

昌明

Interim Report 2011-12



CHEONG MING INVESTMENTS LIMITED

(Incorporated in Bermuda with limited liability)

Stock code : 1196

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Lam Chun Kong
Lo Wing Man
Ng Lai Man, Carmen

COMPANY SECRETARY

Tsang Chin Pang

SOLICITORS

Michael Li & Co.
Chiu & Partners

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

STOCK CODE

1196

COMPANY WEB SITE

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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Hong Kong

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

Introduction

We have reviewed the interim financial information set out on pages 4 to 20, which comprises the condensed consolidated statement of financial position of Cheong Ming Investments Limited (the "Company") as of 30 September 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

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

Scope of Review

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

Conclusion

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

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising certificate number P05057

Hong Kong, 21 November 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2011

	Notes	For the six months ended 30 September	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	3	312,540	323,763
Cost of sales		(244,537)	(236,626)
Gross profit		68,003	87,137
Other operating income	6	4,502	9,493
Selling and distribution costs		(7,955)	(7,200)
Administrative expenses		(43,392)	(49,566)
Other operating expenses		(14,962)	(9,120)
Profit from operations	5	6,196	30,744
Finance costs	7	(414)	(430)
Share of loss of an associate	11	(49)	–
Profit before income tax		5,733	30,314
Income tax expense	8	(1,430)	(5,635)
Profit for the period		4,303	24,679
Attributable to:			
Equity holders of the Company		4,303	24,679
Earnings per share for profit attributable to the equity holders of the Company during the period	10		
Basic		HK0.70 cents	HK4.07 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2011

	Notes	For the six months ended 30 September	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Profit for the period		4,303	24,679
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		633	188
Share of other comprehensive income of an associate	11	93	–
Other comprehensive income for the period, net of tax		726	188
Total comprehensive income for the period		5,029	24,867
Total comprehensive income attributable to equity holders of the Company		5,029	24,867



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2011

		As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		174,428	165,470
Prepaid lease payments		13,530	13,703
Investment property		8,140	8,140
Deposits paid for acquisition of property, plant and equipment		–	11,226
Deposit paid for acquisition of an investment property		7,889	801
Deferred tax assets		1,465	94
Interest in an associate	11	56,373	–
Advance to/Deposit paid for acquisition of an associate	12	24,370	28,000
		286,195	227,434
Current assets			
Inventories		35,588	51,033
Trade receivables	13	150,522	76,158
Prepayments, deposits and other receivables		11,482	12,193
Financial assets at fair value through profit or loss	14	78,640	77,372
Cash and cash equivalents		100,828	173,109
Tax receivable		–	323
		377,060	390,188
Current liabilities			
Trade payables	15	91,803	67,207
Accrued liabilities and other payables		33,126	31,359
Interest-bearing borrowings		39,058	29,556
Tax payable		12,589	10,735
		176,576	138,857
Net current assets		200,484	251,331
Total assets less current liabilities		486,679	478,765

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 September 2011

		As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Deferred tax liabilities		9,412	9,722
Net assets		477,267	469,043
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	63,535	60,675
Reserves		413,732	396,233
Proposed dividends	9	–	12,135
Total equity		477,267	469,043



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2011

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Net cash outflows from:		
Operating activities	(21,156)	(4,934)
Investing activities	(49,236)	(2,978)
Financing activities	(2,522)	(5,168)
Decrease in cash and cash equivalents	(72,914)	(13,080)
Cash and cash equivalents at beginning of period	172,356	194,421
Effect of foreign exchange rate changes	633	188
Cash and cash equivalents at end of period	100,075	181,529
Analysis of balances of cash and cash equivalents		
Cash in hand and at banks and security brokerage firms	65,262	166,789
Time deposits	35,566	15,600
Cash and cash equivalents per condensed consolidated statement of financial position	100,828	182,389
Less: Time deposits with original maturity of more than three months	(753)	–
Bank overdrafts	–	(860)
Cash and cash equivalents per condensed consolidated statement of cash flows	100,075	181,529

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2011

	Equity attributable to equity holders of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Asset revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000	
At 1 April 2010	60,675	95,120	34,080	40,032	9,900	(1,997)	208,857	6,068	452,735
Final 2010 dividend paid	-	-	-	-	-	-	-	(6,068)	(6,068)
Transactions with owners	-	-	-	-	-	-	-	(6,068)	(6,068)
Profit for the period	-	-	-	-	-	-	24,679	-	24,679
Other comprehensive income:									
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	188	-	-	188
Total comprehensive income for the period	-	-	-	-	-	188	24,679	-	24,867
Reserve realised upon disposal of non-current assets held for sale	-	-	-	(6,211)	-	-	6,211	-	-
Interim 2010 dividend (Note 9)	-	-	-	-	-	-	(6,068)	6,068	-
Special 2010 dividend (Note 9)	-	-	-	-	-	-	(18,202)	18,202	-
At 30 September 2010 (Unaudited)	60,675	95,120	34,080	33,821	9,900	(1,809)	215,477	24,270	471,534
At 1 April 2011	60,675	95,120	34,080	44,783	9,900	(1,220)	213,570	12,135	469,043
Final 2011 dividend paid	-	-	-	-	-	-	-	(12,135)	(12,135)
Issue of shares for the acquisition of interest in an associate	2,860	12,470	-	-	-	-	-	-	15,330
Transactions with owners	2,860	12,470	-	-	-	-	-	(12,135)	3,195
Profit for the period	-	-	-	-	-	-	4,303	-	4,303
Other comprehensive income:									
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	633	-	-	633
Share of other comprehensive income of an associate	-	-	-	-	-	93	-	-	93
Total comprehensive income for the period	-	-	-	-	-	726	4,303	-	5,029
At 30 September 2011 (Unaudited)	63,535	107,590	34,080	44,783	9,900	(494)	217,873	-	477,267



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the six months ended 30 September 2011

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2011 which are in compliance with the Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA.

This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2011.

The unaudited condensed interim financial information for the six months ended 30 September 2011 was approved by the board of directors on 21 November 2011.

2. IMPACT OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

The adoption of new or amended HKFRSs issued by HKICPA which are effective for the Group's financial statements for the annual period beginning on 1 April 2011 has had no significant financial impact on these condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

The Group has not applied the new or amended HKFRSs that have been issued but are not yet effective in these financial statements. The Group has commenced an assessment of the impact of these new standards and interpretations but is not yet in a position to state whether they would significantly impact its results of operations and financial position.

3. REVENUE

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

4. SEGMENT INFORMATION

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

- (a) the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books for sale principally to manufacturers and publishers of consumer products;

4. SEGMENT INFORMATION (Continued)

- (b) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags segment produces hangtags, labels, shirt paper boards and plastic bags products for sale principally to manufacturers of consumer products; and
- (c) the commercial printing segment provides financial printing, digital printing and other related services.

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

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

Segment assets include all assets with the exception of corporate assets, including investment property, deposit paid for acquisition of an investment property, interest in an associate, advance to/deposit paid for acquisition of an associate, financial assets at fair value through profit or loss, bank balances and cash, tax receivable and deferred tax assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

4. SEGMENT INFORMATION (Continued)

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

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Eliminations		Consolidated	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue:										
Sales to external customers	260,614	274,124	15,606	15,454	36,320	34,185	-	-	312,540	323,763
Intersegment sales	4,670	6,530	15	929	225	204	(4,910)	(7,663)	-	-
Total	265,284	280,654	15,621	16,383	36,545	34,389	(4,910)	(7,663)	312,540	323,763
Reportable segment results	11,699	19,219	562	(210)	6,494	3,829	-	-	18,755	22,838
Unallocated income:										
Interest income									1,623	2,204
Dividend income									411	-
Fair value (loss)/gain on financial assets at fair value through profit or loss									(13,915)	762
(Loss)/Gain on disposal of financial assets at fair value through profit or loss									(374)	1,810
Gain on disposal of non-current assets held for sale									-	3,130
Unallocated expense									(304)	-
Profit from operations									6,196	30,744
Finance costs									(414)	(430)
Share of loss of an associate									(49)	-
Profit before income tax									5,733	30,314
Income tax expense									(1,430)	(5,635)
Profit for the period									4,303	24,679

4. SEGMENT INFORMATION (Continued)

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books		Manufacture and sale of hangtags, labels, shirt paper boards and plastic bags		Commercial printing		Consolidated	
	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Reportable segment assets:	352,673	296,493	5,698	6,507	27,177	26,783	385,548	329,783
Corporate assets:								
Investment property							8,140	8,140
Deposit paid for acquisition of an investment property							7,889	801
Advance to/Deposit paid for acquisition of an associate							24,370	28,000
Interest in an associate							56,373	-
Financial assets at fair value through profit or loss							78,640	77,372
Cash and cash equivalents							100,828	173,109
Others							1,467	417
Total assets							663,255	617,622

5. PROFIT FROM OPERATIONS

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Profit from operations is arrived at after charging/(crediting):		
Amortisation of prepaid lease payments	173	173
Depreciation of property, plant and equipment	6,855	7,617
Staff costs (including directors' emoluments)	53,010	57,154
(Reversal of)/Provision for slow moving inventories	(1,002)	4,900
Write off of property, plant and equipment	623	3,906
(Reversal of)/Allowance for impairment of trade receivables	(552)	314
Fair value loss/(gain) on financial assets at fair value through profit or loss	13,915	(762)
Loss/(Gain) on disposal of financial assets at fair value through profit or loss	374	(1,810)



6. OTHER OPERATING INCOME

	For the six months ended 30 September	
	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest income	1,623	2,204
Dividend income from financial assets at fair value through profit or loss	411	419
Fair value gain on financial assets at fair value through profit or loss	–	762
Gain on disposal of property, plant and equipment	–	99
Gain on disposal of non-current assets held for sale	–	3,130
Gain on disposal of financial assets at fair value through profit or loss	–	1,810
Net exchange gain	538	–
Others	1,930	1,069
	4,502	9,493

7. FINANCE COSTS

	For the six months ended 30 September	
	2011	2010
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest charges on overdrafts, bank and other borrowings repayable within five years	414	430

8. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
The tax charge comprises:		
Current tax – Hong Kong	2,354	6,098
Current tax – overseas	757	47
	3,111	6,145
Deferred tax credit	(1,681)	(510)
	1,430	5,635

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the six months ended 30 September 2011. Taxes on overseas profits have been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

9. DIVIDENDS

(a) Dividends attributable to the period

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interim dividend of Nil per ordinary share (2010: HK1 cent)	–	6,068
Special dividend of Nil per ordinary share (2010: HK3 cents)	–	18,202
	–	24,270

The directors do not recommend the payment of interim dividend for the period.

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

	For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Final dividend of HK2 cents (2010: HK1 cent) per ordinary share for financial year 2011 paid during the period	12,135	6,068

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited consolidated profit attributable to equity holders of the Company for the period ended 30 September 2011 of approximately HK\$4,303,000 (2010: HK\$24,679,000) of weighted average 613,473,338 (2010: 606,753,119) of ordinary shares in issue.

No diluted earnings per share has been presented as there had been no dilutive potential shares in both periods of 2011 and 2010.

11. INTEREST IN AN ASSOCIATE

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Share of net assets of an associate	56,373	–

Details of the associate are as follows:

Name	Form of business structure	Place of incorporation	Principal activity	Percentage of ownership interests indirectly held
Suntap Enterprises Limited	Limited liability company	British Virgin Islands	Investment holding	25%

On 26 March 2011, the Group entered into an agreement with Fullpower Investment Holdings Corporation ("Full Power") to conditionally acquired 25% equity interest in Suntap Enterprises Limited ("Suntap"), which indirectly holds two coalbed methane gas projects in the People's Republic of China, at a consideration comprising HK\$41,000,000 in cash and the issuance of 28,600,000 new shares to Full Power by the Company ("Consideration Shares"). Details of the acquisition are laid out in the announcement made by the Company on 28 March 2011. The fair value of the Consideration Shares was valued at approximately HK\$15,329,600 at the completion date, i.e. 26 April 2011, by an independent firm of professional valuers. Accordingly, the total consideration was approximately HK\$56,329,600 for the acquisition of the 25% equity interest in Suntap. The initial recognition of the investment in the associate was accounted as purchase of assets and assumption of liabilities since the operation of the associate did not constitute a business for accounting purpose as it is still in early stage of exploration. Accordingly, the purchase consideration has been allocated to the individual assets and liabilities acquired and no goodwill arises on the acquisition.

As at 30 September 2011, management is not aware of any indication for impairment of the interest in associate.

11. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information based on the consolidated management accounts of the Group's associate is set out below:

	HK\$'000
As at 30 September 2011	
Total assets	131,351
Total liabilities	(120,507)
<hr/>	
Net assets	10,844
<hr/> <hr/>	
Revenue	-
<hr/> <hr/>	
Loss for the period from 26 April 2011 (date of acquisition) to 30 September 2011	(197)
<hr/> <hr/>	
Total other comprehensive income for the period from 26 April 2011 (date of acquisition) to 30 September 2011	373
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Group's share of net assets of an associate based on the purchase price allocation	56,373
<hr/> <hr/>	
Group's share of loss of an associate for the period	(49)
<hr/> <hr/>	
Group's share of other comprehensive income of an associate for the period	93
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12. ADVANCE TO/DEPOSIT PAID FOR ACQUISITION OF AN ASSOCIATE

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Advance to/Deposit paid for acquisition of an associate	24,370	28,000

The deposit of HK\$28,000,000 as at 31 March 2011 formed part of the deposits paid for the acquisition of the associate prior to the completion of the acquisition. As part and parcel of the acquisition of the interest in the associate, the Group had also agreed to advance a loan of RMB20,000,000 to Suntap. Upon the fulfillment of certain requirements set out in the agreement and disclosed in the announcement dated on 28 March 2011, the loan would be capitalised as capital of Suntap at 31 December 2011 and forms part of the investment cost in the associate. If Suntap fails to fulfill such requirements, the loan would be repaid by 31 December 2011.

13. TRADE RECEIVABLES

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Trade receivables	152,085	78,739
Less: Allowances for impairment of receivables	(1,563)	(2,581)
Trade receivables – net	150,522	76,158

Trade receivables generally have credit terms of 30 to 90 days (31 March 2011: 30 to 90 days).

At 30 September 2011, the aging analysis of the trade receivables based on invoiced date and net of allowance, is as follows:

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Current to 30 days	50,946	40,737
31 to 60 days	36,948	15,133
61 to 90 days	36,404	15,663
Over 90 days	26,224	4,625
	150,522	76,158

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Hong Kong unlisted currency notes	4,685	6,343
Hong Kong unlisted linked notes	1,887	3,163
Hong Kong listed equity investments	3,962	2,650
Hong Kong unlisted debt investments	44,466	36,462
Hong Kong unlisted commodity linked note	–	1,579
Overseas listed equity investments	1,055	1,679
Overseas unlisted funds investments	11,208	11,894
Overseas unlisted debt investments	6,739	8,894
Overseas unlisted currency notes	4,638	4,708
	78,640	77,372

15. TRADE PAYABLES

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Trade payables	91,803	67,207

At 30 September 2011, the aging analysis of the trade payables based on invoiced date, is as follows:

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Current to 30 days	30,250	31,955
31 to 60 days	11,141	5,571
61 to 90 days	16,854	10,275
Over 90 days	33,558	19,406
	91,803	67,207

16. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 31 March and September 2011	800,000,000	80,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each		
At 1 April 2010 and 2011	606,753,119	60,675
New shares issued for the acquisition of interest in an associate	28,600,000	2,860
At 30 September 2011	635,353,119	63,535

On 19 August 2011, 28,600,000 ordinary shares of HK\$0.10 each were issued at a fair value of HK\$15,329,600 approximately to an issue price of HK\$ 0.5360 each, as part of the consideration of the Group's acquisition of the 25% equity interest in an associate (note 11).

17. BANKING FACILITIES

At 30 September 2011, general banking facilities available to the Group amounted to HK\$266,475,000 (31 March 2011: HK\$267,275,000). The amount of banking facilities utilised by the Group amounted to HK\$39,058,000 as at 30 September 2011 (31 March 2011: HK\$29,756,000).

At 30 September 2011, certain of the Group's properties amounting to HK\$34,199,000 (31 March 2011: HK\$18,470,000) were pledged to secure general banking facilities granted to the Group.

18. OPERATING LEASE COMMITMENTS

	As at 30 September 2011		As at 31 March 2011	
	Land and buildings (Unaudited) HK\$'000	Other assets (Unaudited) HK\$'000	Land and buildings (Audited) HK\$'000	Other assets (Audited) HK\$'000
Within one year	4,626	589	7,218	601
In the second to fifth years, inclusive	4,673	646	2,222	961
After five years	10,609	-	11,295	-
	19,908	1,235	20,735	1,562

19. CAPITAL COMMITMENTS

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Contracted for but not provided:		
Acquisition of property, plant and equipment	717	1,356
Acquisition of an investment property	-	7,204
	717	8,560

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the period under review, the Group achieved a turnover of approximately HK\$312.5 million for the six months ended 30 September 2011, representing a decrease of approximately 3.5% from approximately HK\$323.8 million compared with the corresponding period ended 30 September 2010. Gross profit margin of the Group was decreased to 21.8% for the period under review from that of corresponding period of 2010 of 26.9%. The Group's profit attributable to equity holders was decreased by 82.6% from that of last corresponding period of approximately HK\$24.7 million, to approximately HK\$4.3 million. Such decrease in net profit was mainly attributable to mark-to-market loss from the Group's financial assets of approximately HK\$13.9 million included in other operating expenses caused by the adverse conditions in the global financial markets. Together with the decrease in the Group's turnover caused by a reduction in orders from the Group's customers, increase in raw materials cost and labor cost in China, the Group recorded a significant decrease in net profit as compared with the corresponding period in previous year.

Manufacture and sale of paper cartons, packaging boxes and children's novelty books continued to be the Group's major business. For the period under review, the Group recorded total revenue of approximately HK\$260.6 million from this major business segment, which was decreased by about 4.9% compared to that of last corresponding period of HK\$274.1 million. The profit from this segment decreased from last corresponding period of HK\$19.2million to approximately HK\$11.7 million for the six months ended 30 September 2011. Such decrease in net profit was attributable to the volatility of the export market and escalating cost in raw materials and production.

The segment for manufacture and sale of hangtags, labels, shirt paper boards and plastic bags continued to face the pressure of intensive competition. The Group's revenue in the manufacture of hangtags, labels, shirt paper boards and plastic bags sustained stable at approximately HK\$15.6 million for the period under review from that of the last corresponding year of approximately HK\$15.5 million. The segment result from this business segment increased from last corresponding period of HK\$0.2 million loss to approximately HK\$0.6 million profit for the six months ended 30 September 2011.

The Group's business in the commercial printing continued to grow steadily. The revenue and profit from this segment for the six months ended 30 September 2011 was approximately HK\$36.3 million and HK\$6.5 million, respectively as compared to last corresponding period of HK\$34.2 million and HK\$3.8million, respectively.

The potential European debt crisis and the unstable financial market in the first half of 2011 adversely impacted the performance of the Group's financial assets. During the period, the mark-to-market loss of the Group's financial assets amounted to HK\$13.9 million, compared to that of last corresponding period of approximately HK\$0.8 million gain.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. During the period under review, the Group was financially sound. The Group's cash and bank balances and short term bank deposits as at 30 September 2011 amounted to approximately HK\$100.8 million (31 March 2011: HK\$173.1 million). The Group's gearing ratio as at 30 September 2011 was 8.2% (31 March 2011: 6.3%), based on the interest bearing bank borrowings of approximately HK\$39.1 million (31 March 2011: HK\$29.6 million) and the shareholders' fund of HK\$477.3 million (31 March 2011: HK\$469.0 million).

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

Exchange rate exposure

Most of the transactions of the Group were made in Hong Kong dollars, Renminbi and US dollars. For the six months ended 30 September 2011, the Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the current peg system, and the hedging of revenue received, and costs incurred, by the Group in Renminbi.

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

Financial guarantees and charges on assets

As at 30 September 2011, corporate guarantees amounting to approximately HK\$179.7 million (31 March 2011: HK\$157.7 million) were given to banks by the Company for the provision of general banking facilities granted to the Group's subsidiaries, which were secured by legal charges on certain properties owned by the Group with a total net book value of approximately HK\$34.2 million (31 March 2011: HK\$18.5 million).

CONTINGENT LIABILITIES

As at 30 September 2011, the Group had no contingent liabilities.

PROSPECTS

During the six months ended 30 September 2011, the export market was volatile while industry competition was getting tougher. The potential European debt crisis also lead to a decreasing demand in the export market. The second half of the year will be even more challenging. In order to cope with future challenges and staying competitive, the Group will continue to implement cost control strategies and place emphasis on operational efficiency to improve profit margins. However, the consistent rising material costs, PRC labour costs as well as additional investment for fulfillment of environmental protection and safety requirements will limit the effect of cost control measures.

The Group has completed the acquisition of 25% of issued capital of Suntap during the period under review, the Group will continue to explore potential opportunities to further diversify the Group's businesses.

DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: HK1 cent per share)

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

As at 30 September 2011, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance "SFO"(Chapter 571 of the Laws of Hong Kong)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

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

Name of Directors	Number of Shares held				Total interests as % of the issued share capital
	Personal interests (held as beneficial owner)	Family interests	Other interests	Total interests	
Lui Shing Ming, Brian	5,468,750	–	320,475,286 (Note 1)	325,944,036	51.30%
Lui Shing Cheong	3,906,250	–	320,475,286 (Note 1)	324,381,536	51.06%
Lui Shing Chung, Victor	3,906,250	1,562,500 (Note 2)	320,475,286 (Note 1)	325,944,036	51.30%

Notes:

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

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

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

Save as disclosed above, as at 30 September 2011, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (with the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into the register required to be kept under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Long/Short position	Capacity	Number of Shares/ underlying Shares held	Percentage of issued capital
Lui Chi	Long	Founder of a discretionary trust	320,475,286 (Note 1)	50.44%
Ng Sze Mui	Long	Founder of a discretionary trust	320,475,286 (Note 1)	50.44%
Ng Shuk Fong, Aman	Long	Beneficial owner and interest of spouse	325,944,036 (Note 2)	51.30%
Harmony Link Corporation	Long	Beneficial owner	320,475,286	50.44%
The Lui Family Company Limited	Long	Trustee	320,475,286 (Note 3)	50.44%
Trident Trust Company (B.V.I.) Limited	Long	Trustee	320,475,286 (Note 3)	50.44%



SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

- (1) These shares are held by Harmony Link Corporation. Mr. Lui Chi and his spouse, Madam Ng Sze Mui are the founders of a discretionary trust mentioned in Note 1 to the section headed "Directors' and chief executive's interests and short positions in the shares, underlying Shares and debentures of the Company and its associated corporations" above.
- (2) Interests in these shares include interests in 1,562,500 shares held by Madam Ng Shuk Fong, Aman personally and interests in 324,381,536 shares through interest of her spouse, Mr. Lui Shing Chung, Victor as disclosed in the section headed "Directors' and chief executive's interest and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above.
- (3) These shares are held by Harmony Link Corporation. Please refer to Note 1 to the section headed "Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above.

Save as disclosed above, as at 30 September 2011, the directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

SHARE OPTION SCHEMES

The Group's share option scheme was adopted on 5 September 2002 and is effective for a period of ten years. As at 30 September 2011, no share options had been granted under the scheme.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2011.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

CORPORATE GOVERNANCE

The directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the six months ended 30 September 2011, except for the following deviation:

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the six months ended 30 September 2011, the Company has not redeemed any of its listed securities. Neither the Company, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 September 2011, the Group had an available workforce of approximately 1,447, of which around 1,302 were based in the PRC.

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

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

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



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 September 2011.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2011 has been reviewed by BDO Limited, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

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

By Order of the Board
Lui Shing Ming, Brian
Chairman

Hong Kong, 21 November 2011