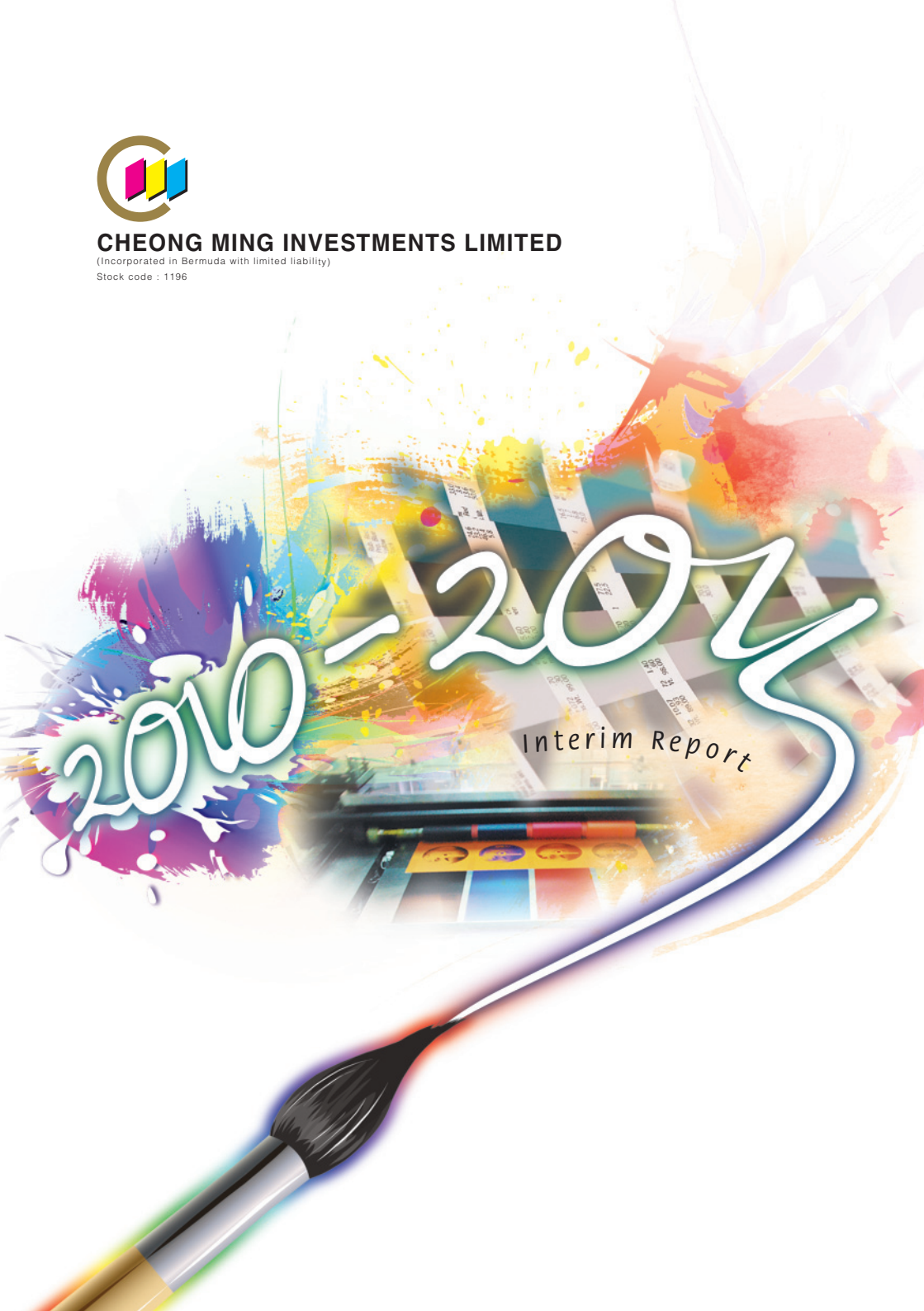




# CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

Stock code : 1196



Interim Report

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Lui Shing Ming, Brian (*Chairman*)  
Lui Shing Cheong (*Managing Director*)  
Lui Shing Chung, Victor

#### *Independent Non-executive Directors*

Lam Chun Kong  
Lo Wing Man  
Ng Lai Man, Carmen

### COMPANY SECRETARY

Ong King Keung

### SOLICITORS

Jennifer Cheung & Co.  
Chiu & Partners

### INDEPENDENT AUDITORS

Grant Thornton  
Certified Public Accountants  
6th Floor  
Nexus Building  
41 Connaught Road Central  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

4/F., Mai Sik Industrial Building  
1-11 Kwai Ting Road  
Kwai Chung, New Territories  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
Industrial and Commercial Bank of China  
(Asia) Limited

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### STOCK CODE

1196

### COMPANY WEB SITE

<http://www.cheongming.com>

**INDEPENDENT REVIEW REPORT**

Member of Grant Thornton International Ltd

**To the Board of Directors of Cheong Ming Investments Limited**  
*(incorporated in Bermuda with limited liability)***Introduction**

We have reviewed the interim financial report set out on pages 4 to 20 which comprises the condensed consolidated statement of financial position of Cheong Ming Investments Limited as of 30 September 2010 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim financial report.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with HKAS 34.

**Grant Thornton**

*Certified Public Accountants*  
6th Floor, Nexus Building  
41 Connaught Road Central  
Hong Kong

19 November 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT***for the six months ended 30 September 2010*

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>30 September</b>	<b>2009</b>
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
Revenue	3	<b>323,763</b>	278,316
Cost of sales		<b>(236,626)</b>	(198,066)
<hr/>			
Gross profit		<b>87,137</b>	80,250
Other operating income	6	<b>9,493</b>	10,697
Selling and distribution costs		<b>(7,200)</b>	(7,678)
Administrative expenses		<b>(49,566)</b>	(53,936)
Other operating expenses		<b>(9,120)</b>	(15,744)
<hr/>			
Profit from operations	5	<b>30,744</b>	13,589
Finance costs	7	<b>(430)</b>	(363)
<hr/>			
Profit before income tax		<b>30,314</b>	13,226
Income tax expense	8	<b>(5,635)</b>	(3,631)
<hr/>			
Profit for the period		<b>24,679</b>	9,595
<hr/> <hr/>			
Attributable to:			
Equity holders of the Company		<b>24,679</b>	9,595
<hr/> <hr/>			
Earnings per share for profit attributable to the equity holders of the Company during the period	10		
Basic		<b>HK4.07 cents</b>	HK1.58 cents
<hr/> <hr/>			

Details of the proposed dividends attributable to equity holders for the period are set out in Note 9.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***for the six months ended 30 September 2010*

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<b>24,679</b>	9,595
<b>Other comprehensive income/(loss)</b>		
Exchange gain/(loss) on translation of financial statements of foreign operations	<b>188</b>	(326)
Revaluation deficit on leasehold land and buildings	–	(961)
Deferred tax credit arising from revaluation deficit on leasehold land and buildings	–	240
Other comprehensive income/(loss) for the period, net of tax	<b>188</b>	(1,047)
<b>Total comprehensive income for the period</b>	<b>24,867</b>	8,548
Total comprehensive income attributable to equity holders of the Company	<b>24,867</b>	8,548

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION***as at 30 September 2010*

		<b>As at 30 September 2010 (Unaudited) HK\$'000</b>	As at 31 March 2010 (Restated) HK\$'000
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>152,139</b>	158,491
Prepaid lease payments	12	<b>13,876</b>	14,049
Prepayment for acquisition of a property		<b>7,802</b>	–
Deferred tax assets		<b>29</b>	9
		<b>173,846</b>	172,549
<b>Current assets</b>			
Inventories		<b>44,350</b>	45,891
Trade receivables	13	<b>166,853</b>	84,553
Prepayments, deposits and other receivables		<b>18,445</b>	8,992
Financial assets at fair value through profit or loss	14	<b>72,951</b>	66,222
Cash and cash equivalents		<b>182,389</b>	194,421
Tax receivable		<b>127</b>	673
		<b>485,115</b>	400,752
Non-current assets held for sale		–	6,765
		<b>485,115</b>	407,517
<b>Current liabilities</b>			
Trade payables	15	<b>100,674</b>	53,565
Accrued liabilities and other payables		<b>38,284</b>	32,229
Interest-bearing borrowings		<b>13,460</b>	11,700
Tax payable		<b>14,340</b>	8,678
		<b>166,758</b>	106,172
<b>Net current assets</b>		<b>318,357</b>	301,345
<b>Total assets less current liabilities</b>		<b>492,203</b>	473,894

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 September 2010

		As at 30 September 2010 (Unaudited) HK\$'000	As at 31 March 2010 (Restated) HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Interest-bearing borrowings		13,500	13,500
Deferred tax liabilities		7,169	7,659
		<b>20,669</b>	21,159
<b>Net assets</b>		<b>471,534</b>	452,735
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	16	60,675	60,675
Reserves		386,589	385,992
Proposed dividends	9	24,270	6,068
<b>Total equity</b>		<b>471,534</b>	452,735



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2010

	For the six months ended	
	30 September	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from:		
Operating activities	(4,934)	8,262
Investing activities	(2,978)	(2,190)
Financing activities	(5,168)	(13,580)
Decrease in cash and cash equivalents	(13,080)	(7,508)
Cash and cash equivalents at beginning of period	194,421	181,934
Effect of foreign exchange rate changes	188	(326)
<b>Cash and cash equivalents at end of period</b>	<b>181,529</b>	<b>174,100</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Cash in hand and at banks and security brokerage firms	166,789	86,151
Time deposits	15,600	87,996
Bank overdrafts	182,389	174,147
	(860)	(47)
	<b>181,529</b>	<b>174,100</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***for the six months ended 30 September 2010*

	Equity attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000	Total equity HK\$'000
At 1 April 2009	60,916	95,795	34,080	31,758	9,900	(1,733)	206,262	-	436,978
Effect of adoption of HKAS 17 (Amendment)	-	-	-	940	-	-	-	-	940
At 1 April 2009 (Restated)	60,916	95,795	34,080	32,698	9,900	(1,733)	206,262	-	437,918
Profit for the period	-	-	-	-	-	-	9,595	-	9,595
Other comprehensive income:									
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	(326)	-	-	(326)
Revaluation deficit on leasehold land and buildings	-	-	-	(961)	-	-	-	-	(961)
Deferred tax credit arising from revaluation deficit on leasehold land and buildings	-	-	-	240	-	-	-	-	240
Total comprehensive income for the period	-	-	-	(721)	-	(326)	9,595	-	8,548
Interim 2010 dividend (Note 9)	-	-	-	-	-	-	(6,068)	6,068	-
At 30 September 2009 (Restated)	60,916	95,795	34,080	31,977	9,900	(2,059)	209,789	6,068	446,466
At 1 April 2010	60,675	95,120	34,080	38,054	9,900	(1,997)	208,857	6,068	450,757
Effect of adoption of HKAS 17 (Amendment) (Note 2)	-	-	-	1,978	-	-	-	-	1,978
At 1 April 2010 (Restated)	60,675	95,120	34,080	40,032	9,900	(1,997)	208,857	6,068	452,735
Final 2010 dividend paid	-	-	-	-	-	-	-	(6,068)	(6,068)
Transactions with owners	-	-	-	-	-	-	-	(6,068)	(6,068)
Profit for the period	-	-	-	-	-	-	24,679	-	24,679
Other comprehensive income:									
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	188	-	-	188
Total comprehensive income for the period	-	-	-	-	-	188	24,679	-	24,867
Reserve realised upon disposal of non-current assets held for sale	-	-	-	(6,211)	-	-	6,211	-	-
Interim 2011 dividend (Note 9)	-	-	-	-	-	-	(6,068)	6,068	-
Special 2011 dividend (Note 9)	-	-	-	-	-	-	(18,202)	18,202	-
At 30 September 2010 (Unaudited)	60,675	95,120	34,080	33,821	9,900	(1,809)	215,477	24,270	471,534

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2010

### 1. BASIS OF PREPARATION

The interim financial report of the Group has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2010, except for the adoption of the new or amended 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 HKICPA as disclosed in note 2 to these condensed consolidated interim financial statements.

This interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2010.

### 2. SIGNIFICANT ACCOUNTING POLICIES

In the current period, the Group has applied, for the first time, the following new or amended HKFRSs issued by HKICPA, which are relevant to and effective for the Groups' financial statements for the annual period beginning on 1 April 2010.

HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised 2008)	Business Combinations
Various	Annual Improvements to HKFRSs 2009

Other than as noted below, the adoption of these new or amended HKFRSs did not result in significant changes in the Group's accounting policies.

#### *HKFRS 3 Business Combinations (Revised 2008)*

The revised standard introduced major changes to the accounting requirements for business combinations. It retains the major features of the purchase method of accounting, now referred to as the acquisition method. The most significant changes in this standard are as follows:

- Acquisition-related costs of the combination are recorded as an expense in profit or loss. Previously, these costs would have been accounted for as part of the cost of the acquisition.
- The assets acquired and liabilities assumed are generally measured at their acquisition-date fair value unless the revised standard provides an exception and provides specific measurement rules.
- Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration arrangement gives rise to a financial liability, any subsequent changes are generally recognised in profit and loss. Previously, contingent consideration was recognised at the acquisition date only if its payment was probable.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *HKFRS 3 Business Combinations (Revised 2008) (Continued)*

The revised standard has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The Group did not have business acquisition on or after 1 April 2010. Therefore, the adoption of this standard results in a change of the Group's accounting policies on business combinations but did not have any impact in the Group's financial position and results.

### *HKAS 27 Consolidated and Separate Financial Statements (Revised 2008)*

The adoption of HKFRS 3 (Revised 2008) required that the HKAS 27 (Revised 2008) is adopted at the same time. The revised standard introduced changes to the accounting requirements for transactions with non-controlling (formerly known as "minority") interests and the loss of control of a subsidiary. Similar to HKFRS 3 (Revised 2008), the adoption of the revised standard is applied prospectively. The adoption of the standard did not have an impact in the current period financial statements.

### *Annual Improvements to HKFRSs 2009 – Amendment to HKAS 17 Leases*

The Improvements to HKFRSs 2009 made several minor amendments to HKFRSs. The only amendment relevant to the Group relates to HKAS 17 Leases. The amendment deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Prepaid lease payments", and amortised over the lease term.

The amendment has been applied retrospectively for annual period beginning 1 April 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold lands from operating lease to finance lease.

Accordingly, certain pieces of leasehold land which are held for own use are accounted for as property, plant and equipment and are depreciated from the land interest available for its intended use over the shorter of the useful life of asset and the lease term.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Annual Improvements to HKFRSs 2009 – Amendment to HKAS 17 Leases (Continued)*

The effect of the adoption of this amendment is as follows:

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Decrease in amortisation of prepaid lease payments	<b>(11)</b>	(11)
Increase in depreciation of property, plant and equipment	<b>11</b>	11
	<b>As at</b>	As at
	<b>30 September</b>	31 March
	<b>2010</b>	2010
	<b>HK\$'000</b>	HK\$'000
Increase in property, plant and equipment	<b>3,219</b>	3,230
Decrease in prepaid lease payments	<b>(850)</b>	(861)
Increase in asset revaluation reserve	<b>1,978</b>	1,978
Increase in deferred tax liabilities	<b>391</b>	391

## 3. REVENUE

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, after allowances for returns and trade discounts, and services rendered arising from the principal activities of the Group during the period after eliminations of all significant intra-group transactions.

## 4. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major business lines. The Group has identified the following reportable segments:

- (a) the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books for sale principally to manufacturers and publishers of consumer products;
- (b) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags segment produces hangtags, labels, shirt paper boards and plastic bags products for sale principally to manufacturers of consumer products; and
- (c) the commercial printing segment provides financial printing, digital printing and other related services.

Each of these operating segments is managed separately as each of the business lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The executive directors assess segment reporting as those used in its HKFRSs financial statements, except that certain items are not included in arriving at the operating results of the operating segments (expenses relating to finance costs, income tax and corporate income and expenses).

#### 4. SEGMENT INFORMATION (Continued)

Segment assets include all assets with the exception of corporate assets, including financial assets at fair value through profit or loss, bank balances and cash, tax receivable and deferred tax assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Reportable segment revenue:										
Sales to external customers	274,124	228,436	15,454	15,051	34,185	34,829	-	-	323,763	278,316
Intersegment sales	6,530	7,809	929	-	204	325	(7,663)	(8,134)	-	-
<b>Total</b>	<b>280,654</b>	<b>236,245</b>	<b>16,383</b>	<b>15,051</b>	<b>34,389</b>	<b>35,154</b>	<b>(7,663)</b>	<b>(8,134)</b>	<b>323,763</b>	<b>278,316</b>
Reportable segment results	19,219	1,025	(210)	(141)	3,829	4,445	-	-	22,838	5,329
Unallocated income:										
Interest income									2,204	1,018
Fair value gain on financial assets at fair value through profit or loss									2,572	7,242
Gain on disposal of non-current assets held for sale									3,130	-
Profit from operations									30,744	13,589
Finance costs									(430)	(363)
Profit before income tax									30,314	13,226
Income tax expense									(5,635)	(3,631)
Profit for the period									24,679	9,595

#### 4. SEGMENT INFORMATION (Continued)

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	30 September 2010	31 March 2010	30 September 2010	31 March 2010	30 September 2010	31 March 2010	30 September 2010	31 March 2010	30 September 2010	31 March 2010
	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)	(Unaudited)	(Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets:	364,097	282,159	9,534	7,935	29,834	28,647	-	-	403,465	318,741
Corporate assets:										
Financial assets at fair value through profit or loss									72,951	66,222
Others									182,545	195,103
Total assets									658,961	580,066

#### 5. PROFIT FROM OPERATIONS

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Restated)
	HK\$'000	HK\$'000
Profit from operations is arrived at after charging/(crediting):		
Amortisation of prepaid lease payments	173	189
Depreciation of property, plant and equipment	7,617	7,002
Staff costs (including directors' emoluments)	57,154	57,143
Provision for slow moving inventories	4,900	1,993
Write off of property, plant and equipment (Note 11)	3,906	9,108
Revaluation deficit on leasehold land and buildings	-	3,403
Bad debt expenses	-	197
Allowance for impairment of trade receivables	314	1,043
Fair value gain on financial assets at fair value through profit or loss	(762)	(4,295)
Gain on disposal of financial assets at fair value through profit or loss	(1,810)	(2,947)

**6. OTHER OPERATING INCOME**

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Interest income	2,204	1,018
Exchange gain, net	–	1,534
Dividend income from financial assets at fair value through profit or loss	419	26
Fair value gain on financial assets at fair value through profit or loss	762	4,295
Gain on disposal of property, plant and equipment	99	–
Gain on disposal of non-current assets held for sale	3,130	–
Gain on disposal of financial assets at fair value through profit or loss	1,810	2,947
Others	1,069	877
	<b>9,493</b>	<b>10,697</b>

**7. FINANCE COSTS**

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Interest charges on overdrafts, bank and other borrowings repayable within five years	430	363

**8. INCOME TAX EXPENSE**

	For the six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
The tax charge comprises:		
Current tax – Hong Kong	6,098	2,413
Current tax – overseas	47	353
	<b>6,145</b>	<b>2,766</b>
Deferred tax (credit)/charge	(510)	865
	<b>5,635</b>	<b>3,631</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the six months ended 30 September 2010. Taxes on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.



**9. DIVIDENDS**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK1 cent (2009: HK1 cent) per ordinary share	<b>6,068</b>	6,068
Special dividend of HK3 cents (2009: Nil) per ordinary share	<b>18,202</b>	–
	<b>24,270</b>	6,068

The directors recommend the payment of an interim dividend of HK1 cent per share (2009: HK1 cent per share) and a special dividend of HK3 cents per share (2009: Nil) for the six months ended 30 September 2010, payable on or before 22 December 2010 to shareholders whose names appear on the Register of Members of the Company on 15 December 2010. The dividends proposed after the statement of financial position date has not been recognised as a liability at the statement of financial position date but reflected as an appropriation of retained profits for the period ended 30 September 2010.

**10. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the Group's unaudited consolidated profit attributable to equity holders of the Company for the period ended 30 September 2010 of approximately HK\$24,679,000 (2009: HK\$9,595,000) of 606,753,119 (2009: 609,163,826) ordinary shares in issue.

No diluted earnings per share has been presented as there had been no dilutive potential shares in both periods of 2010 and 2009.

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>For the six months ended</b>	
	<b>30 September 2010</b>	
	<b>HK\$'000</b>	
Opening carrying amount at 1 April 2010	<b>155,261</b>	
Effect of adoption of HKAS 17 (Amendment)	<b>3,230</b>	
Opening carrying amount at 1 April 2010 (restated)	<b>158,491</b>	
Additions	<b>5,180</b>	
Disposal and write off, net	<b>(3,915)</b>	
Depreciation	<b>(7,617)</b>	
Closing carrying amount at 30 September 2010	<b>152,139</b>	

**11. PROPERTY, PLANT AND EQUIPMENT (Continued)**

	For the six months ended 30 September 2009 HK\$'000
Opening carrying amount at 1 April 2009	177,262
Effect of adoption of HKAS 17 (Amendment)	2,010
Opening carrying amount at 1 April 2009 (restated)	179,272
Additions	2,191
Disposal and write off, net	(9,108)
Revaluation deficit charged to income statement	(3,403)
Revaluation deficit charged to asset revaluation reserve	(961)
Depreciation	(7,002)
Closing carrying amount at 30 September 2009	160,989

During the period, the Group spent approximately HK\$4,336,000 on plant and machinery in order to upgrade its manufacturing capacities and approximately HK\$844,000 in furniture, fixtures, office equipment and motor vehicles.

As part of the continuous exercise to enhance the production efficiency and cost control effectiveness, the Group has been centralizing its production capacity. In relation to this exercise, the management has conducted an impairment review on the Group's property, plant and equipment. Certain property, plant and equipment were considered as obsolete after the review and were charged to the profit or loss under other operating expenses (Note 5). The respective losses of approximately HK\$2.6 million and HK\$1.3 million were reflected in the segments of manufacture and sale of paper cartons, packaging boxes and children's novelty books and manufacture and sale of hangtags, labels, shirt paper boards and plastic bags in note 4.

**12. PREPAID LEASE PAYMENTS**

	For the six months ended 30 September 2010 HK\$'000
Opening carrying amount at 1 April 2010	14,910
Effect of adoption of HKAS 17 (Amendment)	(861)
Opening carrying amount at 1 April 2010 (restated)	14,049
Amortisation	(173)
Closing carrying amount at 30 September 2010	13,876

**12. PREPAID LEASE PAYMENTS (Continued)**

	For the six months ended 30 September 2009 <i>HK\$'000</i>
Opening carrying amount at 1 April 2009	15,670
Effect of adoption of HKAS 17 (Amendment)	(883)
Opening carrying amount at 1 April 2009 (restated)	14,787
Amortisation	(189)
Closing carrying amount at 30 September 2009	14,598

**13. TRADE RECEIVABLES**

	<b>As at 30 September 2010 (Unaudited) <i>HK\$'000</i></b>	As at 31 March 2010 (Audited) <i>HK\$'000</i>
Trade receivables	<b>169,626</b>	87,213
Less: Allowances for impairment of receivables	<b>(2,773)</b>	(2,660)
Trade receivables – net	<b>166,853</b>	84,553

Trade receivables generally have credit terms of 30 to 90 days (31 March 2010: 30 to 90 days).

At 30 September 2010, the aging analysis of the trade receivables based on invoiced date and net of allowance, is as follows:

	<b>As at 30 September 2010 (Unaudited) <i>HK\$'000</i></b>	As at 31 March 2010 (Audited) <i>HK\$'000</i>
Current to 30 days	<b>75,153</b>	41,125
31 to 60 days	<b>41,126</b>	17,010
61 to 90 days	<b>32,258</b>	16,244
Over 90 days	<b>18,316</b>	10,174
	<b>166,853</b>	84,553

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>As at 30 September 2010 (Unaudited) HK\$'000</b>	<b>As at 31 March 2010 (Audited) HK\$'000</b>
Hong Kong unlisted currency notes	4,870	4,800
Hong Kong unlisted linked notes	6,595	10,145
Hong Kong listed equity investments	4,921	9,747
Hong Kong unlisted debt investments	7,777	–
Overseas listed equity investments	408	991
Overseas unlisted commodity fund	–	1,592
Overseas unlisted debt funds	6,013	–
Overseas unlisted debt investments	30,629	27,397
Overseas unlisted linked notes	2,698	2,361
Overseas unlisted currency notes	9,040	9,189
	<b>72,951</b>	<b>66,222</b>

**15. TRADE PAYABLES**

	<b>As at 30 September 2010 (Unaudited) HK\$'000</b>	<b>As at 31 March 2010 (Audited) HK\$'000</b>
Trade payables	100,674	53,565

At 30 September 2010, the aging analysis of the trade payables based on invoiced date, is as follows:

	<b>As at 30 September 2010 (Unaudited) HK\$'000</b>	<b>As at 31 March 2010 (Audited) HK\$'000</b>
Current to 30 days	37,231	25,296
31 to 60 days	20,772	12,740
61 to 90 days	13,217	7,576
Over 90 days	29,454	7,953
	<b>100,674</b>	<b>53,565</b>

**16. SHARE CAPITAL**

	<b>As at 30 September 2010 (Unaudited) HK\$'000</b>	As at 31 March 2010 (Audited) HK\$'000
Authorised:		
800,000,000 ordinary shares of HK\$0.10 each	<b>80,000</b>	80,000
Issued and fully paid:		
606,753,119 ordinary shares of HK\$0.10 each	<b>60,675</b>	60,675

**17. BANKING FACILITIES**

At 30 September 2010, general banking facilities available to the Group amounted to HK\$247,275,000 (31 March 2010: HK\$282,650,000). The amount of banking facilities utilised by the Group amounted to HK\$26,960,000 as at 30 September 2010 (31 March 2010: HK\$25,440,000).

At 30 September 2010, certain of the Group's properties amounting to HK\$14,850,000 (31 March 2010: HK\$14,850,000) were pledged to secure general banking facilities granted to the Group.

**18. OPERATING LEASE COMMITMENTS**

	<b>As at 30 September 2010</b>		As at 31 March 2010	
	<b>Land and buildings (Unaudited) HK\$'000</b>	<b>Other assets (Unaudited) HK\$'000</b>	Land and buildings (Audited) HK\$'000	Other assets (Audited) HK\$'000
Within one year	<b>6,932</b>	<b>589</b>	7,593	589
In the second to fifth years, inclusive	<b>5,268</b>	<b>1,215</b>	8,805	1,509
After five years	<b>11,212</b>	–	11,485	–
	<b>23,412</b>	<b>1,804</b>	27,883	2,098

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The principal activities of the Group continue to be manufacture and sale of paper cartons, packaging boxes and children's novelty books, manufacture and sale of hangtags, labels, shirt paper boards and plastic bags, commercial printing and asset management businesses.

For the period under review, the Group achieved a turnover of approximately HK\$323.8 million for the six months ended 30 September 2010, representing an increase of approximately 16.3% from approximately 278.3 million compared with the corresponding period ended 30 September 2009. Gross profit margin of the Group was slightly decreased to 26.9% for the period under review from that of corresponding year of 2009 of 28.8%. The Group's profit attributable to equity holders was increased by 157.2% from that of last corresponding period of approximately HK\$9.6 million, to approximately HK\$24.7 million. Such increase was mainly attributable to an increase in turnover and segment result from segment of manufacture and sale of paper cartons, packaging boxes and children's novelty books, and a gain on disposal of non-current assets held for sale during the period.

Manufacture and sale of paper cartons, packaging boxes and children's novelty books continued to be the Group's major business. For the period under review, the Group recorded total revenue of approximately HK\$274.1 million from this major business segment, which was increased by about 20.0% compared to that of last corresponding period of HK\$228.4 million. The profit from this segment increased from last corresponding period of HK\$1.0 million to approximately HK\$19.2 million for the six months ended 30 September 2010. It was caused by the increase in the turnover due to the improvement in the export market of customers.

The segment for manufacture and sale of hangtags, labels, shirt paper boards and plastic bags continued to face intensive competition. The Group's revenue in the manufacture of hangtags, labels, shirt paper boards and plastic bags sustained stable at approximately HK\$15.5 million for the period under review from that of the last corresponding year of approximately HK\$15.0 million. The loss from this segment increased from last corresponding period of HK\$0.1 million to approximately HK\$0.2 million for the six months ended 30 September 2010.

The Group's business in the commercial printing sustained steadily. The revenue and profit from this segment for the six months ended 30 September 2010 was approximately HK\$34.2 million and HK\$3.8 million, respectively as compared to last corresponding period of HK\$34.8 million and HK\$4.4 million, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### BUSINESS REVIEW (Continued)

As the financial market in the first half of 2010 was still challenging and full of uncertainties, the performance of the Group's financial assets was adversely affected. During the period, the fair value gain on the Group's financial assets was HK\$2.6 million, which was decreased by 64.5% compared to that of last corresponding period of approximately HK\$7.2 million.

### FINANCIAL REVIEW

#### Liquidity and financial resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. During the period under review, the Group was financially sound. The Group's cash and bank balances and short term bank deposits as at 30 September 2010 amounted to approximately HK\$182.4 million (31 March 2010: HK\$194.4 million). The Group's gearing ratio as at 30 September 2010 was 5.7% (31 March 2010: 5.6%), based on the short term and long term interest bearing bank borrowings of approximately HK\$27.0 million (31 March 2010: HK\$25.2 million) and the shareholders' fund of HK\$471.5 million (31 March 2010: HK\$452.7 million).

The Board believes that the Group's cash holding, liquid asset value, future revenue and available facilities from major shareholders will be sufficient to meet its working capital requirement of the Group.

#### Exchange rate exposure

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the six months ended 30 September 2010, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the current peg system, and the hedging of revenue received, and costs incurred, by the Group in Renminbi.

During the period, the Group has entered into a forward instrument in relation to US dollars and Renminbi which is included in financial assets at fair value through profit or loss. The Group will endure exchange loss when the exchange rate of Renminbi against US dollars fluctuates beyond certain rate due to depreciation of Renminbi.

#### Financial guarantees and charges on assets

As at 30 September 2010, corporate guarantees amounting to approximately HK\$157.7 million (31 March 2010: HK\$187.7 million) were given to banks by the Company for the provision of general banking facilities granted to the Group's subsidiaries, which were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK\$14.9 million (31 March 2010: HK\$14.9 million).

## CONTINGENT LIABILITIES

As at 30 September 2010, the Group had no contingent liabilities.

## PROSPECTS

In spite of the improvement of the Group's performance during the period, looking ahead, the directors expect that the operating environment in the printing industry will be challenging as the sustainable recovery of the world's economy is still uncertain. In order to cope with future challenges and staying competitive, the Group will continue to place emphasis on implementation of cost controls and improvement of operational efficiency in order to improve the profit margins for the businesses. However, the consistent rising costs in PRC labours and raw materials as well as additional investment for fulfillment of environmental protection and safety requirements will limit the effect of cost control measures.

For the purpose of sustaining long term growth and maximizing the shareholders' wealth, the directors will continue to explore all potential opportunities to further the Group's business.

## DIVIDENDS

The directors recommend the payment of an interim dividend of HK1 cent per share (2009: HK1 cent per share) and a special dividend of HK3 cents per share (2009: Nil) for the six months ended 30 September 2010 payable on or before Wednesday, 22 December 2010 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 15 December 2010.

## CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 13 December 2010 to Wednesday, 15 December 2010 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim and special dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 10 December 2010.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2010, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance "SFO"(Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

### *Directors' interests in shares – Long position in the Shares of the Company*

Name of Directors	Number of Shares held				Total interests as % of the issued share capital
	Personal interests (held as beneficial owner)	Family interests	Other interests	Total interests	
Lui Shing Ming, Brian	5,468,750	–	319,157,286 (Note 1)	324,626,036	53.50%
Lui Shing Cheong	3,906,250	–	319,157,286 (Note 1)	323,063,536	53.24%
Lui Shing Chung, Victor	3,906,250	1,562,500 (Note 2)	319,157,286 (Note 1)	324,626,036	53.50%

#### Notes:

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

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (CONTINUED)

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

Save as disclosed above, as at 30 September 2010, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (with the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Long/Short position	Capacity	Number of Shares/ underlying Shares held	Percentage of issued capital
Lui Chi	Long	Founder of a discretionary trust	319,157,286 (Note 1)	52.60%
Ng Sze Mui	Long	Founder of a discretionary trust	319,157,286 (Note 1)	52.60%
Ng Shuk Fong, Aman	Long	Beneficial owner and interest of spouse	324,626,036 (Note 2)	53.50%
Harmony Link Corporation	Long	Beneficial owner	319,157,286	52.60%
The Lui Family Company Limited	Long	Trustee	319,157,286 (Note 3)	52.60%
Trident Trust Company (B.V.I.) Limited	Long	Trustee	319,157,286 (Note 3)	52.60%

## SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

- (1) These shares are held by Harmony Link Corporation. Mr. Lui Chi and his spouse, Madam Ng Sze Mui are the founders of a discretionary trust mentioned in Note 1 to the section headed "Directors' and chief executive's interests and short positions in the shares, underlying Shares and debentures of the Company and its associated corporations" above.
- (2) Interests in these shares include interests in 1,562,500 shares held by Madam Ng Shuk Fong, Aman personally and interests in 323,063,536 shares through interest of her spouse, Mr. Lui Shing Chung, Victor as disclosed in the section headed "Directors' and chief executive's interest and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above.
- (3) These shares are held by Harmony Link Corporation. Please refer to Note 1 to the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above.

Save as disclosed above, as at 30 September 2010, the directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

## SHARE OPTION SCHEMES

On 5 September 2002, the Group's share option scheme, which was adopted on 27 December 1996 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted. As at 30 September 2010, the outstanding options granted under the Old Scheme had either been exercised or lapsed and no share options had been granted under the New Scheme.

## DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2010.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors, the management shareholders of the substantial shareholders of the Company, or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

## CORPORATE GOVERNANCE

The directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 September 2010, except for the following deviation:

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

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the six months ended 30 September 2010, the Company has not redeemed any of its listed securities. Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

## EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2010, the Group had an available workforce of approximately 1,580, of which around 1,400 were based in the PRC.

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

The Group has established a Remuneration Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has reviewed and determined the Group's remuneration policy, including the policy for the remuneration of executive directors, the levels of remuneration paid to executive directors and senior management of the Group.

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises 3 members, whom are independent non-executive directors, namely Dr. Ng Lai Man, Carmen, Dr. Lam Chun Kong and Mr. Lo Wing Man. This Committee is chaired by Dr. Ng Lai Man, Carmen.

The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 September 2010.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2010 have been reviewed by Grant Thornton, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group over the period.

By Order of the Board  
**Lui Shing Ming, Brian**  
*Chairman*

Hong Kong, 19 November 2010