2011
Annual Report 年報

新洲印刷集團有限公司
NEW ISLAND PRINTING HOLDINGS LIMITED
(Stock Code 股份代號 : 377)

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EXECUTIVE DIRECTORS

Mr. Lo Ming Chi, Charles, JP
(Chairman and Chief Executive Officer)
Ms. Chan Yuk Yee
Mr. Dai Zhongcheng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek

AUDIT COMMITTEE

Mr. Pun Chi Ping, *Chairman*
Dr. Wong Yun Kuen
Mr. Ip Man Tin, David

REMUNERATION COMMITTEE

Mr. Lo Ming Chi, Charles, JP, *Chairman*
Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

SOLICITORS

Chiu & Partners Solicitors

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

Executive Directors

Mr. Lo Ming Chi, Charles, JP, aged 61, joined the Company as an Executive Director in September 2010 and was appointed as the Chairman and Chief Executive Officer of the Company in October 2010. Mr. Lo is also the Chairman of the Remuneration Committee of the Company and a director of several subsidiaries of the Company. Mr. Lo is a certified practicing accountant of the CPA Australia and is a fellow of the Financial Services Institute of Australasia. Mr. Lo has extensive experience in financial and investment services in Australia, Hong Kong and other Asian countries. Mr. Lo is also an executive director, deputy chairman and chief executive officer of China Tycoon Beverage Holdings Limited ("China Tycoon") (formerly known as Sewco International Holdings Limited) (stock code: 209) and an independent non-executive director of CASH Financial Services Group Limited (stock code: 510), New Environmental Energy Holdings Limited (stock code: 3989) and Tak Sing Alliance Holdings Limited (stock code: 126), all being listed companies in Hong Kong.

Ms. Chan Yuk Yee, aged 43, joined the Company as an Executive Director in September 2010. Ms. Chan is also a director of several subsidiaries of the Company. Ms. Chan holds a Master of Business Law degree from Monash University in Australia and is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Chan has over 10 years of experience in corporate administration and company secretarial practice. Ms. Chan is also an executive director and the company secretary of China Tycoon and the company secretary of Beijing Yu Sheng Tang Pharmaceutical Group Limited (stock code: 1141), both are listed companies in Hong Kong.

Mr. Dai Zhongcheng, aged 49, joined the Company as an Executive Director in November 2010. Mr. Dai holds a Bachelor of Engineering degree from Lanzhou University of Technology (formerly known as Gansu University of Technology) in the People's Republic of China ("PRC"). He is a guest professor of the Training Centre, the General Office of the National People's Congress. Mr. Dai has been involved in the financial industry and assets and capital market in the PRC for more than 20 years.

Independent Non-executive Directors

Dr. Wong Yun Kuen, aged 53, joined the Company as an Independent Non-executive Director in October 2010. Dr. Wong is also a member of the Audit Committee and the Remuneration Committee of the Company. Dr. Wong received a Ph.D. degree from Harvard University, and was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is also an executive director of UBA Investments Limited (stock code: 768) and an independent non-executive director of Bauhaus International (Holdings) Limited (stock code: 483), Climax International Company Limited (stock code: 439), Kingston Financial Group Limited (formerly known as Golden Resorts Group Limited) (stock code: 1031), Harmony Asset Limited (stock code: 428), Hua Yi Copper Holdings Limited (stock code: 559), Kaisun Energy Group Limited (stock code: 8203), Kong Sun Holdings Limited (stock code: 295), China Yunnan Tin Minerals Group Company Limited (stock code: 263), ZMAY Holdings Limited (stock code: 8085), and China Grand Forestry Green Resources Group Limited (stock code: 910). All the companies mentioned above are listed companies in Hong Kong.

BIOGRAPHY OF DIRECTORS *(Continued)*

Independent Non-executive Directors *(Continued)*

Mr. Pun Chi Ping, aged 44, joined the Company as an Independent Non-executive Director in October 2010. Mr. Pun is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Pun holds a Master degree of Science in Finance and a Bachelor degree of Arts in Accountancy, both from the City University of Hong Kong. Mr. Pun is a fellow member of Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Pun has extensive experience in corporate finance, accounting and auditing and is the financial controller of Poly (Hong Kong) Investments Limited (stock code: 119), a listed company in Hong Kong.

Mr. Ip Man Tin, David, aged 65, joined the Company as an Independent Non-executive Director in November 2010. Mr. Ip is also a member of the Audit Committee and the Remuneration Committee of the Company. He holds a Bachelor of Arts Degree and a Master of Public Administration degree. Mr. Ip is a Chartered Marketer and a Certified Management Consultant. He has extensive experience of public administration and public company management in Hong Kong and Britain. He has extensive consultancy experience across industry sectors. Mr. Ip is also an independent non-executive director of Upbest Group Limited (stock code: 335), a listed company in Hong Kong.

BIOGRAPHY OF SENIOR MANAGEMENT

Mrs. Fung So Ka Wah, Karen, aged 60, is the Chief Operation Officer of the Group mainly responsible for the 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.

Mr. Sinn Wai Kin, Derek, aged 52, 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. So Wah Sum, Conrad, aged 56, is the Sales Director of New Island Printing Company Limited. 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. Lai Po Wah, Charles, aged 53, 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 52, is the Production Director of Dongguan 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.

I am pleased to present the 2010/11 annual results of New Island Printing Holdings Limited (the "Company") and its subsidiaries (together, the "Group").

REVIEW

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. The Group recorded turnover of approximately HK$570.3 million (2010: HK$519.5 million) and profit attributable to equity holders of approximately HK$16.3 million for the year ended 31st March, 2011 (2010: HK$24.2 million). Despite there is a slight increase in turnover for 9.8% from 2009/10 to 2010/11 with the economic recovery, the increase in the price of key materials and labour costs with the inflation has negatively impacted the Group's gross profit by approximately HK$14.3 million. The gross profit margin has been decreased from 23.5% in 2009/10 to the year under review of 18.9%. Detailed review of the Group's performance is set out in the section headed "Management Discussion and Analysis".

Having considered the continuous challenging environment and to readily grasp other valuable investment opportunities, the Board has resolved to propose Nil dividend for the year under review.

Supported by the Group's long history, I have full confidence that the Group will continue to strive to enhance value for the shareholders by its reinforced track record and reputation of delivering consistent and high quality services.

PROSPECT

It is expected that the operating environment of the printing industry in 2011/2012 will continue to be challenging in light of surging raw material prices, labor shortages in the Pearl Delta Region, further increase in mandatory minimum wage in Guangdong Province, and the continued appreciation of the Chinese Renminbi. The Group will continue to invest in equipment and staff training to boost productivity to counter such increases in production costs. To seek to maximize operating margin, the Group has continuously streamlined its operations, as well as optimized product mix by employing flexible and effective sales strategies with expansion in sales and distribution network in the United States.

Looking ahead, the management is optimistic that the Group will continue to perform well in the coming years and will time-to-time seek if there is any investment opportunity that would contribute positively to the Group's results.

APPRECIATION

Finally, I would like to take this opportunity to extend my gratitude to my fellow directors and all the dedicated staff of the Group for their hard work and contribution during the year. On behalf of the Board, I would also like to express our sincere thanks to the Group's shareholders, investors, customers, bankers and business associates for their continued support.

Lo Ming Chi, Charles
Chairman

Hong Kong, 29th June, 2011

BUSINESS REVIEW AND OUTLOOK

With the global economy slowly climbs out from the trough of financial gloom, the Group reported for the year under review ("Review Year") an increase of approximately 9.8% in turnover to approximately HK$570.3 million, reflecting the gradual recovering demand for packaging printing products across all major markets. Among which, respective increase in sales to Europe and other countries of approximately 22.3% and 22.4% has reflected the Group's continued strategic efforts in developing and diversifying its customers base.

Gross profit margin, however, has softened to approximately 18.9% during the Review Year from approximately 23.5% during the last corresponding year ("Corresponding Year"). Despite the Group has been eager to shift its product mix towards high-end cosmetic products with higher profitability, the labour costs associated with its high labour content in the manufacturing process have increased tremendously, in light of the serious labour shortage problems in many industrialized locations in the PRC and labour wages have been rising rapidly with respect to the improving living standard and inflation in the PRC. In addition, increasing raw material costs especially costs of paper, on the back of the surge in commodity prices further squeezed the gross profit margin. Accordingly, notwithstanding the recovering demand for packaging printing products, gross profit fell to approximately HK$107.6 million for the Review Year.

In line with the increase in turnover, selling and distribution costs during the Review Year increased by approximately 3.0% to approximately HK$34.0 million. Notwithstanding stringent cost control measures adopted by the Group under difficult operating conditions, having accounted for the one-off legal and professional fee of approximately HK$2.8 million and the increase in staff-related costs of HK$4.1 million, administrative expenses have also increased by approximately 6.4% to approximately HK$61.5 million during the Review Year.

With the Group's improving financial position, effective credit control in place and stringent cash flow management, coupled with the expansion of capital and further reduction in bank borrowings on generally lower interest rates, finance costs declined substantially by approximately 35.1% to approximately HK$2.3 million during the Review Year.

As a result of the combined effects of the foregoing, profit before tax for the Review Year decreased to approximately HK$20.6 million. Owing to the decrease in profit before tax for the Review Year and the recognition of additional Hong Kong Profits Tax arising from non-deductibility of certain depreciation allowance claims and other consequential and related charges in the Corresponding Year, income tax expense decreased to approximately HK$4.2 million during the Review Year from approximately HK$12.6 million during the Corresponding Year. Accordingly, profit attributable to equity shareholders decreased to approximately HK$16.3 million for the Review Year.

In addition to the decrease in profit attributable to equity shareholders which has negatively impacted the cash flow from operations, the stocking of papers as reflected by the increase in inventory level, in anticipation of the upward trend in cost of paper, has also exerted significantly pressures on operating cashflows. Thus, the cash flow from operations decreased by approximately 65.2% to approximately HK$34.9 million. Meanwhile, having considered the significance of production efficiency and expected sales growth, the Group has invested approximately HK$32.0 million on fixed assets especially for upgrading the production machineries and facilities. Strongly backed up by the capital injection from placing of shares during the Review Year, the cash and cash equivalents for the Review Year has almost doubled to approximately HK$100.6 million. Further discussion on the Group's financial structure, liquidity and leverage is set out in the section headed "Financial and Capital Resources".

Despite clouded by uncertainty surrounding the fiscal crisis in Europe in which our sales is expanding and expected continuous appreciation of the Chinese Renminbi which could translate into additional cost pressure, the Group is strived with its well established networks in sales, purchase and fundraising under the difficult market environment to sustain its fruitful results and to capture any valuable investment opportunities. In short, the Directors are confident that the Group will be able to maximize its value added to shareholders.

CAPITAL STRUCTURE

As at 31st March, 2011, the Group had bank borrowings, which were either denominated in Hong Kong dollars or Chinese Renminbi, totaling approximately HK$61.2 million (2010: HK$95.0 million). Of these borrowings, approximately HK$40.1 million (2010: HK$57.4 million) were secured by fixed assets and trade debtors with an aggregate carrying value of approximately HK$117.3 million (2010: HK$120.8 million).

On 17th November, 2010, the Company issued 44,000,000 new shares as a result of placing of shares to broaden the capital base of the Company. Further on 21st December, 2010, the authorized share capital of the Company was increased to HK$400,000,000 divided into 4,000,000,000 shares of HK$0.1 each so as to accommodate future expansion and growth of the Group. On the same day, the shares of the Company were subdivided from shares ("Shares") of HK$0.1 each into ten subdivided shares ("Subdivided Shares") of HK$0.01 each. After the Share Subdivision has become effective, the Subdivided Shares are traded in board lots of 4,000 Subdivided Shares instead of 2,000 Shares. The Share Subdivision, together with the change in board lot size, reduces the board lot value and improves the liquidity in the trading of the Shares, thereby enabling the Company to attract more investors and broaden its shareholders' base. As at 31st March, 2011, the Group had total equity of HK$460.7 million (2010: HK$342.5 million).

LIQUIDITY AND LEVERAGE

As at 31st March 2011, the Group had current assets of HK$378.1 million (2010: HK$215.4 million) comprising cash and cash equivalents of HK$100.6 million (2010: HK$50.9 million), and current liabilities of HK$186.7 million (2010: HK$212.2 million (restated)). The Group's current ratio (defined as current assets divided by current liabilities) was at a healthy ratio of 2.0 (2010: 1.0 (restated)).

The Group's gearing ratio is defined by its 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 2011 was approximately –8.6% (2010: 12.9%).

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.

CAPITAL INVESTMENTS

During the Review Year, the Group expended a total of approximately HK$32.0 million (2010: 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, bank borrowings and by the cash flow generated from the Group's operations.

FOREIGN CURRENCY MANAGEMENT

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong Dollars, Chinese Reminbi and US Dollars. The Group maintained a prudent position in its foreign currency risk management. To a large extent, foreign exchange risks were minimized by matching the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures.

The Group has entered into various financial derivative instruments in order to mitigate foreign exchange rate exposure. The use of derivative financial instruments is strictly monitored and controlled. In light of the above, it is considered that the Group's exposure to foreign exchange risk is not significant.

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, 2011, except for one deviation explained below.

Code Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

Deviation

The Company has deviated from the Code Provision in this respect in that Mr. Lo Ming Chi, Charles is both the chairman and CEO of the Company. The respective responsibilities of the chairman and the CEO, however, are clearly set out in writing and approved by the Board. Given the Group's current stage of development, the Board considers that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximizes the effectiveness of its operation. The Board will nevertheless review this structure from time to time and will consider the segregation of the two roles at the appropriate time.

BOARD OF DIRECTORS

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.

As at the date of this report, the Board comprises three Executive Directors, namely Mr. Lo Ming Chi, Charles (Chairman and Chief Executive Officer), Ms. Chan Yuk Yee and Mr. Dai Zhongcheng and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David. The biographical details of the Directors are set out under the section headed "Biography of Directors" in "Corporate Information" on pages 3 to 4 of this annual report.

Each of the Independent Non-executive Directors 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 one year. The appointment shall be automatically renewed for successive terms of one year unless terminated by either party in writing prior to the expiry of the term.

Save as the common directorship of Mr. Lo Ming Chi, Charles and Ms. Chan Yuk Yee in China Tycoon Beverage Holdings Limited as disclosed in the "Biography of Directors", there is no financial, business, family or other material/relevant relationship among members of the Board.

BOARD OF DIRECTORS *(Continued)*

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.

There were four regular Board meetings held in the year ended 31st March, 2011. 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:		
Mr. Lo Ming Chi, Charles, JP	(appointed on 30th September, 2010)	2/4
Ms. Chan Yuk Yee	(appointed on 30th September, 2010)	2/4
Mr. Dai Zhongcheng	(appointed on 5th November, 2010)	2/4
Madam So Chau Yim Ping, BBS, JP	(resigned on 21st October, 2010)	2/4
Mrs. Fung So Ka Wah, Karen	(resigned on 21st October, 2010)	2/4
Mrs. Cheong So Ka Wai, Patsy	(resigned on 21st October, 2010)	2/4
Mr. So Wah Sum, Conard	(resigned on 21st October, 2010)	0/4
Non-executive Director:		
Mr. Ting Woo Shou, Kenneth, SBS, JP	(resigned on 21st October, 2010)	1/4
Independent Non-executive Directors:		
Dr. Wong Yun Kuen	(appointed on 21st October, 2010)	2/4
Mr. Pun Chi Ping	(appointed on 21st October, 2010)	2/4
Mr. Ip Man Tin, David	(appointed on 5th November, 2010)	2/4
Mr. Hui Yin Fat, O.B.E., JP	(resigned on 21st October, 2010)	2/4
Mr. She Chiu Shun, Ernest	(resigned on 5th November, 2010)	2/4
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP	(resigned on 5th November, 2010)	1/4

REMUNERATION COMMITTEE

The Remuneration Committee, which is chaired by Mr. Lo Ming Chi, Charles, JP, has been established with defined terms of reference as set out in the Code. Other members of the Remuneration Committee are Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David.

REMUNERATION COMMITTEE *(Continued)*

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.

The Remuneration Committee met four times during the year ended 31st March, 2011 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, 2011.

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
Mr. Lo Ming Chi, Charles, JP	(appointed on 30th September, 2010)	4/4
Dr. Wong Yun Kuen	(appointed on 21st October, 2010)	4/4
Mr. Pun Chi Ping	(appointed on 21st October, 2010)	3/4
Mr. Ip Man Tin, David	(appointed on 5th November, 2010)	2/4
Madam So Chau Yim Ping, BBS, JP	(resigned on 21st October, 2010)	0/4
Mrs. Cheong So Ka Wai, Patsy	(resigned on 21st October, 2010)	0/4
Mr. Hui Yin Fat, O.B.E., JP	(resigned on 21st October, 2010)	0/4
Mr. She Chiu Shun, Ernest	(resigned on 5th November, 2010)	0/4
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP	(resigned on 5th November, 2010)	0/4

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.

On 30th September, 2010, Mr. Lo Ming Chi, Charles, JP and Ms. Chan Yuk Yee were appointed as Executive Directors of the Company. On 21st October, 2010, Mr. Pun Chi Ping and Dr. Wong Yun Kuen were appointed as Independent Non-executive Directors of the Company, and Madam So Chau Yim Ping, BBS, JP, Mrs. Cheong So Ka Wai, Patsy, Mrs. Fung So Ka Wah, Karen and Mr. So Wah Sum, Conrad, resigned as Executive Directors of the Company. On the same date, Mr. Ting Woo Shou, Kenneth, SBS JP resigned as Non-executive Director of the Company and Mr. Hui Yin Fat, O.B.E. JP resigned as Independent Non-executive Director of the Company.

NOMINATION OF DIRECTORS *(Continued)*

Madam So Chau Yim Ping, BBS, JP ceased to be the Chairman of the Board, and Mrs. Fung So Ka Wai, Karen ceased to be the Chief Executive Officer of the Company with effect from 21st October, 2010. On the same date, Mr. Lo Ming Chi, Charles, JP, was appointed as the Chairman of the Board and Chief Executive Officer of the Company.

On 5th November, 2010, Mr. Dai Zhongcheng was appointed as Executive Director of the Company and Mr. Ip Man Tin, David was appointed as Independent Non-executive Director of the Company. On the same date, Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP and Mr. She Chiu Shun, Ernest resigned as Independent Non-executive Directors of the Company.

The above change of Directors were discussed and approved by the Board at Board meetings and the re-election of Directors was approved by the shareholders at the Special General Meeting held on 20th December, 2010.

AUDIT COMMITTEE

The Audit Committee was established with terms of reference as set out in the Code. The Audit Committee comprises three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David. The Audit Committee is chaired by Mr. Pun Chi Ping 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.

The roles and functions of the Audit Committee include the review of the 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.

The Audit Committee met 2 times during the year ended 31st March, 2011 and the work carried out by the Audit Committee included the following:

— reviewed the audited consolidated financial statements of the Group for the year ended 31st March, 2010;

— reviewed the unaudited interim financial statements of the Group for the six months ended 30th September, 2010;

— reviewed and discussed with the Company's external auditors the audit plan for the consolidated financial statements of the Group for the year ended 31st March, 2011;

— 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;

AUDIT COMMITTEE *(Continued)*

- 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, 2011, the Audit Committee also had a meeting to review the audited consolidated financial statements of the Group for the year ended 31st March, 2011.

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. Pun Chi Ping	(appointed on 21st October, 2010)	1/2
Dr. Wong Yun Kuen	(appointed on 21st October, 2010)	1/2
Mr. Ip Man Tin, David	(appointed on 5th November, 2010)	0/2
Mr. She Chiu Shun, Ernest	(resigned on 5th November, 2010)	1/2
Mr. Hui Yin Fat, O.B.E., JP	(resigned on 21st October, 2010)	0/2
Mr. Ting Woo Shou, Kenneth, SBS, JP	(resigned on 21st October, 2010)	1/2
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP	(resigned on 5th November, 2010)	1/2

INTERNAL CONTROL

The Board has the overall responsibility for the internal control system of the Group and reviews its effectiveness, and adopts all necessary and appropriate actions, to maintain sufficient and effective internal control system 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, 2011, 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, 2011, the Company's external auditor charged the Company HK$1,055,000 for audit services and HK$290,000 for non-audit services. The non-audit services undertaken by the Company's external auditor were mainly for the tax compliance and report on indebtedness of the Group as at 31st July, 2010.

FINANCIAL REPORTING

The Board acknowledges its responsibility for the preparation of the financial statements of the Company for the year ended 31st March, 2011, which have been prepared on a going concern basis.

The reporting responsibility of the external auditor of the Company is set out in the Independent Auditor's Report on page 22 and 23 of this Annual Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct of securities transactions by the 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, 2011.

COMMUNICATIONS WITH SHAREHOLDERS

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 shareholders, and is frequently updated with key information of the Group.

At the Company's 2010 Annual General Meeting and Special General Meeting held on 20th December, 2010, separate resolutions were 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 consolidated financial statements of New Island Printing Holdings Limited (the "Company") and its subsidiaries (collectively refer to as the "Group") for the year ended 31st March, 2011.

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 Group for the year ended 31st March, 2011 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 24 to 83.

FINAL DIVIDEND

The Directors do not recommended the payment of a final dividend for the year ended 31st March, 2011 (2010: HK3.5 cent per share).

TRANSFER TO RESERVES

Profits attributable to shareholders of HK$16,316,000 (2010: HK$24,248,000) 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$334,000 (2010: HK$149,000).

SUBSIDIARIES

Particulars of the Company's subsidiaries at 31st March, 2011 are set out in note 14 to the financial statements.

FIVE YEAR FINANCIAL 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 84.

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	37%
The largest customer	17%
Purchases	
Five largest suppliers in aggregate	35%
The largest supplier	18%

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% 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 "Stock Exchange") (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 24(c) to the financial statements.

BANK LOANS, OBLIGATIONS UNDER FINANCE LEASES AND BILLS PAYABLE

Particulars of bank loans, obligations under finance leases and bills payable of the Group at 31st March, 2011 are set out in notes 19, 20 and 22 to the financial statements respectively.

DIRECTORS

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

Mr. Lo Ming Chi, Charles, JP *(Chairman)*	(appointed on 30th September, 2010)
Ms. Chan Yuk Yee	(appointed on 30th September, 2010)
Mr. Dai Zhongcheng	(appointed on 5th November, 2010)
Dr. Wong Yun Kuen*	(appointed on 21st October, 2010)
Mr. Pun Chi Ping*	(appointed on 21st October, 2010)
Mr. Ip Man Tin, David*	(appointed on 5th November, 2010)
Madam So Chau Yim Ping, BBS, JP	(resigned on 21st October, 2010)
Mrs. Fung So Ka Wah, Karen	(resigned on 21st October, 2010)
Mrs. Cheong So Ka Wai, Patsy	(resigned on 21st October, 2010)
Mr. So Wah Sum, Conrad	(resigned on 21st October, 2010)
Mr. Ting Woo Shou, Kenneth, SBS, JP**	(resigned on 21st October, 2010)
Mr. Hui Yin Fat, O.B.E., JP*	(resigned on 21st October, 2010)
Mr. She Chiu Shun, Ernest*	(resigned on 5th November, 2010)
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP*	(resigned on 5th November, 2010)

* *Independent Non-executive Directors*

** *Non-executive Director*

In accordance with the Bye-Laws of the Company, Ms. Chan Yuk Yee and Mr. Dai Zhongcheng 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

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

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

As at 31st March, 2011, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st March, 2011, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 31st March, 2011
Plus Wealthy Limited ("Plus Wealthy")	Beneficial owner	Long position	1,668,967,000	62.62%
Bingo Wealth Holdings Limited ("Bingo Wealth")	Interests held by controlled corporation	Long position	1,668,967,000 *(note)*	62.62%
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interests held by controlled corporation	Long position	1,668,967,000 *(note)*	62.62%

Note: These shares are held by Plus Wealthy which was a wholly-owned subsidiary of Bingo Wealth which in turn was wholly-owned by Mr. Suen. Accordingly, Mr. Suen and Bingo Wealth are deemed to be interested in all the shares of the Company in which Plus Wealthy is interested by virtue of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 31st March, 2011.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had entered into the following transactions, as described below and in the announcement dated 23rd April, 2010 with persons who were "connected persons" for the purpose of the Listing Rules.

As disclosed in the announcement of the Company dated 23rd April, 2010, on 22nd April 2010, New Island Printing Company Limited ("New Island Printing"), a wholly-owned subsidiary of the Company, entered into a renewed supply agreement with Kader Industrial Company Limited ("Kader Industrial") to renew the supply agreement dated 30th April, 2007, pursuant to which the Group would agree to sell to Kader Holdings Company Limited ("Kader") or its subsidiaries (collectively with Kader, the "Kader Group") packaging and paper products for a further term of 3 years commencing from 1st April, 2010. On the same date, New Island Printing entered into a renewed supply agreement with Qualidux Industrial Company Limited ("Qualidux") to renew the supply agreement dated 30th April, 2007, pursuant to which the Group would agree to sell to Qualidux or its subsidiaries packaging and paper products for a further term of 3 years commencing from 1st April, 2010.

Mr. Ting Woo Shou, Kenneth, SBS, JP, a former Non-executive Director of the Company (resigned on 21st October, 2010), 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. As such, Kader and its subsidiaries and Qualidux are connected persons of the Company within the meaning of the Listing Rules. Total sales to Kader Group and Qualidux for the year ended 31st March, 2011 amounted to HK$8,941,000 (Year ended 31st March, 2010: HK$11,065,000).

These transactions have been reviewed by the Independent Non-executive Directors, who were 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.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and reported their conclusions to the Board that:

(i) nothing has come to auditor's attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

(iii) nothing has come to auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

Apart from the continuing 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 266,529,000 shares, which represents 10% of the issued share capital of the Company as at the date of this annual report.

(ii) The total number of shares issued and to be issued upon exercise of the share options (including both exercised and outstanding 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 (or its subsidiaries) in issue.

SHARE OPTION SCHEME *(continued)*

(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's daily quotation 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 "Business Day"); (b) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five Business 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 at any time during a period determined by the Board at its absolute discretion and notified by the Board to each grantee the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Scheme.

(v) There is no minimum period for which a share option must be held before the share option can be exercised unless otherwise determined by the Board.

(vi) According to the Scheme, the offer of a grant of share options may be accepted within 28 days from the date of offer, 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 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 28 to the financial statements.

STAFF

As at 31st March, 2011, the Group had a total staff of 2,805 (2010: 2,695), of which 2,745 (2010: 2,633) 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 AUDITOR

The financial statements of the Company for the year ended 31st March, 2011 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
Lo Ming Chi, Charles
Chairman and Chief Executive Officer

Hong Kong, 29th June, 2011

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 (together "the Group") set out on pages 24 to 83, which comprise the consolidated and Company balance sheets as at 31st March, 2011, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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, 2011 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
29th June, 2011

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

	Note	**2011** **\$'000**	2010 *\$'000*
Turnover	*3 & 11*	**570,333**	519,452
Cost of sales		**(462,777)**	(397,624)
Gross profit		**107,556**	121,828
Other revenue	*4(a)*	**9,378**	9,814
Other net gain/(loss)	*4(b)*	**1,375**	(311)
Selling and distribution costs		**(33,965)**	(32,975)
Administrative expenses		**(61,458)**	(57,765)
Profit from operations		**22,886**	40,591
Finance costs	*5(a)*	**(2,306)**	(3,553)
Profit before taxation	*5*	**20,580**	37,038
Income tax	*6(a)*	**(4,188)**	(12,639)
Profit for the year		**16,392**	24,399
Attributable to:			
Equity shareholders of the Company	*9*	**16,316**	24,248
Non-controlling interests		**76**	151
Profit for the year		**16,392**	24,399
Earnings per share	*10*		*(restated)*
Basic		**0.68 cents**	1.09 cents
Diluted		**0.68 cents**	1.09 cents

The notes on pages 31 to 83 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 24(b).

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

	2011	2010
	$'000	*$'000*
Profit for the year	**16,392**	24,399
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**11,052**	5,329
Total comprehensive income for the year	**27,444**	29,728
Attributable to:		
Equity shareholders of the Company	**27,383**	29,577
Non-controlling interests	**61**	151
Total comprehensive income for the year	**27,444**	29,728

The notes on pages 31 to 83 form part of these financial statements.

At 31st March, 2011
(Expressed in Hong Kong dollars)

	Note	As at 31st March, 2011		As at 31st March, 2010		As at 1st April, 2009	
		$'000	**$'000**	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)
Non-current assets							
Fixed assets	12						
– Property, plant and equipment		**255,942**		321,566		354,162	
– Interests in leasehold land held for own use under operating leases		**18,793**		29,532		30,315	
		274,735		351,098		384,477	
Deposits for purchases of machinery	13	**4,684**		2,432		—	
Deferred tax assets	23(b)	**648**		—		—	
			280,067		353,530		384,477
Current assets							
Inventories	15	**98,798**		66,838		67,672	
Trade debtors, prepayments and deposits	16	**102,460**		97,634		97,120	
Non-current assets held for sale	17	**76,230**		—		—	
Current tax recoverable		**—**		—		29	
Pledged bank deposits		**—**		—		1,011	
Cash and cash equivalents	18	**100,620**		50,902		47,692	
		378,108		215,374		213,524	
Current liabilities							
Bank loans and overdrafts	19	**41,128**		67,468		109,070	
Obligations under finance leases	20	**2,413**		3,780		13,375	
Trade creditors and accrued charges	21	**121,183**		106,648		89,348	
Bills payable	22	**17,669**		21,311		22,761	
Current tax payable	23(a)	**4,318**		13,027		4,552	
		186,711		212,234		239,106	
Net current assets/(liabilities)			**191,397**		3,140		(25,582)
Total assets less current liabilities			**471,464**		356,670		358,895

At 31st March, 2011
(Expressed in Hong Kong dollars)

	Note	As at 31st March, 2011		As at 31st March, 2010		As at 1st April, 2009	
		$'000	**$'000**	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)	$'000 (Restated)
Non-current liabilities							
Bank loans	19	—		—		17,020	
Obligations under finance leases	20	—		2,411		6,208	
Deferred tax liabilities	23(b)	**10,752**		11,772		16,232	
			10,752		14,183		39,460
NET ASSETS			**460,712**		342,487		319,435
CAPITAL AND RESERVES							
Share capital	24(c)		**26,653**		22,253		22,253
Reserves			**433,847**		320,083		297,182
Total equity attributable to equity shareholders of the Company			**460,500**		342,336		319,435
Non-controlling interests			**212**		151		—
TOTAL EQUITY			**460,712**		342,487		319,435

Approved and authorised for issue by the Board of Directors on 29th June, 2011.

Lo Ming Chi, Charles
Chairman and Chief Executive Officer

Chan Yuk Yee
Director

The notes on pages 31 to 83 form part of these financial statements.

At 31st March, 2011
(Expressed in Hong Kong dollars)

	Note	As at 31st March, 2011		As at 31st March, 2010	
		$'000	***$'000***	*$'000*	*$'000*
Non-current assets					
Investments in subsidiaries	*14*		**245,217**		137,253
Current assets					
Prepayments and deposits	*16*	**282**		172	
Cash and cash equivalents	*18*	**61**		57	
		343		229	
Current liabilities					
Accrued charges	*21*	**679**		461	
Net current liabilities			**(336)**		(232)
NET ASSETS			**244,881**		137,021
CAPITAL AND RESERVES	*24(a)*				
Share capital			**26,653**		22,253
Reserves			**218,228**		114,768
TOTAL EQUITY			**244,881**		137,021

Approved and authorised for issue by the Board of Directors on 29th June, 2011.

Lo Ming Chi, Charles
Chairman and Chief Executive Officer

Chan Yuk Yee
Director

The notes on pages 31 to 83 form part of these financial statements.

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Note	**Share capital** *$'000*	**Share premium** *$'000*	**Statutory surplus reserve** *$'000*	**Exchange reserve** *$'000*	**Other reserves** *$'000*	**Retained profits** *$'000*	**Total** *$'000*	**Non-controlling interests** *$'000*	**Total equity** *$'000*
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:										
Profit for the year		—	—	—	—	—	24,248	24,248	151	24,399
Other comprehensive income		—	—	—	5,329	—	—	5,329	—	5,329
Total comprehensive income for the year		—	—	—	5,329	—	24,248	29,577	151	29,728
Dividends approved in respect of previous financial year		—	—	—	—	—	(6,676)	(6,676)	—	(6,676)
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
Balance at 1st April, 2010		**22,253**	**37,741**	**22,902**	**46,841**	**4,890**	**207,709**	**342,336**	**151**	**342,487**
Changes in equity for the year ended 31st March, 2011:										
Profit for the year		—	—	—	—	—	16,316	16,316	76	16,392
Other comprehensive income		—	—	—	11,067	—	—	11,067	(15)	11,052
Total comprehensive income for the year		—	—	—	**11,067**	—	**16,316**	**27,383**	**61**	**27,444**
Share placement	*24(c)(i)*	**4,400**	**94,170**	—	—	—	—	**98,570**	—	**98,570**
Dividends approved in respect of previous financial year	*24(b)*	—	—	—	—	—	**(7,789)**	**(7,789)**	—	**(7,789)**
Transfer to statutory surplus reserve		—	—	**2,133**	—	—	**(2,133)**	—	—	—
Balance at 31st March, 2011		**26,653**	**131,911**	**25,035**	**57,908**	**4,890**	**214,103**	**460,500**	**212**	**460,712**

The notes on pages 31 to 83 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Operating activities			
Cash generated from operations	*18(b)*	**34,913**	100,191
Tax paid			
– Hong Kong Profits Tax paid		**(7,974)**	(1,135)
– Overseas tax paid		**(6,695)**	(8,475)
Net cash generated from operating activities		**20,244**	90,581
Investing activities			
Payment for purchase of property, plant and equipment		**(32,002)**	(7,025)
Interest received		**361**	150
Proceeds from sale of property, plant and equipment		**1,749**	622
Net cash used in investing activities		**(29,892)**	(6,253)
Financing activities			
Decrease in pledged bank deposits		**—**	1,011
Proceeds from new bank loans		**250,303**	206,266
Repayment of bank loans		**(276,832)**	(264,874)
Capital element of finance lease rental paid		**(3,778)**	(13,392)
Interest on bank loans and overdrafts paid		**(2,239)**	(3,344)
Interest element of finance lease rental paid		**(67)**	(209)
Dividend paid to equity shareholders of the Company	*24(b)*	**(7,789)**	(6,676)
Proceeds from share placement	*24(c)(i)*	**98,570**	—
Net cash generated from/(used in) financing activities		**58,168**	(81,218)
Net increase in cash and cash equivalents		**48,520**	3,110
Cash and cash equivalents at 1st April		**50,902**	47,627
Effect of foreign exchange rates changes		**1,198**	165
Cash and cash equivalents at 31st March	*18(a)*	**100,620**	50,902

The notes on pages 31 to 83 form part of these financial statements.

For the year ended 31st March, 2011
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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, 2011 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that derivative financial instruments (see note 1(k)) are stated at their fair value.

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 32.

For the year ended 31st March, 2011
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1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and non-controlling 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.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, 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.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

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)).

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 items and are recognised in profit or loss on the date of retirement or disposal.

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

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

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, 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, 2011
(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 fixed assets 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, 2011
(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 investments in subsidiaries and other receivables

Investments in subsidiaries and other current and non-current receivables that are stated at cost or amortised cost 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;

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

— a significant or prolonged decline in the fair value of an investment in a subsidiary below its cost.

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

— For investment in a subsidiary, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(h)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(h)(ii).

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(i) Impairment of investments in subsidiaries and other receivables *(Continued)*

— For other receivables carried at amortised cost, the 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 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.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, and pre-paid interests in leasehold land classified as being held under an operating lease 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, 2011
(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 the end of each reporting period 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, 2011
(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 end of the reporting period, 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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

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(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.

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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) Interest income

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

(iii) 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, 2011
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Revenue recognition *(Continued)*

(iv) 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 end of the reporting period. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the average foreign exchange rates approximating the foreign exchange rate ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. 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.

For the year ended 31st March, 2011
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1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

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) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a noncurrent asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(t) 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;

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1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Related parties *(Continued)*

(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.

(u) 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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two 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 3 (revised 2008), *Business combinations*

— Amendments to HKAS 27, *Consolidated and separate financial statements*

— Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary*

— Amendment to HKAS 39, *Financial instruments: Recognition and measurement – eligible hedged items*

— Improvements to HKFRSs (2009)

— HK(IFRIC) 17, *Distributions of non-cash assets to owners*

— HK (Int) 5, *Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause*

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendment to HKAS 39 has had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. Except for the application of HK (Int) 5, the other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

— The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a noncash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

— The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Other details of these changes in accounting policy are as follows:

— As a result of the amendment to HKAS 17, *Leases*, arising from the "Improvements to HKFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate, with the exception of those interests which are registered and transferable ownership interests in land located in the Hong Kong Special Administrative Region and subject to the government's land policy of renewal without payment of additional land premium. These leasehold interests will no longer be classified by the Group as operating leases as the Group considers that it is in a position economically similar to that of a purchaser. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

— In November 2010 the HKICPA issued Hong Kong Interpretation 5 – *Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause.* This Interpretation is effective immediately on issuance and sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time should be classified as a current liability in accordance with paragraph 69(d) of HKAS 1, *Presentation of financial statements*, irrespective of the probability that the lender will invoke the clause without cause.

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2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

In order to comply with the requirements of Interpretation 5, the Group has changed its accounting policy on classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the balance sheet. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1st April, 2009 and 2010, with consequential reclassification adjustments to comparatives for the year ended 31st March, 2010. Bank loans of $12,280,000 and $28,950,000 as at 31st March, 2010 and 1st April, 2009 have been reclassified from non-current liability to current liability respectively. The reclassification has no effect on reported profit or loss, total income and expense or net assets for any period presented.

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 GAIN/(LOSS)

	2011	2010
	$'000	*$'000*
(a) Other revenue		
Rentals receivable from operating leases	**7,466**	7,048
Interest income	**361**	150
Government grants	**—**	722
Others	**1,551**	1,894
	9,378	9,814
(b) Other net gain/(loss)		
Net gain/(loss) on disposal of fixed assets	**34**	(524)
Net exchange gain	**1,341**	213
	1,375	(311)

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5 PROFIT BEFORE TAXATION

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

	2011	2010
	$'000	*$'000*
(a) **Finance costs:**		
Interest on bank advances and other borrowings wholly repayable within five years	**2,239**	3,344
Finance charges on obligations under finance leases	**67**	209
	2,306	3,553
(b) **Staff costs (excluding directors' remuneration) #:**		
Contributions to defined contribution retirement plans	**9,079**	8,097
Salaries, wages and other benefits	**120,930**	102,368
	130,009	110,465
(c) **Other items:**		
Cost of inventories sold #	**462,777**	397,624
Auditor's remuneration		
– audit services	**1,055**	1,023
– tax services	**189**	267
– other services	**101**	—
Depreciation #		
– owned assets	**35,261**	28,496
– assets held under finance leases	**1,886**	8,186
Amortisation of land lease premium #	**890**	849
Operating lease charges for land and buildings #	**2,441**	2,477
Impairment loss on trade debtors	**—**	1,030
Reversal of impairment loss on trade debtors	**(11)**	(2,095)
Net (gain)/loss on forward foreign exchange contracts	**(940)**	524

Cost of inventories includes $123,644,000 (2010: $108,931,000) 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:

	2011	2010
	$'000	*$'000*
Current tax – Provision for Hong Kong Profits Tax		
Provision for the year	**1,455**	2,171
(Over)/under-provision in respect of prior years	**(817)**	5,637
	638	7,808
Current tax – Outside Hong Kong		
Provision for the year	**5,219**	8,803
Under-provision in respect of prior years	**—**	492
	5,219	9,295
Deferred tax		
Origination and reversal of temporary differences	**(1,669)**	(4,464)
	4,188	12,639

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for 2011 is calculated at 16.5% (2010: 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. 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 totalling $8,222,000 which had been fully provided for at 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)*

The Corporate Income Tax Law of the PRC ("new tax law") took effect on 1st January, 2008 and the statutory income tax rate adopted by the Company's subsidiaries in the PRC has been changed from 33% to 25% with effect from 1st January, 2008. A subsidiary of the Company, New Island (Shanghai) Paper Products Company Limited ("NISPP"), 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. NISPP enjoys the remaining tax holiday until its expiry on 31st December, 2011.

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% (2010: 15%).

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

	2011	2010
	$'000	*$'000*
Profit before taxation	**20,580**	37,038
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	**3,957**	8,091
Tax effect of non-deductible expenses	**1,410**	2,083
Tax effect of non-taxable revenue	**(35)**	(105)
Tax effect of utilisation of prior years' unrecognised tax losses	**(327)**	(818)
Tax effect of reversal of temporary differences not recognised in prior years	**—**	(2,741)
(Over)/under-provision in respect of prior years	**(817)**	6,129
Actual tax expense	**4,188**	12,639

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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, 2011

	Directors' fees *$'000*	Discretionary bonuses *$'000*	Salaries, allowances and benefits *$'000*	Retirement scheme contributions *$'000*	Total *$'000*
Executive Directors					
Mr. Lo Ming Chi, Charles, JP*	—	—	302	15	317
Ms. Chan Yuk Yee*	—	—	181	9	190
Mr. Dai Zhongcheng$^{\Delta\Delta}$	—	—	146	7	153
Madam So Chau Yim Ping, BBS, JP**	—	—	405	12	417
Mrs. Fung So Ka Wah, Karen**	—	—	406	19	425
Mrs. Cheong So Ka Wai, Patsy**	—	—	406	19	425
Mr. So Wah Shum, Conrad**	—	—	551	25	576
Non-executive Director					
Mr. Ting Woo Shou, Kenneth, SBS, JP**	28	—	—	—	28
Independent Non-executive Directors					
Mr. Ip Man Tin, David$^{\Delta\Delta}$	20	—	—	—	20
Mr. Pun Chi Ping***	22	—	—	—	22
Dr. Wong Yun Kuen***	22	—	—	—	22
Mr. Hui Yin Fat, O.B.E. (Hon), JP**	28	—	—	—	28
Mr. She Chiu Shun, Ernest$^{\Delta}$	30	—	—	—	30
Mr. Wong Wang Fat, Andrew, O.B.E. (Hon), JP$^{\Delta}$	30	—	—	—	30
	180	—	2,397	106	2,683

* *appointed on 30th September, 2010*
** *resigned on 21st October, 2010*
*** *appointed on 21st October, 2010*
$^{\Delta}$ *resigned on 5th November, 2010*
$^{\Delta\Delta}$ *appointed on 5th November, 2010*

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7 DIRECTORS' REMUNERATION *(Continued)*

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

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments in 2010, one is a Director whose emoluments are disclosed in note 7. The aggregate emoluments of the five (2010: four) individuals are as follows:

	2011 **$'000**	2010 *$'000*
Salaries, allowances and benefits in kind	**5,595**	4,132
Retirement scheme contributions	**235**	218
	5,830	4,350

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

The emoluments of the five (2010: four) individuals with the highest emoluments are within the following bands:

	2011	2010
	Number of individuals	*Number of individuals*
Nil to $1,000,000	**—**	3
$1,000,001 to $1,500,000	**4**	1
$1,500,000 to $2,000,000	**1**	—
	5	4

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes profit of $17,079,000 (2010: $3,045,000) 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 $16,316,000 (2010: $24,248,000) and on the weighted average of 2,386,824,000 (2010: 2,225,290,000 after adjusting for the share subdivision during the year ended 31st March, 2011) ordinary shares outstanding during the year, calculated as follows:

	2011	2010
	Number of shares	Number of shares
	'000	*'000*
		(restated)
Issued ordinary shares at 1st April 2010/1st April 2009	**222,529**	222,529
Effect of placement of new shares (note 24(c)(i))	**16,154**	—
Effect of share subdivision (note 24(c)(iii))	**2,148,141**	2,002,761
Weighted average number of ordinary shares at 31st March	**2,386,824**	2,225,290

(b) Diluted earnings per share

There were no dilutive potential shares during the years ended 31st March, 2011 and 2010, and diluted earnings per share are the same as basic earnings per share.

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11 SEGMENT REPORTING

The Group manages its businesses by geographical areas. 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 presented the following two reportable segments. No operating segments have been aggregated to form the following reporting segments.

— Dongguan and Hong Kong: Printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products

— Shanghai: Printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities 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 years ended 31st March, 2011 and 2010 is set out below.

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

	Dongguan and Hong Kong		Shanghai		Total	
	2011	2010	**2011**	2010	**2011**	2010
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**367,325**	334,225	**203,008**	185,227	**570,333**	519,452
Inter-segment revenue	**23,106**	16,625	**755**	3,623	**23,861**	20,248
Reportable segment revenue	**390,431**	350,850	**203,763**	188,850	**594,194**	539,700
Reportable segment profit	**3,276**	6,073	**13,263**	19,123	**16,539**	25,196
Reportable segment assets	**413,748**	344,156	**256,348**	239,239	**670,096**	583,395
Reportable segment liabilities	**174,471**	196,972	**34,913**	43,936	**209,384**	240,908

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11 SEGMENT REPORTING *(Continued)*

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

	2011	2010
	$'000	*$'000*
Revenue		
Reportable segment revenue	**594,194**	539,700
Elimination of inter-segment revenue	**(23,861)**	(20,248)
Consolidated turnover	**570,333**	519,452
Profit		
Reportable segment profit	**16,539**	25,196
Elimination of inter-segment profit	**(147)**	(797)
Consolidated profit	**16,392**	24,399
Assets		
Reportable segment assets	**670,096**	583,395
Elimination of inter-segment receivables	**(11,921)**	(14,491)
Consolidated total assets	**658,175**	568,904
Liabilities		
Reportable segment liabilities	**209,384**	240,908
Elimination of inter-segment payables	**(11,921)**	(14,491)
Consolidated total liabilities	**197,463**	226,417

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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 People's Republic of China ("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:

	2011	2010
	$'000	*$'000*
Hong Kong	**91,024**	85,090
Other areas of the PRC	**261,858**	245,944
United States	**125,519**	113,299
Europe	**34,081**	27,874
Other countries	**57,851**	47,245
	570,333	519,452

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12 FIXED ASSETS

(a) The Group

	Land and buildings $'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)*

(a) The Group *(Continued)*

	Land and buildings $'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, 2010	281,233	291,987	74,959	8,440	24,738	36,552	7,627	725,536	40,082	765,618
Exchange adjustments	8,085	4,930	2,342	—	228	955	142	16,682	1,117	17,799
Additions	125	24,491	—	—	294	3,603	1,237	29,750	—	29,750
Reclassification	—	57,407	(57,407)	—	—	—	—	—	—	—
Reclassified as non-current assets held for sale (note 17)	(97,435)	—	—	—	—	—	—	(97,435)	(14,296)	(111,731)
Disposals	(917)	(1,807)	—	(230)	(13)	(319)	(495)	(3,781)	(719)	(4,500)
At 31st March, 2011	191,091	377,008	19,894	8,210	25,247	40,791	8,511	670,752	26,184	696,936
Accumulated amortisation and depreciation:										
At 1st April, 2010	93,529	204,578	35,206	7,827	22,996	33,243	6,591	403,970	10,550	414,520
Exchange adjustments	2,766	2,661	1,050	—	171	875	121	7,644	286	7,930
Charge for the year	11,282	20,484	1,886	212	621	2,165	497	37,147	890	38,037
Reclassification	—	27,068	(27,068)	—	—	—	—	—	—	—
Reclassified as non-current assets held for sale (note 17)	(31,307)	—	—	—	—	—	—	(31,307)	(4,194)	(35,501)
Written back on disposals	(265)	(1,357)	—	(217)	(13)	(307)	(485)	(2,644)	(141)	(2,785)
At 31st March, 2011	76,005	253,434	11,074	7,822	23,775	35,976	6,724	414,810	7,391	422,201
Net book value:										
At 31st March, 2011	115,086	123,574	8,820	388	1,472	4,815	1,787	255,942	18,793	274,735

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12 FIXED ASSETS *(Continued)*

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

	The Group	
	2011	2010
	$'000	*$'000*
Situated in Hong Kong and held under medium term leases	**—**	78,781
Situated outside Hong Kong and held under medium term leases	**133,879**	138,455
	133,879	217,236
Representing:		
Land and buildings	**115,086**	187,704
Interests in leasehold land held for own use under operating leases	**18,793**	29,532
	133,879	217,236

13 DEPOSITS FOR PURCHASES OF MACHINERY

As at 31st March, 2011, the Group made deposits of $4,684,000 (2010: $2,432,000) for the acquisition of machinery. The remaining amounts of the contract are included in capital commitments (note 27(a)).

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011	2010
	$'000	*$'000*
Unlisted investments, at cost	**82,360**	82,360
Amounts due from subsidiaries	**162,857**	54,893
	245,217	137,253

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 the 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, 2011 amounted to $691,000 (2010: $665,000).

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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	
	2011	2010
	$'000	*$'000*
Raw materials	**64,799**	42,265
Work in progress	**17,132**	12,545
Finished goods	**16,867**	12,028
	98,798	66,838

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

	The Group	
	2011	2010
	$'000	*$'000*
Carrying amount of inventories sold	**459,912**	392,890
Write-down of inventories	**2,865**	4,734
	462,777	397,624

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16 TRADE DEBTORS, PREPAYMENTS AND DEPOSITS

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	*$'000*	***$'000***	*$'000*
Trade debtors	**103,440**	99,217	**—**	—
Less: Allowance for doubtful debts (note 16(b))	**(8,520)**	(8,534)	**—**	—
	94,920	90,683	**—**	—
Amount due from a related company (note 16(d))	**26**	5	**—**	—
Other receivables	**5,111**	5,258	**—**	—
Deposits and prepayments	**1,520**	1,458	**282**	172
	101,577	97,404	**282**	172
Derivative financial instruments (notes 26(d) and (e))	**883**	230	**—**	—
	102,460	97,634	**282**	172

All trade debtors, prepayments and deposits, apart from deposits paid by the Group amounting to $804,000 (2010: $761,000), 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	
	2011	2010
	$'000	*$'000*
Current	**90,460**	84,227
Less than one month past due	**1,623**	256
One to three months past due	**2,709**	5,767
Over three months past due	**128**	433
	94,920	90,683

The Group's credit policy is set out in note 26(a).

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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	
	2011	2010
	$'000	*$'000*
At 1st April	**8,534**	9,598
Exchange adjustments	**9**	1
Impairment loss recognised	**—**	1,030
Uncollectible amounts written off	**(12)**	—
Reversal of impairment loss	**(11)**	(2,095)
At 31st March	**8,520**	8,534

At 31st March, 2011, the Group's trade debtors of $8,520,000 (2010: $8,534,000) 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 $8,520,000 (2010: $8,534,000) was recognised. The Group does not hold any collateral over these balances.

During the years ended 31st March, 2011 and 2010, settlements were received from the trade debtors for which impairment losses were made at the end of the reporting period. 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	
	2011	2010
	$'000	*$'000*
Neither past due nor impaired	**90,460**	84,227
Less than one month past due	**1,623**	256
One to three months past due	**2,709**	5,767
Over three months past due	**128**	433
	4,460	6,456
	94,920	90,683

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.

17 NON-CURRENT ASSETS HELD FOR SALE

On 22nd December, 2010, the Group entered into a sale and purchase agreement with an independent third party buyer to dispose of a property to the buyer at a consideration of $108,000,000. The property is expected to be sold within twelve months from 22nd December, 2010, and has been classified as non-current assets held for sale and presented separately in the consolidated balance sheet. The properly is situated in Hong Kong and held under medium term leases.

At 31st March, 2011, the property was not impaired as the estimated net proceeds exceed the net carrying amount.

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18 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	*$'000*	***$'000***	*$'000*
Cash at bank and in hand	**20,416**	50,902	**61**	57
Deposits with bank	**80,204**	—	**—**	—
Cash and cash equivalents in the balance sheets	**100,620**	50,902	**61**	57
Cash and cash equivalents in the consolidated cash flow statement	**100,620**	50,902		

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2011**	2010
		$'000	*$'000*
Profit before taxation		**20,580**	37,038
Adjustments for:			
Depreciation and amortisation	*5(c)*	**38,037**	37,531
Interest income	*4(a)*	**(361)**	(150)
Finance costs	*5(a)*	**2,306**	3,553
Net (gain)/loss on disposal of fixed assets	*4(b)*	**(34)**	524
Foreign exchange differences		**(112)**	1,074
Changes in working capital:			
(Increase)/decrease in inventories		**(30,871)**	926
Increase in trade debtors, prepayments and deposits		**(2,306)**	(336)
Increase in trade creditors and accrued charges		**11,316**	21,481
Decrease in bills payable		**(3,642)**	(1,450)
Cash generated from operations		**34,913**	100,191

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19 BANK LOANS AND OVERDRAFTS

(a) **The analysis of the carrying amount of the bank loans and overdrafts is as follows:**

	The Group		
	2011	2010	2009
	$'000	*$'000*	*$'000*
		(Restated)	(Restated)
Current liabilities			
Bank loans and overdrafts	**23,948**	47,268	64,700
Term loans from banks subject to demand repayment	**17,180**	20,200	44,370
	41,128	67,468	109,070
Non-current liabilities			
Bank loans	**–**	–	17,020

(b) **At 31st March, 2011, bank loans were due for repayment as follows:**

	The Group		
	2011	2010	2009
	$'000	*$'000*	*$'000*
Within one year or on demand	**23,948**	47,268	50,548
Current portion of term loans due for repayment within one year	**9,120**	7,920	15,420
	33,068	55,188	65,968
Term loans due for repayment after one year:			
After one year but within two years	**5,560**	7,920	16,670
After two years but within five years	**2,500**	4,360	12,280
	8,060	12,280	28,950
	41,128	67,468	94,918

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19 BANK LOANS AND OVERDRAFTS *(Continued)*

(c) **At 31st March, 2011, bank loans were secured as follows:**

	The Group	
	2011	2010
	$'000	*$'000*
Bank loans		
– secured	**27,228**	49,318
– unsecured	**13,900**	18,150
	41,128	67,468

Certain banking facilities and loans granted to the Group are secured by the Group's fixed assets and trade debtors with an aggregate carrying value of $117,318,000 (2010: $120,767,000) at 31st March, 2011. Assets pledged under such facilities are as follows:

	2011	2010
	$'000	*$'000*
Fixed assets	**94,075**	97,535
Trade debtors	**23,243**	23,232
	117,318	120,767

The above secured banking facilities amounted to $115,859,000 (2010: $118,815,000) which were utilised to the extent of $40,148,000 (2010: $57,360,000) at 31st March, 2011, comprising bank loans of $27,228,000 (2010: $49,318,000) and bills payable of $12,920,000 (2010: $8,042,000).

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 repayable 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 26(b). As at 31st March, 2011 and 2010, none of the bank covenants relating to drawn down facilities had been breached.

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20 OBLIGATIONS UNDER FINANCE LEASES

At 31st March, 2011, the Group had obligations under finance leases repayable as follows:

	2011			2010		
	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	**2,413**	**15**	**2,428**	3,780	62	3,842
After one year but within two years	**—**	**—**	**—**	2,411	15	2,426
	2,413	**15**	**2,428**	6,191	77	6,268

21 TRADE CREDITORS AND ACCRUED CHARGES

	The Group		**The Company**	
	2011	2010	**2011**	2010
	$'000	$'000	***$'000***	$'000
Trade creditors	**69,060**	57,891	**—**	—
Amount due to a related company (note 21(b))	**139**	45	**—**	—
Other payables and accrued charges	**51,984**	47,818	**679**	461
	121,183	105,754	**679**	461
Derivative financial instruments (notes 26(d) and (e))	**—**	894	**—**	—
	121,183	106,648	**679**	461

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

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21 TRADE CREDITORS AND ACCRUED CHARGES *(Continued)*

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

	The Group	
	2011	2010
	$'000	*$'000*
Current and less than one month past due	**43,485**	47,786
One to three months past due	**23,244**	9,116
More than three months past due	**2,331**	989
	69,060	57,891

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

22 BILLS PAYABLE

An ageing analysis of bills payable is as follows:

	The Group	
	2011	2010
	$'000	*$'000*
Due within one month	**3,089**	6,832
Due after one month but within two months	**9,725**	11,234
Due after two months but within three months	**4,855**	3,245
	17,669	21,311

23 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

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

	The Group	
	2011	2010
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	**1,455**	2,171
Provisional tax paid for Hong Kong Profits Tax for the year	**(383)**	–
	1,072	2,171
Balance of Profits Tax payable relating to prior years	**887**	7,124
	1,959	9,295
Income tax payable – outside Hong Kong	**2,359**	3,732
	4,318	13,027

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

(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 *$'000*	**Provisions** *$'000*	**Total** *$'000*
Deferred tax arising from:			
At 1st April, 2009	17,443	(1,211)	16,232
Exchange adjustments	10	(6)	4
Credited to profit or loss	(4,124)	(340)	(4,464)
At 31st March, 2010	13,329	(1,557)	11,772
At 1st April, 2010	**13,329**	**(1,557)**	**11,772**
Exchange adjustments	**93**	**(92)**	**1**
Credited to profit or loss	**(963)**	**(706)**	**(1,669)**
At 31st March, 2011	**12,459**	**(2,355)**	**10,104**

Reconciliation to the consolidated balance sheet:

	The Group *$'000*
Net deferred tax asset recognised	(648)
Net deferred tax liability recognised	10,752
	10,104

(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 deductible temporary differences of $2,203,000 (2010: $1,824,000) as it is not probable that future taxable profits against which the deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

At 31st March, 2011, temporary differences relating to the undistributed profits of subsidiaries amounted to $80,776,000 (2010: $59,808,000). Deferred tax liabilities of $4,039,000 (2010: $2,990,000) representing the tax payable upon the distribution of such retained profits has 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.

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24 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, 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
At 1st April, 2010	**22,253**	**37,741**	**67,360**	**9,667**	**137,021**
Share placement (note 24(c)(i))	**4,400**	**94,170**	**—**	**—**	**98,570**
Profit for the year (note 9)	**—**	**—**	**—**	**17,079**	**17,079**
Dividend approved in respect of the previous year	**—**	**—**	**—**	**(7,789)**	**(7,789)**
At 31st March, 2011	**26,653**	**131,911**	**67,360**	**18,957**	**244,881**

The Company's reserves available for distribution to shareholders at 31st March, 2011 are $86,317,000 (2010: $77,027,000).

(b) Dividends

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

	2011 *$'000*	2010 *$'000*
Final dividend proposed after the balance sheet date of Nil cents (2010: 3.5 cents) per share	–	7,789

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24 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

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

	Note	**2011 Ordinary shares** ***'000***	**Amount** ***'000***
Authorised:			
380,000,000 shares of $0.1 each at 1st April, 2010		**380,000**	**38,000**
Increase in authorised share capital	*(ii)*	**3,620,000**	**362,000**
Shares subdivision	*(iii)*	**36,000,000**	**—**
40,000,000,000 shares of $0.01 each at 31st March, 2011		**40,000,000**	**400,000**
Ordinary shares, issued and fully paid:			
222,529,000 shares of $0.1 each at 1st April, 2010		**222,529**	**22,253**
Share placement	*(ii)*	**44,000**	**4,400**
Share subdivision	*(iii)*	**2,398,761**	**—**
2,665,290,000 shares of $0.01 each at 31st March, 2011		**2,665,290**	**26,653**

(i) On 17th November, 2010, a placement of 44,000,000 new shares at par value of $0.1 each was completed. The placing price was $2.3 per share. The difference between the placing price and the par value of the issued shares, after deduction of shares issuance expenses, of $94,170,000 was recognised in share premium account.

(ii) Pursuant to a resolution passed at a Special General Meeting held on 20th December, 2010, the authorised share capital of the Company was approved to increase from $38,000,000 divided into 380,000,000 shares to $400,000,000 divided into 4,000,000,000 shares.

(iii) Pursuant to a resolution passed at a Special General Meeting held on 20th December, 2010, a share subdivision (the "Share Subdivision") was approved. Each of the existing issued and unissued shares of $0.1 each in the share capital of the Company was subdivided into 10 shares of $0.01 each. On 20th December, 2010, the authorised share capital of the Company was $400,000,000 dividend into 4,000,000,000 shares, of which 266,259,000 shares were issued and fully paid. On this basis, immediately after the share subdivision, the authorised share capital of the Company comprised 2,665,290,000 issued shares and 37,334,710,000 unissued shares of par value $0.01 each.

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.

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24 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(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's 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.

(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.

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24 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Capital management *(Continued)*

Consistent with the 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, 2011, the Group's strategy, which was unchanged from 2010, 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.

The net debt-to-capital ratios at 31st March, 2011 and 2010 were as follows:

		The Group	
	Note	**2011**	2010
		$'000	*$'000*
			(Restated)
Current liabilities:			
Bank loans	*19*	**41,128**	67,468
Obligations under finance leases	*20*	**2,413**	3,780
Bills payable	*22*	**17,669**	21,311
		61,210	92,559
Non-current liabilities:			
Obligations under finance leases	*20*	**—**	2,411
Total debt		**61,210**	94,970
Less: Cash and cash equivalents	*18*	**100,620**	50,902
Net debt		**(39,410)**	44,068
Total equity		**460,712**	342,487
Net debt-to-capital ratio		**(0.09)**	0.13

As disclosed in note 19, the Group is subject to externally imposed capital requirements under covenants relating to certain banking facilities.

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25 CONTINGENT LIABILITIES

The Company has given guarantees to banks to secure facilities of $170,023,000 (2010: $181,362,000) 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 end of the reporting period, 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 $57,645,000 (2010: $69,600,000).

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.

26 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 evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. 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 end of the reporting period, the Group has a concentration of credit risk as 7% (2010: 8%) and 15% (2010: 28%) 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 without taking account of any collateral held 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.

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26 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:

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The Group

	2011						2010 (Restated)					
	Balance sheet carrying amount $'000	Total contractual undiscounted cash flow $'000	On demand $'000	Within 1 year $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Balance sheet carrying amount $'000	Total contractual undiscounted cash flow $'000	On demand $'000	Within 1 year $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000
Trade creditors and accrued charges	121,183	121,183	–	121,183	–	–	105,754	105,754	–	105,754	–	–
Bills payable	17,669	17,780	–	17,780	–	–	21,311	21,372	–	21,372	–	–
Term loans subject to repayment on demand clauses: scheduled repayments	17,180	17,530	–	9,356	5,629	2,545	20,200	20,802	–	8,253	8,080	4,469
Other bank loans	23,948	24,025	–	24,025	–	–	47,268	47,782	–	47,782	–	–
Finance lease liabilities	2,413	2,428	–	2,428	–	–	6,191	6,268	–	3,842	2,426	–
	182,393	182,946	–	174,772	5,629	2,545	200,724	201,978	–	187,003	10,506	4,469
Adjustments to disclose cash flows on term loans based on lender's right to demand repayment		(17,530)	17,180	(9,356)	(5,629)	(2,545)		(20,802)	20,200	(8,253)	(8,080)	(4,469)
		165,416	17,180	165,416	–	–		181,176	20,200	178,750	2,426	–

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

(b) Liquidity risk *(Continued)*

The Company

	2011 Carrying amount at 31st March $'000	2011 Total contractual undiscounted cash flow $'000	2011 Within 1 year or on demand $'000	2011 More than 1 year but less than 2 years $'000	2011 More than 2 years but less than 5 years $'000	2010 Carrying amount at 31st March $'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
Accrued charges	679	679	679	—	—	461	461	461	—	—

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings at the end of the reporting period. 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 end of reporting period.

	2011 Effective interest rate %	2011 $'000	2010 Effective interest rate %	2010 $'000
Variable rate borrowings:				
Finance lease liabilities	**1.55**	**2,413**	1.47	6,191
Bank loans	**2.36**	**41,128**	2.92	67,468
Bills payable	**2.04**	**17,669**	2.31	21,311
		61,210		94,970

(ii) Sensitivity analysis

At 31st March, 2011 it is estimated that a general increase/decrease of 100 (2010: 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 $508,000 (2010: $783,000).

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 end of the reporting period 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 end of the reporting period. The analysis is performed on the same basis for 2010.

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

(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").

In September 2009, the Group entered into a non-deliverable structured forward contract ("First 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 First 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 will be payable by the Group. The amount payable by the Group will 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 First Contract expired on 31st March, 2011.

In May 2010, the Group entered into another non-deliverable structured forward contract ("Second Contract") with a bank. The total notional amount of the Second Contract is US$12,000,000 with twelve equal monthly settlement amounts commencing April 2011. On each settlement day, if the exchange rate of USD to RMB is at or depreciate below the contracted rate, a fixed amount of US$10,000 will be receivable from the bank. If the exchange rate of USD to RMB appreciate above the contracted rate at the settlement date, an amount will be payable by the Group. The amount payable by the Group will 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 such gains would be sufficient to cover any amount payable under the Contracts.

As at 31st March, 2011, the fair value of the above Contracts amounted to $883,000 (asset) (31st March, 2010: $230,000 (asset)), 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 $16,000,000). A non-refundable deposit representing a 10% of the consideration has been paid in cash upon signing of the contract with the remaining 90% to be satisfied in cash upon commencement of production in April 2010. The Group had entered into forward exchange contracts with a view to hedge the said transaction. As at 31st March, 2010, the fair value of the contracts amounted to $894,000 (liability), which was recognised under trade creditors and accrued charges in the consolidated balance sheet. The contracts expired during the year ended 31st March, 2011.

All of the above forward contracts are not qualify for hedge accounting and therefore they are 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.

For the year ended 31st March, 2011
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26 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 rates 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)			
	2011		2010	
	United States dollars	**Euros**	United States dollars	Euros
	$'000	***$'000***	*$'000*	*$'000*
Cash and cash equivalents	**4,487**	**12**	16,536	16
Trade debtors, prepayments and deposits	**43,167**	**1,582**	29,270	—
Trade creditors and accrued charges	**(19,959)**	**(444)**	(8,243)	(397)
Bills payable	**(1,580)**	**—**	(652)	—
Exposure arising from recognised assets and liabilities	**26,115**	**1,150**	36,911	(381)
Notional amounts of forward foreign exchange contracts used as economic hedges	**—**	**—**	(12,366)	11,539
Notional amounts of non-deliverable structured forward contracts	**(93,360)**	**—**	(93,360)	—
Overall net exposure	**(67,245)**	**1,150**	(68,815)	11,158

(ii) Sensitivity analysis

At 31st March, 2011, 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 $48,000 (2010: $561,000). 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. At 31st March, 2011, in connection with the non-deliverable structured forward contracts, it is estimated that a general increase of 5% in the exchange rate of USD to RMB, would have decreased the Group's profit after tax by $292,000 (2010: $443,000). The Group's profit after tax would have increased by $780,000 (2010: $468,000) if the exchange rate of USD to RMB decreases by 5%.

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(Expressed in Hong Kong dollars)

26 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 end of the reporting period 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 end of the reporting period, 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 2010.

(e) Fair values

(i) Fair values estimation

Amounts due from subsidiaries and a 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, 2011 and 2010.

(ii) Financial instruments carried at fair value

The following table represents the carrying value of the financial instruments measured at fair value at the end of the reporting period 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.

For the year ended 31st March, 2011
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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) **Fair values** *(Continued)*

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

The Group

	2011	2010
	Level 2	Level 2
	$'000	*$'000*
Assets		
Derivative financial instruments	**883**	230
Liabilities		
Derivative financial instruments	**—**	894

(f) **Estimation of fair values**

(i) Interest-bearing loans and borrowings and finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(ii) Derivatives

Forward exchange contracts are either measured using quoted prices in active markets for similar financial instruments, or using the valuation techniques in which all significant inputs are directly or indirectly based on observable market date.

27 COMMITMENTS

(a) **Capital commitments outstanding at 31st March, 2011 not provided for in the financial statements were as follows:**

	The Group	
	2011	2010
	$'000	*$'000*
Contracted for	**17,036**	19,373

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(Expressed in Hong Kong dollars)

27 COMMITMENTS *(Continued)*

(b) **At 31st March, 2011, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:**

	The Group	
	2011	2010
	$'000	*$'000*
Within one year	**2,949**	2,107
After one year but within five years	**10,453**	8,788
After five years	**9,453**	11,293
	22,855	22,188

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.

(c) **Assets leased out under operating leases:**

The Group subleases certain portions of land and buildings under operating leases. Such land and buildings are included in non-current assets held for sale (see note 17) (2010: included in fixed assets). 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	
	2011	2010
	$'000	*$'000*
Within 1 year	**4,690**	4,005

28 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.

For the year ended 31st March, 2011
(Expressed in Hong Kong dollars)

29 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 former Non-executive Director amounted to $6,447,000 (2010: $11,065,000), under normal commercial terms. Amounts due from such companies at 31st March, 2010 amounted to $1,849,000. Such companies ceased to be related parties of the Group as at 21st October, 2010.

(ii) During the year, the Group sold packaging products to a related company and received rental income amounted to $82,000 (2010: $245,000) and $189,000 (2010: $134,000) respectively, under normal commercial terms. A director of the related company is a key management personnel of the Company.

(iii) During the year, the Group sold packaging products to a related company amounted to $13,000 (2010: $61,000), under normal commercial terms. The directors of the related company are close family members of a key management personnel of the Company. The related company ceased to be a related party of the Group as at 21st October, 2010.

(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 key management personnel of the Company. Outstanding amounts of the Group's liabilities to the bank as at 31st March, 2011 are as follows:

	2011	2010
	$'000	*$'000*
Obligations under finance leases	**2,413**	6,191

Net book value of machines under the finance leases amounted to $8,820,000 as at 31st March, 2011 (2010: $16,999,000).

Total finance costs payable to the bank for the above facilities amounted to $67,000 for the year ended 31st March, 2011 (2010: $166,000).

As at 31st March, 2011, deposits with the bank amounted to $82,407,000 (2010:$1,197,000). Total interest income on bank deposits received/receivable from the bank amounted to $226,000 for the year ended 31st March, 2011 (2010: $Nil).

(b) **Key management personnel remuneration**

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

30 ULTIMATE HOLDING COMPANY

The Directors consider the ultimate holding company at 31st March, 2011 to be Plus Wealthy Limited, incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

31 NON-ADJUSTING POST BALANCE SHEET EVENTS

On 27th April, 2011, the Group entered into a sale and purchase agreement with an independent party vendor to acquire a property in Hong Kong with a cash consideration of $74,664,000. In this connection, a cash deposit of $7,466,000 has been paid to the vendor and the remaining balance of $67,198,000 is to be paid in full to the vendor on or before 30th June, 2011 pursuant to the sale and purchase agreement.

32 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.

(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 the end of the reporting period 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.

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(Expressed in Hong Kong dollars)

32 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(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.

33 COMPARATIVE FIGURES

As a result of the application of HK (Int) 5, *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*, 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, 2011. Further details of these developments are disclosed in note 2.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31ST MARCH, 2011

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31st March, 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Revised HKAS 24, *Related party disclosures*	1st January, 2011
HKFRS 9, *Financial Instruments*	1st January, 2013
Improvements to HKFRSs 2010	1st July, 2010 or 1st January, 2011
Amendments to HKAS 12, *Income taxes*	1st January, 2012

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)

	2007 *$'000*	2008 *$'000*	2009 *$'000*	2010 *$'000*	**2011** ***$'000***
Operating results					
Turnover	494,612	534,791	597,028	519,452	**570,333**
Profit from operations	32,664	27,663	39,300	40,591	**22,886**
Finance costs	(18,582)	(16,658)	(10,491)	(3,553)	**(2,306)**
Profit before taxation	14,082	11,005	28,809	37,038	**20,580**
Income tax	(7,895)	(3,402)	(5,650)	(12,639)	**(4,188)**
Profit for the year	6,187	7,603	23,159	24,399	**16,392**
Attributable to:					
Equity shareholders of the Company	6,187	7,603	23,159	24,248	**16,316**
Non-controlling interests	—	—	—	151	**76**
Profit for the year	6,187	7,603	23,159	24,399	**16,392**
	(Restated)	*(Restated)*	*(Restated)*	*(Restated)*	
Assets and liabilities					
Non-current assets	408,017	410,357	384,477	353,530	**280,067**
Net current assets/(liabilities)	(24,803)	(54,954)	(25,582)	3,140	**191,397**
Total assets less current liabilities	383,214	355,403	358,895	356,670	**471,464**
Non-current liabilities	(120,662)	(61,249)	(39,460)	(14,183)	**(10,752)**
	262,552	294,154	319,435	342,487	**460,712**
Share capital	22,253	22,253	22,253	22,253	**26,653**
Reserves	240,299	271,901	297,182	320,083	**433,847**
Total equity attributable to equity shareholders of the Company	262,552	294,154	319,435	342,336	**460,500**
Non-controlling interests	—	—	—	151	**212**
Total equity	262,552	294,154	319,435	342,487	**460,712**

Note: As a result of the application of Hong Kong Interpretation 5, *Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause*, issued by the Hong Kong Institute of Certified Public Accountants in November 2010, certain figures were restated to the extent that the Interpretation was adopted retrospectively.