HUNG HING
PRINTING GROUP LIMITED
鴻興印刷集團有限公司

2011

ANNUAL REPORT 年報

STOCK CODE 股份代號：0450

60 plus HUNG HING
YEARS OF PRINTING
EXCELLENCE

CONTENTS

Corporate Profile

Founded in 1950 as a small printing shop in Hong Kong, Hung Hing has developed over the past six decades into one of the largest and most trusted printers in Asia, with significant operations in book and packaging printing, consumer product packaging, corrugated box manufacturing and paper trading.

Headquartered at the Tai Po Industrial Estate in Hong Kong, Hung Hing has four plants across China, including three in the Guangdong province in Shenzhen, Zhongshan and Heshan, and one in Wuxi, near Shanghai. Its total production floor space reaches 500,000 square meters, with a workforce of over 12,000 in Hong Kong and China.

With a strong emphasis on providing reliable and value-added services to achieve customers' success, Hung Hing harnesses the latest in technology and ideas to create print solutions through sustainable operating practices, and services multinational corporations from the US and Europe as well as companies from Hong Kong and China.

Hung Hing's financial objective is to deliver consistent and superior returns to shareholders from a leading position in its industry. The strategy to achieve this involves long-term investments in fixed and human assets, and an unwavering focus on quality, efficiency and customer service.

Corporate Information

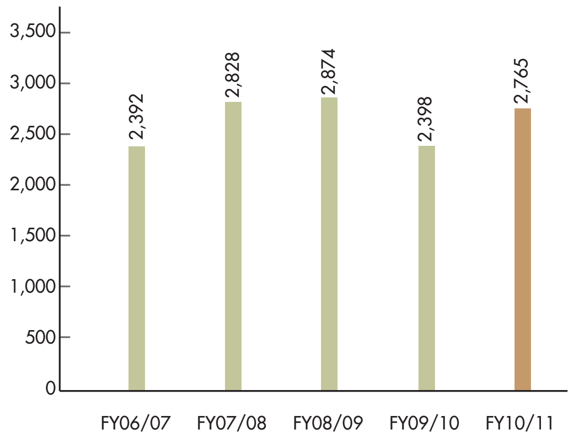
Executive Directors	Yum Chak Ming, Matthew, Executive Chairman Sung Chee Keung
Non-Executive Directors	Ho Chi Kit Lam Tsz-Wang, Alvin Mak Lok Qun, Denise Peter Martin Springford Yam Ho Ming, Michael
Independent Non-Executive Directors	Lo Chi Hong Luk Koon Hoo Yap, Alfred Donald
Adviser	Leung Pak To
Company Secretary	Tung Yu Biu

Registered Office	Hung Hing Printing Centre 17–19 Dai Hei Street Tai Po Industrial Estate New Territories, Hong Kong Tel: (852) 2664 8682 Fax: (852) 2664 2070 E-mail: info@hunghingprinting.com
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. BNP Paribas
Auditor	PricewaterhouseCoopers
Share Registrar	Tricor Tengis Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

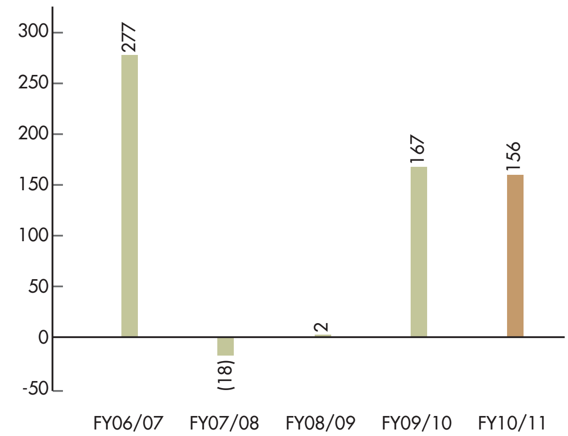
Financial Highlights

Year ended 31March	**2011 HK$'000**	2010 HK$'000	Percentage change
Continuing Operations			
– Revenue	**2,764,789**	2,397,850	+15
– Profit	**160,056**	165,579	-3
Discontinued Operations			
– Profit	**–**	19,117	n/a
Profit Attributable to Equity Holders of the Company	**156,493**	166,604	-6
Property, Plant and Equipment	**1,330,903**	1,304,175	+2
Net Current Assets	**1,300,399**	1,561,153	-17
Total Assets	**3,644,919**	3,822,966	-5
Equity Attributable to Equity Holders of the Company	**2,673,744**	2,859,088	-6
Basic Earnings per Share (HK cents)	**17.3**	18.2	-5
Dividends per Share (HK cents)			
Interim Dividend	**5**	4	
Final Dividend	**5**	10	
Special Dividend	**17**	9	
	27	23	+17

Revenue
HK$ million



Profit/(Loss) Attributable to Equity Holders of the Company
HK$ million



HUNG HING

Executive Chairman
Yum Chak Ming, Matthew

The Group is on track to pursuing a series of strategies to effectively navigate through the prevailing global economic challenges with the ultimate aim to set a solid foundation for future growth.

Chairman's Statement

Dear Shareholders,

I am pleased to report that during the financial year 2010/2011, Hung Hing Printing Group was on track to pursuing a series of strategies to effectively navigate through the prevailing global economic challenges with the ultimate aim to set a solid foundation for future growth. As a result, the Group achieved a 15% increase in overall revenue for the year under review, driven by the strong performances of our core printing and packaging divisions.

During the year, the mainland Chinese economy continued its robust growth as the U.S. and European markets began to recover following a sustained recessionary period. The Group benefited from these trends to deliver increases in both revenue and volume. Simultaneously, the Group implemented a strategy of prudent cost controls. However, like all Southern China-based manufacturers, we were not immune to market-wide increases in material costs and wages. As a result, gross profit went down to 17% compared with 21% in the previous year.

Despite the challenges presented by the global economic climate, the Group continued to expand by focusing on and strengthening its core divisions. We also further invested in areas such as consumer product packaging for food & beverage and pharmaceuticals, which we believe holds great potential for the future as China's consumer markets further mature.

This year it was particularly critical to overcome rising costs, so we launched several group-wide initiatives to achieve greater efficiency and productivity. The Corrugated Box and Paper Trading business units benefited from these initiatives to record growth in profit contribution.

In December 2010, the existing shareholders (with the exception of Hung Hing) of the Group's associate, a paper mill in Zhongshan, Guangdong Province, injected a total of US$37.5 million cash into the business. While the Group's equity stake was reduced from 31% to 17%, a HK$52 million deemed disposal gain is recognized by the Group upon the significant enhancement in the net asset value of this associate business.

Results and Dividends

Group's revenue for the financial year 2010/2011 grew by 15% to HK$2,765 million compared to last year's HK$2,398 million.

Profit derived from the Group's operating activities went up by 9% to HK$223 million. Profit attributable to the equity holders of the Company declined 6% to HK$156 million.

Basic earnings per share was HK17.3 cents, compared to HK18.2 cents for the previous financial year. The Board of Directors has proposed a final dividend of HK5 cents. This, together with the special and interim dividends of HK17 cents and HK5 cents respectively, brings the total dividend for the year to HK27 cents compared to HK23 cents in the previous financial year. Subject to shareholders' approval, the dividend will be paid to shareholders whose names appeared on the Register of Members of the Company as of 7 September 2011.

Significant Change in Shareholding

On 15 April 2011, Asia Packaging Company Limited ("Asia Packaging") signed an agreement to sell 271,452,000 shares in the Company to Rengo Co., Ltd ("Rengo") for a total consideration of HK$1,425 million. This transaction is subject to the fulfillment (or waiver, if applicable) of a number of conditions precedent, including but not limited to antitrust clearance in respect of the share sale from the Ministry of Commerce of the People's Republic of China.

Asia Packaging, beneficially owned by funds advised by CVC Asia Pacific Limited, owns 37.5% in the issued share capital of the Company. Upon completion of the transaction, Asia Packaging's stake will be reduced to 7.6%, which will be disposed of too.

Rengo is a leading paper manufacturer and packaging service provider in Japan. Upon completion of the transaction, Rengo will become the second-largest shareholder, owning 29.9% of the issued share capital of the Company.

In Memoriam

This year saw the passing of Mr. Yam Cheong Hung, the founder of Hung Hing Printing Group and my father. I found it particularly poignant that he passed away during a year in which we celebrated the 60th anniversary of our company. The loss was not only personal to my family but to everyone who worked alongside him or had the fortune to know him.

One of my father's favorite sayings went something like this: "*Spending too much on food or clothes may make you poor for today, but tomorrow you can recover. But if you don't plan and calculate for the future, you will be poor for the rest of your life*" (roughly translated from Chinese: 吃不窮，穿不窮，不會打算一世窮). These words very much reflect the ideals and wisdom that have made the Company what it is today. My father's passion in the business, values of prudence and his long-term vision live on and continue to inspire the Hung Hing family, as well as every member of the Group, everyday.

Business Outlook

While 2010/2011 saw substantial increases in commodity prices and worker wages in our mainland China plants, the Group's measures to improve operational productivity have proven to be effective, and investments made on this front have begun to pay off.

The coming year is predicted to be a slow recovery in GDP at the global level. Unemployment levels in some of our export markets may still remain high and impact consumer confidence level and their readiness to spend. In view of these conditions, the Group will maintain its cost-conscious approach and stay poised to respond quickly to market developments.

The Group's diversified geographic footprint in the North American and European markets, as well as our strategic focus on the Chinese domestic packaging market, will help us make continued progress while minimizing our vulnerability to any one region. Further, we have seen encouraging results from our engagement with new target clients.

Despite the challenging market conditions, we believe that Hung Hing, with its strong market leadership position, highly efficient operations and strong balance sheet, will be in a good position to seize opportunities for further growth.

Finally, I thank our dedicated team across the world. Their talent, hard work and support have driven our growth from the very beginning and made the achievement of our goals possible.

Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 28 June 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Chief Executive Officer
David R. Eitemiller

Our strategy is centered on two imperatives – to improve the efficiencies of our existing manufacturing operations and build a China consumer packaging business to meet the growing needs of targeted customers in mainland China.

Overview

Our results for the 12 months ended 31 March 2011 reflect the on-going economic recovery in our major markets following the significant declines in demand during the prior year. The gradual improvements allowed us to increase sales revenue across all business units except Paper Trading, finishing the year with a 15% increase in Group revenues to HK$2,765 million. Increases came from both volume and price improvements compared to the previous year.

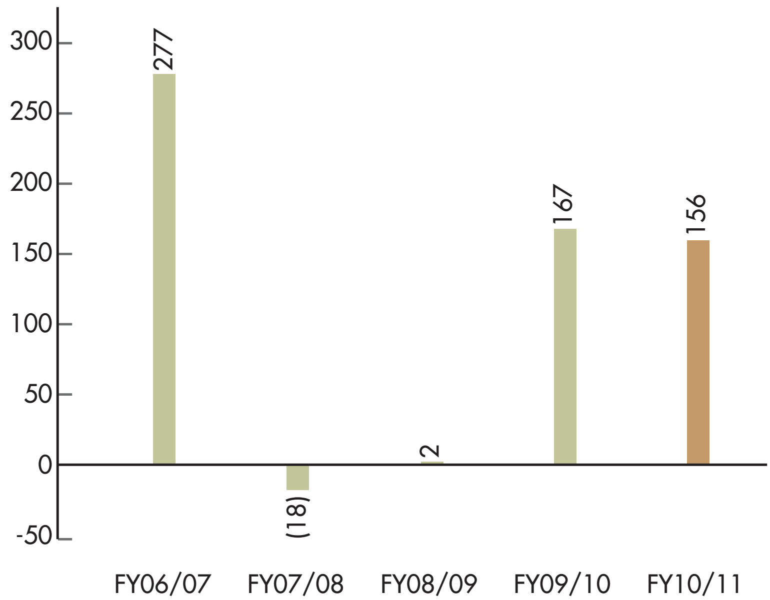
Although revenue improved, earnings were affected by the rising commodity prices, which impacted our cost of materials, especially paper which makes up a significant portion of our total material costs. In addition, the Chinese government's decision to re-instate annual wage rate increases required us to adjust wage rates across all of our manufacturing operations. The appreciation of the Chinese currency (RMB) further raised the impact of wage rate increases as well as the cost of manufacturing in China in general. As a result, our gross profit (as a percentage of sales revenue) went down to 17% compared with 21% in the previous year.

The RMB appreciation during the year generated HK$21 million exchange gains, mostly from RMB bank deposits that served to partially hedge against RMB-denominated manufacturing expenses. A HK$52 million disposal gain upon the dilution of our equity stake in the associated paper manufacturing business also supported the Group's earnings during the year.

Profit before tax went up by 3% to HK$197 million. Profit attributable to the Company's shareholders declined by 6% to HK$156 million.

Profit/(Loss) Attributable to Equity Holders of the Company

HK$ million



Strategic Focus

Our strategy is centered on two imperatives – to improve the efficiencies of our existing manufacturing operations and build a China consumer packaging business to meet the growing needs of targeted customers in mainland China. During this year we were encouraged by the progress made by management in both of these areas.

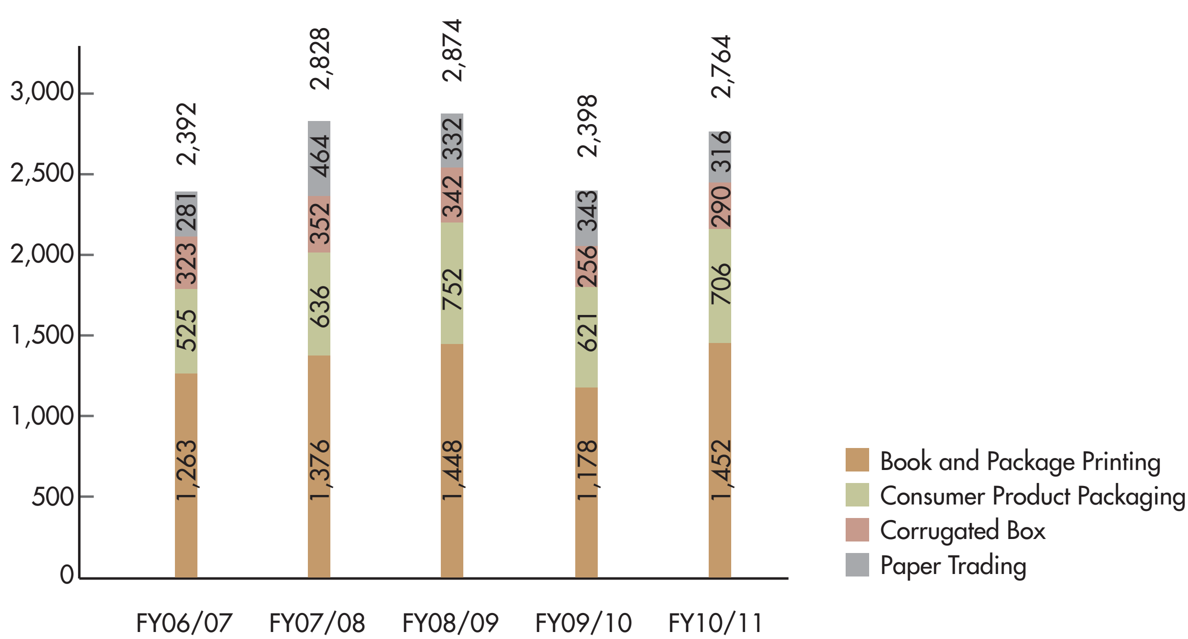
A complete review of our supply chain was made in order to re-evaluate existing business processes and explore ways to increase operational efficiency so as to maximize our capabilities. The Company's senior leadership was actively involved in executing improvements, particularly in the areas of planning, manufacturing, procurement and logistics. The result has been a streamlining of the business including a reduction in the amount of inventory held through stocking unit rationalization, implementation of a centrally visible paper inventory system, development of an OEE (Optimal Equipment Efficiency) monitoring program in two of our facilities and further progress in formalizing a Sales & Operations Planning discipline at our largest business unit.

Our capital investment decisions have also given priority to equipment that increased throughput, reduced labor requirements and improved quality. During the year this included the purchase of five state-of-the-art offset printing presses, automated post print equipment and projects to improve our production workflow. Total capital expenditure spending amounted to HK$157 million during the year. Additionally, we have also made commitments to buy three advance printing presses which will be delivered and installed in the first half of FY 2011/2012 to replace older presses.

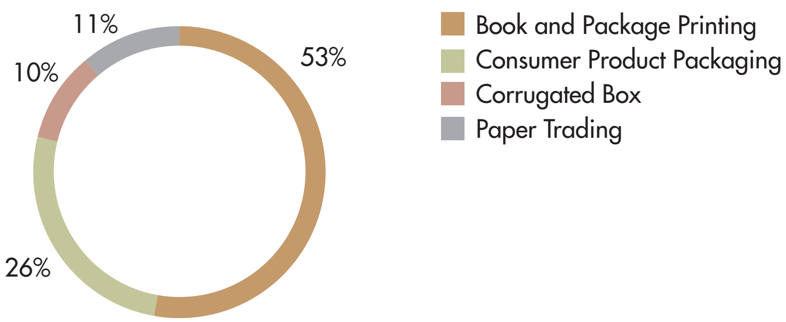
To progress our China growth strategy, early in the year we re-organized our Consumer Packaging business unit, putting it under the leadership of a dedicated team responsible for China-wide packaging sales as well as the manufacturing and supply operations in South China (Zhongshan) and East China (Wuxi). We have benefited from renewed focus by enhancing engagement at senior levels within our targeted customers which has begun to result in incremental business from these accounts to reach our growth targets. Our China revenue for the year increased by 14% compared to previous year.

Revenue by Business Unit

HK$ million

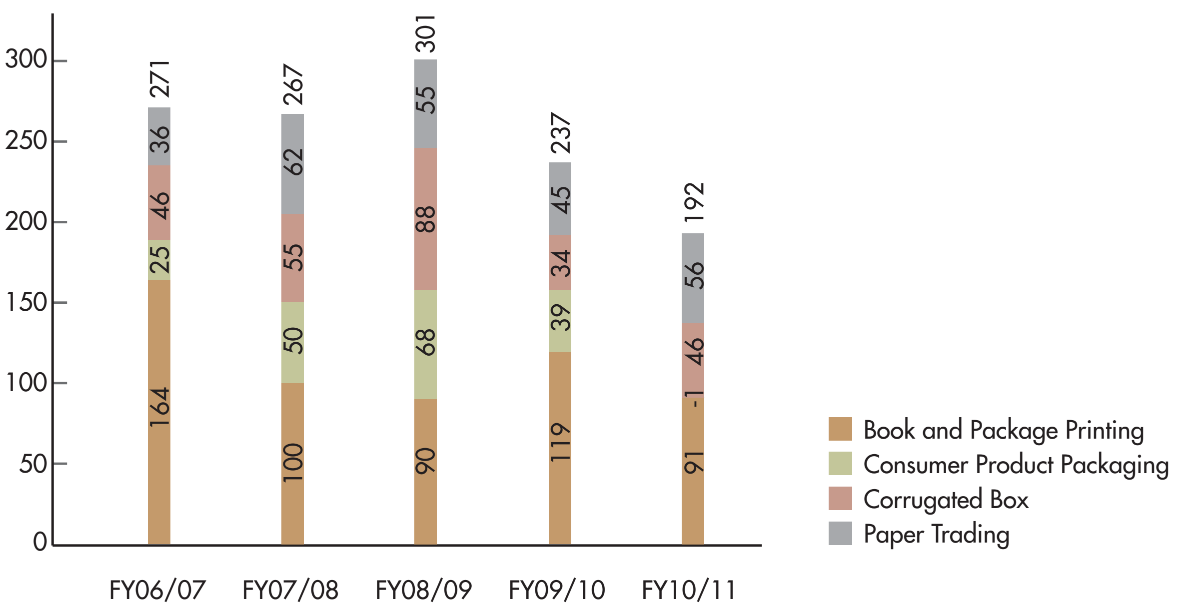


Revenue by Business Unit in FY10/11



Profit Contribution by Business Unit

HK$ million



Financial and Capital Resources

The Group ended the year in a sound financial position. As of 31 March 2011, the Group had a net cash (total cash net of bank borrowings) balance of HK$377 million.

We saw continued improvement in our working capital management. While our sales revenue had increased by 15%, we managed to hold our account receivables and inventory increase to 6% and 4% respectively.

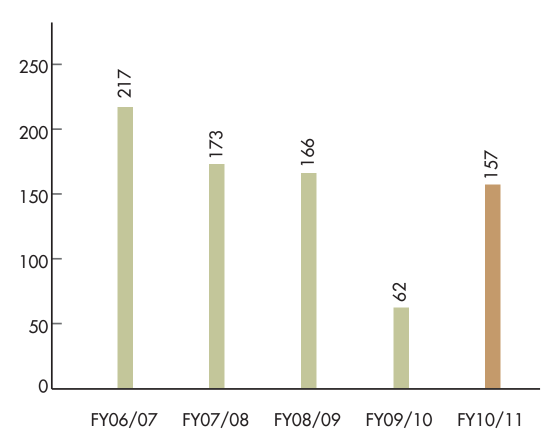
During the year the Group paid a total dividend of HK$373 million. This is comprised of the FY 2009/2010 final and special dividends totaling HK19 cents per share, and FY 2010/2011 interim and special dividends adding another HK22 cents per share.

The Group repaid bank loan totaling HK$175 million during the year under review. As of 31 March 2011, the Group's total bank borrowings amounted to HK$411 million, of which 80% was denominated in Hong Kong dollars, 18% in U.S. dollars and 2% in RMB. Of our bank borrowings, 85% were owed to banks in Hong Kong with interest rate mostly at the HIBOR (Hong Kong interbank offered rate) plus 0.5% to 1.5% markup; the remaining 15% were owed to banks in mainland China mostly at banks' cost of fund plus 1.5% margin. In accordance with scheduled repayment terms, HK$357 million is repayable within the next twelve months while HK$54 million is due for repayment within the next two years.

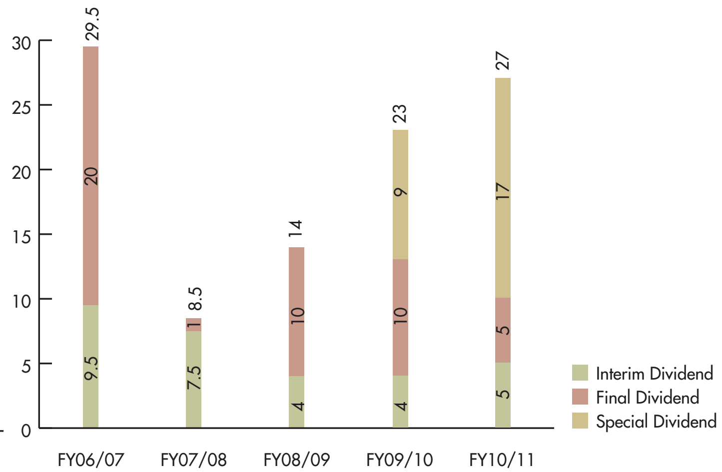
As some of the bank loan agreements carry a "repayable upon bank demand" term, another HK$43 million has been grouped under current liabilities and only HK$11 million is classified under non-current liabilities as at 31 March 2011. The Group's gearing ratio, comparing bank borrowing to its equity, stood at 15%, compared with 14% in the previous year.

The opening of RMB as a currency for trade settlement in Hong Kong allows more flexibility for the Group to hold RMB. As of 31 March 2011, the Group held the equivalent of HK$788 million cash in its bank accounts, of which 88% was in RMB, 6% in HK$ and 6% in US$. Our significant RMB cash balance also helped to partially mitigate the impact of RMB appreciation to our operating costs.

Capital Expenditure
HK$ million



Dividend Per Share
HK Cents



Our people

As in past years, the Group has managed staff numbers to meet the requirements of its overall business demand. As of 31 March 2011, the Group employed a total of 12,706 people – of whom 356 are based in Hong Kong and 12,350 based in China. This represents an increase of 7% compared with the previous year.

The Group provides competitive salaries and bonuses based on experience and performance while all employees enjoy equal opportunities at work. Hung Hing also places a high priority on health and safety, with safety standards and measures monitored regularly to ensure a comfortable and safe working environment for all our employees.

Business sustainability

The Group is committed to sustainable manufacturing practices that help to protect the environment.

Paper from sustainable source

Hung Hing was awarded the Forest Stewardship Council (FSC) certification in 2007 and the Chain of Custody (CoC) certification from the Programme for the Endorsement of Forest Certification Schemes (PEFC) in 2008. Since then, our use of certified papers has been increasing steadily. Last year, a record high of 8,000 tons of certified papers were used, doubling the volume used the year before.

Environmental friendly initiatives

Last year, three of our environmental projects were recognized and awarded the Hong Kong – Guangdong Cleaner Production Partner scheme. The first is investment on new energy-efficient machines and lighting that saves 270,000kWh annually. Second is the reuse of treated industrial waste water for dormitories' toilet flushing water which saves 500,000 tons of water per year. The third project which was also awarded the Hang Seng Pearl River Delta Environmental Category Award – Air Emission, is our investment in new machinery that use water-based instead of solvent-based glue in the process where plastic film is laminated onto paper board. The new process reduces over 6,000kg of volatile organic chemical emission annually.

Aside from the above projects, our Zhongshan packaging plant has converted the steam boilers from using heavy oil to biomass fuel, thus eliminating toxic SO2 gas emission. Our Shenzhen plant also invested HK$2.1 million to convert steam boilers from using heavy oil to natural gas which is more environment-friendly.

Our Heshan plant has obtained the China Environmental Labelling for printing industry. The scheme requires printing factories to use material that comply with certain environmental regulations, and has a management system that ensures continuous improvement on environmental management and high quality products that comply with safety and environmental regulations. Other plants are undergoing different stages of similar certification processes.

The Heshan plant was also awarded the ISO14001 which is a standard for an environmental management system. By now, all of the Group's manufacturing sites are ISO 14001 accredited.

Energy reduction initiatives

The Group is always looking for ways to reduce the consumption of energy. As a result of our on-going efforts, we have managed to reduce our energy consumption per production unit by 3% last year. We have also changed to T5 lighting which helps lower our office lighting electricity consumption by 45%.

David R. Eitemiller
Chief Executive Officer

Hong Kong, 28 June 2011

BOOK AND PACKAGE PRINTING

Hung Hing is one of the world's leading producers of folding cartons and packaging for toys, consumer products, packaged food and consumer electronics. It is also one of the world's largest manufacturers of children's novelty books.

Production of folding cartons, packaging, conventional books and children's books is carried out at the plants in Shenzhen and Heshan in the Guangdong province of China and in Hong Kong. The three plants have a combined production space of 2.5 million square feet and employ over 10,000 workers.

The Shenzhen and Heshan plants are ISO 9001, ISO 14001 and ICTI – COBP certified.

The Group's global client base consists of the world's most recognized in toys, consumer goods, food and beverage, and leading publishers. Book and Package Printing is the Group's largest business unit.

The Book and Package Printing business reported the following results for the year:

- Revenue of HK$1,452 million, up 23% from HK$1,178 million the previous year
- Profit contribution of HK$91 million, down 24% from HK$119 million last year
- Profit contribution margin of 6%, down from 10% the previous year

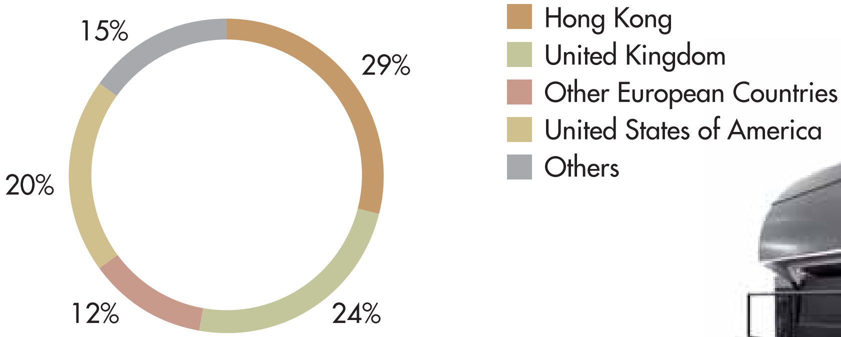
Review of Operations

The business benefited from the ongoing, though slow, economic recovery in North American and European markets. Sales revenue was up 23% to above 2008 pre-recession levels. Material and operating costs affected earnings and, while efforts to pass on cost increases to customers were partially successful, higher material prices, notably of paper, as well as increases in China wage rates and foreign exchange rates, impacted margins. Profit contribution was down 24% by HK$28 million to HK$91 million compared to the previous year.

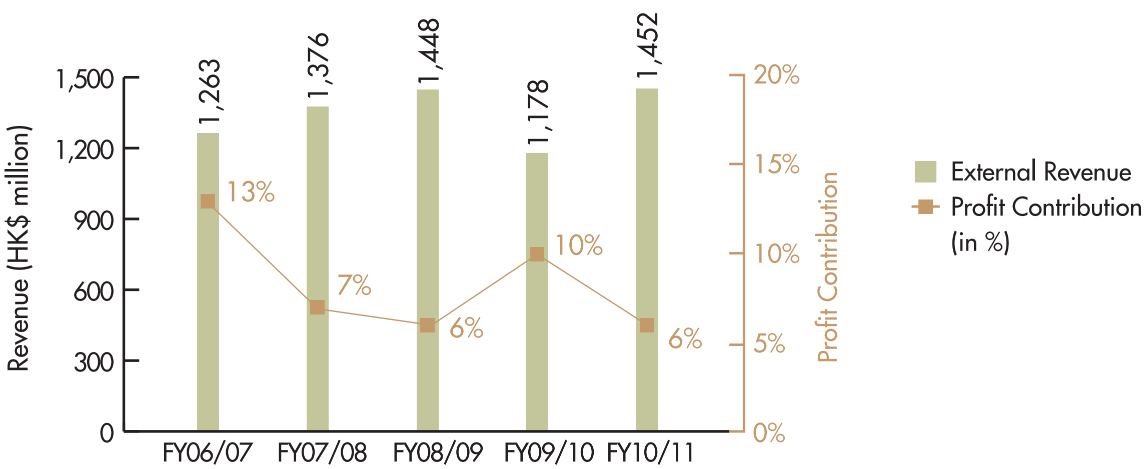
Management has continued to take actions to increase efficiency of the manufacturing operations of the business and improve order management and planning disciplines. Actions have included capital investments to upgrade the business' print technology to the latest speed and quality standards and the gradual addition of faster and more efficient post-print equipment. Initiatives to improve paper supply chain practices, procurement strategy and operations planning began to show positive impacts.

The business continues to be positioned as a preferred print and packaging supplier among international publishers and manufactured product exporters who seek high quality printing and packaging services.

Revenue by Region in FY10/11



Revenue & Profit Contribution (in %)



CONSUMER PRODUCT PACKAGING

Hung Hing provides high quality packaging solutions for customers through its production plants in Zhongshan in southern China and Wuxi near Shanghai. The two plants are well positioned to capture the growing consumer market in China.

Featuring modern and advanced machinery and a combined production space of over 1.7 million square feet, the two plants maintain a strong clientele consisting of well known brands in personal care, packaged food, and consumer electronics sectors.

Both plants are ISO 9001 certified. The Wuxi plant has also been awarded ISO 14001 certification.

The Consumer Product Packaging business reported the following results for the year:

- Revenue of HK$706 million, up 14% from HK$621 million the previous year
- Loss of HK$1 million, down from a profit of HK$39 million last year
- No profit margin recorded for the year compared with 6% the previous year

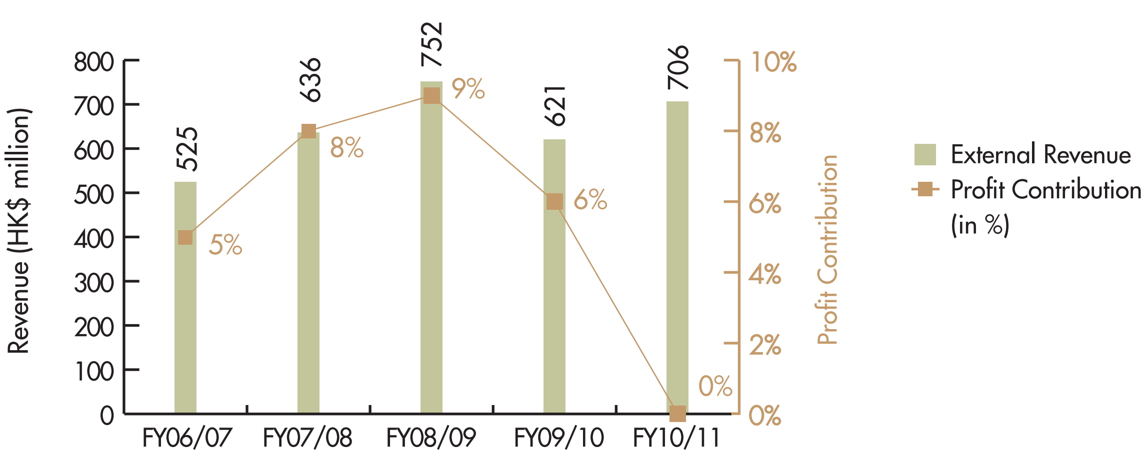
Review of Operations

The Consumer Product Packaging business delivered positive progress on their strategy to build a more substantial China packaging business. The addition of a senior vice president to the China Packaging Sales team has further strengthened the Consumer Product Packaging business and has improved the level of engagement with our target food & beverage, healthcare, cosmetics and pharmaceutical segments.

We continue to see the China packaging market offering great opportunities for business growth. However, at the same time it poses substantial challenges in quality expectations, regional coverage and pricing expectations. While revenue was up by 14%, the profit margin was down due to the impact of increased material costs, China wage rates and, in some cases, the time required to renew supply agreements and pass on these incremental costs.

The business made a number of key printing and converting equipment investments aimed at efficiency and quality. They also reaffirmed their commitment to hygiene and general management practice standards by initiating investment plans and programs to secure certifications at the Zhongshan and Wuxi manufacturing plans.

Revenue & Profit Contribution (in %)



CORRUGATED BOX

Hung Hing operates a competitive corrugated box manufacturing business, which supplies to a wide range of customers including toy, food and beverage, electrical appliances, and household product manufacturers.

Close to two thirds of the corrugated box sales are generated by Hong Kong based exporters, while the remaining one third comes from customers in China. The business unit operates a manufacturing facility in Shenzhen and a distribution center in Hong Kong.

The Corrugated Box business reported the following results for the year:

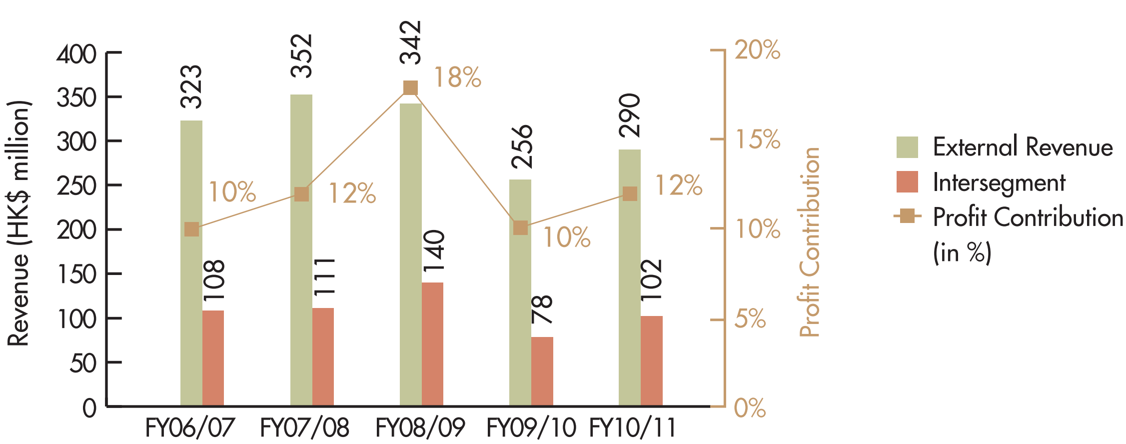
- Revenue of HK$290 million, up 14% from HK$256 million the previous year
- Profit contribution of HK$46 million, up 36% from HK$34 million last year
- Profit contribution margin of 12%, up from 10% the previous year

Review of Operations

The Corrugated Box business benefits from proximity and operations alignment with the Group's Book and Package Printing business which consistently provides a stable base sales of demand, (25-30% of the business' production is internal). Overlap of some customers and segments also provides sales opportunities for both business units.

Export activity in the Pearl River Delta improved during the year. The Corrugated Box leadership was able to take advantage of this, successfully securing price increases and adjusting the customer portfolio. Operating margins also improved as a result of management actions taken early in the year including the relocation and addition of equipment which saw older, less efficient machines being replaced. Scheduling and planning improvements as well consolidation of finished goods and raw material warehouse management also saw improvements.

Revenue & Profit Contribution (in %)



PAPER TRADING

Hung Hing is one of the largest paper trading operators in Asia. With a well-managed warehouse facility in Shenzhen with a storage capacity of over 60,000 tons of paper, the Group can supply paper to customers on short lead times at competitive prices. The warehouse also operates high-speed sheeters and re-winders that can cut paper to different sizes and to specific customer requirements.

The Paper Trading business unit offers a wide variety of high-quality paper, including those from Northern Europe, South and North America, and Southeast Asia. The Group's customer base includes many leading printers and manufacturers in China.

This business unit serves a strategic purpose as an integral part of the Group's supply chain, providing a stable supply of paper at highly competitive prices to the Group's core printing and packaging business units.

The Paper Trading business reported the following results for the year:

- Revenue of HK$316 million, down 8% from HK$343 million the previous year
- Profit contribution of HK$56 million, up 22% from HK$45 million last year
- Profit contribution margin of 8%, up from 6% the previous year

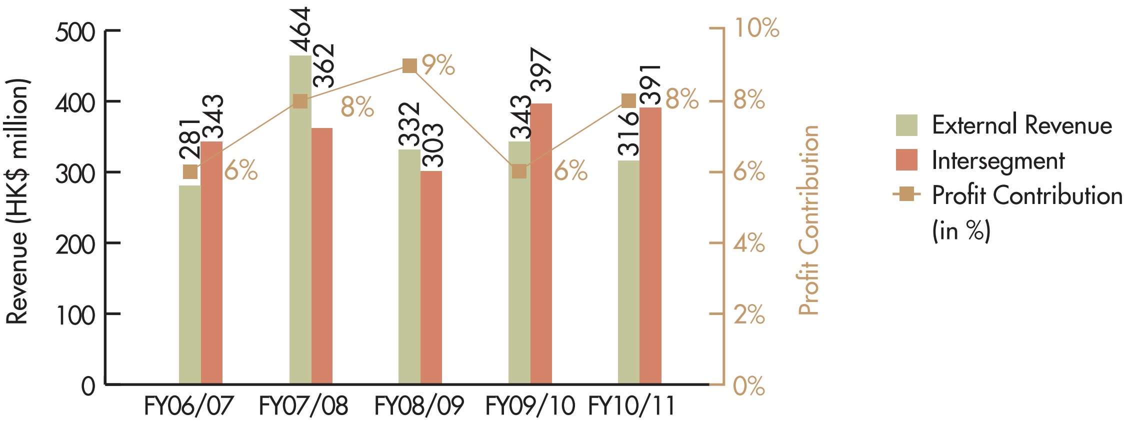
Review of Operations

Paper Trading continued to extend its role as an integral part of the Group's paper supply chain initiating improvements to the Group's central paper inventory management system that provided broad visibility of inventory availability use. The management team of the business provided valuable intelligence into market conditions and supply options that allowed the Group to minimize the impacts of movements on paper costs, clear visibility of paper price, and it ensures stable supply of paper for the Group's printing and packaging businesses.

In addition to the internal supply role, Paper Trading sells roughly half of the paper it procures to printers and manufacturers in South China, providing a valuable service that generates added value for the Group. The larger purchase volume also provides the opportunity to present more attractive procurement packages to the Group's major paper suppliers.

During the year the increase in paper prices provided an opportunity to benefit from higher trading margins. Overall demand throughout the year, however, was light compared to previous years reflecting more cautious trading conditions within the region's manufacturing sector.

Revenue & Profit Contribution (in %)



ASSOCIATES

Hung Hing has equity interests in two associates: Rengo Hung Hing paper manufacturing business in Zhongshan, Guangdong Province, and Graphic Hung Hing Packaging (Shanghai) Co. Ltd.. The Group's total loss from the two associates in the financial year was HK$16 million.

The paper manufacturing associates operate three production lines at the Zhongshan plant in southern China, converting waste paper into corrugated medium and testlier. The paper is sold to outside converters as well as to Hung Hing's corrugated box operators.

Hung Hing previously owned a 31% stake in the two legal entities which make up the Rengo Hung Hing paper manufacturing business. In December 2010, the existing shareholders of this associate, Rengo Japan and two other strategic investors injected a total of US$37.5 million into the business. Hung Hing, in line with the Group's strategy of focusing on printing and packaging, did not participate. While the Group's equity stake was diluted from 31% to 17%, a HK$52 million deemed disposal gain is recognized by the Group upon the significant enhancement in the net asset value of this associate business.

Graphic Hung Hing Packaging (Shanghai) Co. Ltd. is a joint venture ("JV") with a subsidiary of Graphic Packaging Holding Company, a leading U.S. packaging company. Based in Shanghai, the JV sells multi-pack beverage packaging cartons to customers throughout China.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2011.

Principal activities

The principal activities of the Company during the year consisted of investment holding and the provision of management services.

The principal activities of the Group during the year consisted of the book and package printing, the consumer product packaging, the corrugated box and the trading of paper. There were no significant changes in the nature of the Group's principal activities during the year.

Results and dividends

The Group's profit for the year ended 31 March 2011 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 132.

An interim dividend and a special dividend of HK5 cents and HK17 cents per share respectively was paid on 12 January 2011. The directors recommend the payment of a final dividend of HK5 cents per ordinary share to shareholders on the registered members on 7 September 2011. This recommendation has been incorporated in the financial statements as an allocation of retained earnings within the equity section of the statement of financial position.

Summary financial information

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

Results

	Year ended 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations					
Revenue	**2,764,789**	2,397,850	2,873,710	2,827,922	2,392,168
Operating profit	**223,066**	204,519	370,844	159,205	338,468
Finance costs	**(10,341)**	(11,411)	(38,476)	(129,401)	(54,147)
Share of losses of associates	**(15,616)**	(2,639)	(1,560)	–	–
Profit before income tax	**197,109**	190,469	330,808	29,804	284,321
Income tax expense	**(37,053)**	(24,890)	(26,172)	(36,587)	(36,443)
Profit/(loss) from continuing operations	**160,056**	165,579	304,636	(6,783)	247,878
Discontinued operations					
Profit/(loss) from discontinued operations	**–**	19,117	(470,075)	3,388	59,653
Profit/(loss) for the year	**160,056**	184,696	(165,439)	(3,395)	307,531
Profit/(loss) attributable to:					
Equity holders of the Company					
Continuing operations	**156,493**	148,169	279,613	(19,792)	242,039
Discontinued operations	**–**	18,435	(277,844)	1,993	35,100
	156,493	166,604	1,769	(17,799)	277,139
Non-controlling interests					
Continuing operations	**3,563**	17,410	25,023	13,009	5,839
Discontinued operations	**–**	682	(192,231)	1,395	24,553
	3,563	18,092	(167,208)	14,404	30,392
	160,056	184,696	(165,439)	(3,395)	307,531
Earnings/(loss) per share					
Basic	**HK17.3 cents**	HK18.2 cents	HK0.2 cents	HK(3.0) cents	HK46.1 cents
Diluted	**HK17.2 cents**	HK18.1 cents	HK0.2 cents	HK(3.0) cents	HK46.1 cents

Assets, liabilities and non-controlling interests

	At 31 March				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Property, plant and equipment	**1,330,903**	1,304,175	1,362,602	1,619,897	1,493,144
Land use rights	**110,951**	112,328	147,859	150,784	147,700
Intangible assets	**9,405**	8,698	5,231	11,513	8,202
Available-for-sale financial assets	**8,653**	8,490	7,367	9,408	8,806
Properties under construction	**35,255**	249	35,994	40,844	50,090
Interests in associates	**54,018**	21,638	–	–	–
Derivative financial instruments	**–**	193	–	–	–
Deferred income tax assets	**10,926**	11,429	4,348	7,735	4,731
Deposits paid for acquisition of property, plant and equipment	**8,492**	–	–	–	–
Current assets	**2,076,316**	2,355,766	2,524,713	2,955,848	2,401,498
Total assets	**3,644,919**	3,822,966	4,088,114	4,796,029	4,114,171
Current liabilities	**775,917**	794,613	895,244	2,062,599	787,420
Derivative financial instruments	**–**	233	–	–	–
Convertible bonds	**–**	–	–	–	679,590
Borrowings	**10,714**	–	60,000	214,055	30,000
Structured borrowings	**–**	–	–	42,163	56,896
Deferred income tax liabilities	**46,117**	40,654	39,797	40,802	36,550
Total liabilities	**832,748**	835,500	995,041	2,359,619	1,590,456
Non-controlling interests	**138,427**	128,378	218,958	382,887	354,094
Equity attributable to equity holders of the Company	**2,673,744**	2,859,088	2,874,115	2,053,523	2,169,621

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 15 to the financial statements.

Share capital

Details of movements in the Company's share capital during the year are set out in note 31 to the financial statements.

Purchase, redemption or sale of listed securities of the Company

During the year, the Company repurchased 3,712,000 of its own shares from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and all the repurchased shares were cancelled. On 21 December 2009, the Company adopted a Restricted Share Award Scheme. The Trustee of the Restricted Share Award Scheme purchased 517,969 shares on the Stock Exchange pursuant to the Scheme Rules and Trust Deed during the year. Besides the Company, none of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves

Details of the movement in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

Distributable reserves

In May 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued Accounting Bulletin 4 ("AB 4") – "Guidance on the Determination of Realised Profits and Losses in the Context of Distributions under the Hong Kong Companies Ordinance ("Companies Ordinance")". The guidance was issued in response to concerns over the lack of clarity on the meaning of "realised profits" in the context of the Companies Ordinance expressed by respondents to a consultation exercise to re-write the Companies Ordinance carried out in June 2008 by the Hong Kong Government.

In the light of the publication of the guidance, management has conducted a review of the approach to the determination of the Company's "realised profits" and profits available for distribution ("Distributable Reserves") and the payment of dividends.

The Company confirms that, on a consolidated basis, the Group has at all times previously had sufficient profits available for its past dividends. However, the Company notes that, by reference to AB 4, dividend income which has been re-invested into the same subsidiaries cannot be treated as "realised profit" therefore not distributable.

The Company's financial statements on an unconsolidated basis and on a consolidated basis were prepared in accordance with accounting standards and the revised approach mentioned above does not impact the audited financial statements for all prior years.

As a result, during the year, sufficient dividend payments were made from the subsidiaries of the Group such that as at 31 March 2011, calculated under the Companies Ordinance and with reference to AB 4, the Company's Distributable Reserves amounted to HK$112,699,000, of which HK$45,393,000 has been proposed as a final dividend for the year.

Charitable contributions

During the year, the Group made charitable contributions totalling HK$110,000.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 32% of the total purchases for the year and purchases from the largest supplier included therein amounted to 14%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive directors:
Yum Chak Ming, Matthew
Sung Chee Keung

Non-executive directors:
Ho Chi Kit
Lam Tsz-Wang, Alvin
Mak Lok Qun, Denise
Peter Martin Springford
Yam Ho Ming, Michael *(re-designated as non-executive director on 1 April 2010)*

Independent non-executive directors:
Lo Chi Hong
Luk Koon Hoo
Yap, Alfred Donald

In accordance with the Company's articles of association, the following directors will retire by rotation:

Sung Chee Keung
Yam Ho Ming, Michael
Luk Koon Hoo
Yap, Alfred Donald

All the retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong and as at the date of this report still considers them to be independent.

Biographical details of the directors of the Company and senior management of the Group

Executive directors

Mr. Yum Chak Ming, Matthew, aged 53, is the Executive Chairman of the Group. He has been a director of the Company since 1991. He holds a Bachelor of Applied Science degree in Industrial Engineering and a Master of Business Administration degree in Marketing and Finance, both from the University of Toronto, Canada. He is responsible for the overall management of the Group. He has been with the Group since 1983.

Mr. Sung Chee Keung, aged 52, is the Executive Director, Consumer Product Packaging. He is responsible for overseeing the operation of the Group's Consumer Product Packaging business in the PRC. He holds a Bachelor of Science degree in Printing Engineering from Rochester Institute of Technology, U.S.A. He has over 20 years of experience in the printing industry and has been with the Group since 1986. He became a director of the Company in September 2008.

Non-executive directors

Mr. Ho Chi Kit, aged 49, is a director of Asia Packaging Company Limited and the partner of CVC, the adviser to the investment funds which ultimately own Asia Packaging Company Limited. Mr. Ho holds a B.S. (Honours) in Computer Science from the University of Manitoba and an M.B.A. from the University of British Columbia. He is also a Chartered Financial Analyst. Mr. Ho has been with CVC since 1999 and is currently responsible for CVC's investment activities in Hong Kong and China. Prior to joining CVC, Mr. Ho was an investment director of Citicorp Everbright China Fund where he actively led the fund's investments in China. Prior to that, he was the associate investment director of Citicorp Capital Asia Limited and assisted in building a regional investment portfolio. He has been re-designated from a non-executive director to an alternate director to Mr. Roy Kuan of Sun Hung Kai & Co. Limited, which is listed on the Stock Exchange and the vice chairman of Zhuhai Zhongfu Enterprise Co., Ltd which is listed on the Shenzhen Stock Exchange.

Mr. Lam Tsz-Wang, Alvin, aged 39, is a director of Asia Packaging Company Limited and the managing director of CVC, the adviser to the investment funds which ultimately own Asia Packaging Company Limited. Mr. Lam holds a B.S. from the Massachusetts Institute of Technology, an M.B.A. from the Wharton School, University of Pennsylvania, and an MA in International Studies from the University of Pennsylvania. Mr. Lam has been with CVC since 2005, and was previously a principal with the Boston Consulting Group based in Hong Kong. He is currently a director of Zhuhai Zhongfu Enterprise Co., Ltd., which is listed on the Shenzhen Stock Exchange.

Miss Mak Lok Qun, Denise, aged 31, is an investment director of CVC, the adviser to the investment funds which ultimately own Asia Packaging Company Limited. Miss Mak holds a Bachelor of Arts (Cum Laude) degree in Applied Mathematics from Harvard University, USA. Miss Mak is also a CFA charterholder. She has been with CVC since 2005 and previously worked in the Debt Capital Markets and the Mergers and Acquisitions departments at JP Morgan. She is currently a director of Zhuhai Zhongfu Enterprise Co., Ltd., which is listed on the Shenzhen Stock Exchange.

Mr. Peter Martin Springford, aged 57, holds an M.B.A. from Otago University in New Zealand and is a member of the Institute of Directors in New Zealand. Mr. Springford is currently a director and the chairman of the audit committee of The New Zealand Refining Company Ltd, New Zealand's only oil refinery and a company listed on the New Zealand Stock Exchange. He is also a director of Nuplex Industries Ltd., which is listed on the Australian Stock Exchange and the New Zealand Stock Exchange. From 2002 to 2006, Mr. Springford was the managing director and the chief executive officer of Carter Holt Harvey Ltd, a major forestry, wood, paper & packaging company listed on the Australian Stock Exchange and the New Zealand Stock Exchange.

Non-executive directors (Continued)

Mr. Yam Ho Ming, Michael, aged 52, re-designated as non-executive director of the Company on 1 April 2010. He holds a Bachelor of Science degree in Printing Management from Rochester Institute of Technology, U.S.A. He has over 25 years of experience in the printing and paper industry both in Hong Kong and overseas. He became a director of the Company in June 1996. He is a brother of Mr. Yum Chak Ming, Matthew.

Independent non-executive directors

Mr. Lo Chi Hong, aged 64, is an advisor of Sino United Publishing (Holdings) Limited and the advisor to the group chairman of the Hung's Food Group which runs the restaurant and bakery chain under the "Yoshinoya" and "Maria's Bakery" brand names respectively. He has held senior managerial roles in the publishing industry over the last 30 years. From 1996 to 2007, he served as the chief executive officer of C&C Joint Printing (HK) Limited. Mr. Lo has also held a number of public posts in Hong Kong and China including acting as a vice president of the Printing Technology Association of China, the chairman of the Advisory Board of the Hong Kong Institute of Print-media Professionals, a member of the Hong Kong Council for Accreditation of Academic & Vocational Qualifications and a member of the SME Development Fund Vetting Committee, an honorary president of the Chinese Manufacturers' Association of Hong Kong and an honorary president of the Hong Kong Printers Association. In 2005, Mr. Lo was awarded the Medal of Honour by the HKSAR Government. Mr. Lo was a PHD Candidate of Peking University in China in 1985.

Mr. Luk Koon Hoo, aged 60, has been an independent non-executive director of the Company since August 2008. He is a retired banker and has 30 years of comprehensive experience in accounting and financial management. He joined Hang Seng Bank in 1975 and became the bank's Chief Financial Officer in 1989. He was appointed Executive Director and Deputy Chief Executive in 1994 and was subsequently re-designed as Managing Director until his retirement in 2005. Mr. Luk is currently an independent non-executive director of three publicly-listed companies in Hong Kong, namely, China Properties Group Limited, Computime Group Limited and i-Cable Communications Limited. Mr. Luk also serves as a council member and the treasurer of The Chinese University of Hong Kong, a member of Town Planning Board and a member of the Operations Review Committee of the Independent Commission for Anti-Corruption. Mr. Luk graduated with a Bachelor of Social Sciences Degree in Statistics from The University of Hong Kong and also holds a Master of Business Administration Degree granted by The Chinese University of Hong Kong. He is a Fellow of the Hong Kong Institute of Bankers. Mr. Luk is a Non-official Justice of the Peace and was awarded the honour of Bronze Bauhinia Star in 2004 in recognition of his contributions to public services.

Mr. Yap, Alfred Donald, JP, aged 72, is presently a consultant of Messrs. K.C. Ho & Fong, Solicitors & Notaries. He is the former president of The Law Society of Hong Kong and of The Law Association for Asia and The Pacific (LAWASIA). He has served and presently still serves on various public and community bodies. Mr. Yap is currently an independent non-executive director of eSun Holdings Limited, and Wong's International (Holdings) Limited, which are listed on the Stock Exchange. He became a director of the Company in March 2005.

Biographical details of the directors of the Company and senior management of the Group (Continued)

Senior management

Mr. David R. Eitemiller, aged 52, is the Chief Executive Officer of the Group. He is responsible for the day to day operations and execution of the Group's strategy. He holds a Master's degree in Forest Management and Economics from Colorado State University, USA. He has over 20 years experience in managing paper, packaging and printing industries in Asia. He has been with the Group since September 2008.

Mr. Lui Man Yiu, Eric, aged 55, is the Vice President, Finance of the Group. He is responsible for the Group's financial planning and management reporting activities. He also provides finance functional leadership to the Group's manufacturing operations in China. He started his career first with an international accounting firm in Hong Kong. He has over 20 years of experience in financial management in the information technology and consumer products sectors in Hong Kong and China. He is a graduate of the Hong Kong Polytechnic University and a fellow member of the Association of Chartered Certified Accountants. He has been with the Group since October 2008.

Mr. Tung Yu Biu, aged 62, is the Financial Controller and Company Secretary of the Company and is responsible for the financial accounting and secretarial affairs of the Group. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Prior to joining the Group, he worked 5 years with an international accounting firm in Hong Kong and 11 years in different roles in financial management with a multinational company in Hong Kong. He has been with the Group since 1992.

Mr. Wong Fu Cheung, Dennis, aged 51, is the General Manager, Product Integrity and is responsible for overseeing improvements in quality (assurance and control), product engineering, code of conduct, safety, ethics and sustainability initiatives. He holds a Bachelor of Science degree with Honours in Computational and Statistical Science from the University of Liverpool, U.K.. He has been with the Group since 1992.

Mr. Song Zhi Yi, aged 50, is responsible for the management of the Group's manufacturing operations in Shenzhen and Heshan. He holds a Bachelor's degree in Forestry from the Southern China University, the People's Republic of China. He has been with the Group since 1990. He is a brother of Mr. Sung Chee Keung.

Mr. Chan Lai Him, Raymond, aged 54, is responsible for the management of the corrugated carton manufacturing business in Hong Kong and Shenzhen. He holds a Bachelor of Arts degree in Commerce from the University of Toronto. He has over 18 years experience in manufacturing and has been with the Group since 1999. He is a brother-in-law of Mr. Yum Chak Ming, Matthew.

Mr. Chan Siu Man, Alvin, aged 53, is responsible for the sales and marketing of the Group's South China printing and packaging business. He holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto. He has been with the Group since 1990. He is a brother-in-law of Mr. Yum Chak Ming, Matthew.

Ms. Chong Wai Kan, Winky, aged 41, is responsible for the management of the Group's paper trading business. She has over 19 years of experience in paper trading and has been with the Group since 1992.

Directors' service contracts

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

Directors' remuneration

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

Directors' interests in contracts

Save as disclosed in Note 37 to the financial statements, no director had a material interest, either directly or indirectly, 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 year.

Directors' interests in shares and underlying shares

At 31 March 2011, the interests of the directors in the share capital and underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest					
Name of directors	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Share award scheme**	**Total**	**Percentage of the Company's issued share capital**
Yum Chak Ming, Matthew	9,374,537	–	–	916,380	10,290,917	1.13
Sung Chee Keung	702,824	60,000	–	334,270	1,097,094	0.12
Yap, Alfred Donald	27,504	–	–	–	27,504	–

Directors' interests in shares and underlying shares (Continued)

Save as disclosed above, as at 31 March 2011, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares

Pursuant to the Restricted Share Award Scheme, the executive directors are eligible participants of the Restricted Share Award Scheme, details of which are set out in Note 33 to the financial statements.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Substantial shareholders' and other persons' interests in shares and underlying shares

At 31 March 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Note	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
CVC Capital Partners Asia III Limited	(a)	Through controlled corporation	340,476,445	37.50
CVC Capital Partners Asia Pacific III L.P.	(a)	Through controlled corporation	340,476,445	37.50
Asia Packaging Group Holdings Limited	(a)	Through controlled corporation	340,476,445	37.50
Asia Packaging Holdings Limited	(a)	Through controlled corporation	340,476,445	37.50
Asia Packaging Company Limited	(a)	Directly beneficially owned	340,476,445	37.50
C.H. Yam International Limited*	(b)	Directly beneficially owned and through controlled corporation	286,834,379	31.59
C.H. Yam Holding Limited	(b)	Through controlled corporation	195,263,190	21.51
Hung Tai Industrial Company Limited	(b)	Directly beneficially owned	195,263,190	21.51
Aberdeen Asset Management PLC		Through controlled corporation	64,272,000	7.08

* C.H. Yam International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Ho Ming, Michael and other immediate family members of the founder as at 31 March 2011. None of such interests renders C.H. Yam International Limited a controlled corporation (as defined in SFO) of any of Mr. Yum Chak Ming, Matthew, Mr. Yam Ho Ming or any other members of the family.

Substantial shareholders' and other persons' interests in shares and underlying shares (Continued)

Note:

(a) There is a duplication of interests of 340,476,445 shares in the Company among CVC Capital Partners Asia III Limited, CVC Capital Partners Asia Pacific III L.P., Asia Packaging Group Holdings Limited, Asia Packaging Holdings Limited and Asia Packaging Company Limited.

(b) C.H. Yam International Limited owns Hung Tai Industrial Company Limited as to 100% through its wholly-owned subsidiary, C.H. Yam Holding Limited.

There is a duplication of interests of 195,263,190 shares in the Company among C.H. Yam International Limited, C.H. Yam Holding Limited and Hung Tai Industrial Company Limited.

Save as disclosed above, as at 31 March 2011, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

On 15 April 2011, the Company made an announcement in respect of a change in shareholding. An agreement was entered into on 15 April 2011 between Asia Packaging Company Limited and Rengo Co., Ltd ("Rengo"), a paper and packaging materials manufacturer listed on the Tokyo Stock Exchange, pursuant to which Asia Packaging Company Limited agrees to sell 271,452,000 shares held by it to Rengo, representing approximately 29.9% in the issued share capital of the Company, for a total consideration of HK$1,425,123,000 in cash. This transaction has yet to be completed as of the date of this report.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

Auditor

PricewaterhouseCoopers retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 28 June 2011

Corporate Governance Report

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principle of the Company emphasizes on accountability and transparency and is adopted in the best interests of the Company and its shareholders.

Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") of the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2011 with the exception that the Non-executive Directors are not appointed for a specific term. However under the Articles of Association of the Company one-third of the directors who have served longest on the Board shall retire from office by rotation in every year at the annual general meeting. Hence every director of the Company is subject to retirement by rotation at least once every three years and the terms of appointment of the Non-executive Directors are limited accordingly.

Board Composition and Board Practices

The Board of Directors (the "Board") of the Company is composed of 10 Directors, of which 2 are Executive Directors including the Executive Chairman, 5 are Non-executive Directors and 3 are Independent Non-executive Directors. All the Independent Non-executive Directors have appropriate professional qualifications, experience, or related industrial expertise. The Directors biography and relevant relationships amongst them are set out in the Biographical Details of Directors section on pages 26 to 27 of this Annual Report.

Review will be made regularly on the Board to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Company and its subsidiaries (the "Group"). Also, a balanced composition of Executive Directors and Non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the Listing Rules in having one of the Independent Non-executive Directors with appropriate accounting qualifications and expertise to sit in the Audit Committee.

Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 and Appendix 16 (12B) of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company considers that all Independent Non-executive Directors to be independent.

When selecting potential candidates for directors, skills, experience, expertise, his devotion of time, conflicts of interests are key factors for consideration. The Nomination Committee was set up on 19 March 2009 to make recommendation to the Board on the selection and nomination of candidates for directorship.

The Board is accountable to shareholders and is responsible for the formulation of the Group's strategy, overseeing the management of the business and affairs of the Group.

The roles of the Executive Chairman and the Chief Executive Officer of the Company are separate with division of duties and responsibilities to ensure a balance of power and authority. Key and important decisions are fully discussed at the board meetings. All Directors are fully consulted about any matters proposed for inclusion in board meeting agenda. The Executive Chairman delegates the responsibility for drawing up the agenda for each board meeting to the Company Secretary. With the support of the Chief Executive Officer and the Company Secretary, the Executive Chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and receive adequate and reliable information in a timely manner.

Board Composition and Board Practices (Continued)

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the Executive Directors and the Chief Executive Officer. They report periodically to the Board their work and business decisions.

The Board meets regularly and held 5 full board meetings in 2010/11

	Attendance
Executive Chairman	
Yum Chak Ming, Matthew	5/5
Executive Director	
Sung Chee Keung	5/5
Non-executive Directors	
Ho Chi Kit	5/5
Lam Tsz-Wang, Alvin	5/5
Mak Lok Qun, Denise	3/5
Peter Martin Springford	5/5
Yam Ho Ming, Michael	5/5
Independent Non-executive Directors	
Lo Chi Hong	3/5
Luk Koon Hoo	5/5
Yap, Alfred Donald	4/5

Notice of at least fourteen days are given to the Directors for regular meetings, while Board papers are sent to the Directors not less than three days before the intended date of a board or board committee meeting. The Directors can attend meetings in persons or through other means of electronic communication. The Company Secretary ensures that the procedure and all applicable rules and regulations are strictly and fully complied with. Minutes of board meetings and board committee meetings are kept by the Company Secretary and are available for inspection at any reasonable time on reasonable notice by any Directors.

Directors have full access to information on the Group and are able to obtain independent professional advice whenever necessary.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules. The Executive Chairman or the Chairman of the Audit Committee are persons to be notified for securities dealings by Directors and a designated form is used for notification and acknowledgement purpose.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the year ended 31 March 2011.

Internal Control

The Company places great importance on internal control and risk management to safeguard the assets of the Company and the interests of shareholders. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. The Audit Committee reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed through the assistance of the Company's Internal Audit Department.

The Company's Internal Audit Department assesses risk exposure, formulates audit plan and ensures the audit programs cover key internal control areas of operating subsidiaries on a rotational basis for the review by the Audit Committee. Special review may also be performed on areas of concern identified by management or the Audit Committee from time to time.

The Internal Audit Department monitors the internal control procedures and systems of the Group and reports its findings and recommendations to management of the Company and the Audit Committee. The department also monitors the follow-up actions agreed upon in response to its recommendations and reports to the Audit Committee the progress of implementation of those recommendations.

With the assistance of the Audit Committee and the Company's Internal Audit Department, the Board is satisfied with the overall financial, operational and compliance controls, and that risk management of the Group continues to be effective.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors ensure the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 37 to 38 of this Annual Report.

Auditor's Remuneration

For the year ended 31 March 2011, PricewaterhouseCoopers, auditor of the Company will receive HK$1,800,000 for their audit service. Non-audit service which covered taxation service provided to the Group was HK$185,000 in FY2010/11.

Remuneration Committee

The Remuneration Committee was set up on 29 August 2005 with specific terms of reference and is comprised of three Independent Non-executive Directors and one Non-executive Director. They are respectively Mr. Alfred Donald Yap (Committee Chairman), Mr. Luk Koon Hoo, Mr. Lo Chi Hong and Mr. Lam Tsz-Wang, Alvin. The Committee met twice in 2010/11 with a 100% attendance by all the Committee members.

The policy and structure for all remuneration of Executive Directors and the Senior Management were reviewed by the Committee. Remuneration, including basic salary, performance bonus, long term incentive plan of the Executive Directors and Senior Management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance and profitability. Annual salary adjustment and profit linked performance bonus are subject to review and approval by the Committee.

On 21 December 2009, the Committee recommended to the Board the adoption of the Restricted Share Award Scheme as a share-based incentive scheme to attract, motivate and retain employees and tie their interest for the long-term growth of the Company.

Executive Directors are not eligible for additional remuneration of director fee for Board activities and director fee of Non-executive Directors is subject to annual review for shareholders' approval at the annual general meeting. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at board meetings and committee meetings.

Nomination Committee

The nomination committee was set up on 19 March 2009 with specific terms of reference. It comprises of four members, an Independent Non-executive Director, Mr. Luk Koon Hoo (Committee Chairman), two Non-executive Directors, Mr. Peter Martin Springford and Mr. Ho Chi Kit, and the Executive Chairman, Mr. Yum Chak Ming, Matthew. The Committee is responsible for making recommendation to the Board for selection and nomination of directors, and the succession planning of directors and senior management. The Committee also reviews the size, structure and composition of the Board and assesses the independence of Non-executive Directors.

The Committee met once in FY2010/11 with a 100% attendance by all Committee members. With the change of the role of the prior non-executive Chairman, the Committee recommended to the Board the appointment of the Executive Chairman and the Chief Executive Officer with the appropriate experience, skill and knowledge to take effect on 1 September 2010.

Audit Committee

The Audit Committee comprises of three Independent Non-executive Directors and one Non-executive Director. They are respectively Mr. Luk Koon Hoo (Committee Chairman), Mr. Alfred Donald Yap, Mr. Lo Chi Hong and Mr. Peter Martin Springford. The Committee held four meetings in 2010/11 and the attendance record were:

	Attendance
Luk Koon Hoo	4/4
Peter Martin Springford	4/4
Lo Chi Hong	3/4
Yap, Alfred Donald	4/4

During the year the work performed by the Committee included:

– discussed and reviewed with auditors the financial statements for FY2010/11, their audit results and communication report focusing on change of accounting polices and practices, significant audit adjustments, and compliance with accounting standards and listing rules requirement.

– discussed and reviewed with auditors and management the accounting principles and practices adopted by the Company, the auditing, internal controls and financial reporting matters in preparation of the Company's unaudited financial statements for the six months ended 30 September 2010.

– discussed and reviewed with the auditors the scope of their audit, their audit plan, their risk assessment and control environment of the Company, accounting standards and listing rules amendments affecting the Company in FY2010/11.

– discussed and reviewed the revised terms of reference of the Audit Committee in accordance with the code provision of the listing rules and recommended to the board for approval and adoption.

– reviewed the audit plan and significant audit findings of the Internal Audit Department with management at all committee meetings.

– reviewed and received report from management on implementation of recommendation of the Internal Audit Department.

The Committee is satisfied with the findings of their review, and with the works of the auditor and results of their audits and recommends to the Board the re-appointment of PricewaterhouseCoopers as auditor of the Company in FY2011/12 at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone: (852) 2289 8888
Facsimile: (852) 2810 9888
www.pwchk.com

To the shareholders of Hung Hing Printing Group Limited
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hung Hing Printing Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 132, which comprise the consolidated and company statements of financial position as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 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 and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance 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.

Auditor's Responsibility (Continued)

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 judgment, 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 31 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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Note	**2011 HK$'000**	2010 HK$'000
Continuing operations			
Revenue	5	**2,764,789**	2,397,850
Cost of sales	6	**(2,286,491)**	(1,894,244)
Gross profit		**478,298**	503,606
Other income and gains	5	**41,140**	16,964
Gain on deemed disposal of associates	35	**52,178**	–
Distribution costs		**(73,933)**	(60,728)
Administrative and selling expenses	6	**(265,449)**	(243,422)
Other expenses	6	**(9,168)**	(11,901)
Operating profit		**223,066**	204,519
Finance costs	7	**(10,341)**	(11,411)
Share of losses of associates	21	**(15,616)**	(2,639)
Profit before income tax		**197,109**	190,469
Income tax expense	10	**(37,053)**	(24,890)
Profit for the year from continuing operations		**160,056**	165,579
Discontinued operations			
Profit for the year from discontinued operations	11	**–**	19,117
Profit for the year		**160,056**	184,696
Profit attributable to:			
Equity holders of the Company			
Continuing operations		**156,493**	148,169
Discontinued operations		**–**	18,435
		156,493	166,604
Non-controlling interests			
Continuing operations		**3,563**	17,410
Discontinued operations		**–**	682
		3,563	18,092
		160,056	184,696

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

	Note	2011 HK cents	2010 HK cents
Earnings per share for profit from continuing and discontinued operations attributable to the equity holders of the Company	13		
Basic			
From continuing operations		**17.3**	16.2
From discontinued operations		**–**	2.0
		17.3	18.2
Diluted			
From continuing operations		**17.2**	16.1
From discontinued operations		**–**	2.0
		17.2	18.1

	Note	2011 HK$'000	2010 HK$'000
Dividends	14	**245,123**	209,512

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**160,056**	184,696
Other comprehensive income:		
Cash flow hedges, net of tax	**(293)**	(1,198)
Currency translation differences	**44,038**	6,989
Fair value gain on intangible assets	**–**	658
Fair value gain on available-for-sale financial assets (Note 18)	**17**	1,123
Impairment of available-for-sale financial assets	**–**	199
Other comprehensive income for the year, net of tax	**43,762**	7,771
Total comprehensive income for the year	**203,818**	192,467
Total comprehensive income for the year attributable to:		
Equity holders of the Company		
Continuing operations	**193,769**	152,481
Discontinued operations	**–**	19,800
	193,769	172,281
Non-controlling interests		
Continuing operations	**10,049**	18,549
Discontinued operations	**–**	1,637
	10,049	20,186
Total comprehensive income for the year	**203,818**	192,467

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2011

	Note	**31 March 2011 HK$'000**	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	15	**1,330,903**	1,304,175	1,362,602
Land use rights	16	**110,951**	112,328	147,859
Intangible assets	17	**9,405**	8,698	5,231
Available-for-sale financial assets	18	**8,653**	8,490	7,367
Properties under construction	19	**35,255**	249	35,994
Interests in associates	21	**54,018**	21,638	–
Derivative financial instruments	25	**–**	193	–
Deferred income tax assets	30	**10,926**	11,429	4,348
Deposits paid for acquisition of property, plant and equipment		**8,492**	–	–
Total non-current assets		**1,568,603**	1,467,200	1,563,401
Current assets				
Inventories	22	**682,574**	656,162	503,957
Trade and bills receivables	23	**558,893**	524,762	538,295
Prepayments, deposits and other receivables	24	**34,869**	48,137	40,793
Derivative financial instruments	25	**1,844**	1,492	3,691
Amounts due from associates	36(b)	**4,524**	15,383	504
Tax recoverable		**6,099**	1,052	11,577
Pledged time deposits	26	**94,573**	–	115,628
Cash and cash equivalents	26	**692,940**	1,108,778	1,310,268
Total current assets		**2,076,316**	2,355,766	2,524,713
Total assets		**3,644,919**	3,822,966	4,088,114
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	31	**90,787**	91,158	92,428
Reserves	32(a)	**2,537,564**	2,594,941	2,689,259
Proposed final and special dividends	14	**45,393**	172,989	92,428
		2,673,744	2,859,088	2,874,115
Non-controlling interests		**138,427**	128,378	218,958
Total equity		**2,812,171**	2,987,466	3,093,073

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

	Note	**31 March 2011 HK$'000**	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
Non-current liabilities				
Derivative financial instruments	25	**–**	233	–
Borrowings	29	**10,714**	–	60,000
Deferred income tax liabilities	30	**46,117**	40,654	39,797
Total non-current liabilities		**56,831**	40,887	99,797
Current liabilities				
Trade and bills payables	27	**204,467**	166,580	128,434
Current income tax liabilities		**23,986**	24,971	23,417
Other payables and accrued liabilities	28	**142,154**	168,859	123,557
Derivative financial instruments	25	**823**	9,111	6,858
Amount due to an associate	36(b)	**4,489**	–	–
Borrowings	29	**399,998**	425,092	612,978
Total current liabilities		**775,917**	794,613	895,244
Total liabilities		**832,748**	835,500	995,041
Total equity and liabilities		**3,644,919**	3,822,966	4,088,114
Net current assets		**1,300,399**	1,561,153	1,629,469
Total assets less current liabilities		**2,869,002**	3,028,353	3,192,870

The financial statements on pages 39 to 132 were approved by the Board of Directors of the Company on 28 June 2011 and were signed on its behalf.

Yum Chak Ming, Matthew
Director

Sung Chee Keung
Director

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Note	**2011 HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment	15	**43**	197
Land use rights	16	**8,760**	9,319
Available-for-sale financial assets	18	**566**	420
Interests in subsidiaries	20	**279,969**	279,969
Interests in associates	21	**13,338**	13,338
Total non-current assets		**302,676**	303,243
Current assets			
Prepayments, deposits and other receivables	24	**396**	12,233
Derivative financial instruments	25	**425**	–
Amounts due from subsidiaries	36(a)	**1,852,104**	1,082,528
Cash and cash equivalents	26	**57,653**	669,675
Total current assets		**1,910,578**	1,764,436
Total assets		**2,213,254**	2,067,679
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	31	**90,787**	91,158
Reserves	32(b)	**2,012,021**	1,790,256
Proposed final and special dividends	14	**45,393**	172,989
Total equity		**2,148,201**	2,054,403

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

	Note	2011 HK$'000	2010 HK$'000
Current liabilities			
Other payables and accrued liabilities	28	**7,766**	12,446
Derivative financial instruments	25	**–**	830
Amount due to a subsidiary	36(a)	**57,287**	–
Total liabilities		**65,053**	13,276
Total equity and liabilities		**2,213,254**	2,067,679
Net current assets		**1,845,525**	1,751,160
Total assets less current liabilities		**2,148,201**	2,054,403

The financial statements on pages 39 to 132 were approved by the Board of Directors of the Company on 28 June 2011 and were signed on its behalf.

Yum Chak Ming, Matthew
Director

Sung Chee Keung
Director

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	Note	Attributable to equity holders of the Company												Non-controlling interests HK$'000	Total equity HK$'000
		Share capital HK$'000	Share premium HK$'000	Other capital reserves HK$'000	Hedging reserve HK$'000	Intangible asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Legal reserves (Note 32(a)(ii)) HK$'000	Exchange fluctuation reserve HK$'000	Equity compensation reserve HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000		
At 1 April 2009		92,428	1,559,461	152	(5,727)	3,742	(1,418)	111,984	111,949	–	909,116	92,428	2,874,115	218,958	3,093,073
Comprehensive income															
Profit for the year		–	–	–	–	–	–	–	–	–	166,604	–	166,604	18,092	184,696
Other comprehensive income/(loss)															
Cash flow hedges, net of tax		–	–	–	(1,198)	–	–	–	–	–	–	–	(1,198)	–	(1,198)
Gain on revaluation		–	–	–	–	658	1,123	–	–	–	–	–	1,781	–	1,781
Impairment loss		–	–	–	–	–	199	–	–	–	–	–	199	–	199
Currency translation differences		–	–	–	–	–	–	–	4,895	–	–	–	4,895	2,094	6,989
Total other comprehensive income/(loss)		–	–	–	(1,198)	658	1,322	–	4,895	–	–	–	5,677	2,094	7,771
Total comprehensive income/(loss)		–	–	–	(1,198)	658	1,322	–	4,895	–	166,604	–	172,281	20,186	192,467
Transactions with owners															
Final 2009 dividend declared		–	–	–	–	–	–	–	–	–	–	(92,198)	(92,198)	–	(92,198)
Share repurchased and cancelled	31	(1,270)	–	1,270	–	–	–	–	–	–	(27,083)	–	(27,083)	–	(27,083)
Purchase of shares for restricted share award scheme	33	–	–	(7,910)	–	–	–	–	–	–	–	–	(7,910)	–	(7,910)
Equity compensation expenses	33	–	–	–	–	–	–	–	–	3,303	–	–	3,303	–	3,303
Reduction in final 2009 dividend due to repurchase of shares		–	–	–	–	–	–	–	–	–	230	(230)	–	–	–
Allocation to legal reserve		–	–	–	–	–	–	6,240	–	–	(6,240)	–	–	–	–
Interim 2010 dividend	14	–	–	–	–	–	–	–	–	–	(36,523)	–	(36,523)	–	(36,523)
Proposed final 2010 dividend	14	–	–	–	–	–	–	–	–	–	(91,047)	91,047	–	–	–
Proposed special final 2010 dividend	14	–	–	–	–	–	–	–	–	–	(81,942)	81,942	–	–	–
Acquisition of additional interests in subsidiaries	34	–	–	–	–	–	–	–	–	–	–	–	–	(66,142)	(66,142)
Partial disposal of subsidiaries	34	–	–	–	–	–	–	(3,499)	(26,897)	–	3,499	–	(26,897)	(27,815)	(54,712)
Contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	–	2,954	2,954
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	–	(19,763)	(19,763)
Total transactions with owners		(1,270)	–	(6,640)	–	–	–	2,741	(26,897)	3,303	(239,106)	80,561	(187,308)	(110,766)	(298,074)
At 31 March 2010		91,158	1,559,461	(6,488)	(6,925)	4,400	(96)	114,725	89,947	3,303	836,614	172,989	2,859,088	128,378	2,987,466

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

	Note	Share capital HK$'000	Share premium HK$'000	Other capital reserves HK$'000	Hedging reserve HK$'000	Intangible asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Legal reserves (Note 32(a)(ii)) HK$'000	Exchange fluctuation reserve HK$'000	Equity compensation reserve HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to equity holders of the Company													
At 1 April 2010		91,158	1,559,461	(6,488)	(6,925)	4,400	(96)	114,725	89,947	3,303	836,614	172,989	2,859,088	128,378	2,987,466
Comprehensive income															
Profit for the year		-	-	-	-	-	-	-	-	-	156,493	-	156,493	3,563	160,056
Other comprehensive income/(loss)															
Cash flow hedges, net of tax		-	-	-	(293)	-	-	-	-	-	-	-	(293)	-	(293)
Gain on revaluation		-	-	-	-	-	17	-	-	-	-	-	17	-	17
Currency translation differences		-	-	-	-	-	-	-	37,552	-	-	-	37,552	6,486	44,038
Total other comprehensive income/(loss)		-	-	-	(293)	-	17	-	37,552	-	-	-	37,276	6,486	43,762
Total comprehensive income/(loss)		-	-	-	(293)	-	17	-	37,552	-	156,493	-	193,769	10,049	203,818
Transactions with owners															
Final 2010 dividend declared	14	-	-	-	-	-	-	-	-	-	-	(172,831)	(172,831)	-	(172,831)
Share repurchased and cancelled	31	(371)	-	371	-	-	-	-	-	-	(8,842)	-	(8,842)	-	(8,842)
Purchase of shares for restricted share award scheme	33	-	-	(1,237)	-	-	-	-	-	-	-	-	(1,237)	-	(1,237)
Equity compensation expenses	33	-	-	-	-	-	-	-	-	7,324	-	-	7,324	-	7,324
Forfeiture of share awarded	33	-	-	-	-	-	-	-	-	(328)	328	-	-	-	-
Reduction in final 2010 dividend due to repurchase of shares	14	-	-	-	-	-	-	-	-	-	158	(158)	-	-	-
Allocation to legal reserve		-	-	-	-	-	-	5,531	-	-	(5,531)	-	-	-	-
Recycle upon maturity		-	-	-	6,933	-	-	-	-	-	-	-	6,933	-	6,933
Interim 2011 dividend	14	-	-	-	-	-	-	-	-	-	(45,393)	-	(45,393)	-	(45,393)
Special interim 2011 dividend	14	-	-	-	-	-	-	-	-	-	(154,337)	-	(154,337)	-	(154,337)
Proposed final 2011 dividend	14	-	-	-	-	-	-	-	-	-	(45,393)	45,393	-	-	-
Realisation of reserves upon deemed disposal of partial interests in associates	35	-	-	-	-	-	-	(1,557)	(10,730)	-	1,557	-	(10,730)	-	(10,730)
Total transactions with owners		(371)	-	(866)	6,933	-	-	3,974	(10,730)	6,996	(257,453)	(127,596)	(379,113)	-	(379,113)
At 31 March 2011		90,787	1,559,461	(7,354)	(285)	4,400	(79)	118,699	116,769	10,299	735,654	45,393	2,673,744	138,427	2,812,171

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	38	**288,678**	135,645
Hong Kong profit tax paid		**(19,320)**	(10,274)
Mainland China tax paid		**(19,269)**	(10,427)
Net cash inflow from operating activities		**250,089**	114,944
Cash flows from investing activities			
Proceeds from disposals of intangible assets		**897**	400
Settlement of derivative financial instruments		**4,003**	3,892
Interest received		**7,303**	10,459
Dividend received from available-for-sale financial assets	5	**347**	347
Acquisition of additional interests in subsidiaries		**–**	(27,055)
Purchases of property, plant and equipment	15	**(89,068)**	(42,470)
Purchases of software	17	**(1,913)**	(2,152)
Additions to properties under construction	19	**(65,667)**	(21,128)
Deposits paid for acquisition of property, plant and equipment		**(8,492)**	–
Capital injection in an associate	21	**–**	(1,554)
Cash and cash equivalents sold on partial disposal of subsidiaries		**–**	(29,771)
Net payment of consideration payable in relation to the acquisition and disposal in prior year		**(30,405)**	–
Proceeds from disposals of property, plant and equipment		**7,363**	11,042
Increase in time deposits with original maturity over three months		**–**	(1)
(Increase)/decrease in pledged time deposits		**(94,573)**	103,969
Net cash (outflow)/inflow from investing activities		**(270,205)**	5,978

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

	Note	2011 HK$'000	2010 HK$'000
Cash flows from financing activities			
Purchase of shares for shares award scheme	33	**(1,237)**	(7,910)
Repurchases of shares	31	**(8,842)**	(27,083)
Dividends paid		**(372,561)**	(128,721)
Dividends paid to non-controlling shareholders		**–**	(19,763)
Proceeds from borrowings		**160,290**	133,340
Repayments of borrowings		**(174,670)**	(257,187)
Contributions from non-controlling shareholders		**–**	2,954
Interest paid		**(10,937)**	(19,162)
Net cash outflow from financing activities		**(407,957)**	(323,532)
Net decrease in cash and cash equivalents		**(428,073)**	(202,610)
Cash and cash equivalents at beginning of year		**1,108,778**	1,309,770
Effect of foreign exchange rate changes, net		**12,235**	1,618
Cash and cash equivalents at end of year		**692,940**	1,108,778
Analysis of balances of cash and cash equivalents			
Cash and bank balances	26	**367,977**	620,005
Time deposits with original maturity of less than three months when acquired		**324,963**	488,773
		692,940	1,108,778

The notes on pages 50 to 132 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Hung Hing Printing Group Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries are collectively referred to as the "Group". The Group is engaged in the following principal activities:

- Book and packaging printing;
- Consumer product packaging;
- Corrugated cartons; and
- Trading of paper.

These consolidated financial statements are presented in thousands of HK dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 June 2011.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, and modified by the revaluation of derivative financial instruments, available-for-sale financial assets and intangible assets which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1 Basis of preparation (Continued)

(a) Adoption of new/revised HKFRSs for the first time for the financial year beginning 1 April 2010

The Group has adopted the following new/revised standards and interpretations:

HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and separate financial statements ("HKAS 27")
HKAS 36 (Amendment)	Impairment of assets
HKAS 39 (Amendment)	Eligible hedged items
HK-Int 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause
HK(IFRIC) – Int 9	Reassessment of embedded derivatives
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners
HK(IFRIC) – Int 18	Transfers of assets from customers
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HKFRS 5	Non-current assets held for sale and discontinued operations

Various improvements to HKFRSs published by the HKICPA in May 2009.

Apart from the effects of adopting Hong Kong Interpretation 5 "Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause" ("Hong Kong Interpretation 5") as stated below, the adoption of these new/revised standards and interpretations has no significant impact on the Group's financial statements.

i. Hong Kong Interpretation 5

In November 2010 the HKICPA issued Hong Kong Interpretation 5. The Interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 "Presentation of financial statements" ("HKAS 1"). It 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 shall be classified as a current liability in accordance with HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of Hong Kong Interpretation 5, the Group has changed its accounting policy on the 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 statement of financial position. 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.

2.1 Basis of preparation (Continued)

(a) Adoption of new/revised HKFRSs for the first time for the financial year beginning 1 April 2010 (Continued)

i. Hong Kong Interpretation 5 (Continued)

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1 April 2009, with consequential reclassification adjustments to comparatives for the year ended 31 March 2010. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

Effect of adoption of Hong Kong Interpretation 5 on the consolidated statement of financial position is as follows:

	At 31 March 2011 HK$'000	At 31 March 2010 HK$'000	At 1 April 2009 HK$'000
Decrease in non-current liabilities			
Borrowings	**(42,949)**	(185,898)	(275,825)
Increase in current liabilities			
Borrowings	**42,949**	185,898	275,825

As a result of the above retrospective reclassification, an additional consolidated statement of financial position as at 1 April 2009 is presented in accordance with the requirements of HKAS 1.

ii. HKAS 17 (Amendment), "Leases" ("HKAS 17 amendment")

HKAS 17 (amendment) deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

Prior to the HKAS 17 (amendment), the Group's leasehold land in Hong Kong was classified as an operating lease and accounted for as land use right in the consolidated financial statement. The Group has reassessed the classification of the unexpired leasehold land in Hong Kong as at 1 April 2010 on the basis of information existing at the inception of the lease, and concluded that no reclassification as a finance lease is required. The adoption of HKAS 17 (amendment) does not have any impact on the consolidated financial statements.

2.1 Basis of preparation (Continued)

(b) The following new/revised HKFRSs have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted:

HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HKFRS 9	Financial instruments
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

Various improvements to HKFRSs published by the HKICPA in May 2010.

The Group has already commenced an assessment of the impact of the above new/revised HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a significant impact to its results of operations and financial position.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income (Note 2.7).

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the interests in subsidiaries are accounted for at cost less provision for impairment losses (Note 2.8). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to income statement where appropriate.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Interests in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's interests in associates include goodwill identified on acquisition, net of any accumulated impairment loss (Note 2.8).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2.2 Consolidation (Continued)

(c) Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in interests in associates are recognised in the income statement.

In the Company's statement of financial position, the interests in associates are stated at cost less provision for impairment losses (Note 2.8). The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management committee.

2.4 Functional currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK dollars (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale financial assets are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in income statement, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in statement of comprehensive income.

2.4 Functional currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are recognised in other comprehensive income. When a foreign operation is sold or partially disposed of, such exchange differences that were recorded in other comprehensive income are recognised in the consolidated income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2.5 Property, plant and equipment (Continued)

Depreciation is provided to allocate their costs or their residual values over their estimated useful lives. The principal annual rates and bases used are as follows:

Buildings situated in Hong Kong	Over the shorter of the useful lives of the assets or lease terms of the associated land use rights
Buildings situated in the PRC	Over the shorter of the lease terms of the associated land use rights and useful lives which is 2.5-10% on the straight-line basis
Plant and machinery	10-20% on the reducing balance basis
Motor vehicles	30% on the reducing balance basis
Furniture, fixtures and equipment	20-30% on the reducing balance basis

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "other income and gains, net" in the consolidated income statement.

Properties under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the construction and comprises construction costs and applicable borrowing costs incurred during the construction period. On completion, the construction in progress is transferred to other categories within property, plant and equipment.

No depreciation is provided for properties under construction. The carrying amount of properties under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

2.6 Land use rights

Land use rights are up-front payments to acquire long-term interest in leasehold land, which are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land from the date when the respective rights were granted. Amortisation of land use rights is calculated on a straight-line basis over the period of the lease and is recognised in the consolidated income statement within administrative and selling expenses.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly attributable to acquisition of software products are recognised as intangible assets. Computer software recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

(c) Club debentures

Club debentures are initially recognised at cost, subsequently at revaluation and amortised over their estimated useful lives of ten years. Gain or loss on disposals are determined by comparing the proceeds with the carrying amount are recognised in "other income and gains, net" in the consolidated income statement.

Club debentures that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the interests in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if it is expected to be settled within 12 months; otherwise, they are classified as non-current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and bills receivables", "other receivables", "amounts due from associates", "pledged time deposits" and "cash and cash equivalents" in the statement of financial position (Notes 2.13 and 2.14).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the end of the reporting period.

An unquoted equity instrument classified as available-for-sale financial assets whose fair value cannot be reliably measured, is carried at cost.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are separately presented in the consolidated income statement in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in other comprehensive income.

2.9 Financial assets (Continued)

2.9.2 Recognition and measurement (Continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2.9.3 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio;

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.9 Financial assets (Continued)

2.9.3 Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in consolidated income statement, the impairment loss is reversed through the consolidated income statement.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 25. Movements on the hedging reserve in shareholders' equity are shown in consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2.11 Derivative financial instruments and hedging activities (Continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately and presented separately in the income statement.

Amounts accumulated in equity are reclassified to income statement in the periods when the hedged item affects income statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within "finance costs". The gain or loss relating to the ineffective portion is recognised and presented separately in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within "other income and gains, net".

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Current and deferred income tax (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(i) Employee leave entitlements

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(ii) Pension obligations

The Group operates a defined contribution staff retirement scheme (the "Scheme") for certain of its employees, the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Scheme. When an employee leaves the Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

2.19 Employee benefits (Continued)

(ii) Pension obligations (Continued)

The Group also operates another defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF Scheme are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Employees who joined the Group before 1 December 2000 have the option to join either one of the schemes. Employees who joined the Group on or after 1 December 2000 are only eligible to join the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

The Group has no further payment obligations once the contributions have been paid for these schemes.

(iii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.20 Share-based payments

The Group operates an equity-settled, share-based compensation plan (the "Share Award Scheme"), under which the entity receives services from employees as consideration for equity instruments (shares) of the Company. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

2.20 Share-based payments (Continued)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Under the Share Award Scheme, directors and employees of the Group are entitled to receive shares of the Company. The shares are held in trust by Law Debenture Trust (Asia) Limited (the "Trustee") for the benefit of the directors and employees. The Trustee may be instructed to buy shares from the market using the funds held by the Trustee. Details of outstanding shares can be referred to Note 33.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2.22 Revenue recognition (Continued)

(a) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customers. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.23 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are expensed as incurred.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board of Directors.

3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimate of useful lives of property, plant and equipment

The Group has significant property, plant and equipment. The Group determines the estimated useful lives and residual values in order to ascertain the amount of depreciation charges for each reporting period. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives or residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Provision for impairment of inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

(c) Provision for impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market conditions. Management reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

3 Critical accounting estimates and judgments (Continued)

(d) Income taxes

The Group is subject to income tax in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(e) Fair value estimation of derivative financial instruments and available-for-sale financial assets

The fair value of derivative financial instruments and available-for-sale financial assets which are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the issue date and each subsequent end of the reporting period. The valuation model requires the input of both observable and unobservable data. Changes in these unobservable and subjective input assumptions can materially affect the fair value estimate of derivative financial instruments and available-for-sale financial assets.

(f) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The Group reviews for impairment of the intangible assets and property, plant and equipment in accordance with the accounting policy stated in Note 2.8.

The recoverable amount of the property, plant and equipment has been determined based on value-in-use calculation. These calculations require the use of estimates based on the Group's best estimate of the expected cash inflow generated from the use of property, plant and equipment throughout their useful lives.

Adjustments will be made if the actual performance differs from the original estimates.

4 Segment information

The management committee (being the chief operating decision-maker) has determined the operating segments based on the reports reviewed by the management committee. The management committee, comprising the executive chairman, the chief executive officer and other senior management, that are used to make strategic decisions and assess performance.

Management has determined the operating segments based on these reports. The Group is organised into four business segments:

(a) Book and Package Printing segment;

(b) Consumer Product Packaging segment;

(c) Corrugated Box segment; and

(d) Paper Trading segment.

In prior year, upon the completion of the partial disposal of the subsidiaries engaged in the paper manufacturing business in February 2010 (Note 11), the paper manufacturing segment was presented as discontinued operations. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Revenue is allocated based on the places/countries in which the customers are located.

Management assesses the performance of the operating segments based on a measure of gross profit less distribution costs, administrative and selling expenses, and other expenses that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at arm's length.

4 Segment information (Continued)

Business segments

The following tables present revenue, results and certain assets, liabilities and capital expenditure information for the Group's business segments for the years ended 31 March 2011 and 2010.

	Continuing Operations												Discontinued Operations	
	Book and Package Printing		Consumer Product Packaging		Corrugated Box		Paper Trading		Eliminations		Total Continuing Operations		Paper Manufacturing	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue														
Sales to external customers	**1,452,115**	1,178,290	**706,408**	621,178	**290,300**	255,727	**315,966**	342,655	**-**	-	**2,764,789**	2,397,850	**-**	380,750
Intersegment sales	**4,102**	23,744	**7,033**	14,256	**102,039**	78,258	**391,318**	396,706	**(504,492)**	(512,964)	**-**	-	**-**	65,555
Total	**1,456,217**	1,202,034	**713,441**	635,434	**392,339**	333,985	**707,284**	739,361	**(504,492)**	(512,964)	**2,764,789**	2,397,850	**-**	446,305
Segment results	**90,839**	119,304	**(1,481)**	39,367	**46,048**	33,868	**55,533**	45,408	**(1,299)**	(4,177)	**189,640**	233,770	**-**	8,136
Interest, dividend income and other gains											**14,195**	9,216	**-**	2,026
Corporate and unallocated expenses											**(32,947)**	(38,467)	**-**	-
											170,888	204,519	**-**	10,162
Gain on deemed disposal of associates											**52,178**	-	**-**	-
Gain on partial disposal of subsidiaries											**-**	-	**-**	17,460
Operating profit											**223,066**	204,519	**-**	27,622
Finance costs											**(10,341)**	(11,411)	**-**	(7,062)
Share of loss of an associate	**(2,858)**	(3,445)	**-**	-	**-**	-	**-**	-	**-**	-	**(2,858)**	(3,445)	**-**	-
Share of (loss)/profit of other associates											**(12,758)**	806	**-**	-
Profit before income tax											**197,109**	190,469	**-**	20,560
Income tax expense											**(37,053)**	(24,890)	**-**	(1,443)
Profit for the year											**160,056**	165,579	**-**	19,117

4 Segment information (Continued)

Business segments (Continued)

	Continuing Operations											
	Book and Package Printing		Consumer Product Packaging		Corrugated Box		Paper Trading		Unallocated		Total Continuing Operations	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets												
Property, plant and equipment	**666,367**	652,754	**513,261**	497,558	**118,695**	119,928	**32,536**	33,737	**44**	198	**1,330,903**	1,304,175
Land use rights	**48,581**	49,995	**39,263**	38,487	**6,117**	6,453	**16,990**	17,393	**-**	-	**110,951**	112,328
Properties under construction	**34,583**	94	**672**	155	**-**	-	**-**	-	**-**	-	**35,255**	249
Inventories	**264,817**	253,974	**163,435**	130,336	**47,077**	52,981	**207,245**	218,871	**-**	-	**682,574**	656,162
Trade and bills receivables	**290,363**	253,244	**138,205**	125,045	**58,888**	68,086	**71,437**	78,387	**-**	-	**558,893**	524,762
Liabilities												
Trade and bills payables	**45,068**	43,107	**91,751**	56,733	**30,174**	16,498	**37,474**	50,242	**-**	-	**204,467**	166,580
Capital expenditure	**115,211**	35,037	**31,487**	26,143	**8,209**	448	**1,741**	78	**-**	7	**156,648**	61,713

The analysis of the Group's revenue from external customers attributed to the locations in which the customers are located during the year consists of the following:

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Hong Kong	**903,045**	910,978
The PRC	**817,234**	617,487
Europe	**520,668**	415,688
United States of America	**365,396**	306,600
Others	**158,446**	147,097
	2,764,789	2,397,850
Discontinued operations – the PRC	**–**	380,750
	2,764,789	2,778,600

During the years ended 31 March 2011 and 2010, no single customer accounted for 10% or more of total revenue.

5 Revenue, other income and gains

The Group's revenue consists of the following:

	2011 HK$'000	2010 HK$'000
Revenue:		
Sale of goods	**2,764,789**	2,397,850
Other income and gains:		
Dividend income from available-for-sale financial assets	**347**	347
Bank interest income	**7,502**	8,074
Gain on disposal of intangible assets	**511**	240
Fair value gain on derivative financial instruments not qualified as hedges, net	**5,347**	116
Foreign exchange gain, net	**20,963**	2,709
Sundry income	**6,470**	5,478
	41,140	16,964

6 Expenses by nature

Expenses included in cost of sales, administrative and selling expenses, and other expenses are analysed as follows:

	Continuing operations		Discontinued operations		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Depreciation	**107,618**	110,300	**–**	3,382	**107,618**	113,682
Amortisation of land use rights	**3,183**	3,098	**–**	832	**3,183**	3,930
Amortisation of intangible assets	**827**	638	**–**	–	**827**	638
Auditor's remuneration	**1,800**	1,608	**–**	192	**1,800**	1,800
Employee benefit expense – excluding Directors' emoluments (Note 8)	**577,242**	471,628	**–**	32,702	**577,242**	504,330
Directors' emoluments (Note 9)	**10,069**	18,090	**–**	–	**10,069**	18,090
Operating lease charges in respect of land and buildings	**8,010**	6,825	**–**	–	**8,010**	6,825
Impairment of trade receivables (Note 23)	**3,979**	7,076	**–**	223	**3,979**	7,299
Write-down of inventories to net realisable value	**72**	4,229	**–**	273	**72**	4,502
Loss/(gain) on disposals of property, plant and equipment	**5,189**	4,443	**–**	(3)	**5,189**	4,440

7 Finance costs

	2011 HK$'000	2010 HK$'000
Interest on bank borrowings wholly repayable within five years	**10,341**	11,411

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 31 March 2011, the interest on bank borrowings which contained a repayment on demand clause amounted to HK$9,216,000 (2010: HK$11,411,000).

8 Employee benefit expense – excluding Directors' emoluments

	2011 HK$'000	2010 HK$'000
Salaries, allowance and benefits in kind	**540,966**	473,178
Retirement scheme contributions	**32,054**	28,921
Share-based payments	**4,222**	2,231
	577,242	504,330

9 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The aggregate amounts of emoluments paid by the Group to the directors of the Company during the year are as follows:

	2011 HK$'000	2010 HK$'000
Fees:		
Executive directors	**–**	–
Non-executive directors	**790**	589
Other emoluments:		
Executive directors:		
Salaries, allowances and benefits in kind	**5,963**	7,925
Retirement scheme contributions	**214**	214
Share-based payments	**3,102**	1,072
Discretionary bonus	**–**	8,290
	10,069	18,090

9 Emoluments for directors and five highest paid individuals (Continued)

(a) Directors' emoluments (Continued)

The emoluments of each director of the Company during the year are as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Discretionary bonus HK$'000	Total HK$'000
2011						
Executive directors:						
Yum Chak Ming, Matthew	–	4,369	202	2,273	–	6,844
Sung Chee Keung	–	1,594	12	829	–	2,435
	–	5,963	214	3,102	–	9,279
Non-executive directors:						
Peter Martin Springford	100	–	–	–	–	100
Yam Ho Ming, Michael	240	–	–	–	–	240
Ho Chi Kit	–	–	–	–	–	–
Lam Tsz-Wang, Alvin	–	–	–	–	–	–
Mak Lok Qun, Denise	–	–	–	–	–	–
	340	–	–	–	–	340
Independent non-executive directors:						
Yap, Alfred Donald	150	–	–	–	–	150
Luk Koon Hoo	150	–	–	–	–	150
Lo Chi Hong	150	–	–	–	–	150
	450	–	–	–	–	450

9 Emoluments for directors and five highest paid individuals (Continued)

(a) Directors' emoluments (Continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Share-based payments HK$'000	Discretionary bonus HK$'000	Total HK$'000
2010						
Executive directors:						
Yum Chak Ming, Matthew	–	4,369	202	785	3,488	8,844
Yam Ho Ming, Michael	–	1,962	–	–	1,644	3,606
Sung Chee Keung	–	1,594	12	287	3,158	5,051
	–	7,925	214	1,072	8,290	17,501
Non-executive directors:						
Peter Martin Springford	100	–	–	–	–	100
David Murray Lonie	39	–	–	–	–	39
Ho Chi Kit	–	–	–	–	–	–
Lam Tsz-Wang, Alvin	–	–	–	–	–	–
Mak Lok Qun, Denise	–	–	–	–	–	–
	139	–	–	–	–	139
Independent non-executive directors:						
Yip Yu Bun	59	–	–	–	–	59
Yap, Alfred Donald	150	–	–	–	–	150
Luk Koon Hoo	150	–	–	–	–	150
Lo Chi Hong	91	–	–	–	–	91
	450	–	–	–	–	450

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or as compensation for loss of office. No director waived or has agreed to waive any emoluments.

9 Emoluments for directors and five highest paid individuals (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included two (2010: three) executive directors. Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: two) individuals during the year are as follows:

	2011 **HK$'000**	2010 HK$'000
Salaries, allowances and benefits in kind	**6,515**	4,398
Share-based payments	**2,417**	791
Retirement scheme contributions	**101**	89
Discretionary bonus	**–**	2,459
	9,033	7,737

The number of highest paid individuals whose emoluments fell within the following bands:

	Number of individuals	
	2011	2010
HK$2,000,001 – HK$2,500,000	**1**	–
HK$2,500,001 – HK$3,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**1**	–
HK$4,500,001 – HK$5,000,000	**–**	1
	3	2

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2011	2010
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**19,866**	14,345
– PRC corporate income tax	**12,691**	16,926
Total current tax	**32,557**	31,271
Deferred tax (Note 30)	**4,496**	(6,381)
Income tax expense	**37,053**	24,890

Reconciliation between tax expenses and profit before income tax from continuing operations at applicable tax rates:

	2011	2010
	HK$'000	HK$'000
Profit before income tax from continuing operations	**197,109**	190,469
Tax calculated at domestic tax rates applicable to profits in the respective countries	**37,867**	42,004
Effect of preferential tax rates*	**(3,084)**	(14,485)
Tax effect of share of results of associates	**2,577**	435
Income not subject to tax	**(9,702)**	(824)
Expenses not deductible for tax purpose	**5,086**	2,949
Utilisation of previously unrecognised tax losses	**(830)**	(6,728)
Tax losses for which no deferred income tax asset was recognised	**5,683**	1,444
Tax effect of temporary differences not recognised	**(544)**	–
Others	**–**	95
Tax charge at the Group's effective tax rate	**37,053**	24,890

* Under the PRC Corporate Income Tax ("CIT") law, enterprises are subject to CIT at the rate of 25% from 1 January 2008. Pursuant to the "Circular to implement of the Transitional Preferential Policies for the Enterprise Income Tax" issued by the State Council of the PRC on 26 December 2007, certain subsidiaries are subject to the preferential CIT rates from 18% to 24% from year 2008 to year 2011 and other subsidiaries are subject to the unified CIT rate of 25%.

Moreover, a subsidiary in the PRC enjoys tax concessions made available to High and New Technology Enterprises. Pursuant to the PRC CIT law concerning High and New Technology Enterprises, this subsidiary in the PRC is subject to a reduced preferential CIT rate of 15%.

10 Income tax expense (Continued)

The tax credit/(charge) relating to components of other comprehensive income as follows:

	2011		
	Before tax HK$'000	**Tax credit HK$'000**	**After tax HK$'000**
Fair value gains:			
– Intangible assets	**–**	**–**	**–**
– Available-for-sale financial assets	**17**	**–**	**17**
Cash flow hedges	**(351)**	**58**	**(293)**
Currency translation differences	**44,038**	**–**	**44,038**
Other comprehensive income	**43,704**	**58**	**43,762**

	2010		
	Before tax HK$'000	Tax charge HK$'000	After tax HK$'000
Fair value gains:			
– Intangible assets	658	–	658
– Available-for-sale financial assets	1,123	–	1,123
Cash flow hedges	(917)	(281)	(1,198)
Impairment of available-for-sale financial assets	199	–	199
Currency translation differences	6,989	–	6,989
Other comprehensive income	8,052	(281)	7,771

11 Discontinued operations

There was no discontinued operations for the year.

In prior year, the Group's paper manufacturing operation was discontinued following the disposal of 25% and 5% equity interests in each of the two subsidiaries, Zhongshan Ren Hing Paper Manufacturing Company Limited ("Ren Hing") and Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("Rengo") (collectively referred to as the "Paper Mill Entities"), for a total consideration of RMB8,333,000 (approximately HK$9,470,000) and RMB1,666,000 (approximately HK$1,894,000) to LeMonde Inc ("LeMonde") and Homegrace Consultants Limited (Homegrace"), respectively (Note 34).

As a result, the effective interest held by the Group in the Paper Mill Entities reduced from 58.84% to 30.94% and hence the Paper Mill Entities are accounted for as associates of the Company since February 2010, using the equity method of accounting and are initially recognised at the Group's share of net asset value. The remaining interest of 30.94% is included in "Interests in associates" on the consolidated statement of financial position as at 31 March 2010 and the Group's share of their results from the date of disposal are presented as "Share of losses of associates" in the consolidated income statement.

11 Discontinued operations (Continued)

This partial disposal resulted in a gain on partial disposal of subsidiaries of HK$17,460,000 (Note 34(b)).

The results pertaining to the paper manufacturing segment was presented as discontinued operations in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The results of the discontinued operations for the period from 1 April 2009 to the effective date of disposal, which have been included in the consolidated income statement, were as follows:

	2011 HK$'000	2010 HK$'000
Revenue	–	380,750
Cost of sales	–	(365,406)
Other income and gains – compensation from loss from fire	–	18,009
Other income and gains – others	–	2,804
Distribution costs	–	(5,462)
Administrative and selling expenses	–	(20,313)
Other expenses	–	(220)
Finance costs	–	(7,062)
Profit before income tax	–	3,100
Income tax expense	–	(1,443)
Profit for the period	–	1,657
Gain on partial disposal of subsidiaries (Note 34(b))	–	17,460
Profit from discontinued operations	–	19,117

During the year, the discontinued operations contributed no cash flow (2010: net cash outflow HK$33,637,000) to the Group.

	2011 HK$'000	2010 HK$'000
Cash flows from:		
Operating activities	–	(59,489)
Investing activities	–	(5,813)
Financing activities	–	31,665
Net cash outflow	–	(33,637)

12 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$468,284,000 (2010: HK$225,967,000).

13 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company (Note 31).

	2011 **HK$'000**	2010 HK$'000
Profit from continuing operations attributable to equity holders of the Company	**156,493**	148,169
Profit from discontinued operations attributable to equity holders of the Company	**–**	18,435
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	**905,395**	916,978
Basic earnings per share (HK cents per share)		
– Continuing operations	**17.3**	16.2
– Discontinued operations	**–**	2.0

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: shares repurchased for the purpose of share award scheme (Note 33). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the outstanding shares to be granted.

	2011 **HK$'000**	2010 HK$'000
Profit from continuing operations attributable to equity holders of the Company	**156,493**	148,169
Profit from discontinued operations attributable to equity holders of the Company	**–**	18,435
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	**909,521**	919,528
Diluted earnings per share (HK cents per share)		
– Continuing operations	**17.2**	16.1
– Discontinued operations	**–**	2.0

14 Dividends

	2011 HK$'000	2010 HK$'000
Interim dividend of HK5 cents (2010: HK4 cents) per ordinary share	**45,393**	36,523
Special interim dividend of HK17 cents (2010: nil) per ordinary share	**154,337**	–
	199,730	36,523
Proposed final dividend of HK5 cents (2010: HK10 cents) per ordinary share	**45,393**	91,047
Proposed special final dividend of HK nil cent (2010: HK9 cents) per ordinary share	**–**	81,942
	45,393	172,989
	245,123	209,512

The Directors recommend the payment of a final dividend of HK5 cents per ordinary share. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company to be held on 29 August 2011. These consolidated financial statements do not reflect this as dividend payable but account for it as proposed dividends in reserves (Note 32).

15 Property, plant and equipment

Group	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2010:					
Cost	658,336	1,562,748	33,061	121,504	2,375,649
Accumulated depreciation and impairment	(150,440)	(818,284)	(26,592)	(76,158)	(1,071,474)
Net book amount	507,896	744,464	6,469	45,346	1,304,175
Year ended 31 March 2011					
Opening net book amount	507,896	744,464	6,469	45,346	1,304,175
Additions	1,713	81,298	1,442	4,615	89,068
Transfer from properties under construction (Note 19)	10,410	20,197	–	61	30,668
Disposals	(3,143)	(8,880)	(487)	(44)	(12,554)
Depreciation	(18,260)	(79,658)	(1,962)	(7,738)	(107,618)
Exchange differences	10,570	16,261	142	191	27,164
Closing net book amount	509,186	773,682	5,604	42,431	1,330,903
At 31 March 2011:					
Cost	679,667	1,656,019	33,270	125,932	2,494,888
Accumulated depreciation and impairment	(170,481)	(882,337)	(27,666)	(83,501)	(1,163,985)
Net book amount	509,186	773,682	5,604	42,431	1,330,903

15 Property, plant and equipment (Continued)

Group	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Total HK$'000
At 1 April 2009:					
Cost	703,749	1,879,876	38,683	113,769	2,736,077
Accumulated depreciation and impairment	(215,420)	(1,056,430)	(28,945)	(72,680)	(1,373,475)
Net book amount	488,329	823,446	9,738	41,089	1,362,602
Year ended 31 March 2010					
Opening net book amount	488,329	823,446	9,738	41,089	1,362,602
Additions	1,123	36,735	1,756	2,856	42,470
Transfer from properties under construction (Note 19)	42,640	3,812	–	9,501	55,953
Disposals	–	(15,050)	(122)	(310)	(15,482)
Depreciation	(17,382)	(85,798)	(2,898)	(7,604)	(113,682)
Disposal of subsidiaries	(8,523)	(21,787)	(2,032)	(249)	(32,591)
Exchange differences	1,709	3,106	27	63	4,905
Closing net book amount	507,896	744,464	6,469	45,346	1,304,175
At 31 March 2010:					
Cost	658,336	1,562,748	33,061	121,504	2,375,649
Accumulated depreciation and impairment	(150,440)	(818,284)	(26,592)	(76,158)	(1,071,474)
Net book amount	507,896	744,464	6,469	45,346	1,304,175

15 Property, plant and equipment (Continued)

Certain buildings of the Group with a total net book amount of HK$78,483,000 (2010: HK$77,447,000) have been pledged to secure banking facilities granted to the Group (Note 29).

Company	**Motor vehicles HK$'000**	**Furniture, fixtures and equipment HK$'000**	**Total HK$'000**
At 1 April 2010:			
Cost	**512**	**834**	**1,346**
Accumulated depreciation	**(362)**	**(787)**	**(1,149)**
Net book amount	**150**	**47**	**197**
Year ended 31 March 2011			
Opening net book amount	**150**	**47**	**197**
Disposals	**(108)**	**–**	**(108)**
Depreciation	**(35)**	**(11)**	**(46)**
Closing net book amount	**7**	**36**	**43**
At 31 March 2011:			
Cost	**169**	**834**	**1,003**
Accumulated depreciation	**(162)**	**(798)**	**(960)**
Net book amount	**7**	**36**	**43**
At 1 April 2009:			
Cost	785	827	1,612
Accumulated depreciation	(559)	(773)	(1,332)
Net book amount	226	54	280
Year ended 31 March 2010			
Opening net book amount	226	54	280
Additions	–	7	7
Disposals	(12)	–	(12)
Depreciation	(64)	(14)	(78)
Closing net book amount	150	47	197
At 31 March 2010:			
Cost	512	834	1,346
Accumulated depreciation	(362)	(787)	(1,149)
Net book amount	150	47	197

16 Land use rights

The movements of land use rights are as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Opening net book amount	**112,328**	147,859	**9,319**	9,878
Amortisation	**(3,183)**	(3,930)	**(559)**	(559)
Disposal of subsidiaries	**–**	(32,045)	**–**	–
Exchange differences	**1,806**	444	**–**	–
Closing net book amount	**110,951**	112,328	**8,760**	9,319

Amortisation of land use rights has been included in administrative and selling expenses.

The Group's and the Company's interests in land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong:				
Medium term leases	**18,888**	19,428	**–**	–
The PRC:				
Medium term leases	**92,063**	92,900	**8,760**	9,319
Closing net book amount	**110,951**	112,328	**8,760**	9,319

Certain leasehold lands of the Group with a total net book amount of HK$17,646,000 (2010: HK$17,312,000) have been pledged to banks to secure banking facilities granted to the Group (Note 29).

17 Intangible assets

Group

	Goodwill HK$'000	Club debentures HK$'000	Software HK$'000	Total HK$'000
At 1 April 2010:				
Cost or valuation	1,634	5,550	2,152	9,336
Accumulated amortisation and impairment	–	(338)	(300)	(638)
Net book amount	1,634	5,212	1,852	8,698
Year ended 31 March 2011				
Opening net book amount	1,634	5,212	1,852	8,698
Additions	–	–	1,913	1,913
Disposals	–	(386)	–	(386)
Amortisation	–	(31)	(796)	(827)
Exchange differences	–	5	2	7
Closing net book amount	1,634	4,800	2,971	9,405
At 31 March 2011:				
Cost or valuation	1,634	4,800	4,067	10,501
Accumulated amortisation and impairment	–	–	(1,096)	(1,096)
Net book amount	1,634	4,800	2,971	9,405

17 Intangible assets (Continued)

	Goodwill HK$'000	Club debentures HK$'000	Software HK$'000	Total HK$'000
At 1 April 2009:				
Cost or valuation	3,041	5,231	–	8,272
Accumulated amortisation and impairment	(3,041)	–	–	(3,041)
Net book amount	–	5,231	–	5,231
Year ended 31 March 2010				
Opening net book amount	–	5,231	–	5,231
Additions	–	–	2,152	2,152
Fair value changes	–	1,700	–	1,700
Acquisition of additional interests in subsidiaries (Note 34(a))	1,634	–	–	1,634
Disposals	–	(1,300)	–	(1,300)
Amortisation	–	(338)	(300)	(638)
Write off	–	(85)	–	(85)
Exchange differences	–	4	–	4
Closing net book amount	1,634	5,212	1,852	8,698
At 31 March 2010:				
Cost or valuation	1,634	5,550	2,152	9,336
Accumulated amortisation and impairment	–	(338)	(300)	(638)
Net book amount	1,634	5,212	1,852	8,698

17 Intangible assets (Continued)

The analysis of the cost or valuation of the above assets is as follows:

	Goodwill HK$'000	Club debentures HK$'000	Software HK$'000	Total HK$'000
At 31 March 2011				
At cost	**1,634**	**–**	**4,067**	**5,701**
At valuation	**–**	**4,800**	**–**	**4,800**
	1,634	**4,800**	**4,067**	**10,501**
At 31 March 2010				
At cost	1,634	750	2,152	4,536
At valuation	–	4,800	–	4,800
	1,634	5,550	2,152	9,336

18 Available-for-sale financial assets

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Unlisted equity investments, at cost	**97**	80	**–**	–
Club debentures, at fair value	**566**	420	**566**	420
Hong Kong listed equity investments, at fair value	**7,990**	7,990	**–**	–
	8,653	8,490	**566**	420

During the year, a fair value gain of the Group's available-for-sale financial assets of HK$17,000 (2010: HK$1,123,000) was recognised directly in the available-for-sale investment revaluation reserve.

Available-for-sale financial assets consist of investments in listed and unlisted ordinary shares and club debentures, and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

19 Properties under construction

	2011	2010
	HK$'000	HK$'000
Opening net book amount	**249**	35,994
Additions	**65,667**	21,128
Transfer to property, plant and equipment (Note 15)	**(30,668)**	(55,953)
Exchange differences	**7**	14
Disposal of subsidiaries	**–**	(934)
Closing net book amount	**35,255**	249

The properties under construction are located in Hong Kong and the PRC.

20 Interests in subsidiaries

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**224,969**	224,969
At 1 April – carrying value	**224,969**	257,362
Partial disposal of interests in subsidiaries	**–**	(19,055)
Transfer to interests in associates due to partial disposal of interests in subsidiaries (Note 21)	**–**	(13,338)
At 31 March – carrying value	**224,969**	224,969
Loan to a subsidiary	**55,000**	55,000
Interests in subsidiaries	**279,969**	279,969

Loan to a subsidiary is unsecured, interest free and repayable twelve months after the end of the reporting period.

20 Interests in subsidiaries (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hung Hing Off-Set Printing Company, Limited	Hong Kong	HK$100	100	–	Production and trading of paper products and carton boxes
Sun Hing Paper Company, Limited	Hong Kong	HK$100	100	–	Paper trading
Hung Hing Printing (China) Company Limited §§	The PRC	HK$566,000,000	–	100	Production and colour printing of paper products
Tai Hing Paper Products Company, Limited	Hong Kong	HK$100	100	–	Trading of corrugated cartons
Piguet Graphic & Prints Company Limited	Hong Kong	HK$1,000,000	100	–	Provision of colour separation services
Zhongshan Hung Hing Printing & Packaging Company Limited §	The PRC	US$18,000,000	–	71	Printing and manufacturing of paper cartons
Zhongshan Hung Hing Off-Set Printing Company Limited §	The PRC	US$5,000,000	–	71	Production and colour printing of paper products
Hung Hing International Limited	British Virgin Islands ("BVI")/ the PRC	US$100	100	–	Investment holding
South Gain Enterprises Limited	Hong Kong	HK$1,700,000	–	71	Selling and purchasing agent
Po Hing Packaging (Shenzhen) Company Limited §§	The PRC	US$11,200,000	–	100	Printing and manufacturing of paper cartons
Zhongshan South Gain Paper Company Limited §§	The PRC	US$15,000,000	–	71	Printing and manufacturing of paper cartons

20 Interests in subsidiaries (Continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Sun Hing Paper (Shenzhen) Company Limited §§	The PRC	HK$30,000,000	–	100	Paper trading
Hung Hing Packaging (Wuxi) Company Limited §§	The PRC	US$24,000,000	100	–	Production and colour printing of paper products
Hung Hing Printing (Heshan) Company Limited §§	The PRC	HK$290,000,000	–	100	Production and colour printing of paper products
Jun Hing Company Limited §§	The PRC	HK$4,200,000	–	100	Paper trading

§ Sino-foreign equity joint venture

§§ Wholly foreign-owned enterprise

21 Interests in associates

	Group 2011 HK$'000	2010 HK$'000
At 1 April	**21,638**	–
Additions	**–**	1,554
Increase in carrying value resulted from deemed disposal (Note 35)	**41,448**	–
Transfer from interests in subsidiaries	**–**	20,832
Share of losses	**(15,616)**	(2,639)
Transferred to other payables (Note)	**3,051**	1,891
Share of reserves	**3,497**	–
At 31 March	**54,018**	21,638

Note: The Group has provided guarantees to an associate for its bank borrowings, and hence, the Group has recognised losses that exceed its interest in an associate amounting to HK$3,051,000 (2010: HK$1,891,000). This has been included in other payables in the consolidated statement of financial position as at 31 March 2011.

	Company 2011 HK$'000	2010 HK$'000
Unlisted shares, at cost		
At 1 April	**16,452**	1,560
Additions	**–**	1,554
Transfer from interests in subsidiaries (Note 20)	**–**	13,338
At 31 March	**16,452**	16,452
Provision for impairment		
At 1 April	**(3,114)**	(1,560)
Impairment	**–**	(1,554)
At 31 March	**(3,114)**	(3,114)
At 31 March – carrying value	**13,338**	13,338

21 Interests in associates (Continued)

	2011 HK$'000	2010 HK$'000
Share of (losses)/profits of associates:		
Graphic Hung Hing Packaging (Shanghai) Company Limited ("Graphic Hung Hing")	**(2,858)**	(3,445)
Rengo	**(9,142)**	263
Ren Hing	**(3,616)**	543
	(15,616)	(2,639)

Particulars of the associates are as follows:

Name	Registered capital	Place of incorporation/ registration	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Graphic Hung Hing	US$1,000,000	The PRC	40	–	Provision of beverage packaging services
Rengo §*	US$53,660,000	The PRC	11.28	5.34	Paper manufacturing
Ren Hing §*	US$27,380,000	The PRC	11.28	5.34	Paper manufacturing

§ Sino-foreign equity joint venture

* Upon the deemed disposal of partial interests in the Paper Mill Entities completed in January 2011 (Note 35), the Group's effective interest decreased from 30.94% as at 31 March 2010 to 16.62% as at 31 March 2011.

The Group continues to account for these entities as associates although the Group holds less than 20% of the registered capital, as after the deemed disposal, the Group still has the ability to exercise significant influence over the entities through board representation.

21 Interests in associates (Continued)

The following is a summary of the financial information of the Group's associates extracted from their management accounts:

	2011 HK$'000	2010 HK$'000
Assets	**887,458**	316,648
Liabilities	**301,758**	251,363
Revenues	**651,826**	62,239
Losses before income tax	**55,280**	6,006

22 Inventories

	Group	
	2011 HK$'000	2010 HK$'000
Raw materials	**534,788**	548,059
Work in progress	**80,360**	57,561
Finished goods	**72,331**	56,258
	687,479	661,878
Less: provision for impairment of inventories	**(4,905)**	(5,716)
	682,574	656,162

As at 31 March 2011, the carrying amount of inventories that were stated at net realisable value amounted to approximately HK$8,929,000 (2010: HK$29,056,000).

23 Trade and bills receivables

	Group 2011 HK$'000	2010 HK$'000
Trade receivables	**579,720**	553,239
Less: provision for impairment of trade receivables	**(24,591)**	(30,463)
Trade receivables, net	**555,129**	522,776
Bills receivables	**3,764**	1,986
	558,893	524,762

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 and 90 days from date of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk.

Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

The aging analysis of trade receivables at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group 2011 HK$'000	2010 HK$'000
1 – 30 days	**248,782**	237,921
31 – 60 days	**107,027**	103,957
61 – 90 days	**97,105**	101,668
Over 90 days	**102,215**	79,230
	555,129	522,776

23 Trade and bills receivables (Continued)

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**30,463**	33,271
Provision for impairment of trade receivables	**3,979**	7,299
Amount written off as uncollectible	**(10,465)**	(1,348)
Disposal of subsidiaries	**–**	(8,743)
Exchange differences	**614**	(16)
At 31 March	**24,591**	30,463

The addition of provision for impaired receivables has been included in administrative and selling expenses in the consolidated income statement (Note 6). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

As of 31 March 2011, trade receivables of approximately HK$186,605,000 (2010: HK$115,287,000) were past due but not impaired. These relate to certain customers with no history of credit default and they are in continuous trading with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered as fully recoverable.

The aging analysis of these trade receivables based on due date is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
1 – 30 days	**99,631**	64,785
31 – 60 days	**42,706**	31,840
61 – 90 days	**19,247**	16,576
Over 90 days	**25,021**	2,086
	186,605	115,287

23 Trade and bills receivables (Continued)

As of 31 March 2011, trade receivables of approximately HK$24,591,000 (2010: HK$30,463,000) were impaired and fully provided for. The individually impaired receivables were mainly related to smaller customers who were in financial difficulties. The aging analysis of these non-recoverable receivables based on due date is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
31 – 60 days	**1,276**	–
61 – 90 days	**300**	–
Over 90 days	**23,015**	30,463
	24,591	30,463

As of 31 March 2011 and 31 March 2010, the fair values of the trade and bills receivables approximate their carrying amounts and they are denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
HK$	**117,746**	172,479
USD	**213,705**	178,705
RMB	**213,666**	160,571
Others	**13,776**	13,007
	558,893	524,762

The maximum exposure to credit risk at the end of each reporting period is the carrying value of the receivables. The Group does not hold any collateral as security (2010: same).

24 Prepayments, deposits and other receivables

	Group 2011 HK$'000	Group 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Prepayments and deposits	**27,989**	28,470	**130**	130
Other receivables	**6,880**	19,667	**266**	12,103
	34,869	48,137	**396**	12,233

25 Derivative financial instruments

	Group 2011 HK$'000	Group 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Non-current assets				
Forward currency contracts (Note a)	**–**	193	**–**	–
Current assets				
Forward currency contracts (Note a)	**1,844**	1,492	**425**	–
Non-current liabilities				
Forward currency contracts (Note a)	**–**	233	**–**	–
Current liabilities				
Forward currency contracts				
– Cash flow hedge (Note c)	**–**	2,621	**–**	830
– Fair value hedge	**89**	–	**–**	–
Forward currency contracts (Note a)	**383**	1,335	**–**	–
Interest rate swaps				
– Cash flow hedge (Note b)	**351**	5,155	**–**	–
	823	9,111	**–**	830

The forward currency contracts and interest rate swaps are carried at fair value. The above transactions involving derivative financial instruments are with creditworthy financial institutions.

25 Derivative financial instruments (Continued)

Note:

(a) The Group has entered into various forward foreign currency contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. The net fair value gain of non-hedging currency derivatives amounting to HK$5,347,000 was credited to the consolidated income statement during the year (2010: HK$116,000).

(b) Interest rate swaps – cash flow hedge

At 31 March 2011, the Group had interest rate swap agreements in place with notional amounts, in aggregate, of HK$124,797,000 (2010: HK$219,286,000) whereby it receives interest at variable rates equal to HIBOR on the notional amounts and pays interest at fixed rates ranging between 1.65% and 2.80% (2010: 2.75% and 2.89%) for a period of three years. The swap is used to hedge the exposure to variability of cash flows that is attributable to the Group's bank borrowings. These bank borrowings and the interest rate swap agreements have the same critical terms and the hedge of the interest rate swaps has been assessed to be highly effective. The decrease in fair value of this cash flow hedge net of deferred tax during the year ended 31 March 2011 of HK$293,000 (2010: HK$1,422,000) was included in the hedging reserve.

(c) Foreign currency forward contracts – cash flow hedge

For the year ended 31 March 2010, the Group entered into contracts with European suppliers for the purchase of three sets of printing machineries at a total cost of EUR5,000,000.

Given the functional currency of the Group is HK$, the Group is exposed to foreign exchange risk as the purchases are denominated in currencies other than HK$. The Group is therefore exposed to the risk that movements in exchange rates will affect both their net income and financial position, as expressed in HK$.

To hedge the foreign currency risk arising from these purchases, the Group simultaneously entered into forward contracts with notional amount of EUR4,000,000 with banks to buy Euro against US dollar.

These foreign currency forward contracts had been fully settled during the year.

The net fair value of these hedging currency derivatives amounting to HK$2,621,000 (2010: Nil) had been transferred from hedging reserve to the property, plant and equipment upon expiry of these contracts.

26 Cash and cash equivalents

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**367,977**	620,005	**24,420**	404,397
Time deposits	**419,536**	488,773	**33,233**	265,278
	787,513	1,108,778	**57,653**	669,675
Less: Pledged time deposits	**(94,573)**	–	**–**	–
Cash and cash equivalents	**692,940**	1,108,778	**57,653**	669,675

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand				
HK$	**46,383**	670,507	**23,636**	599,707
RMB	**598,211**	332,808	**33,233**	–
USD	**42,785**	99,416	**760**	69,945
GBP	**4,217**	3,444	**23**	22
EUR	**1,257**	2,519	**1**	1
Others	**87**	84	**–**	–
	692,940	1,108,778	**57,653**	669,675

The pledged time deposits were denominated in RMB as of 31 March 2011. The balance was pledged as collateral for the Group's banking facilities (Note 29).

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Maximum exposure to credit risk on cash and cash equivalents and pledged time deposits	**785,749**	1,107,252	**57,645**	669,661

26 Cash and cash equivalents (Continued)

The conversion of RMB denominated balances into foreign currencies and the remittance of such bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at bank and time deposits earns interest at floating rates based on prevailing bank deposit rates.

27 Trade and bills payables

	Group	
	2011	2010
	HK$'000	HK$'000
Trade payables	**204,331**	142,148
Bills payables	**136**	24,432
	204,467	166,580

The aging analysis of trade payables at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
1 – 30 days	**162,963**	105,892
31 – 60 days	**28,579**	24,579
61 – 90 days	**9,886**	3,112
Over 90 days	**2,903**	8,565
	204,331	142,148

As of 31 March 2011 and 31 March 2010, the fair values of the trade and bills payables approximate their carrying amounts and they are denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
HK$	**39,019**	23,103
USD	**31,174**	49,026
RMB	**134,274**	94,451
	204,467	166,580

28 Other payables and accrued liabilities

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**29,523**	67,360	**1,413**	1,361
Accrued liabilities	**112,631**	101,499	**6,353**	11,085
	142,154	168,859	**7,766**	12,446

29 Borrowings

	Effective interest rate		Maturity			Group		
			31 March	31 March	1 April	**31 March**	31 March	1 April
	2011	2010	**2011**	2010	2009	**2011**	2010	2009
						HK$'000	HK$'000	HK$'000
							(Restated)	(Restated)
Current								
Bank loans – unsecured (Note a)	**1-5%**	1-5%	**2011**	2010	2009	**321,630**	421,683	396,581
Bank loans – secured (Note b)	**2-6%**	5%	**2011**	2010	2009	**78,368**	3,409	216,397
						399,998	425,092	612,978
Non-current								
Bank loans – unsecured (Note a)	**4%**	1-4%	**2013**	N/A	2011	**10,714**	–	60,000
						410,712	425,092	672,978

Note:

(a) Bank loans amounting to HK$332,344,000 (2010: HK$421,683,000) are secured by the corporate guarantees issued by the Company (Note 39).

(b) The Group's banking facilities amounting to HK$159,171,000 (2010: HK$45,455,000), of which HK$78,368,000 (2010: HK$3,409,000) had been utilised at the end of the reporting period, are secured by the pledge of certain of the Group's buildings, land use rights and time deposits, which had an aggregate carrying value at the end of the reporting period of approximately HK$190,702,000 (2010: HK$94,759,000) (Notes 15, 16 and 26).

29 Borrowings (Continued)

The fair values of the borrowings approximate their carrying amounts at the end of the reporting period as all the borrowings carry floating rate interests (2010: same).

The carrying amounts of borrowings are denominated in the following currencies:

	Group		
	31 March 2011	31 March 2010 (Restated)	1 April 2009 (Restated)
	HK$'000	HK$'000	HK$'000
HK$	**326,391**	405,774	533,450
RMB	**9,524**	19,318	135,474
USD	**74,797**	–	4,054
	410,712	425,092	672,978

30 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

	Group	
	2011	2010
	HK$'000	HK$'000
Deferred income tax assets:		
– to be realised after more than 12 months	**10,926**	11,429
Deferred income tax liabilities:		
– to be realised after more than 12 months	**(46,117)**	(40,654)
Deferred income tax liabilities, net	**(35,191)**	(29,225)

30 Deferred income tax (Continued)

The net movement in the deferred income tax is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**(29,225)**	(35,449)
(Charged)/credited to income statement (Note 10)	**(4,496)**	6,381
(Charged)/credited to equity	**(793)**	128
Exchange difference	**(677)**	(285)
At 31 March	**(35,191)**	(29,225)

The movements in deferred income tax assets/liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Provision for impairment of trade receivables HK$'000	**Tax losses HK$'000**	**Others HK$'000**	**Total HK$'000**
At 1 April 2009	5,126	–	5,768	10,894
Deferred tax credited to income statement	514	15,220	399	16,133
Deferred tax credited to equity	–	–	128	128
Exchange differences	(25)	–	(29)	(54)
At 31 March 2010	5,615	15,220	6,266	27,101
Deferred tax (charged)/credited to income statement	(1,364)	935	(662)	(1,091)
Deferred tax charged to equity	–	–	(793)	(793)
Exchange differences	80	400	61	541
At 31 March 2011	4,331	16,555	4,872	25,758

30 Deferred income tax (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Withholding tax HK$'000	Fair value changes of available-for-sales financial assets HK$'000	Total HK$'000
At 1 April 2009	44,509	1,834	–	46,343
Deferred tax charged to income statement	8,816	25	911	9,752
Exchange differences	222	9	–	231
At 31 March 2010	53,547	1,868	911	56,326
Deferred tax charged/(credited) to income statement	4,574	(258)	(911)	3,405
Exchange differences	1,137	81	–	1,218
At 31 March 2011	59,258	1,691	–	60,949

The Group has tax losses arising in Hong Kong of HK$87,454,000 (2010: HK$86,397,000) and the PRC of HK$82,964,000 (2010: HK$73,974,000), which are available for offsetting against future taxable profits of the companies in which the losses arose. These tax losses are subject to further approval by relevant tax authorities. The tax losses arising in the PRC are due to expire within five years.

Among the tax losses arising in the PRC, tax losses amounting HK$66,218,000 (2010: HK$60,800,000) has been recognised as deferred tax assets of HK$16,555,000 (2010: HK$15,220,000) during the year as the directors are of opinion that it is probable future taxable profits will be available against which these unused tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The applicable rate for the Group is 5% or 10%.

The Group is therefore liable to withholding taxes on dividends distributed by the subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred income tax liabilities of HK$5,741,000 (2010: HK$6,249,000) have not been recognised as of 31 March 2011 for the withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries. Unremitted earnings totalled HK$114,812,000 at 31 March 2011 (2010: HK$124,984,000).

31 Share capital

	2011 Number of shares	2010 Number of shares	2011 HK$'000	2010 HK$'000
Authorised ordinary shares of HK$0.10 each	**1,200,000,000**	1,200,000,000	**120,000**	120,000
Issued and fully paid ordinary shares of HK$0.10 each	**907,864,974**	911,576,974	**90,787**	91,158

	Number of shares in issue	Issue capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 April 2009	924,280,974	92,428	1,559,461	1,651,889
Shares repurchased and cancelled (Note)	(12,704,000)	(1,270)	–	(1,270)
At 31 March 2010 and 1 April 2010	911,576,974	91,158	1,559,461	1,650,619
Shares repurchased and cancelled (Note)	(3,712,000)	(371)	–	(371)
At 31 March 2011	907,864,974	90,787	1,559,461	1,650,248

Note:

During the year, the Company repurchased 3,712,000 (2010: 12,704,000) of its own shares from the open market. The total amount paid to acquire these shares was HK$8,842,000 (2010: HK$27,083,000) and was deducted from retained earnings (Note 32). These shares had been cancelled accordingly.

As a result of the share repurchases, an amount equivalent to the par value of the shares repurchased of HK$371,000 (2010: HK$1,270,000) was transferred from share capital to the other capital reserve.

32 Reserves

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(ii) The Group's legal reserves are statutory reserves for foreign investment enterprises operating in the PRC. The transfers to these reserves are determined by the boards of directors of the relevant subsidiaries and the use thereof is governed by the relevant laws and regulations of the PRC.

(b) Company

According to the Hong Kong Companies Ordinance, distributable reserves are restricted to accumulated realised profits (so far as not previously distributed or capitalised) less its accumulated realised losses. As at 31 March 2011, calculated under the Hong Kong Companies Ordinance and with reference to Accounting Bulletin 4 "Guidance on the Determination of Realised Profits and Losses in the Context of Distributions under the Hong Kong Companies Ordinance", the Company's distributable reserves amounted to HK$112,699,000, of which HK$45,393,000 has been proposed as a final dividend for the year.

32 Reserves (Continued)

(b) Company (Continued)

	Share premium HK$'000	Other capital reserve HK$'000	Hedging reserve HK$'000	Intangible asset revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Equity compen-sation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2009	1,559,461	966	–	(98)	(199)	–	244,394	1,804,524
Comprehensive income								
Profit for the year	–	–	–	–	–	–	225,967	225,967
Other comprehensive income/(loss)								
Impairment loss	–	–	–	98	199	–	–	297
Cash flow hedges, net of tax	–	–	(830)	–	–	–	–	(830)
Total comprehensive income/(loss)	–	–	(830)	98	199	–	225,967	225,434
Share repurchased and cancelled (Note 31)	–	1,270	–	–	–	–	(27,083)	(25,813)
Purchase of shares for restricted share award scheme (Note 33)	–	(7,910)	–	–	–	–	–	(7,910)
Equity compensation expenses (Note 33)	–	–	–	–	–	3,303	–	3,303
Reduction in final 2009 dividend due to repurchase of shares	–	–	–	–	–	–	230	230
Interim 2010 dividend (Note 14)	–	–	–	–	–	–	(36,523)	(36,523)
Proposed final 2010 dividend (Note 14)	–	–	–	–	–	–	(91,047)	(91,047)
Proposed special final dividend (Note 14)	–	–	–	–	–	–	(81,942)	(81,942)
At 31 March 2010 and 1 April 2010	1,559,461	(5,674)	(830)	–	–	3,303	233,996	1,790,256
Comprehensive income								
Profit for the year	–	–	–	–	–	–	468,284	468,284
Total comprehensive income	–	–	–	–	–	–	468,284	468,284
Share repurchased and cancelled (Note 31)	–	371	–	–	–	–	(8,842)	(8,471)
Purchase of shares for restricted share award scheme (Note 33)	–	(1,237)	–	–	–	–	–	(1,237)
Equity compensation expenses (Note 33)	–	–	–	–	–	7,324	–	7,324
Forfeiture of share awarded (Note 33)	–	–	–	–	–	(328)	328	–
Reduction in final 2010 dividend due to repurchase of shares	–	–	–	–	–	–	158	158
Recycle upon maturity	–	–	830	–	–	–	–	830
Interim 2011 dividend (Note 14)	–	–	–	–	–	–	(45,393)	(45,393)
Special interim 2011 dividend (Note 14)	–	–	–	–	–	–	(154,337)	(154,337)
Proposed final 2011 dividend (Note 14)	–	–	–	–	–	–	(45,393)	(45,393)
At 31 March 2011	1,559,461	(6,540)	–	–	–	10,299	448,801	2,012,021

33 Restricted share award scheme

The Restricted Share Award Scheme (the "Scheme") was adopted by the Company on 21 December 2009 as an incentive to attract, motivate and retain employees of the Group. It will expire on 30 June 2012.

Eligible participants of the Scheme are senior management and directors of the Group.

Under the rules of the Scheme, shares will be awarded to the participants of the Scheme when certain performance target is met and shares will be awarded to the participants on or before 30 June of each financial year. In April 2011, a total of 4,084,486 (2010: 3,851,969) shares were offered and awarded to the participants. The shares granted will be vested to the participants in three equal tranches upon certain vesting conditions are fulfilled. As at 31 March 2011, no shares were granted nor vested to the eligible participants of the Group, while the total number of shares held by the Trustee was 3,851,969 (2010: 3,334,000).

The fair value of the shares was determined based on the closing market price of the Company's shares that are publicly traded on the Stock Exchange on the grant date.

Share-based payments of HK$7,324,000 (2010: HK$3,303,000) has been recognised in the consolidated income statement as employee benefit expenses (Notes 8 and 9).

Share awarded amounted to HK$328,000 (2010: Nil) has been forfeited during the year, and HK$328,000 was transferred from equity compensation reserve to retained earnings accordingly.

Shares held by Law Debenture Trust (Asia) Limited as Trustee for the purpose of the Scheme are listed below:

	Number of shares
At 1 April 2010	3,334,000
Shares purchased by the Trustee from the market during the year	517,969
At 31 March 2011	3,851,969

The total consideration paid for the purchase of 517,969 (2010: 3,334,000) shares was HK$1,237,000 (2010: HK$7,910,000).

34 Acquisition and disposal of subsidiaries

There was no acquisition and disposal of subsidiaries during the year ended 31 March 2011.

During the year ended 31 March 2010, the Group entered into agreements with two minority shareholders (the "Vendors") of certain PRC subsidiaries, pursuant to which the Group agreed to acquire an additional 10% and 5% equity interests in each of the three subsidiaries, Zhongshan Hung Hing Off-Set Printing Company Limited, Zhongshan Hung Hing Printing & Packaging Company Limited, South Gain Enterprises Limited and its wholly owned subsidiary South Gain Paper Products Company Limited (collectively referred to as the "Packaging Entities"), at a total consideration of HK$45,703,000 and HK$22,851,000, respectively, from each of the Vendors, LeMonde and Homegrace, respectively.

On the same date, the Group also entered into agreements with the Vendors, pursuant to which the Group agreed to dispose of 25% and 5% equity interests in each of the Paper Mill Entities, for a total consideration of RMB8,333,000 (approximately HK$9,470,000) and RMB1,666,000 (approximately HK$1,894,000), respectively, to each of the Vendors, LeMonde and Homegrace, respectively.

The considerations of the acquisition and disposal are agreed to be settled on a net basis in cash from the Group's internal cash resources.

The acquisition and disposal were completed during the year ended 31 March 2010.

As at 31 March 2010, a net payable balance of HK$30,463,000 was due to the Vendors and had been settled in May 2010.

	HK$'000
Cash consideration for	
– acquisitions	68,554
– disposals	(11,364)
Net consideration for acquisition and disposals	57,190
Consideration paid as at 31 March 2010	(26,727)
Consideration which was included as other payables in the consolidated statement of financial position as at 31 March 2010 and paid during current year	30,463

34 Acquisition and disposal of subsidiaries (Continued)

(a) Acquisitions

Details of the net assets acquired and goodwill were as follows:

	HK$'000
Purchase consideration	
– Cash	68,554
– Direct costs relating to the acquisition	625
Total purchase consideration	69,179
Net assets acquired	(67,545)
Goodwill (Note 17)	1,634
Purchase consideration settled in cash as at 31 March 2010	26,727
Cash and cash equivalents in subsidiaries acquired	328
Cash outflow on acquisition	27,055

(b) Disposals

In February 2010, the Group completed the disposals of the Paper Mill Entities and recorded a gain on partial disposal of subsidiaries of HK$17,460,000 (Note 11).

	HK$'000
Cash consideration	11,364
Less: Direct costs relating to the disposal	(532)
Net consideration	10,832
Net assets disposed of	(20,269)
Exchange reserve in respect of the partial disposal	26,897
Gain on partial disposal (Note 11)	17,460

35 Deemed disposal of associates

In December 2010, the board of Paper Mill Entities agreed the existing shareholders, with the exception of the Group, of Paper Mill Entities, to inject a total of US$37.5 million (approximately HK$291 million) cash as additional capital contributions ("Capital Injection") to the Paper Mill Entities.

As a result, the effective interest held by the Group in the Paper Mill Entities was reduced from 30.94% to 16.62%. This transaction was considered a deemed disposal given the Group's interests in the Paper Mill Entities were diluted through additional capital contributions by the other shareholders.

A gain on deemed disposal of HK$52,178,000 has been recognised in the consolidated income statement for the year ended 31 March 2011.

	2011 **HK$'000**
Carrying value of the Group's investments in the Paper Mill Entities	
After Capital Injection	**56,354**
Prior to Capital Injection	**(14,906)**
	41,448
Realisation of exchange fluctuation reserve upon deemed disposal of partial interests in associates	**10,730**
Gain on deemed disposal	**52,178**

36 Amounts due from/(to) subsidiaries and associates

(a) Amounts due from/(to) subsidiaries

	2011 HK$'000	2010 HK$'000
Due from subsidiaries	**1,853,457**	1,083,881
Provision for impairment	**(1,353)**	(1,353)
	1,852,104	1,082,528
Due to a subsidiary	**(57,287)**	–
	1,794,817	1,082,528

The movement in provision for impairment of amounts due from subsidiaries is as follows:

	2011 HK$'000	2010 HK$'000
At 1 April	**1,353**	2,613
Write back due to liquidation of a subsidiary	**–**	(1,260)
At 31 March	**1,353**	1,353

The balances with subsidiaries are unsecured, interest-free and repayable on demand.

The carrying amounts of these amounts due from/(to) subsidiaries approximate their fair values.

36 Amounts due from/(to) subsidiaries and associates (Continued)

(b) Amounts due from/(to) associates

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from associates	**4,524**	15,383	**–**	–
Amount due to an associate	**(4,489)**	–	**–**	–
	35	15,383	**–**	–

The balances with associates are unsecured, interest-free and repayable on demand.

The carrying amounts of these amounts due from/(to) associates approximate their fair values.

37 Related party transactions

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Note	**2011** **HK$'000**	2010 HK$'000
Sales of raw materials to associates	(i)	**25,865**	1,413
Purchase of raw materials from associates	(i)	**78,065**	8,478
Rental income from an associate	(i)	**169**	–
Advisory fee paid to companies in which the non-executive directors of the Company are controlling shareholders	(ii)	**844**	1,326
Disposal of a club debenture to a company in which a director of the Company is a controlling shareholder	(iii)	**–**	400
Service fee paid to a substantial shareholder	(iv)	**150**	130

37 Related party transactions (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) The transactions with associates were carried out in the normal course of business of the Group and on terms as agreed with the associates.

(ii) The advisory fee paid to the companies in which the non-executive directors of the Company are controlling shareholders was charged based on a mutually agreed basis.

(iii) The consideration of the club debenture disposed to a company in which an executive director of the Company is the controlling shareholder was determined with reference to the market price.

(iv) The service fee was payable to Asia Packaging Company Limited, a substantial shareholder of the Company. The service fee was charged on a mutually agreed basis.

(b) Outstanding balances with related parties

There were no outstanding balances with related parties as at 31 March 2011 (2010: Nil) save as disclosed in Notes 20 and 36.

(c) Compensation of key management personnel of the Group

	2011	2010
	HK$'000	HK$'000
Short-term employment benefits	**29,802**	39,493
Post-employment benefits	**537**	530
	30,339	40,023

38 Cash generated from operations

(a) Cash flow from operating activities

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Profit before income tax from continuing operations		**197,109**	190,469
Profit before income tax from discontinued operations		**–**	20,560
Profit before income tax including discontinued operations		**197,109**	211,029
Adjustments for:			
Finance costs		**10,341**	18,473
Share of losses of associates	21	**15,616**	2,639
Bank interest income		**(7,502)**	(9,899)
Dividend income from available-for-sale financial assets	5	**(347)**	(347)
Gain on disposal of intangible assets	5	**(511)**	(240)
Restricted share award scheme expenses	33	**7,324**	3,303
Write off of intangible assets	17	**–**	85
(Reversal of)/provision for impairment of available-for-sale financial assets		**(146)**	199
Fair value gain on derivative financial instruments not qualified as hedges, net		**(5,347)**	(317)
Fair value loss on foreign currency contracts		**97**	–
Gain on partial disposal of subsidiaries	34	**–**	(17,460)
Gain on deemed disposal of associates	35	**(52,178)**	–
Depreciation of property, plant and equipment	15	**107,618**	113,682
Amortisation of land use rights	16	**3,183**	3,930
Amortisation of intangible assets	17	**827**	638
Impairment of trade and bills receivables	6	**3,979**	7,299
Write-down of inventories to net realisable value	6	**72**	4,502
Loss on disposals of property, plant and equipment	6	**5,189**	4,440
		285,324	341,956
Increase in inventories		**(26,484)**	(227,259)
Increase in trade and bills receivables		**(38,110)**	(87,555)
Decrease/(increase) in prepayments, deposits and other receivables		**2,043**	(8,819)
Decrease/(increase) in amounts due from associates		**15,348**	(6,442)
Increase in trade and bills payables		**37,887**	110,530
Increase in other payables and accrued liabilities		**12,670**	13,234
Cash generated from operations		**288,678**	135,645

(b) Non-cash transactions

The principal non-cash transactions is the gain on deemed disposal of associates of HK$52,178,000 as disclosed in Note 35.

39 Contingent liabilities

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees given to banks for banking and trading facilities granted to subsidiaries and associates of the Company	**46,224**	29,816	**1,758,382**	1,375,698
Amount of banking facilities guaranteed by the Company and utilised by subsidiaries and associates of the Company	**46,224**	29,816	**614,568**	421,683

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Company under any of these guarantees.

40 Operating lease commitments

The Group leases certain of its office properties, warehouses and staff quarters under non-cancellable operating lease arrangements.

At the end of the reporting period, the Group and the Company had total future aggregate minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**4,785**	3,680	**360**	300
Later than one year and not later than five years	**11,615**	9,303	**300**	–
Later than five years	**68,103**	64,620	**–**	–
	84,503	77,603	**660**	300

41 Commitments

In addition to the operating lease commitments detailed in Note 40 above, the Group and the Company had the following capital commitments at the end of the reporting period:

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted for, but not provided for:				
Land and buildings	**8,255**	–	**–**	–
Plant and machinery	**64,418**	76,236	**–**	17,760
Furniture, fixtures and equipment	**1,246**	–	**–**	–
	73,919	76,236	**–**	17,760
Authorised but not contracted for	**–**	–	**–**	–

42 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

2011

Assets per consolidated statement of financial position

	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	–	8,653	8,653
Trade and bills receivables	–	558,893	–	558,893
Other receivables (Note 24)	–	6,880	–	6,880
Derivative financial instruments	1,844	–	–	1,844
Amounts due from associates (Note 36(b))	–	4,524	–	4,524
Pledged time deposits	–	94,573	–	94,573
Cash and cash equivalents	–	692,940	–	692,940
	1,844	1,357,810	8,653	1,368,307

Liabilities per consolidated statement of financial position

	Liabilities at fair value through profit or loss HK$'000	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	–	–	204,467	204,467
Other payables and accrued liabilities	–	–	142,154	142,154
Derivative financial instruments	383	440	–	823
Borrowings	–	–	410,712	410,712
Amount due to an associate (Note 36(b))	–	–	4,489	4,489
	383	440	761,822	762,645

42 Financial instruments by category (Continued)

2010

Assets per consolidated statement of financial position

	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	–	8,490	8,490
Trade and bills receivables	–	524,762	–	524,762
Other receivables (Note 24)	–	19,667	–	19,667
Derivative financial instruments	1,685	–	–	1,685
Amounts due from associates (Note 36(b))	–	15,383	–	15,383
Cash and cash equivalents	–	1,108,778	–	1,108,778
	1,685	1,668,590	8,490	1,678,765

Liabilities per consolidated statement of financial position

	Liabilities at fair value through profit or loss HK$'000	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	–	–	166,580	166,580
Other payables and accrued liabilities	–	–	168,859	168,859
Derivative financial instruments	1,569	7,775	–	9,344
Borrowings	–	–	425,092	425,092
	1,569	7,775	760,531	769,875

42 Financial instruments by category (Continued)

Company

2011

Assets per statement of financial position

	Assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	–	566	566
Other receivables (Note 24)	–	266	–	266
Derivative financial instruments	425	–	–	425
Loan to a subsidiary (Note 20)	–	55,000	–	55,000
Amounts due from subsidiaries (Note 36(a))	–	1,852,104	–	1,852,104
Cash and cash equivalents	–	57,653	–	57,653
	425	1,965,023	566	1,966,014

Liabilities per statement of financial position

	Other financial liabilities at amortised cost HK$'000
Other payables and accrued liabilities	7,766
Amount due to a subsidiary (Note 36(a))	57,287
	65,053

42 Financial instruments by category (Continued)

2010

Assets per statement of financial position

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	420	420
Other receivables (Note 24)	12,103	–	12,103
Loan to a subsidiary (Note 20)	55,000	–	55,000
Amounts due from subsidiaries (Note 36(a))	1,082,528	–	1,082,528
Cash and cash equivalents	669,675	–	669,675
	1,819,306	420	1,819,726

Liabilities per statement of financial position

	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Other payables and accrued liabilities	–	12,446	12,446
Derivative financial instruments	830	–	830
	830	12,446	13,276

43 Financial risk management

43.1 Financial risk factors

The Group's principal financial instruments, other than derivatives, comprise cash and bank deposits, trade and bills receivables, other receivables, amounts due from associates, trade and bills payables, amount due to an associate, other payables and borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group enters into derivative transactions, including principally forward currency contracts and interest rate swaps of which the purposes are

1) to manage the interest rate risk arising from the Group's operations and its sources of finance; and

2) to manage the exchange rate risk arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The policies to mitigate each of these risks are summarised below. The board manages and monitors these risks to ensure that appropriate measures are implemented in a timely and effective manner. The Group's accounting policies in relation to derivatives are set out in Note 2.11 to the financial statements.

(a) Interest rate risk

The Group's exposure to interest rate risk arises mainly from its bank deposits and borrowings. Borrowings issued at variable rates exposed the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses interest rate swaps to manage its long-term borrowings which bear floating interest rates. At 31 March 2011, the Group had approximately 24% (2010: 52%) of bank borrowings which effectively bear fixed interest rates as a result of interest rate swaps.

43.1 Financial risk factors (Continued)

(a) Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate bank deposits and borrowings) and the Group's and the Company's equity, in particular, the hedging reserve.

		Group		Company	
	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax HK$'000**	**Increase/ (decrease) in equity – hedging reserve, before tax HK$'000**	**Increase/ (decrease) in profit before tax HK$'000**	**Increase/ (decrease) in equity – hedging reserve, before tax HK$'000**
2011					
Hong Kong dollar	**50**	**1,048**	**28**	**746**	**–**
Hong Kong dollar	**(50)**	**(1,048)**	**(28)**	**(746)**	**–**

		Group		Company	
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity – hedging reserve, before tax HK$'000	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity – hedging reserve, before tax HK$'000
2010					
Hong Kong dollar	50	2,815	727	3,079	–
Hong Kong dollar	(50)	(2,815)	(727)	(3,079)	–

(b) Foreign currency risk

The Group is exposed to foreign currency risk as some of its business transactions, assets and liabilities are denominated in various foreign currencies primarily RMB, HK$ and USD.

The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than HK$ or RMB, which are the functional currencies of the major operating companies within the Group.

43.1 Financial risk factors (Continued)

(b) Foreign currency risk (Continued)

When there are significant foreign currency transactions other than the functional currencies of the major operating companies within the Group, the Group will use forward currency contracts to manage the foreign currency exposure. The forward currency contracts must be in the same currency as the hedged item.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and RMB exchange rates, with all other variables held constant, of the Group's and the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

2011

Financial instruments denominated in or linked to currency denominated in:	Increase in exchange rate (i.e. HK$ weaken) of denominated currency against HK$		Increase in profit before tax		Decrease in exchange rate of denominated currency against HK$		Decrease in profit before tax	
	Group %	Company %	Group HK$'000	Company HK$'000	Group %	Company %	Group HK$'000	Company HK$'000
USD	**0.5**	**0.5**	**908**	**4**	**(0.5)**	**(0.5)**	**(908)**	**(4)**
RMB	**2.0**	**2.0**	**10,662**	**665**	**(2.0)**	**(2.0)**	**(10,662)**	**(665)**

2010

Financial instruments denominated in or linked to currency denominated in:	Increase in exchange rate (i.e. HK$ weaken) of denominated currency against HK$		Increase in profit before tax		Decrease in exchange rate of denominated currency against HK$		Decrease in profit before tax	
	Group %	Company %	Group HK$'000	Company HK$'000	Group %	Company %	Group HK$'000	Company HK$'000
USD	0.5	0.5	1,433	350	(0.5)	(0.5)	(1,433)	(350)
RMB	2.0	2.0	5,700	–	(2.0)	(2.0)	(5,700)	–

43.1 Financial risk factors (Continued)

(c) Credit risk

The Group's credit risk is primarily attributable to its trade and bills receivables and deposits placed with banks. The Group has no significant concentrations of credit risk. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is properly managed and significantly reduced.

Since the Group trades only with creditworthy third parties, there is no requirement for collateral.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in Note 23 to the financial statements.

(d) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated statement of financial position either as available-for-sale financial assets or derivative financial instruments. The Group is not exposed to commodity price risk.

The Group's equity investments held as available-for-sale include both publicly traded and non-publicly traded. The Group does not actively trade in equity investments and in the opinion of the Board of Directors, the price risk related to trading activities to which the Group is exposed is not material. Accordingly, no quantitative market risk disclosures for price risk have been prepared.

(e) Liquidity risk

The Group's objectives are to maintain sufficient cash and to ensure the availability of funding through an adequate amount of committed banking facilities. The Group aims to maintain flexibility in funding by keeping committed banking facilities available.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's bank borrowings, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Company can be required to pay.

43.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

Group

	2011			
	Maturity analysis – Undiscounted cashflow			
	Less than 1 year HK$'000	**Between 1 and 2 years HK$'000**	**Between 2 to 5 years HK$'000**	**Total HK$'000**
Borrowings, including interest payables	**400,538**	**10,917**	**–**	**411,455**
Trade and bills payables	**204,467**	**–**	**–**	**204,467**
Other payables and accrued liabilities	**142,154**	**–**	**–**	**142,154**
Derivative financial instruments	**823**	**–**	**–**	**823**
Financial guarantees given to associates	**46,224**	**–**	**–**	**46,224**
Amount due to an associate	**4,489**	**–**	**–**	**4,489**
	798,695	**10,917**	**–**	**809,612**

	2010			
	Maturity analysis – Undiscounted cashflow			
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 to 5 years HK$'000	Total HK$'000
Borrowings	425,092	–	–	425,092
Trade and bills payables	166,580	–	–	166,580
Other payables and accrued liabilities	168,859	–	–	168,859
Derivative financial instruments	9,111	–	233	9,344
Financial guarantees given to associates	29,816	–	–	29,816
	799,458	–	233	799,691

43.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

Company

	2011			
	Maturity analysis – Undiscounted cashflow			
	Less than 1 year HK$'000	**Between 1 and 2 years HK$'000**	**Between 2 to 5 years HK$'000**	**Total HK$'000**
Other payables and accrued liabilities	**7,766**	**–**	**–**	**7,766**
Financial guarantees given to subsidiaries and associates	**1,747,668**	**10,714**	**–**	**1,758,382**
	1,755,434	**10,714**	**–**	**1,766,148**

	2010			
	Maturity analysis – Undiscounted cashflow			
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 to 5 years HK$'000	Total HK$'000
Derivative financial instruments	830	–	–	830
Other payables and accrued liabilities	12,446	–	–	12,446
Financial guarantees given to subsidiaries and associates	1,375,698	–	–	1,375,698
	1,388,974	–	–	1,388,974

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the maturity analysis set out in Note 29. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

43.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

	Maturity analysis – Term loans subject to a repayment on demand clause based on scheduled repayments		
	Less than 1 year HK$'000	**Between 1 to 5 years** HK$'000	**Total undiscounted cash outflows** HK$'000
At 31 March 2011	134,168	54,330	188,498
At 31 March 2010	168,053	195,970	364,023

43.2 Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of net debt gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (i.e. current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and pledged time deposits.

During the year, the Group's strategy was to maintain the net debt gearing ratio below 30%. As at 31 March 2011 and 2010, the Group had net cash position as follows:

	As at 31 March	
	2011 **HK$'000**	2010 HK$'000
Cash and cash equivalents and pledged time deposits	**787,513**	1,108,778
Total borrowings (Note 29)	**(410,712)**	(425,092)
Net cash	**376,801**	683,686

As the Group had a net cash position, the net debt gearing ratio as at 31 March 2011 was nil (2010: nil).

43.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2011:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets				
– Listed equity investments	7,990	–	–	7,990
– Club debentures	–	–	566	566
Derivative financial instruments	–	–	1,844	1,844
Total assets	7,990	–	2,410	10,400
Liabilities				
Derivative financial instruments	–	–	823	823
Total liabilities	–	–	823	823

43.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2010:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets				
– Listed equity investments	7,990	–	–	7,990
– Club debentures	–	–	420	420
Derivative financial instruments	–	–	1,685	1,685
Total assets	7,990	–	2,105	10,095
Liabilities				
Derivative financial instruments	–	–	9,344	9,344
Total liabilities	–	–	9,344	9,344

The fair value of club debentures is determined with reference to quoted market prices at the end of the reporting period without any deduction for transaction costs.

The fair values of derivative financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

43.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the year ended 31 March 2011:

	Club debentures HK$'000	**Derivative financial instruments HK$'000**	**Total HK$'000**
Opening balance	**420**	**(7,659)**	**(7,239)**
Recognised in hedging reserve	**–**	**(351)**	**(351)**
Gains recognised in consolidated income statement	**146**	**5,258**	**5,404**
Retired on maturity	**–**	**3,773**	**3,773**
Closing balance	**566**	**1,021**	**1,587**
Total gains for the year included in profit or loss for assets/(liabilities) held at the end of the reporting period	**146**	**5,258**	**5,404**

The following table presents the changes in level 3 instruments for the year ended 31 March 2010:

	Club debentures HK$'000	Derivative financial instruments HK$'000	Total HK$'000
Opening balance	420	(3,167)	(2,747)
Recognised in hedging reserve	–	(917)	(917)
Gains recognised in consolidated income statement	–	317	317
Retired on maturity	–	(3,892)	(3,892)
Closing balance	420	(7,659)	(7,239)
Total gains for the year included in profit or loss for assets/(liabilities) held at the end of the reporting period	–	317	317

HUNG HING PRINTING GROUP LIMITED

ADDRESS
Hung Hing Printing Centre
17–19 Dai Hei Street
Tai Po Industrial Estate
New Territories, Hong Kong
TEL
(852) 2664 8682
FAX
(852) 2664 2070
EMAIL
info@hunghingprinting.com
WEBSITE
www.hunghingprinting.com

PRINTED WITH SOY INK
Trademark of American Soybean Association

FSC
www.fsc.org
100%
Paper from well-managed forests
FSC™ C017606