新洲印刷集團有限公司

NEW ISLAND PRINTING HOLDINGS LIMITED

(Stock Code 股份代號 : 377)

2010

Annual Report 年報

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EXECUTIVE DIRECTORS

Madam So Chau Yim Ping, BBS, JP *(Chairman)*
Mrs. Fung So Ka Wah, Karen
(Chief Executive Officer)
Mrs. Cheong So Ka Wai, Patsy
Mr. So Wah Sum, Conrad

NON-EXECUTIVE DIRECTOR

Mr. Ting Woo Shou, Kenneth, SBS, JP

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Yin Fat, O.B.E., JP
Mr. She Chiu Shun, Ernest
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek

AUDIT COMMITTEE

Mr. She Chiu Shun, Ernest, *Chairman*
Mr. Hui Yin Fat, O.B.E., JP
Mr. Ting Woo Shou, Kenneth, SBS, JP
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP

REMUNERATION COMMITTEE

Madam So Chau Yim Ping, BBS, JP, *Chairman*
Mrs. Cheong So Ka Wai, Patsy
Mr. Hui Yin Fat, O.B.E., JP
Mr. She Chiu Shun, Ernest
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

KPMG

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

New Island Printing Centre
38 Wang Lee Street
Yuen Long Industrial Estate
New Territories
Hong Kong

HONG KONG SHARE REGISTRAR

Union Registrars Limited
18/F
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

377

WEBSITE

http://www.newisland.com

BIOGRAPHY OF DIRECTORS

Madam So Chau Yim Ping, BBS, JP, aged 82, is the Chairman of the Company and the chairman of Remuneration Committee of the Company as well as the founder of the Group. Madam So has more than 40 years' experience in the printing and paper products industry. She is the Hon. Chairman of The Hong Kong Printers Association, the President of the Southern District Industrialists Association Limited and the Hon. President of Hong Kong Federation of Women. She was a member of the Legislative Council from October 1988 to August 1991 and was a District Board member for the Southern District from April 1985 to September 1994.

Mrs. Fung So Ka Wah, Karen, aged 59, is an Executive Director and Chief Executive Officer of the Company mainly responsible for the strategic planning, overall management and procurement of the Group. Mrs. Fung graduated from the University of Toronto and obtained a post graduate degree from the University of Western Ontario in Canada. She had worked in the banking industry before joining the Group in 1985. Mrs. Fung is a daughter of Madam So Chau Yim Ping, BBS, JP.

Mrs. Cheong So Ka Wai, Patsy, aged 60, is an Executive Director and a member of the Remuneration Committee of the Company taking part of policy formulation and strategic planning and human resources of the Group. Mrs. Cheong is a law graduate from the University of Hull, United Kingdom and has been admitted as a solicitor in Hong Kong since 1977. She joined the Group in 1992. Mrs. Cheong is a daughter of Madam So Chau Yim Ping, BBS, JP.

Mr. So Wah Sum, Conrad, aged 55, is an Executive Director of the Company. His main responsibility is sales and marketing and management of Dongguan Plant. Mr. So graduated from the University of Waterloo in Canada with degrees in Environmental Studies and in Arts majoring in economics and accounting. He has obtained a master degree in Business Administration from Deakin University, Australia. Mr. So is a member of the Society of Management Accountants of Canada and also a fellow of Chartered Institute of Management Accountants of United Kingdom. He had worked in various departments of a multinational chemical manufacturer in Canada before returning to Hong Kong and joining the Group in 1983. Mr. So is the son of Madam So Chau Yim Ping, BBS, JP.

** ***Mr. Ting Woo Shou, Kenneth,*** SBS, JP, aged 67, is a Non-Executive Director of the Company and a member of the Audit Committee of the Company. He is the managing director and a controlling shareholder of Kader Holdings Company Limited (Stock Code: 180). Mr. Ting currently serves as the Hong Kong Ethics Development Advisory Committee, ICAC, the President of HK Wuxi Trade Association Limited, the Honorary President of the Federation of Hong Kong Industries, the President of the Hong Kong Plastic Manufacturers' Association Ltd., the Honorary President of the Chinese Manufacturers' Association of Hong Kong and the Honorary President of the Toys Manufacturers' Association of Hong Kong Limited. Besides, Mr. Ting is a member of the Hong Kong Polytechnic University Court, a member of the Hong Kong University of Science and Technology Court and a member of the Hong Kong General Chamber of Commerce. Furthermore, he is also a member of the Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference. Mr. Ting joined the Group in 1993.

* ***Mr. Hui Yin Fat,*** O.B.E., JP, aged 74, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Remuneration Committee of the Company. Mr. Hui was a member of the Legislative Council from 1985 to 1995, a member of the Executive Council from 1990 to 1991 and a member of the Provisional Legislative Council from 1997 to 1998. Mr. Hui, who had been the director of the Hong Kong Council of Social Service for over 30 years, holds a B.A. (Hons) degree and a Dip. in Social Studies from the University of Hong Kong and a M.Sc. in Social Administration degree from the Western Reserve University, Cleveland, Ohio, USA. He had been the Chairman of the Advisory Committee on Social Work Training and the Chairman of Advisory Committee on Social Work at Hong Kong Baptist University, the Chairman of Advisory Committee on Applied Social Studies at Hong Kong Polytechnic University and the Chairman of Advisory Board of Hong Kong Shue Yan University. Mr. Hui joined the Group in 1993.

* ***Mr. She Chiu Shun, Ernest,*** aged 49, is an Independent Non-Executive Director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is an investment banker with extensive experience in financial advisory and fund raising activities in the Asian regional markets. Prior to becoming an investment banker, Mr. She was an investment analyst responsible primarily for equity research in the real estate sector. Mr. She graduated from the University of Toronto with a Bachelor of Applied Science degree in Industrial Engineering and obtained from the Imperial College of Science and Technology a Master of Science degree in Management Science specialising in Operational Research. Mr. She is a Chartered Financial Analyst, a member of the CFA Institute and a member of the Hong Kong Securities Institute. Mr. She joined the Group in 2004.

* ***Mr. Wong Wang Fat, Andrew,*** O.B.E. (Hon), JP, aged 66, is an Independent Non-Executive Director of the Company and a member of the Audit Committee and Remuneration Committee of the Company. Mr. Wong had been an elected member of the Legislative Council from 1985 to 2004 and was the President of the Council from 1995 to 1997. Mr. Wong holds a Bachelor of Arts (Honours) degree in literature from the University of Hong Kong and a Master of Public Administration degree from the Syracuse University, USA. He had been lecturing at The Chinese University of Hong Kong since 1970 and is now retired. Mr. Wong is also an Honorary President of the Hong Kong Corrugated Paper Manufacturers Association. He joined the Group in 1993.

*   *Independent Non-Executive Directors*

**   *Non-Executive Directors*

BIOGRAPHY OF SENIOR MANAGEMENT

Mr. Sinn Wai Kin, Derek, aged 51, is the Financial Controller responsible for the financial planning and management of the Group and is the company secretary of the Company. Mr. Sinn is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 25 year's experience in audit, accounting and financial management. He joined the Group in September 2008.

Mr. Lai Po Wah, Charles, aged 52, is the General Manager of Shanghai New Island Packaging Printing Company Limited. He is responsible for overall management of the Shanghai operation. Mr. Lai has over 30 years' experience in the printing industry. He is a graduate of Hong Kong Institute of Vocational Education (Kwun Tong) in printing. He joined the group since 1986.

Mr. Tee Swee Kan, aged 51, is the production director of New Island Printing Company Limited with the responsibility for manufacturing operations of the Dongguan Plants. He holds a bachelor of Science degree in Chemistry from Malaysia and a member of the Institute of Printing (UK). He has more than 20 years of production and operational management experience in the printing industry. Mr. Tee was employed by the Group from September 1990 to August 2002. He rejoined the Group in June 2008.

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at New Island Printing Centre, 38 Wang Lee Street, Yuen Long Industrial Estate, New Territories, Hong Kong on Friday, the 3rd day of September, 2010 at 12:00 noon for the following purposes:

1. To receive and consider the financial statements and the Report of Directors and the Independent Auditor's Report for the year ended 31st March, 2010.

2. To declare a final dividend for the year ended 31st March, 2010.

3. To re-elect the following retiring Directors and to authorise the Board of Directors to fix the remuneration of Directors:

   (a) Mrs. FUNG SO Ka Wah, Karen

   (b) Mr. TING Woo Shou, Kenneth, SBS, JP

   (c) Mr. SHE Chiu Shun, Ernest

4. To re-appoint Auditor and to authorise the Board of Directors to fix the remuneration of Auditor.

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

ORDINARY RESOLUTION

"**THAT** a general mandate be and is hereby unconditionally given to the Directors of the Company to issue and dispose of new shares of the Company not exceeding twenty per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution until the next annual general meeting of the Company or until this resolution is revoked or varied by an ordinary resolution passed by the shareholders in general meeting of the Company, whichever is the earliest."

By Order of the Board
New Island Printing Holdings Limited
SINN Wai Kin, Derek
Secretary

Hong Kong, 30th July, 2010

Principal Place of Business:

New Island Printing Centre
38 Wang Lee Street
Yuen Long Industrial Estate
New Territories
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy needs not be a member of the Company.

2. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the head office and principal place of business of the Company at New Island Printing Centre, 38 Wang Lee Street, Yuen Long Industrial Estate, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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

4. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the meeting will be taken by poll and the Company will announce results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

5. With regard to item no3 of this notice, details of retiring Directors proposed for re-election are set out below:

   (a) **Mrs. FUNG SO Ka Wah, Karen**, aged 59, is an Executive Director and Chief Executive Officer of the Company, mainly responsible for the strategic planning, overall management and procurement of the Group. Mrs. Fung graduated from the University of Toronto and obtained a post graduate degree from the University of Western Ontario in Canada. She had worked in the banking industry before joining the Group in 1985. Mrs. Fung is a daughter of Madam So Chau Yim Ping, BBS. JP.

   Mrs. Fung has not held any other directorship in other listed company in the last three years. Save as disclosed above and as a director in a number of companies of the Company's group, she does not hold any other position with the Company or any other members of the Company's group.

   Mrs. Fung is a daughter of Madam So Chau Yim Ping, BBS, JP., the Chairman of the Company and the sister of Mr. So Wah Sum, Conrad, and Mrs. Cheong So Ka Wai, Patsy , Directors of the Company. Mrs. Fung is holding 20% interest in Ka Chau Enterprises (B.V.I.) Limited, a substantial shareholder of the Company. As at the date hereof, she has personal interests in 3,300,000 shares (representing approximately 1.5% of the issued share capital) of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed herein, she does not have any other relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

   Mrs. Fung has entered into service agreement with the Company for a period of 2 years from 19th May, 2010. She is subject to retirement and re-election provisions in the Bye-laws of the Company pursuant to which she shall retire from office by rotation at the annual general meetings of the Company. She is entitled to director's remuneration and discretionary bonus and benefit to be determined by the Board with reference to her duties and responsibilities in the Company, the Company's performance and prevailing market situation and to be authorised by the shareholders of the Company at annual general meeting. Mrs. Fung is currently entitled to a monthly salary of HK$ 50,000, with a month salary payable by the Company at the end of the year. Hence for the year ended 31st March, 2010, a director's emolument of HK$650,000 and discretionary bonus of HK$20,000 were paid to Mrs. Fung. Her director's emolument for the year ending 31st March, 2011 is proposed to be HK$750,000.

   Save as disclosed above, there are no other matters relating to her re-election that need to brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules or any other matter that need to be brought to the attention of the Shareholders of the Company pursuant to Rules 13.51(2)(w) of the Listing Rules.

(b) **Mr. TING Woo Shou, Kenneth**, SBS, JP, aged 67, is a Non-Executive Director and a member of Audit Committee of the Company. He joined the Group in 1993. He is the managing director and a controlling shareholder of Kader Holdings Company Limited (Stock Code:180). Mr. Ting currently serves as the Hong Kong Ethics Development Advisory committee, ICAC, the President of HK Wuxi Trade Association Limited, the Honorary President of the Federation of Hong Kong Industries, the President of the Hong Kong Plastics Manufacturers' Association Ltd., the Honorary President of the Chinese Manufacturers' Association of Hong Kong and the Honorary President of the Toys Manufacturers' Association of Hong Kong Limited. Besides, Mr. Ting is a member of the Hong Kong Polytechnic University Court, a member of the Hong Kong University of Science and Technology Court and a member of the Hong Kong General Chamber of Commerce. Furthermore, he is also a member of the Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference.

Save as disclosed above, Mr. Ting has not held directorships in any other listed public companies in the last three years and save as a member in the Audit Committee, he has not held any other position with the Company or any other member of the Company's group. Mr. Ting is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the date hereof, he is interested in 105,000 shares (representing approximately 0.05% of the issued share capital) of the Company within the meaning of Part XV of Securities and Futures Ordinance.

Mr. Ting is currently appointed as Non-Executive Director of the Company for a period of 2 years from 15 July 2009. He is subject to retirement and re-election provisions in the Bye-laws of the Company pursuant to which he shall retire from office by rotation at the annual general meetings of the Company. His director's fee is to be determined by the Board with reference to his duties and responsibilities in the Company, the Company's performance and prevailing market situation and to be authorised by the shareholders of the Company at annual general meeting. He is not entitled to any bonus and other forms of benefits. For the year ended 31st March, 2010, a director's fee of HK$50,000 is payable to Mr. Ting. His director's fee for the year ending 31st March, 2011 is proposed to be HK$50,000.

Save as disclosed above, there are no other matters relating to his re-election that need to brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules or any other matter that need to be brought to the attention of the Shareholders of the Company pursuant to Rules 13.51(2)(w) of the Listing Rules.

(c) **Mr. SHE Chiu Shun, Ernest**, aged 49, is an Independent Non-Executive Director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is an investment banker with extensive experience in financial advisory and fund raising activities in the Asian regional markets. Prior to becoming an investment banker, Mr. She was an investment analyst responsible primarily for equity research in the real estate sector. Mr. She graduated from the University of Toronto with a Bachelor of Applied Science degree in Industrial Engineering and obtained from the Imperial College of Science and Technology a Master of Science degree in Management Science specialising in Operational Research. Mr. She is a Chartered Financial Analyst, a member of the CFA Institute and a member of the Hong Kong Securities Institute. Me. She joined the Group in 2004.

Mr. She has not held any other directorship in other listed company in the last three years. Save as a member of the Audit Committee and Remuneration Committee, he does not hold any other position with the Company or any other members of the Company's group. Mr. She is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company. Mr. She does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. She is currently appointed as Independent Non-Executive Director of the Company for a period of 2 years from 15 July 2009. He is subject to retirement and re-election provisions in the Bye-laws of the Company pursuant to which he shall retire from office by rotation at the annual general meetings of the Company. His director's fee is to be determined by the Board with reference to his duties and responsibilities in the Company, the Company's performance and prevailing market situation and to be authorised by the shareholders of the Company at annual general meeting. He is not entitled to any bonus and other forms of benefits. For the year ended 31st March, 2010, a director's fee of HK$50,000 is payable to Mr. She. His director's fee for the year ending 31st March, 2011 is proposed to be HK$50,000.

Save as disclosed above, there are no other matters relating to his re-election that need to brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules or any other matter that need to be brought to the attention of the Shareholders of the Company pursuant to Rules 13.51(2)(w) of the Listing Rules.

6. This notice is also available for viewing on the designated website of The Stock Exchange at www.hkexnews.hk and on the website of the Company at www.newisland.com from 23rd July, 2010.

7. As at the date this notice, the Board consists of eight Directors, namely Madam So Chau Yim Ping, BBS,, JP (Chairman), 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.

I am pleased to report that, notwithstanding the difficult market environment under a global economy that had been struggling for a sustainable recovery, the Group continued to achieve a further improvement in its performance during the year under review. A detailed discussion in relation thereto is set out in the section headed "Management Discussion and Analysis".

In view of the continued generation of robust cash flow from the Group's operations and the further improvement in its financial position, the Board has resolved to propose a final dividend of HK3.5 cents per share for the year under review. The proposed final dividend will be subject to the approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on 3rd September, 2010.

A few years ago, the Group underwent one of the worst ever periods throughout its entire history. Looking back, this might have been a blessing in disguise. Since then, the Group had strengthened its management, streamlined its operations to boost its operational efficiency and productivity and rebalanced its financing and reduced its borrowings to restore its financial well-being. The Group had, therefore, been able to ride out the economic turmoil caused by the global financial meltdown with respectable performance. Looking forward, I am optimistic that the Group will emerge with a reinforced track record and an enhanced reputation of being a competent and reliable business partner capable of delivering consistent and quality services at times of uncertainties and difficulties, and I have full confidence in the prospects of the Group, which will continue to strive to improve profitability and enhance value for the Shareholders in the years to come.

Finally, I would like to take this opportunity to extend my gratitude to the dedicated staff of the Group for their hard work and contribution under the difficult operating environment. On behalf of the members of the Board, I would also like to express our sincere thanks to the Group's customers and the Shareholders for their continued support.

So Chau Yim Ping
Chairman

Hong Kong, 23rd July, 2010

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.

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.

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 (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.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting the confidence of shareholders of the Company (the "Shareholders"). The Company is committed to ensuring a high standard of corporate governance. The Board will review the corporate governance practices of the Company and its subsidiaries (the "Group") from time to time to ensure that they reflect the latest development and meet the expectations of the Shareholders.

The Company has applied the principles and complied with the code provisions of the Code on Corporate Governance Practices (the "Code") contained 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 31st March, 2010.

BOARD OF DIRECTORS

The Board currently comprises four Executive Directors, one Non-Executive Director and three Independent Non-Executive Directors. One of the Independent Non-Executive Directors has appropriate professional qualifications with accounting or related financial management expertise. Mrs. Cheong So Ka Wai, Patsy and Mrs. Fung So Ka Wah, Karen are the daughters and Mr. So Wah Sum, Conrad is the son of Madam So Chau Yim Ping, BBS, JP.

The Board is responsible for establishing strategic directions, setting objectives and business plans and monitoring performance. The Management is responsible for the day-to-day management and operations of their respective individual business units.

The Board has established a schedule of matters specifically reserved to the Board for its decisions and those reserved for the Management. The Board reviews this schedule from time to time to ensure that it remains appropriate to the needs of the Group.

The Chairman, Madam So Chau Yim Ping, BBS, JP, and the Chief Executive Officer, Mrs. Fung So Ka Wah, Karen, have different roles. The Chairman is responsible for the operations of the Board and the responsibility of the Chief Executive Officer is to manage the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and authority not concentrating on a single individual.

Each of the Independent Non-Executive Directors and the Non-Executive Director has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a period of two years. The appointment shall terminate on the earlier of (i) the expiry date specified in the appointment letter, or (ii) the date on which the Director ceases to be Director for any reasons pursuant to the Bye-laws of the Company or any other applicable laws.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation in writing of his independence and is satisfied that each of them continues to be independent in accordance with the requirements of the Listing Rules.

The full Board meets no less than four times a year to review, inter alia, the financial and operational performance of the Group. Additional Board meetings are held when necessary. Due notice and Board papers are given to all Directors prior to a meeting in accordance with the Listing Rules and the Code. The Board has established a procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses.

BOARD OF DIRECTORS *(Continued)*

There were four regular Board meetings held in the year ended 31st March, 2010. The attendance record of each Director at the regular Board meetings is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Directors	Attendance of regular Board meetings
Executive Directors:	
Madam So Chau Yim Ping, BBS, JP	4/4
Mrs. Fung So Ka Wah, Karen	4/4
Mrs. Cheong So Ka Wai, Patsy	4/4
Mr. So Wah Sum, Conard	4/4
Non-Executive Director:	
Mr. Ting Woo Shou, Kenneth, SBS, JP	3/4
Independent Non-Executive Directors:	
Mr. Hui Yin Fat, O.B.E., JP	1/4
Mr. She Chiu Shun, Ernest	4/4
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP	3/4

REMUNERATION COMMITTEE

The Remuneration Committee, which is chaired by Madam So Chau Yim Ping, BBS, JP, has been established with defined terms of reference. Other members of the Remuneration Committee are Mrs. Cheong So Ka Wai, Patsy, Mr. Hui Yin Fat, O.B.E., JP, Mr. She Chiu Shun, Ernest and Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP.

The Company aims to design a remuneration policy that attracts and retains executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies of the Group while at the same time taking into account the performance of the individuals. The remuneration should reflect, inter alia, the performance and responsibilities of the individuals; and the remuneration packages are structured to include salary, bonus and other benefits to provide incentives to directors and senior management of the Group and to improve their individual performance.

The roles and functions of the Remuneration Committee include the formulation and review of the recommendation to the Board on the remuneration policy as well as the determination of the specific remuneration packages of the Executive Directors and the Group's senior management. No Director or any of his associates is involved in deciding his own remuneration.

REMUNERATION COMMITTEE *(Continued)*

The Remuneration Committee met one time during the year ended 31st March, 2010 and the work carried out by the Remuneration Committee included the following:

— reviewed the remuneration policy of the Group; and

— reviewed the specific remuneration packages of the Executive Directors and the senior management of the Group for the year ended 31st March, 2010.

The attendance record of each member of the Remuneration Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Remuneration Committee members	**Attendance**
Madam So Chau Yim Ping, BBS, JP	1/1
Mrs. Cheong So Ka Wai, Patsy	1/1
Mr. Hui Yin Fat, O.B.E., JP	1/1
Mr. She Chiu Shun, Ernest	1/1
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP	1/1

NOMINATION OF DIRECTORS

The Board has not established a nomination committee. According to the Bye-laws of the Company, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Board reviews the structure, size and composition of the Board from time to time.

During the year ended 31st March, 2010, there was no change of directorship.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors, Mr. She Chiu Shun, Ernest, Mr. Hui Yin Fat, O.B.E. JP, Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP. and one Non-Executive Director, Mr. Ting Woo Shou, Kenneth, SBS, JP. The Audit Committee is chaired by Mr. She Chiu Shun, Ernest and reports directly to the Board.

The Audit Committee meets regularly with the senior management of the Group and the external auditors of the Company. A copy of the written terms of reference which describe the authority and duty of the Audit Committee is posted on the Company's website.

The roles and functions of the Audit Committee include the review of the consolidated financial statements of the Company, the oversight of the financial reporting system and internal control procedures of the Group as well as the review of the Group's relationship with the external auditors of the Company.

AUDIT COMMITTEE *(Continued)*

The Audit Committee met 2 times during the year ended 31st March, 2010 and the work carried out by the Audit Committee included the following:

— reviewed the consolidated financial statements of the Company for the year ended 31st March, 2009;

— reviewed the interim financial report of the Company for the six months ended 30th September, 2009;

— reviewed and discussed with the Company's external auditors the audit plan for the consolidated financial statements of the Company for the year ended 31st March, 2010;

— reviewed and considered the terms of the continuing connected transactions entered into between the Group and certain companies controlled by Mr. Ting Woo Shou, Kenneth, SBS, JP or his family members. Given his conflict of interests in these transactions, Mr. Ting Woo Shou, Kenneth, SBS, JP abstained from all discussions relating to such transactions;

— reviewed and discussed with the senior management of the Group and the external auditors of the Company major accounting, audit and internal control issues;

— reviewed the independence and objectivity of the external auditors of the Company;

— monitored the non-audit services undertaken by the Company's external auditors or their affiliates; and

— reviewed and approved the remuneration and terms of engagement of the external auditors of the Company.

Subsequent to the year ended 31st March, 2010, the Audit Committee also had a meeting to review the consolidated financial statements of the Company for the year ended 31st March, 2010.

The attendance record of each member of the Audit Committee is shown below. All business transacted at the above meetings has been duly documented and is maintained in accordance with applicable laws and regulations.

Audit Committee Members	**Attendance**
Mr. She Chiu Shun, Ernest	2/2
Mr. Hui Yin Fat, O.B.E., JP	1/2
Mr. Ting Woo Shou, Kenneth, SBS, JP	2/2
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP	2/2

INTERNAL CONTROL

The Board has the overall responsibility for the internal control system of the Group and reviews its effectiveness from time to time. The Audit Committee assists the Board in the review, which covers operational, financial and compliance controls and risk management functions, to maintain an adequate and effective internal control system to safeguard the interests of the Shareholders and the assets of the Group.

The Directors had, during the year ended 31st March, 2010, made arrangements to review the Group's internal control system as well as the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function. The purpose of the review was to provide a reasonable assurance on the effectiveness and efficiencies of the Group's operations in achieving the established corporate objectives, to safeguard the Group's assets against unauthorized use or disposition, to ensure the maintenance of proper accounting records of the Group for the provision of reliable financial information for internal use and for publication, and to ensure the Group's compliance with relevant legislation and regulations.

AUDITORS' REMUNERATION

During the year ended 31st March, 2010, the company's external Auditors charged the Company HK$1,023,000 for audit services and HK$267,000 for non-audit services. The non-audit services undertaken by the Company's external Auditors were mainly for the tax compliance and advisory services.

FINANCIAL REPORTING

The Board acknowledges its responsibility for the preparation of the consolidated financial statements of the Company for the year ended 31st March, 2010, which have been prepared on a going concern basis.

The reporting responsibility of the external Auditors of the Company is set out in the Independent Auditor's Report on page 27 and 28 of this Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "Model Code") set out in appendix 10 of the Listing Rules as the code of conduct of securities transactions by directors and has adopted similar guidelines on no less exacting terms than the Model Code for application to the Group's senior management and designated people who are likely to be in possession of unpublished price sensitive information of the Group. In response to specific enquiries made by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31st March, 2010.

SHAREHOLDER COMMUNICATIONS

The objective of communications with Shareholders is to provide Shareholders with detailed information about the Company so that they can exercise their rights as Shareholders in an informed manner.

The Company uses a range of communication tools to ensure Shareholders are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars. The Company's website offers a communication channel between the Company and the Shareholder, and is frequently updated with key information of the Group.

At the Company's 2009 annual general meeting, a separate resolution was also proposed by the Chairman in respect of each separate issue, including the re-election of Directors.

The Company regularly informs the Shareholders of the procedure for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the Company.

CONCLUSION

The Board believes that the quality and standard of Corporate Governance reflects the quality of the management and the operations of the Group's business. Good Corporate Governance can safeguard the proper use of the Group's funds and effective allocation of the Group's resources as well as protecting the interests of the Shareholders. The management wholeheartedly advocates good practice in Corporate Governance and will strive to maintain, strengthen and improve the standard and quality of the Corporate Governance of the Group.

The Directors have pleasure in submitting the annual report together with the audited financial statements of New Island Printing Holdings Limited (the "Company") for the year ended 31st March, 2010.

PRINCIPAL PLACE OF BUSINESS

New Island Printing Holdings Limited is a company incorporated and domiciled in Bermuda and has its principal place of business at New Island Printing Centre, 38 Wang Lee Street, Yuen Long Industrial Estate, New Territories, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of the subsidiaries are the printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products.

The analysis of the geographical segments of the operations of the Company and its subsidiaries during the year is set out in note 11 to the financial statements.

FINANCIAL STATEMENTS

The profit and cash flows of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2010 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 29 to 87.

DIVIDEND

The Directors recommended the payment of a final dividend of HK3.5 cents (2009: HK3.0 cent) per share for the year ended 31st March, 2010.

The proposed final dividend, if approved at the 2010 annual general meeting of the Company, is expected to be paid on or before 10th September, 2010 to Shareholders whose name appear on the register of members of the Company on 3rd September, 2010.

TRANSFER TO RESERVES

Profits attributable to shareholders of HK$24,248,000 (2009: HK$23,159,000) have been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year amounted to HK$149,000 (2009: HK$80,000).

SUBSIDIARIES

Particulars of the Company's subsidiaries at 31st March, 2010 are set out in note 14 to the financial statements.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88.

MAJOR SUPPLIERS AND CUSTOMERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the financial year is as follows:

	%
Sales	
Five largest customers in aggregate	30%
The largest customer	13%
Purchases	
Five largest suppliers in aggregate	29%
The largest supplier	16%

At no time during the financial year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5 per cent. of the Company's share capital) had any interests (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) in these major customers and suppliers.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in note 23 to the financial statements. There were no movements during the financial year.

BANK LOANS AND OVERDRAFTS, OBLIGATIONS UNDER FINANCE LEASES AND BILLS PAYABLE

Particulars of bank loans and overdrafts, obligations under finance leases and bills payable of the Group at 31st March, 2010 are set out in notes 18, 19 and 21 to the financial statements respectively.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Madam So Chau Yim Ping, BBS, JP *(Chairman)*
Mrs. Fung So Ka Wah, Karen
Mrs. Cheong So Ka Wai, Patsy
Mr. So Wah Sum, Conrad
Mr. Ting Woo Shou, Kenneth, SBS, JP**
Mr. Hui Yin Fat, O.B.E., JP*
Mr. She Chiu Shun, Ernest*
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP*

* *Independent Non-Executive Directors*

** *Non-Executive Director*

In accordance with the Bye-Laws of the Company, Mrs. Fung So Ka Wah, Karen, Mr. Ting Woo Shou, Kenneth, SBS, JP and Mr. She Chiu Shun, Ernest, will retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-Executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Madam So Chau Yim Ping, BBS, JP and Mr. So Wah Sum, Conrad have entered into service agreements as Executive Directors with the Company which may be terminated by either party giving to the other six months written notice. Mrs. Cheong So Ka Wai, Patsy and Mrs. Fung So Ka Wah, Karen have entered into service agreements as Executive Directors for a period of two years until 18th May, 2012 which may be terminated by either party giving to the other three months written notice. Mr. Ting Woo Shou, Kenneth, SBS, JP was appointed as a Non-Executive Director of the Company for a period of two years until 14th July, 2011. Mr. Hui Yin Fat, O.B.E., JP, Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP and Mr. She Chiu Shun, Ernest were appointed as Independent Non-Executive Directors of the Company for a period of two years until 14th July, 2011.

No Director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than normal statutory obligations.

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 of the Company, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year ended 31st March, 2010.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors and chief executive of the Company who held office as at 31st March, 2010 had the following interests in the shares of the Company, subsidiaries and other associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of Directors' and chief executive's interests and short positions required to be kept under section 352 of the SFO:

(a) Interests in issued shares of the Company

	Ordinary shares of HK$0.1 each			
Name of Directors	**Personal interests** *(Note 1)*	**Corporate interests** *(Note 2)*	**Total number of shares held**	**% of total issued shares**
Madam So Chau Yim Ping, BBS, JP	19,800,000	132,000,000	151,800,000	68.22%
Mrs. Fung So Ka Wah, Karen	3,300,000	—	3,300,000	1.48%
Mrs. Cheong So Ka Wai, Patsy	3,300,000	—	3,300,000	1.48%
Mr. So Wah Sum, Conrad	3,300,000	—	3,300,000	1.48%
Mr. Ting Woo Shou, Kenneth, SBS, JP	105,000	—	105,000	0.05%

No family interests in shares are held by any of the Directors.

Notes:

(1) All these shares are held by the respective Directors personally as beneficial owners.

(2) Ka Chau Enterprises (B.V.I.) Limited ("Ka Chau") beneficially owned 132,000,000 shares as at 31st March, 2010. Madam So Chau Yim Ping, BBS, JP had a 60 per cent. interest in Ka Chau, and each of Mrs. Fung So Ka Wah, Karen and Mrs. Cheong So Ka Wai, Patsy had a 20 per cent. interest in Ka Chau. Accordingly, Madam So Chau Yim Ping, BBS, JP was deemed to be interested in the 132,000,000 shares owned by Ka Chau.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(b) Interests in non-voting deferred shares of subsidiaries

	New Island Printing Company Limited		Sonic Manufacturing Company Limited	
Name of Directors	**Non-voting deferred shares of HK$100 each**	**% of total non-voting deferred shares as at 31st March, 2010**	**Non-voting deferred shares of HK$100 each**	**% of total non-voting deferred shares as at 31st March, 2010**
Madam So Chau Yim Ping, BBS, JP	6,700	67.0%	500	50%
Mrs. Fung So Ka Wah, Karen	1,000	10.0%	—	—
Mrs. Cheong So Ka Wai, Patsy	1,000	10.0%	500	50%
Mr. So Wah Sum, Conrad	1,000	10.0%	—	—
Madam So Chau Yim Ping, BBS, JP and Mrs. Cheong So Ka Wai, Patsy	150	1.5%	—	—
	9,850	98.5%	1,000	100%

Note: All the above non-voting deferred shares are held by the respective Directors personally as beneficial owners.

As at 31st March, 2010, apart from the foregoing, none of the Directors and chief executive of the Company or any of their spouses or children under eighteen years of age had interests or short positions in the shares, underlying shares or debentures of the Company or subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

Save for those shares referred to in the Directors' interests in shares above, no person or corporation had any interest in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group had entered into the following transactions, as described below and in the announcement dated 8th May, 2007 with persons who were "connected persons" for the purpose of the Listing Rules.

The Group, in the ordinary course of business, sold packaging products to Kader Industrial Company Limited ("Kader") and Qualidux Industrial Company Limited ("Qualidux") from time to time on an arm's length basis and on normal commercial terms. Mr. Ting Woo Shou, Kenneth, SBS, JP, a Non-Executive Director of the Company, is the managing director and a controlling shareholder of Kader. Mr. Ting is also a director of Qualidux and certain members of his family have substantial interests in Qualidux. Sales for the year ended 31st March, 2010 to Kader and Qualidux amounted to HK$11,065,000 (2009: HK$10,916,000).

These transactions have been reviewed by the Independent Non-Executive Directors (namely, Mr. Hui Yin Fat, O.B.E., JP, Mr. She Chiu Shun, Ernest and Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP), who are satisfied that the above transactions were entered into:

(i) in the ordinary and usual course of business;

(ii) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Board of Directors has engaged the auditors of the Company to perform certain agreed-upon procedures in respect of the continuing connected transactions of the Group. The auditors of the Company provided the Board of Directors with a letter stating that:

(i) the continuing connected transactions had received the approval of the Board of Directors; and

(ii) they have carried out the agreed upon procedures on selected samples of each of the continuing connected transactions, and confirmed that (a) the prices charged for each of the transactions selected were in accordance with the pricing terms set out in the relevant agreements governing such transactions, and (b) there was an agreement in place governing each selected transaction.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

Apart from the connected transactions as disclosed above, no contract of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, subsisted at the end of the financial year or at any time during the financial year.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 28th September, 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-Executive Directors including Independent Non-Executive Directors or any employees (whether full-time or part-time) of each member of the Group (the "Participants") and for such other purpose as the Board may approve from time to time. The Scheme shall remain valid and effective until 27th September, 2017.

The principal terms of the Scheme are summarised as follows:

(i) The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of adoption of the Scheme, unless approved by shareholders and which must not in aggregate exceed 30% of the total number of the relevant class of securities of the Company in issue from time to time. As at the date of this annual report, the total number of shares available for issue under the Scheme is 22,252,900 shares, which represents 10% of the issued share capital of the Company as at the date of adoption of the Scheme and the date of this annual report.

(ii) The total number of shares issued and to be issued upon exercise of the share options granted pursuant to the Scheme and any other share option schemes of the Company to each of the Participants in any 12-month period shall not exceed 1% of the total number of the relevant class of securities of the Company in issue.

(iii) The exercise price shall be solely determined by the Board, and shall be at least the highest of: (a) the closing price of the Company's shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange")'s daily quotations sheet on the date of offer of the share option to the Participants, which must be a day (other than a Saturday or a Sunday) on which licenced banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities (the "Trading Day"); (b) a price being the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of offer of the share option to the Participants; and (c) the nominal value of the Company's shares.

(iv) A share option may be exercised in accordance with the terms of the Scheme at any time during a period of not more than 10 years to be notified by the Board to each grantee, which period shall deem to commence on the date of the offer of the share option to the Participants and expire on the last day of such period as determined by the Board.

(v) According to the Scheme, HK$1 is payable by each of the Participants to the Company on acceptance of the share options as consideration for the grant. The share options to which the offer relates shall be deemed to have been granted on the date of offer of such share options.

No share option has been granted by the Company since the adoption of the Scheme.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme as disclosed above, at no time during the financial year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, although there is no restriction against such rights under Bermuda Law.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the financial year.

RETIREMENT SCHEMES

Particulars of retirement schemes of the Group are set out in note 27 to the financial statements.

STAFF

As at 31st March, 2010, the Group had a total staff of 2,695 (2009: 2,836), of which 2,633 (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. The Group aims to design a remuneration policy that attracts and retains employees needed to run the Group successfully and to motivate employees to pursue appropriate growth strategies whilst taking into account the performance of the individuals. The remuneration of the Directors is reviewed by the Remuneration Committee. Their remuneration should reflect, inter alia, the performance and responsibilities of the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's issued Share Capital as required under the Listing Rules.

INDEPENDENT AUDITORS

The financial statements of the Company for the year ended 31st March, 2010 have been audited by KPMG who shall retire at the forthcoming annual general meeting and be eligible for re-appointment.

By order of the Board
Fung So Ka Wah, Karen
Chief Executive Officer

Hong Kong, 23rd July, 2010

Independent auditor's report to the shareholders of
NEW ISLAND PRINTING HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of New Island Printing Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 29 to 87, which comprise the consolidated and company balance sheets as at 31st March, 2010, and the consolidated income statement, the consolidated statement of comprehensive income, 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made 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 auditor's 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 auditor considers 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 31st March, 2010 and of the Group's profit 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.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
23rd July, 2010

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

	Note	**2010**	2009
		$'000	*$'000*
Turnover	*3 & 11*	**519,452**	597,028
Cost of sales		**(397,624)**	(466,735)
Gross profit		**121,828**	130,293
Other revenue	*4(a)*	**9,814**	8,618
Other net loss	*4(b)*	**(311)**	(982)
Selling and distribution costs		**(32,975)**	(36,469)
Administrative expenses		**(57,765)**	(62,160)
Profit from operations		**40,591**	39,300
Finance costs	*5(a)*	**(3,553)**	(10,491)
Profit before taxation	*5*	**37,038**	28,809
Income tax	*6(a)*	**(12,639)**	(5,650)
Profit for the year		**24,399**	23,159
Attributable to:			
Equity shareholders of the Company	*9*	**24,248**	23,159
Minority interests		**151**	—
Profit for the year		**24,399**	23,159
Earnings per share	*10*		
Basic		**10.90 cents**	10.41 cents
Diluted		**10.90 cents**	10.41 cents

The notes on pages 37 to 87 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 23(b).

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

	2010	2009
	$'000	*$'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	**5,329**	4,347
Total comprehensive income for the year	**29,728**	27,506
Attributable to:		
Equity shareholders of the Company	**29,577**	27,506
Minority interests	**151**	—
Total comprehensive income for the year	**29,728**	27,506

The notes on pages 37 to 87 form part of these financial statements.

At 31st March, 2010
(Expressed in Hong Kong dollars)

	Note	**2010**		2009	
		$'000	***$'000***	*$'000*	*$'000*
Non-current assets					
Fixed assets	*12*				
– Property, plant and equipment		**321,566**		354,162	
– Interests in leasehold land held for own use under operating leases		**29,532**		30,315	
		351,098		384,477	
Deposits for purchases of machinery	*13*	**2,432**		—	
			353,530		384,477
Current assets					
Inventories	*15*	**66,838**		67,672	
Trade debtors, prepayments and deposits	*16*	**97,634**		97,120	
Current tax recoverable	*22(a)*	**—**		29	
Pledged bank deposit	*17*	**—**		1,011	
Cash and cash equivalents	*17*	**50,902**		47,692	
		215,374		213,524	
Current liabilities					
Bank loans and overdrafts	*18*	**55,188**		80,120	
Obligations under finance leases	*19*	**3,780**		13,375	
Trade creditors and accrued charges	*20*	**106,648**		89,348	
Bills payable	*21*	**21,311**		22,761	
Current tax payable	*22(a)*	**13,027**		4,552	
		199,954		210,156	
Net current assets			**15,420**		3,368
Total assets less current liabilities			**368,950**		387,845

At 31st March, 2010
(Expressed in Hong Kong dollars)

	Note	**2010**		2009	
		$'000	***$'000***	*$'000*	*$'000*
Non-current liabilities					
Bank loans	*18*	**12,280**		45,970	
Obligations under finance leases	*19*	**2,411**		6,208	
Deferred taxation	*22(b)*	**11,772**		16,232	
			(26,463)		(68,410)
NET ASSETS			**342,487**		319,435
CAPITAL AND RESERVES					
Share capital	*23(c)*		**22,253**		22,253
Reserves			**320,083**		297,182
Total equity attributable to equity shareholders of the Company			**342,336**		319,435
Minority interests			**151**		—
TOTAL EQUITY			**342,487**		319,435

Approved and authorised for issue by the Board of Directors on 23rd July, 2010.

So Chau Yim Ping
Chairman

Fung So Ka Wah, Karen
Chief Executive Director

The notes on pages 37 to 87 form part of these financial statements.

At 31st March, 2010
(Expressed in Hong Kong dollars)

	Note	2010		2009	
		$'000	$'000	$'000	$'000
Non-current assets					
Investments in subsidiaries	14		**137,253**		140,821
Current assets					
Prepayments and deposits	16	**172**		158	
Cash and cash equivalents	17	**57**		34	
		229		192	
Current liabilities					
Accrued charges	20	**461**		361	
Net current liabilities			**(232)**		(169)
NET ASSETS			**137,021**		140,652
CAPITAL AND RESERVES	23(a)				
Share capital			**22,253**		22,253
Reserves			**114,768**		118,399
TOTAL EQUITY			**137,021**		140,652

Approved and authorised for issue by the Board of Directors on 23rd July, 2010.

So Chau Yim Ping
Chairman

Fung So Ka Wah, Karen
Chief Executive Director

The notes on pages 37 to 87 form part of these financial statements.

For the year ended 31st March, 2010

(Expressed in Hong Kong dollars)

	Note	Attributable to equity shareholders of the Company								
		Share capital	**Share premium**	**Statutory surplus reserve**	**Exchange reserve**	**Other reserves**	**Retained profits**	**Total**	**Minority interests**	**Total equity**
		$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1st April, 2008		22,253	37,741	18,001	37,165	4,857	174,137	294,154	—	294,154
Changes in equity for the year ended 31st March, 2009:										
Dividends approved in respect of previous financial year		—	—	—	—	—	(2,225)	(2,225)	—	(2,225)
Total comprehensive income for the year		—	—	—	4,347	—	23,159	27,506	—	27,506
Transfer to statutory surplus reserve		—	—	2,679	—	33	(2,712)	—	—	—
Balance at 31st March, 2009		22,253	37,741	20,680	41,512	4,890	192,359	319,435	—	319,435
Balance at 1st April, 2009		**22,253**	**37,741**	**20,680**	**41,512**	**4,890**	**192,359**	**319,435**	**—**	**319,435**
Changes in equity for the year ended 31st March, 2010:										
Dividends approved in respect of previous financial year	*23(b)*	—	—	—	—	—	**(6,676)**	**(6,676)**	—	**(6,676)**
Total comprehensive income for the year		—	—	—	**5,329**	—	**24,248**	**29,577**	**151**	**29,728**
Transfer to statutory surplus reserve		—	—	**2,222**	—	—	**(2,222)**	—	—	—
Balance at 31st March, 2010		**22,253**	**37,741**	**22,902**	**46,841**	**4,890**	**207,709**	**342,336**	**151**	**342,487**

The notes on pages 37 to 87 form part of these financial statements.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

	Note	2010 $'000	2009 $'000
Operating activities			
Profit before taxation		**37,038**	28,809
Adjustments for:			
– Depreciation and amortisation	5(c)	**37,531**	39,376
– Interest income	4(a)	**(150)**	(283)
– Finance costs	5(a)	**3,553**	10,491
– Net loss/(gain) on disposal of fixed assets	4(b)	**524**	(120)
– Foreign exchange loss		**1,074**	430
Operating profit before changes in working capital		**79,570**	78,703
Decrease in inventories		**926**	44,127
(Increase)/decrease in trade debtors, prepayments and deposits		**(336)**	16,759
Increase/(decrease) in trade creditors and accrued charges		**21,481**	(17,702)
Decrease in bills payable		**(1,450)**	(15,048)
Cash generated from operations		**100,191**	106,839
Tax (paid)/refunded			
– Hong Kong Profits Tax (paid)/refunded		**(1,135)**	14
– Income tax paid — outside Hong Kong		**(8,475)**	(4,642)
Net cash generated from operating activities		**90,581**	102,211
Investing activities			
Payment for purchase of fixed assets		**(7,025)**	(9,818)
Interest received		**150**	283
Proceeds from disposal of fixed assets		**622**	339
Net cash used in investing activities		**(6,253)**	(9,196)

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

	Note	**2010**	2009
		$'000	*$'000*
Financing activities			
Decrease/(increase) in pledged bank deposit		**1,011**	(9)
Proceeds from new bank loans		**206,266**	149,756
Repayment of bank loans		**(264,874)**	(183,802)
Capital element of finance lease rental payments		**(13,392)**	(15,499)
Interest on bank loans and overdrafts paid		**(3,344)**	(9,570)
Interest element of finance lease rental payments		**(209)**	(921)
Dividend paid to equity shareholders of the Company	*23(b)*	**(6,676)**	(2,225)
Net cash used in financing activities		**(81,218)**	(62,270)
Net increase in cash and cash equivalents		**3,110**	30,745
Cash and cash equivalents at 1st April		**47,627**	16,479
Effect of foreign exchange rates changes		**165**	403
Cash and cash equivalents at 31st March	*17*	**50,902**	47,627

The notes on pages 37 to 87 form part of these financial statements.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These 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. These 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"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (together referred to as the "Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31st March, 2010 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain assets and liabilities are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 31.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(h)).

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated balance sheet at cost less accumulated depreciation and impairment losses (see note 1(h)), with the exception of properties under development which are stated at cost less impairment losses (see note 1(h)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment *(Continued)*

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

—	Leasehold land and buildings situated thereon are depreciated over the shorter of their estimated useful lives, being 50 years from the date of completion, and the unexpired terms of the leases.	
—	Machinery	10 – 15 years
—	Tools	10 years
—	Furniture and fixtures	5 – 10 years
—	Computer and office equipment	5 – 6 years
—	Motor vehicles	5 – 6 years

No depreciation is provided in respect of properties under development.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each is depreciated separately. The useful life of an asset and its residual value, if any, are reviewed annually.

(e) Leased assets

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.

(i) 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 exception of 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, which is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. 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.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leased assets *(Continued)*

(ii) 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 property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely that the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(d). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(h). Finance charges implicit in the lease payments are charged to profit or loss 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.

(iii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(f) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

The Group derecognises trade and other receivables when the contractual rights to the cash flows from the receivables expire, or it transfers the rights to receive the contractual cash flows on the trade and other receivables in a transaction in which substantially all the risks and rewards of ownership of the trade and other receivables are transferred. Any interest in transferred trade and other receivables that is created or retained by the Group is recognised as a separate asset or liability.

(h) Impairment of assets

(i) Impairment of receivables

Receivables are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment 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; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at cost or amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(i) Impairment of receivables *(Continued)*

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade debtors, prepayments and deposits, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt 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 profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property, plant and equipment, pre-paid interests in leasehold land classified as being held under an operating lease, and investments in subsidiaries may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value 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 assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(j) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(n)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and 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, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade creditors and accrued charges. 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 profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(n)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade creditors and accrued charges in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Financial guarantees issued, provisions and contingent liabilities *(Continued)*

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate 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.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, 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 events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added and other sales taxes and is after deduction of any trade discounts.

(ii) Licence fee income

Licence fee income is recognised in profit or loss in equal instalments over the accounting periods covered by the term of the licence agreement.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Revenue recognition *(Continued)*

(v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments 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. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside Hong Kong are translated into Hong Kong dollars at the average foreign exchange rates for the year. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(q) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Borrowing costs *(Continued)*

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) 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 the 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.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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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 11). 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 of the periods presented.

— 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.

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2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

— 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 1 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 OTHER REVENUE AND NET LOSS

	2010	2009
	$'000	*$'000*
(a) Other revenue		
Rentals receivable from operating leases	**7,048**	—
Licence fee income	**—**	7,800
Interest income	**150**	283
Government grants	**722**	—
Others	**1,894**	535
	9,814	8,618
(b) Other net loss		
Net (loss)/gain on disposal of fixed assets	**(524)**	120
Net exchange gain/(loss)	**213**	(1,201)
Others	**—**	99
	(311)	(982)

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5 PROFIT BEFORE TAXATION

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

		2010	2009
		$'000	*$'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	**209**	921
		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	**102,368**	110,235
		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 on forward foreign exchange contracts	**524**	—

Cost of inventories includes $108,931,000 (2009: $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.

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6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2010	2009
	$'000	*$'000*
Current tax – Provision for Hong Kong Profits Tax		
Provision for the year	**2,171**	1,457
Under-provision in respect of prior years	**5,637**	536
	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	**492**	(30)
	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 $8,222,000. Provision of $2,582,000 and $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.

PRC Corporate Income Tax

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

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6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

(a) Taxation in the consolidated income statement represents: *(Continued)*

PRC Corporate Income Tax *(Continued)*

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%).

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

	2010	2009
	$'000	*$'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	**6,129**	506
Actual tax expense	**12,639**	5,650

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7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31st March, 2010

	Directors' fees *$'000*	Discretionary bonuses *$'000*	Salaries, allowances and benefits *$'000*	Retirement scheme contributions *$'000*	Total *$'000*
Executive Directors					
Madam So Chau Yim Ping, BBS, JP	—	20	650	18	688
Mrs Fung So Ka Wah, Karen	—	20	650	30	700
Mrs Cheong So Ka Wai, Patsy	—	20	650	30	700
Mr So Wah Shum, Conrad	—	20	910	42	972
Non-Executive Director					
Mr Ting Woo Shou, Kenneth, SBS, JP	50	—	—	—	50
Independent Non-Executive Directors					
Mr Hui Yin Fat, O.B.E.(Hon), JP	50	—	—	—	50
Mr She Chiu Shun, Ernest	50	—	—	—	50
Mr Wong Wang Fat, Andrew, O.B.E.(Hon), JP	50	—	—	—	50
	200	80	2,860	120	3,260

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

7 DIRECTORS' REMUNERATION *(Continued)*

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows: *(Continued)*

For the year ended 31st March, 2009

	Directors' fees *$'000*	Discretionary bonuses *$'000*	Salaries, allowances and benefits *$'000*	Retirement scheme contributions *$'000*	Total *$'000*
Executive Directors					
Madam So Chau Yim Ping, BBS, JP	—	—	650	18	668
Mrs Fung So Ka Wah, Karen	—	—	650	30	680
Mrs Cheong So Ka Wai, Patsy	—	—	650	30	680
Mr So Wah Shum, Conrad	—	—	910	42	952
Non-Executive Director					
Mr Ting Woo Shou, Kenneth, SBS, JP	50	—	—	—	50
Independent Non-Executive Directors					
Mr Hui Yin Fat, O.B.E.(Hon), JP	50	—	—	—	50
Mr She Chiu Shun, Ernest	50	—	—	—	50
Mr Wong Wang Fat, Andrew, O.B.E.(Hon), JP	50	—	—	—	50
	200	—	2,860	120	3,180

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, one (2009: one) is a Director whose emolument is disclosed in note 7. The emoluments of the other four (2009: four) individuals are as follows:

	2010 ***$'000***	2009 *$'000*
Salaries, allowances and benefits in kind	**4,132**	3,788
Retirement scheme contributions	**218**	157
	4,350	3,945

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(Expressed in Hong Kong dollars)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

The emoluments of the above four (2009: four) individuals with the highest emoluments are within the following bands:

	2010 *Number of individuals*	2009 *Number of individuals*
Nil to $1,000,000	**3**	3
$1,000,001 to $1,500,000	**1**	1
	4	4

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes $3,045,000 (2009: loss of $488,000) which has been dealt with in the financial statements of the Company.

10 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 $24,248,000 (2009: $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.

11 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

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11 SEGMENT REPORTING *(Continued)*

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.

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:

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

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11 SEGMENT REPORTING *(Continued)*

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

	2010 $'000	2009 $'000
Revenue		
Reportable segment revenue	**539,700**	626,058
Elimination of inter-segment revenue	**(20,248)**	(29,030)
Consolidated turnover	**519,452**	597,028
Profit		
Reportable segment profit	**25,196**	26,403
Elimination of inter-segment profit	**(797)**	(3,244)
Consolidated profit	**24,399**	23,159
Assets		
Reportable segment assets	**583,395**	599,360
Elimination of inter-segment receivables	**(14,491)**	(1,359)
Consolidated total assets	**568,904**	598,001
Liabilities		
Reportable segment liabilities	**240,908**	279,925
Elimination of inter-segment payables	**(14,491)**	(1,359)
Consolidated total liabilities	**226,417**	278,566

For the year ended 31st March, 2010
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11 SEGMENT REPORTING *(Continued)*

(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	2009
	$'000	*$'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	**47,245**	30,071
	519,452	597,028

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12 FIXED ASSETS

(a) Group

	Land and buildings $'000	Properties under development $'000	Machinery Owned $'000	Machinery Leased $'000	Tools $'000	Furniture and fixtures $'000	Computer and office equipment $'000	Motor vehicles $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total fixed assets $'000
Cost:											
At 1st April, 2008	275,402	761	201,852	152,610	8,400	24,297	34,366	9,281	706,969	39,580	746,549
Exchange adjustments	2,941	14	1,256	1,304	—	79	327	61	5,982	412	6,394
Additions	773	710	10,168	—	40	283	1,054	846	13,874	—	13,874
Transfer from properties under development	1,460	(1,485)	25	—	—	—	—	—	—	—	—
Disposals	(240)	—	(272)	—	—	(88)	(16)	(1,654)	(2,270)	—	(2,270)
At 31st March, 2009	280,336	—	213,029	153,914	8,440	24,571	35,731	8,534	724,555	39,992	764,547
Accumulated amortisation and depreciation:											
At 1st April, 2008	69,743	—	128,249	68,792	7,187	21,800	28,183	7,458	331,412	8,836	340,248
Exchange adjustments	727	—	1,005	379	—	52	278	45	2,486	11	2,497
Charge for the year	11,605	—	10,363	11,715	339	628	2,643	1,253	38,546	830	39,376
Written back on disposals	(240)	—	(186)	—	—	(84)	(16)	(1,525)	(2,051)	—	(2,051)
At 31st March, 2009	81,835	—	139,431	80,886	7,526	22,396	31,088	7,231	370,393	9,677	380,070
Net book value:											
At 31st March, 2009	198,501	—	73,598	73,028	914	2,175	4,643	1,303	354,162	30,315	384,477

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12 FIXED ASSETS *(Continued)*

(a) Group *(Continued)*

	Land and buildings $'000	Properties under development $'000	Machinery Owned $'000	Machinery Leased $'000	Tools $'000	Furniture and fixtures $'000	Computer and office equipment $'000	Motor vehicles $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total fixed assets $'000
Cost:											
At 1st April, 2009	280,336	—	213,029	153,914	8,440	24,571	35,731	8,534	724,555	39,992	764,547
Exchange adjustments	655	—	303	286	—	18	75	11	1,348	90	1,438
Additions	526	—	2,848	—	—	165	764	290	4,593	—	4,593
Reclassification	—	—	79,241	(79,241)	—	—	—	—	—	—	—
Disposals	(284)	—	(3,434)	—	—	(16)	(18)	(1,208)	(4,960)	—	(4,960)
At 31st March, 2010	281,233	—	291,987	74,959	8,440	24,738	36,552	7,627	725,536	40,082	765,618
Accumulated amortisation and depreciation:											
At 1st April, 2009	81,835	—	139,431	80,886	7,526	22,396	31,088	7,231	370,393	9,677	380,070
Exchange adjustments	329	—	166	119	—	14	71	10	709	24	733
Charge for the year	11,365	—	13,624	8,186	301	602	2,102	502	36,682	849	37,531
Reclassification	—	—	53,985	(53,985)	—	—	—	—	—	—	—
Written back on disposals	—	—	(2,628)	—	—	(16)	(18)	(1,152)	(3,814)	—	(3,814)
At 31st March, 2010	93,529	—	204,578	35,206	7,827	22,996	33,243	6,591	403,970	10,550	414,520
Net book value:											
At 31st March, 2010	187,704	—	87,409	39,753	613	1,742	3,309	1,036	321,566	29,532	351,098

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12 FIXED ASSETS *(Continued)*

(b) **The analysis of net book value of properties is as follows:**

	The Group	
	2010	2009
	$'000	*$'000*
Situated in Hong Kong and held under medium term leases	**78,781**	81,127
Situated outside Hong Kong and held under medium term leases	**138,455**	147,689
	217,236	228,816
Representing:		
Land and buildings	**187,704**	198,501
Interests in leasehold land held for own use under operating leases	**29,532**	30,315
	217,236	228,816

(c) **Fixed assets leased out under operating leases:**

The Group subleases certain portions of land and buildings under operating leases. The leases run for one year. None of the leases includes contingent rentals.

The Group's total future minimum sublease payments under non-cancellable subleases are receivable as follows:

	The Group	
	2010	2009
	$'000	*$'000*
Within 1 year	**4,005**	—

13 DEPOSITS FOR PURCHASES OF MACHINERY

As at 31st March, 2010, the Group made deposits of $2,432,000 (2009: $Nil) for the acquisition of machinery. The remaining amounts of the contract are included in capital commitments (note 26(a)).

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2010	2009
	$'000	*$'000*
Unlisted investments, at cost	**82,360**	82,360
Amounts due from subsidiaries	**54,893**	58,461
	137,253	140,821

Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

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14 INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ establishment and operation	Particulars of issued/ registered capital	Percentage of ownership interest held by the Company Directly	Indirectly	Principal activities
New Island Printing Company Limited ("NIPCL")	Hong Kong	2 ordinary shares of $100 each 10,000 non-voting deferred shares of $100 each	—	100	Distribution of paper products
Dongguan New Island Printing Company Limited ("DNIP")	The PRC	Registered capital of $100,000,000	—	100	Production and distribution of paper products
Shanghai New Island Packaging Printing Company Limited ("SNIP")	The PRC	Registered capital of US$5,700,000	—	100	Production and distribution of paper products
New Island (Shanghai) Paper Products Company Limited ("NISPP")	The PRC	Registered capital of US$2,500,000	—	100	Production and distribution of paper products
NITNS LLC	The United States of America	100 ordinary shares of US$1 each	—	51%	Provision of marketing services

DNIP was set up in 1992 as an equity joint venture between the Company's subsidiary, NIPCL, and Dongguan Dalingshan Economic Development Company ("DDEDC") with equity interests of 70% and 30% respectively. Pursuant to the approval letter from Dongguan Municipal Foreign Economic Trade Committee on 28th March, 1996, DNIP became a cooperative joint venture and DDEDC's 30% equity interest was transferred to NIPCL in return for a management fee of RMB300,000 per annum (subject to a 10% increase for each year until 2001 and revised to an annual increase by RMB18,000 thereafter). Following the transfer, DNIP effectively became a wholly-owned subsidiary of the Group. DNIP has an operating period of 35 years expiring on 13th March, 2027. Management fee charged to profit or loss for the year ended 31st March, 2010 amounted to $665,000 (2009: $643,000).

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14 INVESTMENTS IN SUBSIDIARIES *(Continued)*

SNIP was set up in 1995 as a wholly-owned foreign enterprise. SNIP has an operating period of 20 years expiring on 1st March, 2015.

NISPP was set up in 2002 as a wholly-owned foreign enterprise. NISPP has an operating period of 30 years expiring on 27th January, 2032.

15 INVENTORIES

Inventories in the consolidated balance sheet comprise:

	The Group	
	2010	2009
	$'000	*$'000*
Raw materials	**42,265**	30,649
Work in progress	**12,545**	16,999
Finished goods	**12,028**	20,024
	66,838	67,672

The analysis of the amount of inventories recognised as an expense is as follows:

	The Group	
	2010	2009
	$'000	*$'000*
Carrying amount of inventories sold	**392,890**	464,409
Write-down of inventories	**4,734**	2,326
	397,624	466,735

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(Expressed in Hong Kong dollars)

16 TRADE DEBTORS, PREPAYMENTS AND DEPOSITS

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	*$'000*	***$'000***	*$'000*
Trade debtors	**99,217**	97,647	**—**	—
Less: Allowance for doubtful debts (note 16(b))	**(8,534)**	(9,598)	**—**	—
	90,683	88,049	**—**	—
Amount due from a related company (note 16(d))	**5**	—	**—**	—
Other receivables	**5,258**	7,855	**—**	—
Deposits and prepayments	**1,458**	1,216	**172**	158
	97,404	97,120	**172**	158
Derivative financial instruments (note 25(d))	**230**	—	**—**	—
	97,634	97,120	**172**	158

All trade debtors, prepayments and deposits, apart from deposits of the Group amounting to $761,000 (2009: $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:

	The Group	
	2010	2009
	$'000	*$'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	**433**	7,966
	90,683	88,049

The Group's credit policy is set out in note 25(a).

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(Expressed in Hong Kong dollars)

16 TRADE DEBTORS, PREPAYMENTS AND DEPOSITS *(Continued)*

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors 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 trade debtors directly (see note 1(h)(i)).

The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	The Group	
	2010	2009
	$'000	*$'000*
At 1st April	**9,598**	4,557
Exchange adjustments	**1**	12
Impairment loss recognised	**1,030**	5,208
Uncollectible amounts written off	**—**	(179)
Reversal of impairment loss	**(2,095)**	—
At 31st March	**8,534**	9,598

At 31st March, 2010, the Group's trade debtors of $8,534,000 (2009: $9,598,000) were individually determined to be impaired. The individually impaired receivables related to customers that were default in payments and management assessed that the receivables are not expected to be recovered. Consequently, specific allowance for doubtful debts of $8,534,000 (2009: $9,598,000) was recognised. The Group does not hold any collateral over these balances.

During the year ended 31st March, 2010, settlements were received from the trade debtors for which impairment losses were made as at 31st March, 2009. The related impairment losses were reversed and credited to profit or loss accordingly.

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16 TRADE DEBTORS, PREPAYMENTS AND DEPOSITS *(Continued)*

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2010	2009
	$'000	*$'000*
Neither past due nor impaired	**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	**433**	7,966
	6,456	16,642
	90,683	88,049

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, 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 fully recoverable. The Group does not hold any collateral over these balances.

(d) Amount due from a related company is unsecured, interest-free and repayable on demand.

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17 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	*$'000*	***$'000***	*$'000*
Cash at bank and in hand	**50,902**	48,703	**57**	34
Pledged bank deposit (note 18)	**—**	(1,011)	**—**	—
Cash and cash equivalents in the balance sheet	**50,902**	47,692	**57**	34
Bank overdrafts (note 18)	**—**	(65)		
Cash and cash equivalents in the consolidated cash flow statement	**50,902**	47,627		

18 BANK LOANS AND OVERDRAFTS

At 31st March, 2010, bank loans and overdrafts were repayable as follows:

	The Group	
	2010	2009
	$'000	*$'000*
Within one year or on demand	**55,188**	80,120
After one year but within two years	**7,920**	33,690
After two years but within five years	**4,360**	12,280
	12,280	45,970
	67,468	126,090

At 31st March, 2010, bank loans and overdrafts were secured as follows:

	2010	2009
	$'000	*$'000*
Bank overdrafts		
– unsecured	**—**	65
Bank loans		
– secured	**49,318**	87,706
– unsecured	**18,150**	38,319
	67,468	126,025
	67,468	126,090

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18 BANK LOANS AND OVERDRAFTS *(Continued)*

Certain banking facilities and loans granted to the Group are secured by the Group's fixed assets, trade debtors and bank deposit with an aggregate carrying value of $120,767,000 (2009: $139,207,000) at 31st March, 2010. Assets pledged under such facilities are as follows:

	2010	2009
	$'000	*$'000*
Fixed assets	**97,535**	102,327
Trade debtors	**23,232**	35,869
Pledged bank deposit (note 17)	**—**	1,011
	120,767	139,207

The above secured banking facilities amounted to $118,815,000 (2009: $136,657,000). The facilities were utilised to the extent of $57,360,000 (2009: $102,435,000) at 31st March, 2010, comprising bank loans and overdrafts of $49,318,000 (2009: $87,706,000) and bills payable of $8,042,000 (2009: $14,729,000).

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet and profitability ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b). As at 31st March, 2010 and 2009, none of the bank covenants relating to drawn down facilities has been breached.

As at 31st March, 2010, bank loan of the Group of $12,280,000 (2009: $20,200,000) was repayable after one year according to the repayment schedule stipulated in the loan agreement. However, the loan agreement provides that the bank may demand repayment of the loan at any time. As at 31st March, 2010 and 2009, the Group was not in breach of any of the covenants or undertakings of the facility. The Directors have evaluated the financial position of the Group and considered that the probability for the bank to demand repayment of such loan within one year was remote. Therefore, such loan was classified as non-current liabilities in the consolidated balance sheet as at 31st March, 2010 and 2009 in accordance with the repayment schedule stipulated in the loan agreement.

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(Expressed in Hong Kong dollars)

19 OBLIGATIONS UNDER FINANCE LEASES

At 31st March, 2010, the Group had obligations under finance leases repayable as follows:

	2010			2009		
	Present value of the minimum lease payments	**Interest expense relating to future periods**	**Total minimum lease payments**	Present value of the minimum lease payments	Interest expense relating to future periods	Total minimum lease payments
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Within one year	**3,780**	**62**	**3,842**	13,375	263	13,638
After one year but within two years	**2,411**	**15**	**2,426**	3,781	94	3,875
After two years but within five years	**—**	**—**	**—**	2,427	22	2,449
	2,411	**15**	**2,426**	6,208	116	6,324
	6,191	**77**	**6,268**	19,583	379	19,962

20 TRADE CREDITORS AND ACCRUED CHARGES

	The Group		**The Company**	
	2010	2009	**2010**	2009
	$'000	*$'000*	***$'000***	*$'000*
Trade creditors	**57,891**	43,922	**—**	—
Amount due to a related company (note 20(b))	**45**	—	**—**	—
Other payables and accrued charges	**47,818**	45,426	**461**	361
	105,754	89,348	**461**	361
Derivative financial instruments (note 25(d))	**894**	—	**—**	—
	106,648	89,348	**461**	361

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

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(Expressed in Hong Kong dollars)

20 TRADE CREDITORS AND ACCRUED CHARGES *(Continued)*

(a) **Included in trade creditors and accrued charges are trade creditors with the following ageing analysis:**

	The Group	
	2010	2009
	$'000	*$'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	**989**	1,071
	57,891	43,922

(b) Amount due to a related company is unsecured, interest-free and repayable on demand.

21 BILLS PAYABLE

An ageing analysis of bills payable is as follows:

	The Group	
	2010	2009
	$'000	*$'000*
Due within one month	**6,832**	9,130
Due after one month but within two months	**11,234**	3,264
Due after two months but within three months	**3,245**	10,367
	21,311	22,761

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22 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2010	2009
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	**2,171**	1,457
Balance of Profits Tax payable relating to prior years	**7,124**	1,169
	9,295	2,626
Income tax payable – outside Hong Kong	**3,732**	1,897
	13,027	4,523
Representing:		
Current tax payable	**13,027**	4,552
Current tax recoverable	**—**	(29)
	13,027	4,523

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation	Provisions	Future benefits of tax losses	Others	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Deferred tax arising from:					
At 1st April, 2008	18,125	(1,483)	(223)	408	16,827
(Credited)/charged to consolidated income statement	(682)	272	223	(408)	(595)
At 31st March, 2009	17,443	(1,211)	—	—	16,232
At 1st April, 2009	**17,443**	**(1,211)**	**—**	**—**	**16,232**
Exchange adjustments	**10**	**(6)**	**—**	**—**	**4**
Credited to consolidated income statement	**(4,124)**	**(340)**	**—**	**—**	**(4,464)**
At 31st March, 2010	**13,329**	**(1,557)**	**—**	**—**	**11,772**

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22 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET *(Continued)*

(c) **Deferred tax assets not recognised:**

In accordance with the accounting policy set out in note 1(m), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $Nil (2009: $3,272,000) and deductible temporary differences of $1,824,000 (2009: $15,410,000) as it is not probable that future taxable profits against which the cumulative tax losses and deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

At 31st March, 2010, temporary differences relating to the undistributed profits of subsidiaries amounted to $59,808,000 (2009: $31,924,000). Deferred tax liabilities of $2,990,000 (2009: $1,596,000) representing the tax payable upon the distribution of such retained profits have not been recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) **Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *$'000*	Share premium *$'000*	Contributed surplus *$'000*	Retained profits *$'000*	Total *$'000*
At 1st April, 2008	22,253	37,741	67,360	16,011	143,365
Loss for the year (note 9)	—	—	—	(488)	(488)
Dividend approved in respect of the previous year	—	—	—	(2,225)	(2,225)
At 31st March, 2009	22,253	37,741	67,360	13,298	140,652
At 1st April, 2009	**22,253**	**37,741**	**67,360**	**13,298**	**140,652**
Profit for the year (note 9)	**—**	**—**	**—**	**3,045**	**3,045**
Dividend approved in respect of the previous year	**—**	**—**	**—**	**(6,676)**	**(6,676)**
At 31st March, 2010	**22,253**	**37,741**	**67,360**	**9,667**	**137,021**

The Company's reserves available for distribution to shareholders at 31st March, 2010 are $77,027,000 (2009: $80,658,000).

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(Expressed in Hong Kong dollars)

23 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) **Dividends**

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

	2010	2009
	$'000	*$'000*
Final dividend proposed after the balance sheet date of 3.5 cents (2009: 3.0 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.

(c) **Authorised and issued share capital**

	2010	2009
	$'000	*$'000*
Authorised:		
380,000,000 shares of $0.1 each	**38,000**	38,000
Issued and fully paid:		
222,529,000 shares of $0.1 each	**22,253**	22,253

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) **Nature and purpose of reserves**

(i) Share premium

The application of the share premium account is governed by the Bermuda Companies Act 1981 ("Companies Act").

(ii) Contributed surplus

The excess value of the shares of the subsidiaries acquired pursuant to the Group reorganisation scheme in 1993 over the nominal value of the new shares of the Company issued in exchange is credited to the contributed surplus account. Under the Companies Act and the bye-laws of the Company, the contributed surplus is distributable to shareholders under certain circumstances.

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23 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iii) Statutory surplus reserve

In accordance with the prevailing PRC laws and regulations, a wholly-owned foreign enterprise is required to transfer a certain percentage of its profit after taxation to a statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital of the enterprise. The transfer to the reserve has to be made before distribution of dividends to shareholders. The statutory surplus reserve can be used to make good previous years' losses, and is not distributable to shareholders.

(iv) Exchange reserve

The exchange reserve has been set up and will be dealt with in accordance with the accounting policy adopted for foreign currency translation (note 1(p)).

(v) Other reserves

Other reserves were set up by the Company's PRC subsidiaries in accordance with their articles of association. The amounts to be transferred to these reserves are determined by the respective board of directors. They can be used to convert into paid-up capital, and are not distributable to shareholders.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, bills payable and obligations under finance leases) less cash and cash equivalents. Capital comprises all components of equity.

During the year ended 31st March, 2010, the Group's strategy, which was unchanged from 2009, was to lower the net debt-to-capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends payable to shareholders, raise new debt financing or sell assets to reduce debt.

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(Expressed in Hong Kong dollars)

23 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Capital management *(Continued)*

The net debt-to-capital ratios at 31st March, 2010 and 2009 were as follows:

	Note	The Group **2010** ***$'000***	2009 *$'000*
Current liabilities:			
Bank loans and overdrafts	*18*	**55,188**	80,120
Obligations under finance leases	*19*	**3,780**	13,375
Bills payable	*21*	**21,311**	22,761
		80,279	116,256
Non-current liabilities:			
Bank loans	*18*	**12,280**	45,970
Obligations under finance leases	*19*	**2,411**	6,208
Total debt		**94,970**	168,434
Less: Cash and cash equivalents	*17*	**50,902**	47,692
Net debt		**44,068**	120,742
Total equity		**342,487**	319,435
Net debt-to-capital ratio		**0.13**	0.38

As disclosed in note 18, the Group is subject to externally imposed capital requirements under covenants relating to certain banking facilities.

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24 CONTINGENT LIABILITIES

The Company has given guarantees to banks to secure facilities of $181,362,000 (2009: $200,000,000) granted to its subsidiaries. Under the guarantees, the Company is liable for the borrowings and finance leases of the subsidiaries from the banks which are the beneficiaries of the guarantees.

At the balance sheet date, the Directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the balance sheet date under the guarantees is the amount of the facilities drawn down by all the subsidiaries which are covered by the guarantees, being $69,600,000 (2009: $137,262,000).

The Company has not recognised any deferred income in respect of the guarantees as their fair value cannot be reliably measured and their transaction price is $Nil.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which the customers operate also has an influence on credit risk but to a lesser extent. At the balance sheet date, the Group has a certain concentration of credit risk as 8% (2009: 9%) and 28% (2009: 26%) of the total trade debtors were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group does not provide any guarantee which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors are set out in note 16.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

The Group

	2010 Balance sheet carrying amount $'000	2010 Total contractual undiscounted cash flow $'000	2010 Within 1 year or on demand $'000	2010 More than 1 year but less than 2 years $'000	2010 More than 2 years but less than 5 years $'000	2009 Balance sheet carrying amount $'000	2009 Total contractual undiscounted cash flow $'000	2009 Within 1 year or on demand $'000	2009 More than 1 year but less than 2 years $'000	2009 More than 2 years but less than 5 years $'000
Trade creditors and accrued charges	105,754	105,754	105,754	—	—	89,348	89,348	89,348	—	—
Bills payable	21,311	21,372	21,372	—	—	22,761	22,840	22,840	—	—
Bank loans	67,468	68,584	56,035	8,080	4,469	126,025	129,952	82,507	32,274	15,171
Finance lease liabilities	6,191	6,268	3,842	2,426	—	19,583	19,962	13,638	3,875	2,449
Bank overdrafts	—	—	—	—	—	65	65	65	—	—
	200,724	201,978	187,003	10,506	4,469	257,782	262,167	208,398	36,149	17,620

	2010 Balance sheet carrying amount $'000	2010 Total contractual undiscounted cash flow $'000	2010 Within 1 year or on demand $'000	2010 More than 1 year but less than 2 years $'000	2010 More than 2 years but less than 5 years $'000	2009 Balance sheet carrying amount $'000	2009 Total contractual undiscounted cash flow $'000	2009 Within 1 year or on demand $'000	2009 More than 1 year but less than 2 years $'000	2009 More than 2 years but less than 5 years $'000
Derivative settled gross:										
Forward foreign exchange contracts (note 25(d)):	894					—				
– outflow		(12,366)	(12,366)	—	—		—	—	—	—
– inflow		11,539	11,539	—	—		—	—	—	—

The Company

	2010 Balance sheet carrying amount $'000	2010 Total contractual undiscounted cash flow $'000	2010 Within 1 year or on demand $'000	2010 More than 1 year but less than 2 years $'000	2010 More than 2 years but less than 5 years $'000	2009 Balance sheet carrying amount $'000	2009 Total contractual undiscounted cash flow $'000	2009 Within 1 year or on demand $'000	2009 More than 1 year but less than 2 years $'000	2009 More than 2 years but less than 5 years $'000
Accrued charges	461	461	461	—	—	361	361	361	—	—

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings at the balance sheet date. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the balance sheet date.

	2010		2009	
	Effective interest rate		Effective interest rate	
	%	***$'000***	*%*	*$'000*
Variable rate borrowings:				
Finance lease liabilities	**1.47**	**6,191**	1.60	19,583
Bank overdrafts	**—**	**—**	6.25	65
Bank loans	**2.92**	**67,468**	3.77	126,025
Bills payable	**2.31**	**21,311**	2.77	22,761
		94,970		168,434

(ii) Sensitivity analysis

At 31st March, 2010 it is estimated that a general increase/decrease of 100 (2009: 100) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately $783,000 (2009: $1,380,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. The analysis is performed on the same basis for 2009.

(d) Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in currencies other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("USD"). The functional currency of the operations to which the sales relates is Renminbi ("RMB").

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

In September 2009, the Group entered into a non-deliverable structured forward contract ("Contract") with a bank with a view to hedging the currency risk between certain forecast sales transactions denominated in USD and the associated costs in RMB. The total notional amount of the Contract is US$15,000,000 with fifteen equal monthly settlement amounts commencing January 2010. On each settlement day, if the exchange rate of USD to RMB is at or depreciates below the contracted rate, a fixed amount of US$6,000 would be receivable from the bank. If the exchange rate of USD to RMB appreciates above the contracted rate at the settlement date, an amount would be payable by the Group. The amount payable by the Group would be a function of the settlement amount and the difference between the contracted rate and the exchange rate of USD to RMB at the settlement date.

The Directors believe that should the exchange rate of USD to RMB be in a rising trend, the Group would benefit from the currency gains associated with the relevant USD trade receivables as against the associated costs in RMB and any such gains would be sufficient to cover any amount payable under the Contract.

As at 31st March, 2010, the fair value of the Contract amounted to $230,000 (asset) (2009: $Nil), which was recognised under trade debtors, prepayments and deposits in the consolidated balance sheet.

In January 2010, the Group entered into a contract to purchase a set of machinery at a total consideration of EUR1,460,000 (equivalent to approximately $16,000,000). A non-refundable deposit of 10% of the consideration had been paid in cash on signing of the purchase contract with the remaining 90% to be satisfied in cash. The Group had entered into forward exchange contracts ("FX Contracts") with a view to hedging the said transaction. As at 31st March, 2010, the fair value of the FX Contracts amounted to $894,000 (liability) (2009: $Nil), which was recognised under trade creditors and accrued charges in the consolidated balance sheet.

All of the above forward contracts do not qualify for hedge accounting and were therefore accounted for at fair value through profit or loss.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currency of the operations to which they relate, the Directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalance.

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	2010		2009	
	United States Dollars	**Euros**	United States Dollars	Euros
	$'000	***$'000***	*$'000*	*$'000*
Cash and cash equivalents	**16,536**	**16**	4,038	—
Trade debtors, prepayments and deposits	**29,270**	**—**	54,498	—
Trade creditors and accrued charges	**(8,243)**	**(397)**	(6,192)	—
Bills payable	**(652)**	**—**	(4,689)	—
Exposure arising from recognised assets and liabilities	**36,911**	**(381)**	47,655	—
Notional amounts of forward foreign exchange contracts used as economic hedges	**(12,366)**	**11,539**	—	—
Overall net exposure	**24,545**	**11,158**	47,655	—

(ii) Sensitivity analysis

At 31st March, 2010, it is estimated that a general increase/decrease of 5% in the Euro exchange rate, assuming all other risk variables remained constant, would have increased/decreased the Group's profit after taxation and retained profits by approximately $561,000 (2009: $Nil). In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) **Currency risk** *(Continued)*

(ii) Sensitivity analysis *(Continued)*

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of operations outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2009.

(e) **Fair values**

(i) Fair values estimation

Amounts due from subsidiaries and related company are interest-free and have no fixed terms of repayment. Given such terms, it is not meaningful to disclose their fair values.

All other financial assets and liabilities are carried at amounts not materially different from their fair values as at 31st March, 2010 and 2009.

(ii) Financial instruments carried at fair value

The following table represents the carrying value of the financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 7, *Financial instruments: Disclosures,* with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

— Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

— Level 2: fair values measured using quoted prices in active market for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

— Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

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25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Fair values *(Continued)*

(ii) Financial instruments carried at fair value *(Continued)*

The Group

	2010 Level 2 $'000
Assets	
Derivative financial instruments	**230**
Liabilities	
Derivative financial instruments	**894**

(f) Estimation of fair values

The fair value of interest-bearing loans and borrowings and finance lease liabilities is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

26 COMMITMENTS

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

	The Group	
	2010	2009
	$'000	*$'000*
Contracted for	**19,373**	733

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

26 COMMITMENTS *(Continued)*

(b) **At 31st March, 2010, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:**

	The Group	
	2010	2009
	$'000	*$'000*
Within one year	**2,107**	2,373
After one year but within five years	**8,788**	10,716
After five years	**11,293**	11,380
	22,188	24,469

The Group leases a number of properties under operating leases. The leases run for an initial period of one to fifteen years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

27 RETIREMENT SCHEMES

The Group maintains a mandatory provident fund scheme (the "MPF scheme") for all qualifying employees in Hong Kong. The Group's and employees' contributions to the MPF scheme are based on 5% of the relevant income of the relevant employee (up to $20,000 of monthly compensation) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

Employees of the Group in the PRC are covered by appropriate local retirement schemes pursuant to local labour rules and regulations. The Group's annual contributions to these schemes represent defined contributions, and the Group has no further obligation beyond the contributions made.

The Group's contributions to the MPF and various PRC schemes for the year of $5,386,000 (2009: $7,718,000) are charged to the consolidated income statement.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) **Transactions with related companies**

(i) During the year, the Group sold packaging products to companies which are controlled by a Non-Executive Director amounted to $11,065,000 (2009: $10,916,000), under normal commercial terms. Amounts due from such companies at 31st March, 2010 amounted to $1,849,000 (2009: $1,708,000).

(ii) During the year, the Group sold packaging products to a related company and received rental income amounted to $245,000 (2009: $Nil) and $134,000 (2009: $Nil) respectively, under normal commercial terms. The related company is controlled by certain Directors of the Company.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

28 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) **Transactions with related companies** *(Continued)*

(iii) During the year, the Group sold packaging products to a related company amounted to $61,000 (2009: $Nil), under normal commercial terms. The directors of the related company are close family members of a Director of the Company.

(iv) The Group acquired certain machines under finance leases and obtained overdraft facilities from a bank, a director of which is a close family member of a Director of the Company. Outstanding amounts of the Group's liabilities to the bank as at 31st March, 2010 are as follows:

	2010	2009
	$'000	*$'000*
Obligations under finance leases	**6,191**	11,706

Net book value of machines under the finance leases amounted to $16,999,000 as at 31st March, 2010 (2009: $20,132,000).

Total finance costs payable to the bank for the above facilities amounted to $166,000 for the year ended 31st March, 2010 (2009: $570,000).

(b) **Key management personnel remuneration**

Remuneration for key management personnel represents amounts paid to the Company's Directors and the highest paid employees as disclosed in notes 7 and 8 respectively.

29 ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company at 31st March, 2010 to be Ka Chau Enterprises (B.V.I.) Ltd, incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

30 NON-ADJUSTING POST BALANCE SHEET EVENT

After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 23(b) to the financial statements.

31 ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) **Depreciation and amortisation**

Fixed assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets annually in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are material changes from previous estimates.

For the year ended 31st March, 2010
(Expressed in Hong Kong dollars)

31 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Provision for inventories

The Group reviews the carrying amounts of the inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy set out in note 1(f). Management estimates the net realisable value based on the current market situation and historical experience on similar inventories. A considerable level of judgement is exercised by the Directors when assessing the net realisable value of inventories. Any increase or decrease in provision would affect profit or loss in future years.

(c) Impairment of assets

Internal and external sources of information are reviewed by the Group at each balance sheet date to assess whether there is any indication that fixed assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine impairment losses on the assets. Changes in facts and circumstances may affect the conclusion of whether an indication of impairment exists and result in revised estimates of recoverable amounts, which would affect profit or loss in future years.

Impairment losses on receivables are assessed and provided based on the Directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the Directors when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in impairment losses would affect profit or loss in future years.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences would affect profit or loss in future years.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilised. Estimation of future taxable profits involves judgements made by the Directors. Any increase or decrease in the recognition of deferred tax assets would affect the Group's profit or loss in future years.

32 COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in the financial statements for the year ended 31st March, 2010. Further details of these developments are disclosed in note 2.

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(Expressed in Hong Kong dollars)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2010

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31st March, 2010 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
HKFRS 3 (Revised), *Business combinations*	1st July, 2009
Amendments to HKAS 27, *Consolidated and separate financial statements*	1st July, 2009
Amendments to HKAS 39, *Financial instruments: Recognition and measurement – Eligible hedged items*	1st July, 2009
HK(IFRIC) 17, *Distributions of non-cash assets to owners*	1st July, 2009
Improvements to HKFRSs 2009	1st July, 2009 or 1st January, 2010

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

(Expressed in Hong Kong dollars)

	2006 *$'000*	2007 *$'000*	2008 *$'000*	2009 *$'000*	**2010** ***$'000***
Operating results					
Turnover	443,088	494,612	534,791	597,028	**519,452**
Profit/(loss) from operations	(5,370)	32,664	27,663	39,300	**40,591**
Finance costs	(15,879)	(18,582)	(16,658)	(10,491)	**(3,553)**
Profit/(loss) before taxation	(21,249)	14,082	11,005	28,809	**37,038**
Income tax	(1,864)	(7,895)	(3,402)	(5,650)	**(12,639)**
Profit/(loss) for the year	(23,113)	6,187	7,603	23,159	**24,399**
Attributable to:					
Equity shareholders of the Company	(23,113)	6,187	7,603	23,159	**24,248**
Minority interests	—	—	—	—	**151**
Profit/(loss) for the year	(23,113)	6,187	7,603	23,159	**24,399**
Assets and liabilities					
Non-current assets	440,034	408,017	410,357	384,477	**353,530**
Net current assets/(liabilities)	(171,025)	(9,842)	6,916	3,368	**15,420**
Total assets less current liabilities	269,009	398,175	417,273	387,845	**368,950**
Non-current liabilities	(25,169)	(135,623)	(123,119)	(68,410)	**(26,463)**
	243,840	262,552	294,154	319,435	**342,487**
Share capital	22,253	22,253	22,253	22,253	**22,253**
Reserves	221,587	240,299	271,901	297,182	**320,083**
Total equity attributable to equity shareholders of the Company	243,840	262,552	294,154	319,435	**342,336**
Minority interests	—	—	—	—	**151**
Total equity	243,840	262,552	294,154	319,435	**342,487**