>	
	2010 HK\$'000	2009 HK\$'000
Current	84,227	71,407
Less than one month past due	256	3,380
One to three months past due	5,767	5,296
Over three months past due	<u>433</u>	<u>7,966</u>
	90,683	88,049
	=====	=====

In respect of trade debtors, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

10. Trade creditors and accrued charges

	<i>The Group</i>	
	<i>2010</i>	<i>2009</i>
	HK\$'000	HK\$'000
Trade creditors	57,891	43,922
Amount due to a related company	45	-
Other payables and accrued charges	<u>47,818</u>	<u>45,426</u>
	105,754	89,348
Derivative financial instruments	<u>894</u>	<u>-</u>
	<u>106,648</u>	<u>89,348</u>
	=====	=====

All of the trade creditors and accrued charges are expected to be settled within one year.

Included in trade creditors and accrued charges are trade creditors with the following ageing analysis:

	<i>The Group</i>	
	<i>2010</i>	<i>2009</i>
	HK\$'000	HK\$'000
Current and less than one month past due	47,786	33,506
One to three months past due	9,116	9,345
More than three months past due	<u>989</u>	<u>1,071</u>
	57,891	43,922
	=====	=====

BUSINESS REVIEW AND OUTLOOK

Under the difficult market environment as the global economy continued to struggle for a sustainable recovery, the Group reported for the year under review (“Review Period”) a fall of approximately 13.0% in turnover to approximately HK\$519.5 million, reflecting the soft demand for packaging printing products across all major markets. The level of sales was also affected, to some extent, by the drop in the prices of paper which was a key component in terms of product pricing. Gross profit margin, however, improved to approximately 23.5% during the Review Period from approximately 21.8% during the last corresponding period (“Corresponding Period”). This was due in part to the shift in product mix towards cosmetic products with higher profitability to compensate for the relatively high labour content required for the underlying manufacturing processes. Other factors that contributed to the improvement in gross profit margin included the drop in raw material costs and the productivity gains through various initiatives adopted under the difficult operating conditions. Accordingly, notwithstanding the soft demand for packaging printing products, gross profit fell marginally by approximately 6.5% to approximately HK\$121.8 million for the Review Period.

Meanwhile, in anticipation that the difficult operating conditions would persist, the Group implemented stringent cost control measures. Under the cost control measures, selling and distribution costs declined by approximately 9.6% to approximately HK\$33.0 million and administrative expenses, having accounted for the net reversal of impairment loss on trade debtors of approximately HK\$1.1 million, declined by approximately 7.1% to approximately HK\$57.8 million during the Review Period.

To strengthen risk management under the difficult operating conditions, the Group also tightened credit and inventory controls, thereby cutting down on the financing for working capital. Coupled with the further reduction in bank borrowings on generally lower interest rates, finance costs declined substantially by approximately 66.1% to approximately HK\$3.6 million during the Review Period.

As a result of the combined effects of the foregoing, profit before tax increased by approximately 28.6% to approximately HK\$37.0 million for the Review Period. Under the revised Departmental Interpretation and Practice Note 15, however, certain depreciation allowance claims in respect of plant and machinery made in prior years by a subsidiary of the Company in Hong Kong were disallowed by the Hong Kong Inland Revenue Department. Principally because of such disallowance and other consequential and related charges, income tax jumped to approximately HK\$12.6 million during the Review Period from approximately HK\$5.7 million during the Corresponding Period. Accordingly, profit attributable to equity shareholders increased by approximately 4.7% to approximately HK\$24.2 million for the Review Period.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

For the second consecutive year, the Group was able to generate cash flow from its operations in excess of HK\$100 million. As discussed in the section headed “Financial and Capital Resources”, the Group’s net debt-to-equity ratio was further reduced to approximately 12.9% by 31st March, 2010. With a robust financial position, the Group is well placed to capture opportunities under the difficult market environment and to benefit from any recovering demand for packaging printing products. The outlook for the industry, however, remains challenging. The recovery in the global economy, generally expected to continue to be gradual and uneven, is somewhat clouded by the uncertainty surrounding the fiscal crisis in Europe. Meanwhile, there have been serious labour shortage problems in many of the industrialised locations in China and labour costs have been rising rapidly. Moreover, any appreciation in Chinese Renminbi could translate into additional cost pressure. Nevertheless, the Directors are confident that, through efficacious cost management, the Group will be able to continue to serve its customers by producing quality products at competitive prices.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group expended a total of approximately HK\$7.0 million on fixed asset investments. These fixed asset investments and the daily operating activities of the Group were funded by retained earnings and bank borrowings and by the cash flow generated from the Group’s operations.

As at 31st March 2010, the Group had bank borrowings, which were either denominated in Hong Kong dollars or Chinese Renminbi, totaling approximately HK\$95.0 million (31st March, 2009: HK\$168.4 million). Of these borrowings, approximately HK\$57.4 million (31st March, 2009: HK\$102.4 million) were secured by fixed assets, trade debtors and bank deposits with an aggregate carrying value of approximately HK\$120.8 million (31st March, 2009: HK\$139.2 million). The net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 31st March, 2010 was approximately 12.9% (31st March, 2009: 37.8%)

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

COMMITMENTS

Capital commitments outstanding at 31st March, 2010 not provided for in the financial statements were as follows:

	<i>2010</i> HK\$'000	<i>2009</i> HK\$'000
Contracted for	19,373 =====	733 =====

STAFF

As at 31st March 2010, the Group had a total staff of 2,695 (31st March, 2009: 2,836) of which 2,633 (31st March, 2009: 2,776) were employed in the People's Republic of China for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship.

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the year ended 31st March, 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31st March, 2010.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-Executive Directors and a Non-Executive Director and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditors to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the annual results of the Group for the year ended 31st March, 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31st March, 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK3.5 cents (2009: HK3.0 cent) per share for the year ended 31st March, 2010 to shareholders whose names appear on the register of members of the Company on 3rd September, 2010. Subject to the approval by shareholders at the forthcoming Annual General Meeting, the proposed final dividend will be payable on or before 10th September, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of our Company will be closed from Tuesday, 31st August, 2010 to Friday, 3rd September, 2010, both days inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend and to determine the identity of the members who are entitled to attend and vote at the forthcoming annual general meeting ("AGM") of our Company, all share transfers accompanied by the relevant share certificate(s) must be lodged with our Company's Hong Kong Share Registrar, Union Registrars Limited, 18/F., Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30th August, 2010.

PUBLICATION OF FINAL RESULTS AND 2010 ANNUAL REPORT

The final results announcement of the Company is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.newisland.com>). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.newisland.com>) in due course.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 3rd September, 2010. A notice convening the AGM will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.newisland.com>) and will be dispatched to the shareholders of the Company.

By Order of the Board
New Island Printing Holdings Limited
FUNG So Ka Wah, Karen
Chief Executive Officer

Hong Kong, 23rd July, 2010

As at the date of this announcement, the Board comprises Madam So Chau Yim Ping, BBS, JP, Mrs. Fung So Ka Wah, Karen, Mrs. Cheong So Ka Wai, Patsy and Mr. So Wah Sum, Conrad as Executive Directors; Mr. Ting Woo Shou, Kenneth, SBS, JP as Non-Executive Director and Mr. Hui Yin Fat, O.B.E. JP, Mr. Wong Wang Fat, Andrew, O.B.E. (Hon.), JP and Mr. She Chiu Shun, Ernest as Independent Non-Executive Directors.