2012 ANNUAL REPORT 年報

STOCK CODE 股份代號 :0450

60 plus YEARS OF PRINTING EXCELLENCE

HUNG HING

鴻興印刷集團有限公司

HUNG HING PRINTING GROUP LIMITED

CONTENT

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 10,000 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	Hiroyuki Kimura Yoshitaka Ozawa Katsuaki Tanaka Yam Hon Ming, Tommy
Independent Non-Executive Directors	Lo Chi Hong Luk Koon Hoo Yap, Alfred Donald
Company Secretary	Tung Yu Biu

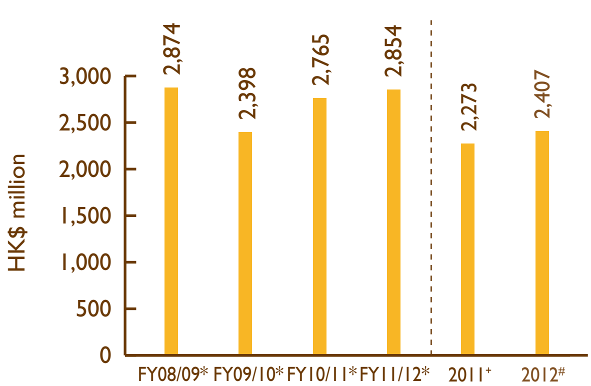
Registered Office	Hung Hing Printing Centre 17–19 Dai Hei Street Tai Po Industrial Estate New Territories, Hong Kong Tel: (852) 2664 8682 Fax: (852) 2664 2070 E-mail: info@hunghingprinting.com
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited The Bank of Tokyo-Mitsubishi 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

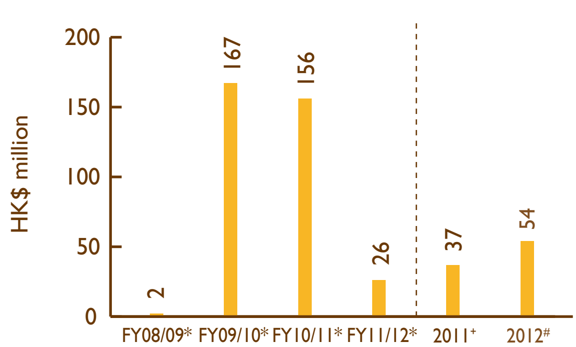
	Period from 1 April to 31 December 2012 HK$'000	Period from 1 April to 31 December 2011 (Unaudited) HK$'000	Year ended 31 March 2012 HK$'000
Revenue	**2,406,673**	2,272,875	2,854,459
Profit	**55,907**	39,759	29,112
Profit Attributable to Owners of the Company	**53,930**	36,987	25,539
Basic Earnings per Share (HK cents)	**6.0**	4.1	2.8
Dividends per Share (HK cents)			
Interim Dividend	**3**	N/A	2
Final Dividend	**2**	N/A	2
	5	N/A	4

	At 31 December 2012 HK$'000	At 31 December 2011 (Unaudited) HK$'000	At 31 March 2012 HK$'000
Property, Plant and Equipment	**1,352,430**	1,385,685	1,366,117
Net Current Assets	**1,570,484**	1,614,732	1,589,985
Total Assets	**3,629,223**	3,988,099	3,786,566
Equity Attributable to Owners of the Company	**2,664,535**	2,671,523	2,661,883

Revenue



Profit Attributable to Owners of the Company



* Year ended 31 March

\+ Period from 1 April to 31 December 2011 (Unaudited)

\# Period from 1 April to 31 December 2012

EXECUTIVE CHAIRMAN

Yum Chak Ming, Matthew

During the period under review, the Group not only enhanced sales efforts and strengthened cost controls, but also strategically invested in future growth to create long-term value for shareholders.

Dear Shareholders,

It is my pleasure to report the financial results for the Hung Hing Printing Group for the period April to December 2012, the first time our results are reported by calendar year. The Group delivered steady growth during the period, achieving increased revenues of HK$2,407 million and operating profits of HK$89 million.

Investing in the future

During the period under review, the mainland China market continued to grow, but at a slower rate than previous years, and export markets remained uncertain. In response the Group not only enhanced sales efforts and strengthened cost controls, but also strategically invested in future growth to create long-term value for shareholders.

In pursuit of this strategy, during the period, Hung Hing implemented a number of measures to improve performance excellence. We continued our program to improve inventory controls, upgrade and replace our facilities and equipment, invested in product and process innovation, and most importantly in our people. These measures have rendered us well positioned to achieve a stronger leadership position as soon as a market recovery begins.

The volatile export market, decline in demand for printed books due to increasing consumer uptake of electronic readers, and continued increases in labour costs, drove the industry to consolidate. Its strong financial position, strategic management approach and reputation allowed the Group to benefit from the trend to emerge as the preferred partner of many of our customers.

Delivering customer service excellence

During the period, management and staff at every level of the company continued to work as a team to deliver customer service excellence and increase customer loyalty in the face of the volatile market conditions. Their commitment to productivity and efficiency allowed us to be innovative and agile. This helped the Group deliver increases in revenue and profits during the period.

Following a partnership approach, we continued to maintain close working relationships with our customers, proactively offering ideas, and innovating to deliver tailored solutions where required, to provide added value. We continued to build out our own product and service offerings to help our customers, in turn, to offer choices as well as value to consumers.

We remain committed to the principles of transparency and good corporate governance, with both staff and customers, to succeed despite difficult economic conditions. In this fast-changing environment, our customers value our quick response and flexible approach.

Focus on core business

Keeping in mind the challenging macro-economic conditions and our emphasis on agility and flexibility to respond quickly to changing market conditions, we conducted a comprehensive review of our investment and management role in the two Associates, the paper mill in Zhongshan (formed by two companies, Zhongshan Rengo Hung Hing Paper Manufacturing and Zhongshan Ren Hing Paper Manufacturing) and Graphic Hung Hing Packaging. Following the review we have made a strategic decision to revise the nature of our relationships with the associates, reducing our investment or involvement in the two businesses.

Rengo, the Group's second-largest shareholder, and Graphic Packaging International, a leading provider of packaging solutions for the beverage industry, remain important and valued partners of the Group. However the change will allow the Group to refocus our resources on our core businesses; expanding our value-added offerings, enhancing our facilities, and driving towards efficiency and future growth.

Results and Dividends

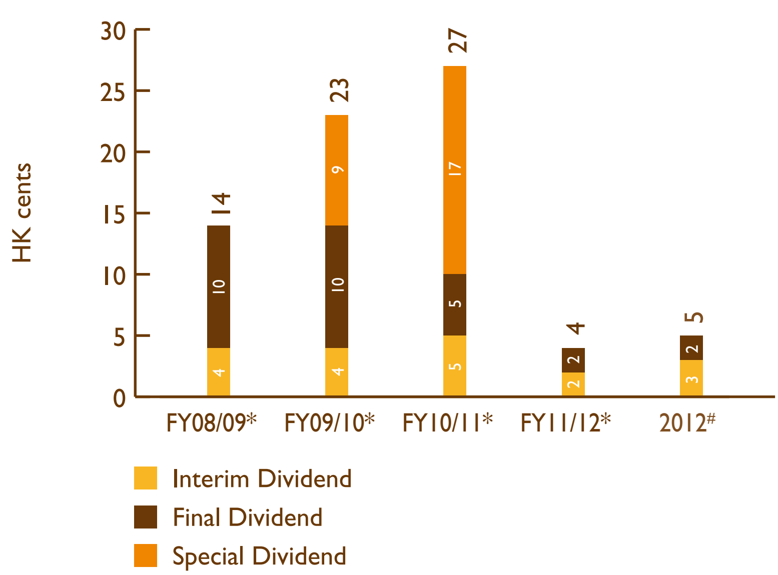
As I mentioned earlier the financial year-end date of Hung Hing Printing Group Limited (the listed company) and our Hong Kong subsidiaries has been changed to 31 December, effective from 2012. This uniform financial reporting date will improve the efficiency of our financial reporting process. As a result, this year-end report alone will be based on a reduced reporting period of nine months (i.e. April to December 2012).

Group revenue for the financial period April to December 2012 grew by 6% to HK$2,407 million from HK$2,273 million in the previous period.

Profit from the Group's operating activities increased by 16% to HK$89 million. Profit attributable to owners of the Company increased by 46% to HK$54 million.

Basic earnings per share during the period were HK6 cents, compared to HK4.1cents for the previous period. The Board of Directors has proposed a final dividend of HK2 cents. This, together with the interim dividend of HK3 cents, brings the total dividend for the period to HK5 cents, compared to HK4 cents in the previous period. 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 June 2013.

Dividend Per Share



* Year ended 31 March

\# Period from 1 April to 31 December 2012

Business Outlook

We are optimistic about the long term growth prospects of the printing and packaging business. That said, economic volatility and unstable business conditions will likely persist in the year ahead. With a slow macro-economic recovery under way we have a cautiously positive view about business growth originating from the US as well as other selected export markets. Together with our second-largest shareholder Rengo we will continue to grow our business in Japan and other parts of Asia.

The mainland China domestic market is still growing, albeit at a slower rate, stimulating continued growth in the packaging and printing market. Especially in the first-tier cities, family disposable income and spending related to children is growing. To tap into this trend we will place further emphasis on the children's book market in mainland China. Our two dust-free facilities will allow us access to industries that require clean environments such as personal care, pharmaceuticals and food packaging.

The industry consolidation that we had anticipated as a result of intense competition and increasing costs has commenced, and we expect it to gain further momentum in the year ahead. In this context large customers will prefer large, reputable partners like us, known for innovation and value. We will strengthen our marketing efforts among existing and new customers to take advantage of market consolidation.

I firmly believe that there is always room for improvement in efficiency, governance and environmental performance. Good progress has been made in these areas and we will continue to enhance and improve our operations in pursuit of best practice.

My sincere thanks and appreciation go to the Group's 10,556 employees. Their passion, hard work and commitment every day are at the heart of our success.

Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 21 March 2013

Overview

The financial year-end date of Hung Hing Printing Group Limited (the listed company) and its Hong Kong subsidiaries has been changed to 31 December, effective from 2012. This change allows all Group companies, both in Hong Kong and China, to share a common financial year-end date, facilitating streamlined preparation of the consolidated financial statements.

This change has resulted in a reduction in the reporting period to nine months (April to December 2012). To facilitate meaningful comparison, we provide the relevant data for the comparable previous period (April to December 2011) on page 20 (Financial Information Summary). In the following paragraphs also, the terms 'current' and 'previous period' refer to the nine months April to December. It should be noted that the financial data for the prior nine-month period has not been reviewed nor audited by our auditor.

For the nine months ended 31 December 2012, the Group turnover rose 6% to HK$2,407 million. Despite weak economic conditions in our export markets, revenue for our Book and Package Printing division increased by 15% as compared to the previous period as a result of repeat orders from existing customers, as well as orders from new customers. This increase was partially offset by the relatively soft performance of our other businesses, Consumer Product Packaging, Corrugated Box and Paper Trading, which faced a slowdown in the domestic market and export processing across the Pearl River Delta.

During the current period, commodity and other material costs remained stable. While wages rose by more than 10%, mirroring macro trends in mainland China, the rate of increase was substantially lower than the 20% prevailing in 2010–2011. In response to these trends, we have continued to maintain and tighten our controls over costs and price quotations. As a result, the Group's profit before tax rose 26% to HK$71 million.

Export Market

The macro economic situation in our export markets remained challenging during the period under review, amid a slow recovery in the United States and high volatility in the Euro-zone. The international book market is facing a gradual decline in demand as a result of increased uptake of e-books and mobile devices. This declining demand, combined with increasing labor cost, has accelerated the pace of consolidation among export printers in south China. As one of the largest and most reputable printers in the region, Hung Hing has benefited from this trend to increase revenues.

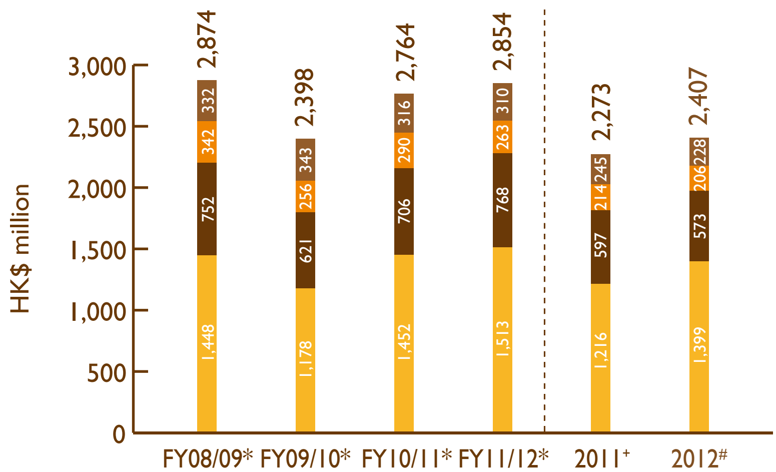
The Group continues to expand its presence in the high quality packaging and innovative paper product businesses. We have made significant inroads into the luxury packaging business. Partnering with Rengo of Japan, our second-largest shareholder, we have successfully expanded our sales territory to provide quality sales and promotion displays to the Asia retail market.

Domestic Market

A slowing mainland China economy and new entrants into the packaging sector intensified the price competition that is already prevalent. We experienced a 4% reduction in revenue, amounting to HK$573 million during the period under review.

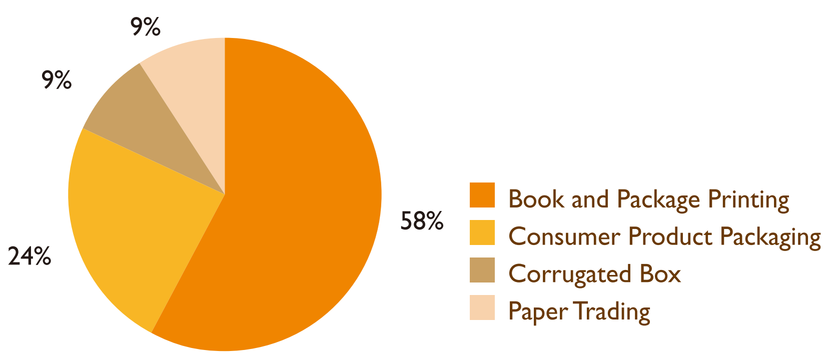
In response, we have enhanced our domestic sales team and increased our focus on the packaged food and personal care sectors, leveraging upon the dust-free manufacturing zones in our Zhongshan and Wuxi plants. We are also working with some of our international publishing clients to penetrate the domestic children's book market.

Revenue by Business Unit

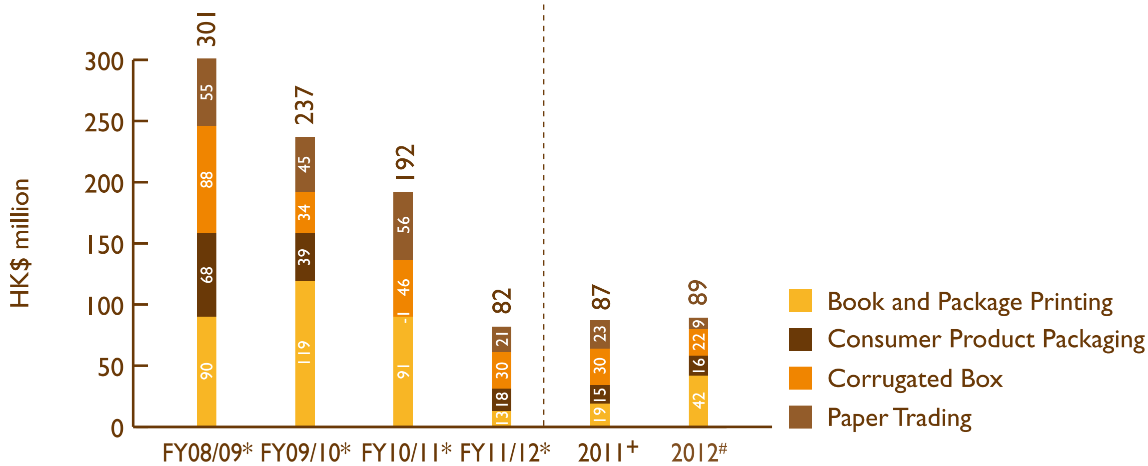


*	Year ended 31 March
+	Period from 1 April to 31 December 2011 (Unaudited)
#	Period from 1 April to 31 December 2012

Revenue by Business Unit for the Period from 1 April to 31 December 2012



Profit Contribution by Business Unit



* Year ended 31 March

\+ Period from 1 April to 31 December 2011 (Unaudited)

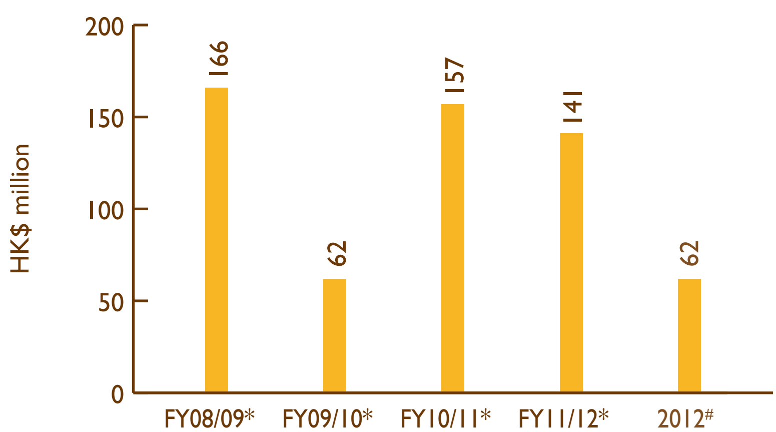
\# Period from 1 April to 31 December 2012

Liquidity and Capital Resources

The Group remains in a sound financial position. As of 31 December 2012, the Group had net cash on hand (total cash net of bank borrowings) of HK$241 million.

As of 31 December 2012, the Group had bank deposits and cash on hand totaling HK$623 million, of which 67% was held in RMB, 21% in HKD, 9% in USD, 3% in Euro and Pound Sterling. The higher mix of RMB helped the Group to mitigate the impact of RMB appreciation on the Group's operating expenses and enabled the Group to earn a higher interest income of HK$8.8 million.

Capital Expenditure



* Year ended 31 March

\# Period from 1 April to 31 December 2012

As of 31 December 2012, the Group's total bank borrowings amounted to HK$382 million. The Group's gearing ratio (bank borrowings to total equity) stood at 14% compared with 19% in the previous year. Per the repayment schedules in the Group's loan agreements with banks, HK$153 million is repayable within one year, HK$130 million is repayable within one to two years, and HK$99 million is repayable within two to five years.

Of the Group's total borrowings, 97% was borrowed in HKD, 2% in USD and 1% in RMB. Of this, 91% was owed to banks in Hong Kong at interest rates in reference to the HIBOR or the bank's cost of funds plus certain mark-up %, and the remaining 9% was owed to banks in mainland China at interest rates in reference to the People's Bank of China (PBOC) base rate or the bank's cost of funds plus certain mark-up %. Total interest expenses amounted to HK$7.2 million during the reporting period. The Group had unutilized bank loan and trade facilities totaling HK$568 million as of 31 December 2012.

During the period under review, the Group invested HK$62 million (HK$141 million in the previous year) in machinery and equipment, focused on increasing production efficiency. A new 5-colour printing press was installed at the Heshan plant to expand capacity.

Business Sustainability

In 2012, the Group started to track resource usage as part of its program to enhance environmental performance. Central to our philosophy is that every member of our staff needs to work in accordance with the principles of conservation.

We have installed individual electricity sub-meters at each work floor and the most high-voltage equipment. Over 240 sub-meters have been installed across production areas. Resource usage is classified by type of use-machinery, air-conditioning, lighting, supporting and dormitory. Monthly electricity usage is closely monitored and usage statistics publicized to facilitate self-monitoring and improvement. We believe this will help encourage employees to practise the principles of conservation at the most granular level.

During the period, nine improvement plans were implemented across the Group's facilities. These programs jointly saved 650,000 Kwh of electricity, 250,000 liters of water, and reduced emissions of VOCs (volatile organic compounds) by 720,000 liters.

In recognition of our ongoing efforts, the Heshan and Fu Yong plant have been awarded the Green Medal and the 3 years+ Green Medal respectively in the 2011/2012 Hang Seng Pearl River Delta Environmental Awards.

As part of our efforts to support sustainable forests, the Group has increased its inventory of paper from certified sources and now offers FSC (Forest Stewardship Council) certified paper of all types. During the period under review, the Group purchased over 63,000 tons of FSC and PEFC (Programme for the Endorsement of Forest Certification) paper, and 146,000 tons of recycled paper.

The Group also recycled 24,700 tons and 880 tons of paper and plastic waste during the period.

Our People

The Group has a skilled and dedicated team at both management and worker level. We aspire to be an employer of choice and thus offer above-average remuneration packages and good working conditions. By the end of 2012, the Group employed 10,556 people, of whom 355 were based in Hong Kong and 10,201 were based in mainland China.

We provide both internal and external training opportunities to our employees to enhance their work skills, and provide knowledge in occupational health and safety. During the reporting period, over 7,800 new employees attended 102,800 hours of basic training. Five hundred courses over 89,200 hours were provided to 43,400 participants. Experts from our machinery vendors provided regular training programs to our staff to enhance technical and operating capabilities.

Our health and safety performance continues to improve steadily. Total incident rate (number of incidents per 100 workers per year) dropped from 0.38 last year to 0.28 this year, continuing the trend of steady improvement over the past five years.

BUSINESS UNIT REPORTS

Hung Hing is one of the world's leading producers of folding cartons and packaging for toys, cosmetics and other consumer products, as well as one of the largest manufacturers of conventional and children's novelty books. Our clientele includes the world's most recognized manufacturers in toys, cosmetics, consumer goods and leading publishers. The Group has four business units.

BOOK AND PACKAGE PRINTING

Book and Package Printing is the Group's largest business unit.

Production of folding cartons, packaging, conventional books and children's books is carried out at the Group's ISO 9001, ISO 14001 and ICTI-COBP certified plants in Shenzhen and Heshan in Guangdong, China, and in Hong Kong. The three plants have a combined production space of 250,000 square meters and employ over 8,000 workers.

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

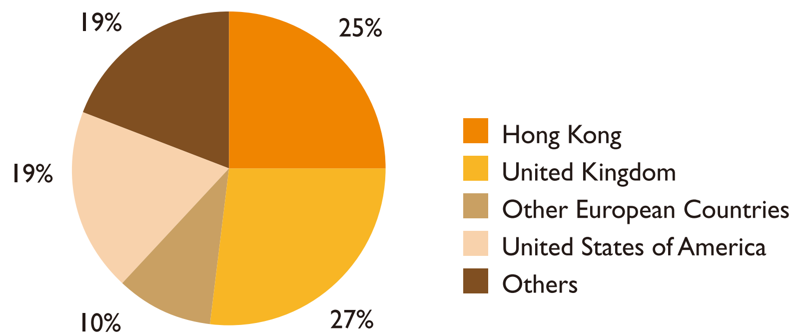
- Revenue of HK$1,399 million, up 15% from HK$1,216 million during the previous period
- Profit contribution of HK$42 million, up 124% from HK$19 million during the previous period
- Profit contribution margin of 3%, up from 2% during the previous period

Review of Operations

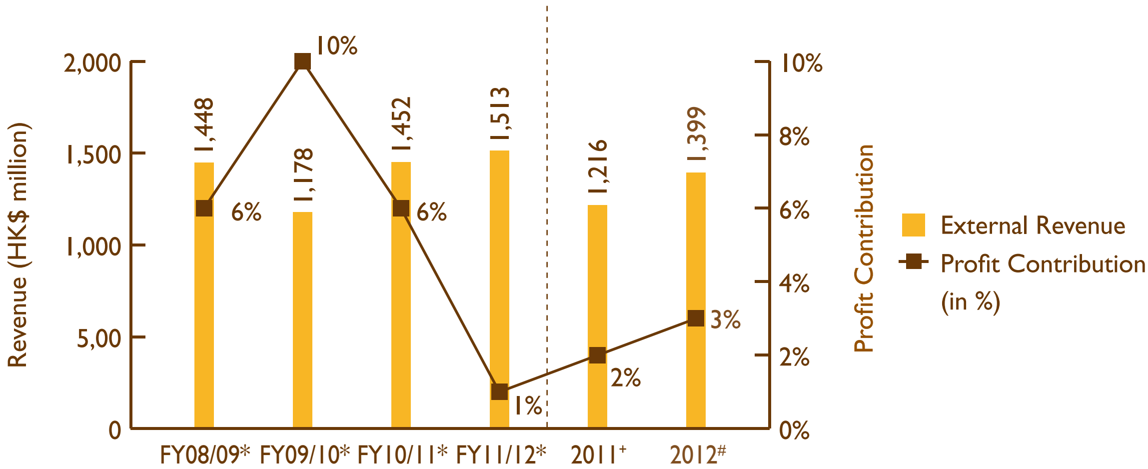
2012 was a difficult year for export manufacturers in general in south China and the printing sector was not immune to these pressures. Overall declines in demand and rising labor costs have accelerated the pace of consolidation among export printers in south China. The Group's size and strong reputation enabled the book and toy packaging business to benefit from the trend among large customers to streamline their lists of qualified vendors in an effort to reduce total procurement costs.

The Group responded to market uncertainties by diversifying its product and service offerings. We have made significant inroads into in the luxury packaging and retail display businesses. We are working with our strategic partner, Rengo of Japan, to export promotional display shelves to the Asia market. Leveraging upon our initial success and proven design and product development capabilities, we are exploring similar opportunities in the China domestic market.

Revenue by Region for the Period from 1 April to 31 December 2012



Revenue & Profit Contribution (in %)



*	Year ended 31 March
+	Period from 1 April to 31 December 2011 (Unaudited)
#	Period from 1 April to 31 December 2012

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. With a workforce of 2,000 and wide-ranging capabilities, these two plants are well positioned to capture the growing consumer market in China.

The Consumer Product Packaging business unit reported the following results for the period:

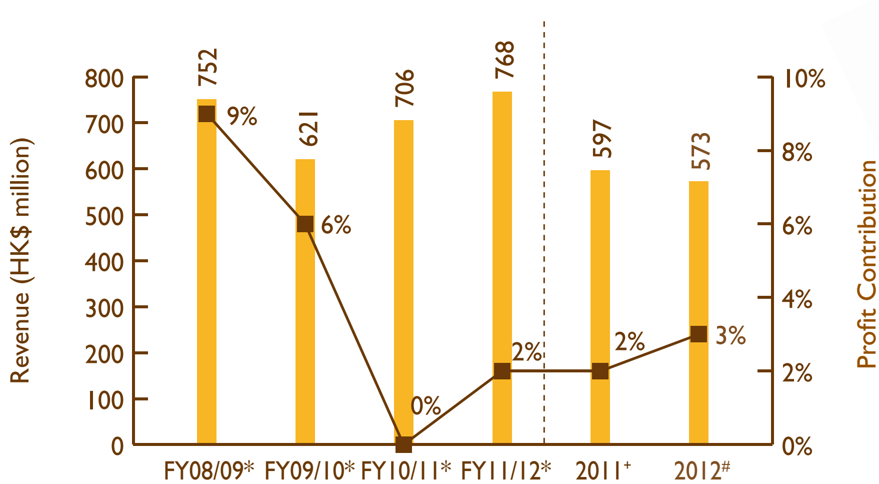
- Revenue of HK$573 million, down 4% from HK$597 million during the previous period
- Profit contribution of HK$16 million, up from HK$15 million during the previous period
- Profit contribution margin of 3%, up from 2% during the previous period

Review of Operations

During 2012, the mainland China domestic packaging market was affected by slowing economic growth as well as new entrants from the export sector. This intensified fragmentation and the prevailing price-based competition. A slowdown in orders from some Japanese clients also impacted revenues.

While keen competition will continue, the Group expects that economic growth will continue in China and consumer spending will accelerate in 2013. Our continuous drive to improve productivity persists and has resulted in improved contribution margins during the reporting period. We are seeing improved performance from the Wuxi plant, which is advantageously located to capture growth in the east China market.

Revenue & Profit Contribution (in %)



* Year ended 31 March

\+ Period from 1 April to 31 December 2011 (Unaudited)

\# Period from 1 April to 31 December 2012

CORRUGATED BOX

The Group's corrugated box manufacturing business reported stable revenues during the period under review as a result of sales to sectors including toys, food and beverage, electronics and household products.

Close to 50% of revenues of this business unit are generated from Hong Kong based exporters, while the remainder comes from customers in China. The business operates a manufacturing facility in Shenzhen and a distribution center in Hong Kong.

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

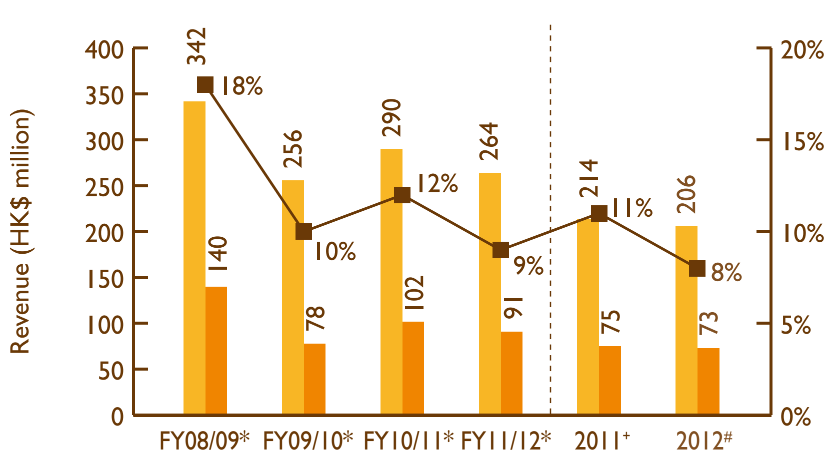
- Revenue of HK$206 million, down 4% from HK$214 million during the previous period
- Profit contribution of HK$22 million, down 28% from HK$30 million during the previous period
- Profit contribution margin of 8%, down from 11% during the previous period

Review of Operations

The Corrugated Box business continued to benefit from operational alignment with the Group's Book and Package Printing business, which provides a stable demand base. Overlapping customers and segments also provides sales opportunities for both business units.

The business was impacted by a general slowdown in export activities across the Pearl River Delta. There is also a gradual trend for manufacturers to move out from Shenzhen and Dongguan to the east (Huizhou), west (Jiangmen) and north (Shaoguan), and beyond, impacting the Group's ability to serve customers and increasing our costs.

Revenue & Profit Contribution (in %)



* Year ended 31 March

\+ Period from 1 April to 31 December 2011 (Unaudited)

\# Period from 1 April to 31 December 2012

The Group is enhancing its sales development efforts in the mainland domestic market, with notable positive results in the packaged food, beverage & home care sectors. Nearly half of the Group's revenues are now derived from the mainland China domestic market. To secure growth, we are expanding our sales efforts to cover a broader area in China.

PAPER TRADING

Hung Hing is one of the largest paper trading operators in Asia outside of Japan. The paper trading business unit is centered around its 60,000-ton paper storage facility in Shenzhen that can supply a large variety of paper types on short lead times at competitive prices. The business unit also serves a strategic purpose as an integral part of the Group's supply chain, providing a stable and economical supply of paper to the Group's core printing and packaging business units.

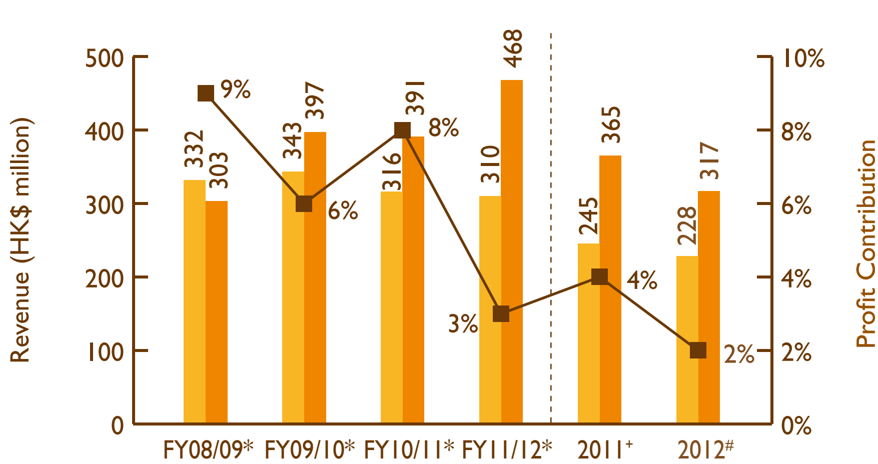
The business reported the following results for the period:

- Revenue of HK$228 million, down 7% from HK$245 million during the previous period
- Profit contribution of HK$9 million, down 61% from HK$23 million during the previous period
- Profit contribution margin of 2%, down from 4% during the previous period

Review of Operations

Over 80% of the revenues of the business unit came from exporters in south China during the period, and the balance from the China domestic market. Revenues were impacted by a slowdown in export activity across the Pearl River Delta and tightened credit management. These factors, combined with softening paper prices, led to intensified price competition and a significant drop in margin.

Revenue & Profit Contribution (in %)



* Year ended 31 March
\+ Period from 1 April to 31 December 2011 (Unaudited)
\# Period from 1 April to 31 December 2012

ASSOCIATES

Rengo Hung Hing Paper Manufacturing

Hung Hing held a 17% effective equity stake in the Rengo Hung Hing Paper Manufacturing entities, located in Zhongshan, Guangdong Province. Our share of the losses amounted to HK$11 million during the nine-month period ended 31 December 2012.

With a view to focus on our core printing and packaging businesses, we relinquished our two board seats in this business and re-designated our investment, in accounting terms, from 'Investments in associates' to 'Available-for-sale financial assets'. At the same time, with the continuing losses suffered by the paper manufacturing business, the management performed an impairment assessment on the carrying book value of our investment. The net impact of the above initiatives was a charge of HK$3 million to the Group's income statement, which included the reversal of a cumulated translation gain of HK$15 million from the exchange reserve to the consolidated income statement.

Graphic Hung Hing Packaging

Hung Hing used to own a 40% stake in Graphic Hung Hing Packaging, a joint-venture (JV) with Graphic Packaging International (Japan) Ltd., a leading provider of packaging solutions for the beverage industry. Based on an analysis of our strategic alternatives on this investment, the Group has concluded that it is in the best interests of the Group, as well as the JV, to change our status from an investor to a valued business partner.

Following this review the Group entered into a JV termination agreement in December 2012, selling our 40% stake to Graphic Packaging International (Japan) Ltd. As a result, there has been a one-time credit of HK$6 million to the Group's income statement.

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the nine-month period from 1 April to 31 December 2012.

Principal activities

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

The principal activities of the Group during the period 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 period.

Results and dividends

The Group's profit for the nine months period from 1 April to 31 December 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 41 to 132.

An interim dividend of HK3 cents per share was paid on 27 December 2012. The directors recommend the payment of a final dividend of HK2 cents per share to shareholders on the register of members on 7 June 2013. 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 period/years is set out below. This summary does not form part of the audited financial statements.

Summary financial information (Continued)

Results

	Period from 1 April to 31 December		Year ended 31 March			
	2012 (Audited) HK$'000	2011 (Unaudited) HK$'000	2012 (Audited) HK$'000	2011 (Audited) HK$'000	2010 (Audited) HK$'000	2009 (Audited) HK$'000
Continuing operations						
Revenue	**2,406,673**	2,272,875	2,854,459	2,764,789	2,397,850	2,873,710
Operating profit	**89,022**	77,001	72,891	223,066	204,519	370,844
Finance costs	**(7,214)**	(7,815)	(10,973)	(10,341)	(11,411)	(38,476)
Share of losses of associates	**(10,669)**	(12,780)	(16,423)	(15,616)	(2,639)	(1,560)
Profit before income tax	**71,139**	56,406	45,495	197,109	190,469	330,808
Income tax expense	**(15,232)**	(16,647)	(16,383)	(37,053)	(24,890)	(26,172)
Profit from continuing operations	**55,907**	39,759	29,112	160,056	165,579	304,636
Discontinued operations						
Profit/(loss) from discontinued operations	**–**	–	–	–	19,117	(470,075)
Profit/(loss) for the period/year	**55,907**	39,759	29,112	160,056	184,696	(165,439)
Profit/(loss) attributable to:						
Owners of the Company						
Continuing operations	**53,930**	36,987	25,539	156,493	148,169	279,613
Discontinued operations	**–**	–	–	–	18,435	(277,844)
	53,930	36,987	25,539	156,493	166,604	1,769
Non-controlling interests						
Continuing operations	**1,977**	2,772	3,573	3,563	17,410	25,023
Discontinued operations	**–**	–	–	–	682	(192,231)
	1,977	2,772	3,573	3,563	18,092	(167,208)
	55,907	39,759	29,112	160,056	184,696	(165,439)
Earnings per share						
Basic	**HK6.0 cents**	HK4.1 cents	HK2.8 cents	HK17.3 cents	HK18.2 cents	HK0.2 cents
Diluted	**HK6.0 cents**	HK4.1 cents	HK2.8 cents	HK17.2 cents	HK18.1 cents	HK0.2 cents

Summary financial information (Continued)

Assets, liabilities and non-controlling interests

	At 31 December 2012 (Audited) HK$'000	At 31 March 2012 (Audited) HK$'000	2011 (Audited) HK$'000	2010 (Audited) HK$'000	2009 (Audited) HK$'000
Property, plant and equipment	**1,352,430**	1,366,117	1,330,903	1,304,175	1,362,602
Land use rights	**107,162**	109,215	110,951	112,328	147,859
Intangible assets	**8,940**	11,140	9,405	8,698	5,231
Available-for-sale financial assets	**22,463**	8,034	8,653	8,490	7,367
Properties under construction	**12,262**	19,391	35,255	249	35,994
Interests in associates	**–**	41,080	54,018	21,638	–
Derivative financial instruments	**–**	–	–	193	–
Trade receivables	**7,006**	–	–	–	–
Deferred income tax assets	**9,664**	14,103	10,926	11,429	4,348
Deposits paid for acquisition of property, plant and equipment	**–**	3,064	8,492	–	–
Current assets	**2,109,296**	2,214,422	2,076,316	2,355,766	2,524,713
Total assets	**3,629,223**	3,786,566	3,644,919	3,822,966	4,088,114
Current liabilities	**538,812**	624,437	775,917	794,613	895,244
Derivative financial instruments	**–**	–	–	233	–
Borrowings	**228,937**	313,614	10,714	–	60,000
Deferred income tax liabilities	**47,749**	44,568	46,117	40,654	39,797
Total liabilities	**815,498**	982,619	832,748	835,500	995,041
Non-controlling interests	**149,190**	142,064	138,427	128,378	218,958
Equity attributable to owners of the Company	**2,664,535**	2,661,883	2,673,744	2,859,088	2,874,115

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group during the period are set out in note 14 to the financial statements.

Share capital

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

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's securities during the period.

Reserves

Details of the movement in the reserves of the Group and the Company during the period are set out in the consolidated statement of changes in equity and in note 32 to the financial statements, respectively.

Distributable reserves

The Company's distributable reserve as at 31 December 2012, calculated under Section 79B of the Companies Ordinance and with reference to the "Guidance on the Determination of Realised Profit and Losses in the Context of Distributions under the Hong Kong Companies Ordinance" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), amounted to HK$54,985,000, of which HK$18,157,000 has been proposed as a final dividend for the period.

Charitable contributions

During the period, the Group made charitable contributions totalling HK$195,000.

Major customers and suppliers

In the period under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the period and purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the period.

Directors

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

Executive directors:
Yum Chak Ming, Matthew
Sung Chee Keung

Non-executive directors:
Hiroyuki Kimura
Yoshitaka Ozawa
Katsuaki Tanaka
Yam Hon Ming, Tommy *(appointed on 1 April 2012)*
Yam Ho Ming, Michael *(resigned on 1 April 2012)*

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:

Yoshitaka Ozawa
Katsuaki Tanaka
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. Alfred Donald Yap, 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 55, 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 54, 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. Hiroyuki Kimura, aged 64, is a Senior Adviser of Rengo Co., Ltd. ("Rengo") with management responsibilities in Rengo's Overseas Unit. He holds a Bachelor of Industrial Engineering from Kansai University, Japan. Mr. Kimura has been with Rengo since 1971 in various positions and was from 2005 until July 2011 the general manager of the Rengo's Packaging Design Department.

Mr. Yoshitaka Ozawa, aged 63, is a member of the board of Rengo and is the senior managing executive officer with responsibility for Rengo's Overseas Unit. He holds a Bachelor of Mechanical Engineering from Waseda University, Japan. Mr. Ozawa has been with Rengo since 1974 in various positions and has been a member of the board since June 2002.

Mr. Katsuaki Tanaka, aged 62, is a Senior Adviser of Rengo and Rengo's Overseas Unit. He holds a Bachelor of Agricultural Sciences from the University of Tokyo, Japan. Mr. Tanaka joined Rengo on 1 August 2011 and was between June 2010 and July 2011 the corporate auditor of Sumisho Mitsuibussan Kenzai Co., Ltd. Before that he worked for Sumisho Paper Co., Ltd. where he was a director between 2003 and 2010.

Mr. Yam Hon Ming, Tommy, aged 49, holds a Bachelor of Arts degree in Economics from York University, Canada. Mr. Yam has significant management experience in the printing industry. He was a non-executive director of the Company from 1991 to 1996. He rejoined the Company in 1999 and served as an executive director of the Company from July 2000 to July 2008. He was also the general manager of Hung Hing Packaging (Wuxi) Company Limited, a subsidiary of the Company, and was responsible for its general management between 2002 and 2008. He is a brother of Mr. Yum Chak Ming, Matthew.

Independent non-executive directors

Mr. Lo Chi Hong, aged 66, was a Board Director and Vice President of Sino United Publishing (Holdings) Limited and is an 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.

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

Independent non-executive directors (Continued)

Mr. Luk Koon Hoo, aged 62, 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-designated 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 and a member of Town Planning Board. 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 74, 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 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.

Senior management

Mr. Lui Man Yiu, Eric, aged 57, 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 64, 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 financial management with a multinational company in Hong Kong. He has been with the Group since 1992.

Mr. Wong Fu Cheung, Dennis, aged 53, 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.

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

Senior management (Continued)

Mr. Song Zhi Yi, aged 52, 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 Siu Man, Alvin, aged 55, 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 43, is responsible for the management of the Group's paper trading business. She has over 20 years of experience in paper trading and has been with the Group since 1992.

Mr. Lim Pheck Wan, Richard, aged 48, is responsible for the sales and marketing operations of the Group's book and package printing business. He holds a Master's Degree in International Marketing from the University of Strathclyde, Glasgow. He has over 20 years experience in the printing business and has managed operations in Singapore/Malaysia and Eastern China. He has been with the Group since July 2011.

Mr. So Ching Tung, Tony, aged 43, is responsible for the management of the corrugated box business in Hong Kong and Shenzhen. He holds a Bachelor of Science degree (Honours) in Science from the Hong Kong Baptist University and a Master of Business Administration degree from The Hong Kong Polytechnic University. He has been with the Group since 2006.

Mr. Yu Yan Yee, aged 43, is the Chief Information Officer of the Group. He is responsible for overseeing all aspects of information technology (IT) for the Group, and enabling its business through strategic and effective use of IT. Mr. Yu spent the last 15 years driving IT transformation projects and executing change programs, most recent 10 years with IBM Global Business Services. He holds a Bachelor of Science degree (cum laude) in Mechanical Engineering from Louisiana Tech University, USA, a Master of Business Administration degree from Boston University, USA, and a Master of Science degree in IT from the Hong Kong University of Science and Technology. He has been with the Group since May 2012.

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 or remuneration committee 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 period.

Directors' interests in shares and underlying shares

At 31 December 2012, 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	15,231,030	–	–	1,010,869	16,241,899	1.79
Sung Chee Keung	1,054,326	60,000	–	368,738	1,483,064	0.16
Yap, Alfred Donald	27,504	–	–	–	27,504	–

Save as disclosed above, as at 31 December 2012, 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 period 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 December 2012, 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:

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

Long positions:

Name		Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
C.H. Yam International Limited*	(Note)	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited	(Note)	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited	(Note)	Directly beneficially owned	199,263,190	21.95
Rengo Co., Ltd.		Directly beneficiary owned	271,552,000	29.91
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, Mr. Yam Hon Ming, Tommy and other immediate family members of the founder as at 31 December 2012. 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, Michael, Mr. Yam Hon Ming, Tommy or any other members of the family.

Note: 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 199,263,190 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 December 2012, 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.

Continuing connected transactions

During the period and in the normal course of business, the Company and its subsidiaries (collectively the "Group") had various commercial transactions with Rengo Co., Ltd. ("Rengo") or its subsidiaries (Rengo, together with its subsidiaries the "Rengo Group"). Rengo is a substantial shareholder of the Company and these transactions constitute continuing connected transactions under the Listing Rules.

Details of these transactions are as follows:

(a) **Purchase of Paper and Sale of Waste Paper Agreements**

Each of Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited and Zhongshan Ren Hing Paper Manufacturing Company Limited (collectively, the "Paper Mill Entities") is a Sino-foreign joint venture company incorporated under the laws of the PRC and is principally engaged in paper manufacturing. Each of the Paper Mill Entities, in which Rengo holds approximately 62.8% equity interests, is an associate of Rengo and therefore a connected person of the Company.

Continuing connected transactions (Continued)

(a) Purchase of Paper and Sale of Waste Paper Agreements (Continued)

On 29 August 2011, the Company and the Paper Mill Entities entered into two framework agreements as follows:

(i) An agreement pursuant to which the Company agreed to purchase, and procure the Company's subsidiaries to purchase, and the Paper Mill Entities agreed to sell paper during the period from 3 August 2011 to 31 March 2012 (the "Purchase of Paper Framework Agreement").

(ii) An agreement pursuant to which the Company agreed to sell, or procure the Company's subsidiaries to sell, and the Paper Mill Entities agreed to purchase waste paper during the period from 3 August 2011 to 31 March 2012 (the "Sale of Waste Paper Framework Agreement").

On 27 February 2012, the Company and the Paper Mill Entities agreed to renew each of the Purchase of Paper Framework Agreement and the Sale of Waste Paper Framework Agreement for a term of one year commencing on 1 April 2012. The revised annual caps for the twelve months ending 31 March 2013 with regard to the Purchase of Paper Framework Agreement and the Sale of Waste Paper Framework Agreement are HK$72 million and HK$38 million, respectively. The revised annual caps were determined with reference to the historical amounts of the relevant transactions and the potential growth of the Company's business. During the nine-month period from 1 April 2012 to 31 December 2012, the actual amount of transactions in relation to the Purchase of Paper Framework Agreement and the Sale of Waste Paper Framework Agreement were HK$61 million and HK$24 million, respectively.

The above continuing connected transactions between the Paper Mill Entities and the Group were exempted from approval of the independent shareholders of the Company and subject to reporting, annual review and announcement only. Further details of the transactions were set out in the announcements of the Company dated 29 August 2011 and 27 February 2012.

(b) Sales Agreement and Supplemental Sales Agreements

The Group and the Rengo Group entered into a basic sales and purchase agreement on 1 May 2012 (the "Sales Agreement"), pursuant to which the Group agreed to sell and deliver to Rengo Group the Paper Products for the period from 1 May 2012 to 30 June 2013. On 27 November 2012, the Group and the Rengo Group entered into a supplemental agreement to the Sales Agreement (the "Supplemental Sales Agreement") to extend the term of the Sales Agreement to 31 December 2013.

The annual caps for the nine-month period ending 31 December 2012 and the year ending 31 December 2013 with regard to the Sales Agreement and Supplemental Sales Agreements are HK$4 million and HK$16 million, respectively. During the nine-month period from 1 April 2012 to 31 December 2012, the actual amount of transactions in relation to the Sales Agreement and Supplemental Sales Agreements was HK$3 million.

Continuing connected transactions (Continued)

(c) **Corrugated Board Agreement**

The Group and the Rengo Group entered into a purchase agreement on 27 November 2012 (the "Corrugated Board Agreement"), pursuant to which the Rengo Group agreed to sell and deliver to the Group corrugated board for the period from 27 November 2012 to 31 December 2013.

The annual caps for the nine-month period ending 31 December 2012 and for the year ending 31 December 2013 with regard to the Corrugated Board Agreement are HK$2 million and HK$4 million, respectively. During the nine-month period from 1 April 2012 to 31 December 2012, the actual amount of transactions in relation to the Corrugated Board Agreement was HK$2 million.

The transactions under the Sales Agreement, Supplemental Sales Agreements and Corrugated Board Agreement had exceeded the de minimis threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to reporting, annual review and announcement requirement but exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.34(1) of the Listing Rules.

Further details of the above transactions were set out in the announcement of the Company dated 27 November 2012.

(d) **Sale of Paper Products Framework Agreement and Purchase of Paper Products Framework Agreement**

On 19 December 2012, the Group and the Rengo Group entered into, subject to the approval of independent shareholders, two new framework agreements to streamline the continuing connected transactions as follows:

(i) The Sale of Paper Products Framework Agreement pursuant to which the Group agreed to sell and the Rengo Group agreed to purchase paper products for the period from the Effective Date to 31 December 2015.

(ii) The Purchase of Paper Products Framework Agreement pursuant to which the Group agreed to purchase and the Rengo Group agreed to sell paper products for the period from the Effective Date to 31 December 2015.

The proposed annual caps for the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement for the three years ending 31 December 2013, 31 December 2014 and 31 December 2015 are expected to exceed 5% of one or more of the applicable size tests of the Listing Rules, the continuing connected transactions are subject to the reporting, announcement, annual review and the independent shareholders' approval. Upon receipt of the independent shareholders' approval, the two new framework agreements will replace all the existing agreements governing the continuing connected transactions between the Group and the Rengo Group. Further details of the transactions were set out in the announcement of the Company dated 19 December 2012.

At the extraordinary general meeting held on 30 January 2013, the two new framework agreements were approved by the independent shareholders and became effective as from 30 January 2013 (the "Effective Date").

Annual Review of Continuing Connected Transactions

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged its auditor, PricewaterhouseCoopers, to conduct a review of the above continuing connected transactions for the period from 1 April to 31 December 2012 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter in respect of the continuing connected transactions disclosed in the paragraph above and confirmed that for the period from 1 April to 31 December 2012:

(i) the transactions have been approved by the Board;

(ii) the transactions were in accordance with the pricing policies of the Group;

(iii) the transactions have been entered into in accordance with the relevant agreements governing the transactions; and

(iv) the aggregate amount of the transactions have not exceeded the annual caps that have been previously announced.

In accordance with Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions for the period from 1 April to 31 December 2012 and the letter issued by the auditor and confirmed that the above continuing connected transactions were entered into:

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

(ii) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreements governing the transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The above continuing connected transactions constitute related party transactions which are set out in note 37 to the consolidated financial statements included in this annual report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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, 21 March 2013

The Company is committed to maintaining a high standard of 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. In addition, the Company is committed to continuously improving these practices and cultivating an ethical corporate culture.

Code on Corporate Governance Practices

The Company has adopted the code provisions as set out on in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the CG Code throughout the nine months period ended 31 December 2012 except for the following deviations:

Code Provision A 2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chief executive officer have been undertaken by Mr. Yum Chak Ming, Matthew, the Executive Chairman of the Company. The Board is of the option that it is appropriate and in the best interests of the Company that Mr. Yum should hold these offices. The Board believes that it is able effectively to monitor and assess management in a manner that properly protects the interests of shareholders.

Code Provision A 4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company 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 every year at the annual general meeting. All directors of the Company retire by rotation at least once every three years and hence the terms of appointment of the Non-executive Directors are limited accordingly.

In respect of Code Provision D.1.4, the Company does not have formal letters of appointment for three of its directors, namely Mr. Hiroyuki Kimura, Mr. Yoshitaka Ozawa and Mr. Katsuaki Tanaka to setting out the key terms and conditions of their appointment. However all directors shall be subject to retirement in accordance with the Articles of Association of the Company. The directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance polices.

Board Composition and Board Practices

The Board of Directors (the "Board") of the Company is composed of 9 directors, of which 2 are Executive Directors including the Executive Chairman, 4 are Non-executive Directors and 3 are Independent Non-executive Directors. All the Independent Non-executive Directors have appropriate professional qualifications, experience or related industry expertise. The Directors' biography and relevant relationships amongst them are set out in the Biographical Details of Directors section on pages 23 to 24 of this Annual Report.

Review will be made regularly by 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.

Independent Non-executive Directors are identified in all corporate communications. An updated list of the Directors identifying the Independent Non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

When selecting potential candidates for directors, skills, experience, expertise, his devotion of time, potential 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. Majority of members of the Nomination Committee are Independent Non-executive Directors.

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.

Key and important decisions are fully discussed at the board meetings. All Directors have been fully consulted about any matters proposed for inclusion in the agenda. The Executive Chairman has delegated the responsibility for drawing up the agenda for each board meeting to the Company Secretary. With the support of 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.

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

Board meetings are scheduled to be held at regular interval. The Board would meet more frequently as and when required. An annual general meeting ("AGM") at which the Company's auditor attended was convened on 27 August 2012 for the financial year ended 31 March 2012.

The attendance record of the Directors at the board meetings and the annual general meeting for the nine months period ended 31 December 2012 is as follows:

	Attendance Board meetings	AGM
Executive Chairman		
Yum Chak Ming, Matthew	3/3	1/1
Executive Director		
Sung Chee Keung	2/3	–/1
Non-executive Directors		
Yoshitaka Ozawa	3/3	1/1
Hiroyuki Kimura	3/3	1/1
Katsuaki Tanaka	3/3	1/1
Yam Hon Ming, Tommy	3/3	1/1
Independent Non-executive Directors		
Yap Alfred Donald	3/3	1/1
Luk Koon Hoo	3/3	1/1
Lo Chi Hong	3/3	1/1

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 scheduled 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.

Training and Support for Directors

Every newly appointed Director will meet with other Directors and key management executives, and will receive a comprehensive, formal and tailored induction on the first occasion of his appointment. Subsequently, he will receive briefings and other professional development necessary to ensure he has a proper understanding of the operations and business of the Company and he is fully aware of his responsibility in the Company.

All Directors are encouraged to participate in continuous professional development to refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. In 2012, a briefing session was given to Directors on the new amendments to the corporate governance and the associated Listing Rules, and two training sessions were organized and provided by professional firms on the subject of corporate governance, board effectiveness and disclosure of inside information.

The record of training as received by each Director in 2012 is summarized as follows:

	Type of trainings
Executive Chairman	
Yum Chak Ming, Matthew	A,B,C
Executive Director	
Sung Chee Keung	A,B,C
Non-executive Directors	
Yoshitaka Ozawa	A,B
Hiroyuki Kimura	A,B,C
Katsuaki Tanaka	A,B,C
Yam Hon Ming, Tommy	B,C
Independent Non-executive Directors	
Yap Alfred Donald	A,B,C
Luk Koon Hoo	A,B,C
Lo Chi Hong	A,B,C

A: attending seminars/conferences/forums

B: reading materials relating to general business, regulatory updates and director's duties and responsibilities, etc.

C: attending corporate events/visits

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 is the person 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 nine months period ended 31 December 2012.

Senior Management of the Company is also required to comply with the guidelines on similar terms as set out in the Model Code.

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 that the overall financial, operational and compliance controls, and 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 Auditor 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 39 to 40 of this Annual Report.

Auditor's Remuneration

For the nine months period ended 31 December 2012, the Auditor of the Company will receive approximately HK$2,400,000 for their audit service. Non-audit services which covered tax matters, review and other reporting services provided to the Group were approximately HK$363,000 in the same period.

Remuneration Committee

The Remuneration Committee comprises of 3 Independent Non-executive Directors and 1 Non-executive Director. They are Mr. Alfred Donald Yap (Committee Chairman), Mr. Luk Koon Hoo, Mr. Lo Chi Hong and Mr. Hiroyuki Kimura. The Committee's authority and duties are set out in written terms of reference which are posted on the websites of the Company and the Stock Exchange.

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. A Restricted Share Award Scheme was set up to attract, motivate and retain employees and tie their interest to the long-term growth of the Company. The Company's Restricted Share Award Scheme was further renewed for 3 years to expire on 30 June 2015.

No individual director and senior manager are allowed to determine his or her own remuneration.

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

The Committee met once in the financial period ended 31 December 2012 with a 100% attendance by all Committee members.

During the period and up to the date of this report, the Committee reviewed and recommended to the Board for approval the followings:

– the revised incentive bonus program of Executive Directors and Senior Management due to change of financial year end date

– adoption and renewal of the Restricted Share Award Scheme for further 3 years

– participants in the renewed Restricted Share Award Scheme

Remuneration of Senior Management

The remuneration of the members of the senior management by band for the period ended 31 December 2012 is set out below:

Remuneration bands	Number of person
HK$1,000,000 and under	3
HK$1,000,001 to HK$1,500,000	5
HK$1,500,001 to HK$2,000,000	1

Further particulars regarding directors' remuneration and the five highest paid employees are set out in note 9 to the financial statements.

Nomination Committee

The Nomination Committee comprises of 3 Independent Non-executive Director, Mr. Luk Koon Hoo (Committee Chairman), Mr. Alfred Donald Yap, Mr. Lo Chi Hong, 1 Non-executive Director, Mr. Hiroyuki Kimura and the Executive Chairman, Mr. Yum Chak Ming, Matthew. The defined terms of reference of the Committee are set out in writing and are posted on the websites of the Company and the Stock Exchange.

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 Independent Non-executive Directors.

The Committee met once in the financial period ended 31 December 2012 with a 100% attendance by all committee members.

During the period and up to the date of this report, the work performed by the Committee included the followings:

- the recommendation of the retiring directors for re-election at the annual general meeting

- the nomination of Mr. Shigechika Ishida as Non-executive Director to fill the vacancy as left by the resignation of Mr. Hiroyuki Kimura effective 1 April 2013

Audit Committee

The Audit Committee comprises of 3 Independent Non-executive Directors and 1 Non-executive Director. They are Mr. Luk Koon Hoo (Committee Chairman), Mr. Alfred Donald Yap, Mr. Lo Chi Hong and Mr. Yoshitaka Ozawa. The defined terms of reference of the Committee are set out in writing and are posted on the websites of the Company and the Stock Exchange.

The primary duties of the Audit Committee include the review of the effectiveness of the Company's internal control, risk management system and regulatory compliance, the review of the Company's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance, and the review of the effectiveness of the Company's internal audit function.

During the financial period ended 31 December 2012, the Committee held 3 meetings and the attendance record are:

	Attendance
Luk Koon Hoo	3/3
Yap Alfred Donald	3/3
Lo Chi Hong	3/3
Yoshitaka Ozawa	2/3

The work performed by the Committee during the period and up to the date of this report included the followings:

- reviewing the financial statements for the six months ended 30 September 2012 and for the nine months period ended 31 December 2012 focusing on any change of accounting polices and practices, significant audit adjustments, and compliance with accounting standards and listing rules requirement

- reviewing with the auditors the scope of their audit, their audit plan, their independence, their risk assessment and changes in accounting standards affecting the Company for the nine months period ended 31 December 2012

- reviewing with the auditors the key audit and accounting matters, the risk analysis and internal control recommendation of the auditors in their Audit Committee Report

- reviewing the Company's whistle blowing policy and approval for adoption

- reviewing the audit plan, audit progress report and significant audit findings of the Internal Audit Department with management at all committee meetings

- reviewing with management on implementation of the recommendations made by the Internal Audit Department

The Committee is satisfied with the findings of their review of the work of the external auditors, their audit fees, results of their audits and has recommended to the Board their re-appointment for the financial year ending on 31 December 2013 at the forthcoming annual general meeting.

Communication with Shareholders

The Company recognizes the importance of communication with the shareholders of the Company, both individual and institutional as well as potential investors. In June 2012, the Company adopted a Shareholders Communication Policy with an aim of ensuring shareholders are provided with timely information about the Company and enabling them to engage actively with the Company and to exercise their rights in an informed manner.

The annual general meeting also provides a good opportunity for communication between the Board and shareholders. The Executive Chairman of the Board, the Chairman of the respective Committees as well as the external auditors are normally present to answer questions as raised by shareholders. Notice of the AGM and the related circular are sent to shareholders at least 20 clear business days before the meeting.

Votes of the shareholders at general meeting will be taken by poll in accordance with the Listing Rules. Detailed procedures for conducting a poll will be explained to shareholders at the beginning of the general meeting to ensure that shareholders are familiar with the voting procedures. Each issue will be proposed by a separate resolution by the Chairman of the general meeting. The poll results will be posted on the websites of the Company and the Stock Exchange on the same day of the general meeting.

Shareholders holding not less than one-twentieth of paid-up capital of the Company can make a requisition to convene an extraordinary general meeting. The requisition must state the objects of the meeting and must be signed by the relevant shareholders and deposited at the Company's registered office.

Shareholders holding not less than one-fortieth of the total voting rights of all shareholders of the Company or not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholders at the Company's registered office.

Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at the Company's registered office. Shareholders are encouraged to access to the Company website at www.hunghingprinting.com for all relevant information including all the Company's announcements, press releases, financial highlights, financial calendar, the Company's constitutional documents and procedures for shareholders to convene meetings.

Investor Relations

The Company has a proactive policy for promoting investor relations and communications by maintaining regular dialogue with institutional shareholders, fund managers, analysts and the media. Meetings and conference call were held with investors and analysts in order for the Company to understand their views and to keep them abreast of the latest developments. Inquires on the Company were also dealt with in an informative and timely manner.

The Company's website at www.hunghingprinting.com also features a dedicated Investor Relations section to facilitate communication with shareholders and investors. Corporate information and other relevant financial and non-financial information are made available electronically and in a timely manner. Specific enquiries can also be addressed to the Company's designated personnel by email at ir.contact@hunghingprinting.com.

羅兵咸永道

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 41 to 132, which comprise the consolidated and company statements of financial position as at 31 December 2012, 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 nine-month period from 1 April 2012 to 31 December 2012, 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.

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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 December 2012, and of the Group's profit and cash flows for the nine-month period from 1 April 2012 to 31 December 2012 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, 21 March 2013

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 APRIL TO 31 DECEMBER 2012

	Note	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Revenue	5	**2,406,673**	2,854,459
Cost of sales	6	**(2,058,565)**	(2,469,582)
Gross profit		**348,108**	384,877
Other income and gains	5	**24,765**	38,217
Gain on disposal of an associate	34	**5,934**	–
Loss on redesignation of investment in associates to available-for-sale financial assets	35	**(3,196)**	–
Distribution costs		**(65,968)**	(70,037)
Administrative and selling expenses	6	**(214,059)**	(272,084)
Other expenses	6	**(6,562)**	(8,082)
Operating profit		**89,022**	72,891
Finance costs	7	**(7,214)**	(10,973)
Share of losses of associates	20	**(10,669)**	(16,423)
Profit before income tax		**71,139**	45,495
Income tax expense	10	**(15,232)**	(16,383)
Profit for the period/year		**55,907**	29,112
Attributable to:			
Owners of the Company		**53,930**	25,539
Non-controlling interests		**1,977**	3,573
		55,907	29,112
		HK cents	HK cents
Earnings per share attributable to owners of the Company	12		
Basic		**6.0**	2.8
Diluted		**6.0**	2.8
		HK$'000	HK$'000
Dividends	13	**45,393**	36,314

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 APRIL TO 31 DECEMBER 2012

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit for the period/year	**55,907**	29,112
Other comprehensive (loss)/income:		
Cash flow hedges	**–**	285
Currency translation differences	**8,730**	34,458
Change in value of intangible assets	**(800)**	2,000
Change in value of available-for-sale financial assets (Note 17)	**82**	(619)
Exchange reserve released upon disposal of an associate (Note 34)	**298**	–
Exchange reserve released upon redesignation of investments in associates to available-for-sale financial assets (Note 35)	**(14,759)**	–
Non-controlling interests released upon redesignation of investments in associates to available-for-sale financial assets (Note 35)	**19**	–
Other comprehensive (loss)/income for the period/year, net of tax	**(6,430)**	36,124
Total comprehensive income for the period/year	**49,477**	65,236
Attributable to:		
Owners of the Company	**46,142**	56,349
Non-controlling interests	**3,335**	8,887
Total comprehensive income for the period/year	**49,477**	65,236

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	**1,352,430**	1,366,117
Land use rights	15	**107,162**	109,215
Intangible assets	16	**8,940**	11,140
Available-for-sale financial assets	17	**22,463**	8,034
Properties under construction	18	**12,262**	19,391
Investments in associates	20	**–**	41,080
Trade receivables	22	**7,006**	–
Deferred income tax assets	30	**9,664**	14,103
Deposits paid for acquisition of property, plant and equipment		**–**	3,064
Total non-current assets		**1,519,927**	1,572,144
Current assets			
Inventories	21	**613,469**	711,398
Trade and bills receivables	22	**823,837**	647,950
Prepayments, deposits and other receivables	23	**43,622**	62,467
Derivative financial instruments	24	**1,117**	253
Amounts due from associates	36(b)	**–**	5,024
Tax recoverable		**4,205**	6,384
Pledged time deposits	25	**46,114**	17,321
Time deposits with original maturity over three months		**43,587**	123,070
Cash and cash equivalents	26	**533,345**	640,555
Total current assets		**2,109,296**	2,214,422
Total assets		**3,629,223**	3,786,566
Equity			
Equity attributable to owners of the Company			
Share capital	31	**90,787**	90,787
Reserves	32(a)	**2,555,591**	2,552,939
Proposed dividend	13	**18,157**	18,157
		2,664,535	2,661,883
Non-controlling interests		**149,190**	142,064
Total equity		**2,813,725**	2,803,947

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

	Note	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Liabilities			
Non-current liabilities			
Borrowings	29	**228,937**	313,614
Deferred income tax liabilities	30	**47,749**	44,568
Total non-current liabilities		**276,686**	358,182
Current liabilities			
Trade and bills payables	27	**181,887**	223,909
Current income tax liabilities		**21,363**	22,156
Other payables and accrued liabilities	28	**182,244**	157,235
Amounts due to associates	36(b)	**–**	4,540
Borrowings	29	**153,318**	216,597
Total current liabilities		**538,812**	624,437
Total liabilities		**815,498**	982,619
Total equity and liabilities		**3,629,223**	3,786,566
Net current assets		**1,570,484**	1,589,985
Total assets less current liabilities		**3,090,411**	3,162,129

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

The financial statements on pages 41 to 132 were approved by the Board of Directors on 21 March 2013 and were signed on its behalf.

Yum Chak Ming, Matthew	**Sung Chee Keung**
Director	*Director*

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	14	**204**	262
Land use rights	15	**7,781**	8,201
Available-for-sale financial assets	17	**9,183**	566
Investments in subsidiaries	19	**319,926**	319,926
Investments in associates	20	**–**	13,338
Total non-current assets		**337,094**	342,293
Current assets			
Prepayments, deposits and other receivables	23	**1,224**	886
Derivative financial instruments	24	**181**	253
Amounts due from subsidiaries	36(a)	**1,623,380**	1,566,616
Loan to a subsidiary	36(c)	**19,925**	–
Tax recoverable		**81**	–
Cash and cash equivalents	26	**150,267**	256,928
Total current assets		**1,795,058**	1,824,683
Total assets		**2,132,152**	2,166,976
Equity			
Equity attributable to owners of the Company			
Share capital	31	**90,787**	90,787
Reserves	32(b)	**2,018,260**	2,054,317
Proposed dividend	13	**18,157**	18,157
Total equity		**2,127,204**	2,163,261

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

	Note	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Liabilities			
Current liabilities			
Other payables and accrued liabilities	28	**4,948**	3,715
Total liabilities		**4,948**	3,715
Total equity and liabilities		**2,132,152**	2,166,976
Net current assets		**1,790,110**	1,820,968
Total assets less current liabilities		**2,127,204**	2,163,261

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

The financial statements on pages 41 to 132 were approved by the Board of Directors on 21 March 2013 and were signed on its behalf.

Yum Chak Ming, Matthew
Director

Sung Chee Keung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2012

		Attributable to owners of the Company													
	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
Balance at 1 April 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
Comprehensive income															
Profit for the year		–	–	–	–	–	–	–	–	–	25,539	–	25,539	3,573	29,112
Other comprehensive income/(loss)															
Cash flow hedges		–	–	–	285	–	–	–	–	–	–	–	285	–	285
Gain/(loss) on revaluation		–	–	–	–	2,000	(619)	–	–	–	–	–	1,381	–	1,381
Currency translation differences		–	–	–	–	–	–	–	29,144	–	–	–	29,144	5,314	34,458
Total other comprehensive income/(loss), net of tax		–	–	–	285	2,000	(619)	–	29,144	–	–	–	30,810	5,314	36,124
Total comprehensive income/(loss)		–	–	–	285	2,000	(619)	–	29,144	–	25,539	–	56,349	8,887	65,236
Total contributions by and distributions to owners of the Company recognised directly in equity															
Final 2011 dividend		–	–	–	–	–	–	–	–	–	–	(45,393)	(45,393)	–	(45,393)
Purchase of shares for restricted share award scheme	33	–	–	(9,737)	–	–	–	–	–	–	–	–	(9,737)	–	(9,737)
Equity compensation expenses	33	–	–	–	–	–	–	–	–	5,077	–	–	5,077	–	5,077
Forfeiture of share awarded	33	–	–	–	–	–	–	–	–	(1,654)	1,654	–	–	–	–
Shares vested under the restricted share award scheme	33	–	–	3,049	–	–	–	–	–	(3,049)	–	–	–	–	–
Allocation to legal reserve		–	–	–	–	–	–	2,276	–	–	(2,276)	–	–	–	–
Interim dividend for the year	13	–	–	–	–	–	–	–	–	–	(18,157)	–	(18,157)	–	(18,157)
Proposed final dividend for the year	13	–	–	–	–	–	–	–	–	–	(18,157)	18,157	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	–	(5,250)	(5,250)
Total contributions by and distributions to owners of the Company		–	–	(6,688)	–	–	–	2,276	–	374	(36,936)	(27,236)	(68,210)	(5,250)	(73,460)
Balance at 31 March 2012		90,787	1,559,461	(14,042)	–	6,400	(698)	120,975	145,913	10,673	724,257	18,157	2,661,883	142,064	2,803,947

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$'000	Intangible asset revaluation reserve HK$'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 owners of the Company												
Balance at 1 April 2012		90,787	1,559,461	(14,042)	6,400	(698)	120,975	145,913	10,673	724,257	18,157	2,661,883	142,064	2,803,947
Comprehensive income														
Profit for the period		–	–	–	–	–	–	–	–	53,930	–	53,930	1,977	55,907
Other comprehensive income/(loss)														
Gain/(loss) on revaluation		–	–	–	(800)	82	–	–	–	–	–	(718)	–	(718)
Currency translation differences		–	–	–	–	–	–	7,391	–	–	–	7,391	1,339	8,730
Release upon disposal of an associate	34	–	–	–	–	–	–	298	–	–	–	298	–	298
Release upon redesignation of investments in associates to available-for-sale financial assets	35	–	–	–	–	–	–	(14,759)	–	–	–	(14,759)	19	(14,740)
Total other comprehensive income/(loss), net of tax		–	–	–	(800)	82	–	(7,070)	–	–	–	(7,788)	1,358	(6,430)
Total comprehensive income/(loss)		–	–	–	(800)	82	–	(7,070)	–	53,930	–	46,142	3,335	49,477
Total contributions by and distributions to owners of the Company recognised directly in equity														
Final 2012 dividend		–	–	–	–	–	–	–	–	–	(18,157)	(18,157)	–	(18,157)
Equity compensation expenses	33	–	–	–	–	–	–	–	1,903	–	–	1,903	–	1,903
Shares vested under the restricted share award scheme	33	–	–	4,739	–	–	–	–	(4,739)	–	–	–	–	–
Allocation to legal reserve		–	–	–	–	–	3,991	–	–	(3,991)	–	–	–	–
Interim dividend for the period	13	–	–	–	–	–	–	–	–	(27,236)	–	(27,236)	–	(27,236)
Proposed final dividend for the period	13	–	–	–	–	–	–	–	–	(18,157)	18,157	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(2,339)	(2,339)
Realisation of reserve upon redesignation of investments in associates to available-for-sale financial assets		–	–	–	–	–	(1,807)	–	–	1,807	–	–	1,660	1,660
Contribution from non-controlling interests (Note)		–	–	–	–	–	–	–	–	–	–	–	4,470	4,470
Total contributions by and distributions to owners of the Company		–	–	4,739	–	–	2,184	–	(2,836)	(47,577)	–	(43,490)	3,791	(39,699)
Balance at 31 December 2012		90,787	1,559,461	(9,303)	5,600	(616)	123,159	138,843	7,837	730,610	18,157	2,664,535	149,190	2,813,725

Note: During the period, the non-controlling shareholder injected a total of US$580,000 (approximately HK$4,470,000) cash as addition capital contribution to one of the Company's indirectly held subsidiary, Zhongshan Hung Hing Printing & Packaging Company Limited.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 APRIL TO 31 DECEMBER 2012

	Note	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	38	**90,160**	80,049
Hong Kong profits tax paid		**(1,252)**	(14,087)
Mainland China tax paid		**(5,162)**	(9,692)
Net cash generated from operating activities		**83,746**	56,270
Cash flows from investing activities			
Settlement of derivative financial instruments		**2,375**	711
Interest received		**9,476**	9,406
Dividend received from available-for-sale financial assets	5	**348**	347
Purchases of property, plant and equipment	14	**(52,346)**	(111,173)
Purchases of software	16	**(270)**	(582)
Additions to properties under construction	18	**(8,878)**	(21,171)
Deposits paid for acquisition of property, plant and equipment		**–**	(3,064)
Proceeds from sale of property, plant and equipment		**2,557**	23,460
(Increase)/decrease in pledged time deposits		**(28,793)**	77,252
Decrease/(increase) in time deposits with original maturity over three months		**79,483**	(123,070)
Net cash generated from/(used in) from investing activities		**3,952**	(147,884)
Cash flows from financing activities			
Purchase of shares for restricted shares award scheme	33	**–**	(9,737)
Contribution from non-controlling interests		**4,470**	–
Dividends paid to the owners of the Company		**(45,393)**	(63,550)
Dividends paid to non-controlling interests		**(2,339)**	(5,250)
Proceeds from borrowings		**11,733**	440,839
Repayments of borrowings		**(159,689)**	(321,340)
Interest paid		**(7,111)**	(11,140)
Net cash (used in)/generated from financing activities		**(198,329)**	29,822
Net decrease in cash and cash equivalents		**(110,631)**	(61,792)
Cash and cash equivalents at beginning of period/year		**640,555**	692,940
Exchange gain in cash and cash equivalents		**3,421**	9,407
Cash and cash equivalents at end of period/year		**533,345**	640,555
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**317,200**	211,746
Time deposits with original maturity less than three months		**216,145**	428,809
	26	**533,345**	640,555

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

1 General information

Hung Hing Printing Group Limited (the "Company") and its subsidiaries (together the "Group") are engaged in the following principal activities:

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

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 has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 21 March 2013.

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 period/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 ("HKFRS") 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.

The consolidated financial statements have been prepared under the historical cost convention, and modified by the revaluation of intangible assets, available-for-sale financial assets and derivative financial instruments, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS 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)

Change in financial year end date

Pursuant to the resolution of the Board of directors of the Company dated 16 April 2012, the Company's financial year end date has been changed from 31 March to 31 December.

The change is to align with the financial year end date of the Company with that of its subsidiaries established in the People's Republic of China (the "PRC"), the financial results of which are consolidated into its consolidated financial statements each year, and their financial statements are statutorily required to use 31 December as the financial year end.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards and interpretations are mandatory for accounting year beginning on 1 April 2012 but are not relevant to the Group's operations:

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
Amendment to HKFRS 1	First-time adoption of HKFRSs – severe hyperinflation and removal of fixed dates for first-time adopters
Amendment to HKFRS 7	Financial instruments: Disclosures – transfer of financial assets

The adoption of these new/revised standards, amendments and interpretations to existing standards do not result in any substantial changes to the Group's accounting policy nor any impact on the consolidated financial statements.

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(b) *The following amendments to standards and interpretations are not yet effective and have not been early adopted by the Group*

		Effective for accounting year beginning on or after
HKAS 1 (Revised) (Amendment)	Presentation of financial statements – Presentation of items of other comprehensive income	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate financial statements	1 January 2013
HKAS 28 (2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment)	Financial instruments: Disclosures – Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HK (IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1 January 2013

Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including special purpose 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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Business combinations

The Group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.2 Subsidiaries (Continued)

(a) Consolidation (Continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. 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 profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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.

2.3 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. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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 is reclassified to profit or loss where appropriate.

2.3 Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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.

Gains and losses arising from derecognition of investments in associates to available-for-sale financial assets are recognised in the consolidated income statement.

In the Company's statement of financial position, investments in associates are stated as cost less impairment losses.

2.4 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 steering committee that makes strategic decisions.

2.5 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$, which is the Company's functional and the Group's presentation currency.

2.5 Functional currency translation (Continued)

(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 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 amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

(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.

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. Exchange differences arising are recognised in other comprehensive income.

2.6 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.

Depreciation is provided to allocate their costs to 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 2.9).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "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 properties under construction 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 2.9).

2.7 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.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates, and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

2.8 Intangible assets (Continued)

(b) Computer software (Continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs 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 and are recognised in the consolidated income statement.

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

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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.

2.10 Financial assets

2.10.1 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. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if 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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables are set out in Note 42 to the consolidated financial statements.

(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 the investment matures or management intends to dispose it 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.

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the 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 consolidated 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 subsequently carried at amortised cost using the effective interest method.

2.10 Financial assets (Continued)

2.10.2 Recognition and measurement (Continued)

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are 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.

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.

2.10.3 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.

Evidence of impairment may include indicators that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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 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. As a practical expedient, the Group may measure impairment on the basis of an investment's fair value using an objective market price.

2.10 Financial assets (Continued)

2.10.3 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

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.

(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 referred to in (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 profit or loss – is removed from equity and recognised in profit or loss.

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 profit or loss, the impairment loss is reversed through the consolidated income statement.

2.11 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.

2.12 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. All derivatives entered by the Group do not qualify for hedge accounting, are classified as current assets/(liabilities). Changes in the fair value of these derivatives are recognised immediately in the consolidated income statement.

2.13 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.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold 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.

2.15 Cash and cash equivalents

In the consolidated statement of cash flows, 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. In the consolidated and entity statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.16 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 owners of the Company 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.

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

2.18 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 consolidated 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.

2.19 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.

(a) Current income tax

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 and associates 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.

(b) Deferred income tax

Inside basis differences

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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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.

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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.

(c) Offsetting

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.

2.20 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.

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.

2.20 Employee benefits (Continued)

(ii) Pension obligations (Continued)

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.

2.21 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 Group. 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).

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 Group 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.

2.22 Provisions

Provisions for restructuring costs 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.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts 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.

2.24 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.

2.25 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 consolidated income statement on a straight-line basis over the period of the lease.

2.26 Borrowing costs

General and specific 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 added to 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.27 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, where appropriate.

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) Income taxes

The Group is subject to income taxes in numerous 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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities 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.

(b) 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 2.9.

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.

3 Critical accounting estimates and judgments (Continued)

(c) 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.

(d) 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 that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the issue date and the end of each 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.

(e) 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.

(f) 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.

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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Revenue from external customers are after elimination of inter-segment revenue. Inter-segment revenue is charged in accordance with terms determined and agreed mutually by relevant parties.

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 an arm's length basis.

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 period from 1 April to 31 December 2012 and year ended 31 March 2012.

	Book and Package Printing		Consumer Product Packaging		Corrugated Box		Paper Trading		Eliminations		Total	
	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Segment revenue												
Sales to external customers	1,399,108	1,512,791	573,484	767,793	205,601	263,564	228,480	310,311	–	–	2,406,673	2,854,459
Inter-segment sales	1,084	2,009	12,494	8,701	73,491	90,569	317,162	468,464	(404,231)	(569,743)	–	–
Total	1,400,192	1,514,800	585,978	776,494	279,092	354,133	545,642	778,775	(404,231)	(569,743)	2,406,673	2,854,459
Segment results	42,358	13,489	16,189	18,076	21,767	30,201	9,236	21,306	3,208	983	92,758	84,055
Interest, dividend income and other gains											12,455	15,460
Corporate and unallocated expenses											(18,929)	(26,624)
											86,284	72,891
Gain on disposal of an associate											5,934	–
Loss on redesignation of investments in associates to available-for-sale financial assets											(3,196)	–
Operating profit											89,022	72,891
Finance costs											(7,214)	(10,973)
Share of loss of an associate	–	(1,185)	–	–	–	–	–	–	–	–	–	(1,185)
Share of losses of other associates											(10,669)	(15,238)
Profit before income tax											71,139	45,495
Income tax expense											(15,232)	(16,383)
Profit for the period/year											55,907	29,112

4 Segment information (Continued)

Business segments (Continued)

	Book and Package Printing		Consumer Product Packaging		Corrugated Box		Paper Trading		Unallocated		Total	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Assets												
Property, plant and equipment	**713,983**	718,716	**531,132**	535,873	**78,893**	80,711	**28,209**	30,556	**213**	261	**1,352,430**	1,366,117
Land use rights	**46,105**	47,166	**39,240**	39,679	**5,531**	5,782	**16,286**	16,588	**–**	–	**107,162**	109,215
Properties under construction	**192**	1,949	**12,070**	17,025	**–**	417	**–**	–	**–**	–	**12,262**	19,391
Inventories	**227,310**	321,133	**146,863**	168,983	**38,528**	36,435	**200,768**	184,847	**–**	–	**613,469**	711,398
Trade and bills receivables	**491,595**	353,376	**183,444**	147,513	**71,588**	57,634	**84,216**	89,427	**–**	–	**830,843**	647,950
Liabilities												
Trade and bills payables	**56,311**	61,781	**69,508**	86,792	**15,013**	15,337	**41,055**	59,999	**–**	–	**181,887**	223,909
Capital expenditure	**42,239**	61,903	**18,420**	72,748	**3,672**	5,360	**213**	1,407	**14**	–	**64,558**	141,418

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

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Hong Kong	**640,719**	833,767
The PRC	**712,776**	899,285
Europe	**522,542**	569,485
United States of America	**373,567**	392,382
Others	**157,069**	159,540
	2,406,673	2,854,459

During the period from 1 April to 31 December 2012 and the year ended 31 March 2012, no single customer accounted for 10% or more of total revenue.

5 Revenue, other income and gains

The Group's revenue, other income and gains consists of the following:

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Revenue:		
Sale of goods	**2,406,673**	2,854,459
Other income and gains:		
Dividend income from available-for-sale financial assets	**348**	347
Bank interest income	**8,807**	11,306
Fair value gain on derivative financial instruments not qualified as hedges, net	**3,239**	1,275
Foreign exchange gain, net	**–**	15,132
Sales of scrap materials	**5,387**	6,265
Sundry income	**6,984**	3,892
	24,765	38,217

6 Expenses by nature

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

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Depreciation (Note 14)	**85,996**	111,981
Amortisation of land use rights (Note 15)	**2,390**	3,173
Amortisation of intangible assets (Note 16)	**1,032**	849
Auditor's remuneration		
– Audit service	**2,400**	2,300
– Non-audit services (included tax matters, review and other reporting services)	**363**	215
Employee benefit expense – excluding Directors' emoluments (Note 8)	**570,782**	663,811
Directors' emoluments (Note 9(a))	**7,272**	10,327
Operating lease charges in respect of land and buildings	**5,225**	7,840
Foreign exchange loss, net	**489**	–
Provision for impairment of trade receivables (Note 22)	**4,075**	1,344
(Reversal of provision for impairment)/provision for impairment of inventories, net	**(583)**	16,427
Loss on disposal of property, plant and equipment	**1,517**	7,366
Loss on disposal of intangible assets	**639**	–

7 Finance costs

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Interest on bank borrowings wholly repayable within five years	**7,214**	10,973

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.

8 Employee benefit expense – excluding Directors' emoluments

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Salaries, allowances and benefits in kind	**541,382**	626,236
Retirement scheme contributions	**28,379**	34,851
Share-based payments	**1,021**	2,724
	570,782	663,811

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 period/year are as follows:

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Fees:		
Executive directors	**–**	–
Non-executive directors	**1,013**	1,298
Other emoluments:		
Executive directors:		
Salaries, allowances and benefits in kind	**4,618**	6,037
Retirement scheme contributions	**165**	214
Share-based payments	**882**	2,353
Non-executive directors:		
Salaries, allowances and benefits in kind	**594**	425
	7,272	10,327

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

(a) Directors' emoluments (Continued)

The emoluments of each director of the Company during the period/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	Total HK$'000
Period from 1 April to 31 December 2012					
Executive directors:					
Yum Chak Ming, Matthew[#*]	–	3,343	154	646	4,143
Sung Chee Keung	–	1,275	11	236	1,522
	–	4,618	165	882	5,665
Non-executive directors:					
Yam Hon Ming, Tommy[4]	150	–	–	–	150
Yam Ho Ming, Michael[2]	–	–	–	–	–
Hiroyuki Kimura[3]	188	306	–	–	494
Yoshitaka Ozawa[3]	37	–	–	–	37
Katsuaki Tanaka[3]	188	288	–	–	476
	563	594	–	–	1,157
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	Total HK$'000
Year ended 31 March 2012					
Executive directors:					
Yum Chak Ming, Matthew#*	–	4,369	202	1,724	6,295
Sung Chee Keung	–	1,668	12	629	2,309
	–	6,037	214	2,353	8,604
Non-executive directors:					
Peter Martin Springford[1]	34	–	–	–	34
Yam Ho Ming, Michael[2]	300	–	–	–	300
Hiroyuki Kimura[3]	165	216	–	–	381
Yoshitaka Ozawa[3]	34	–	–	–	34
Katsuaki Tanaka[3]	165	209	–	–	374
Ho Chi Kit[1]	–	–	–	–	–
Lam Tsz-Wang, Alvin[1]	–	–	–	–	–
Mak Lok Qun, Denise[1]	–	–	–	–	–
	698	425	–	–	1,123
Independent non-executive directors:					
Yap, Alfred Donald	200	–	–	–	200
Luk Koon Hoo	200	–	–	–	200
Lo Chi Hong	200	–	–	–	200
	600	–	–	–	600

During the period/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.

Chairman
* Chief executive officer

1 Resigned on 3 August 2011
2 Resigned on 1 April 2012
3 Appointed on 3 August 2011
4 Appointed on 1 April 2012

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 period/year included two (year ended 31 March 2012: two) executive directors. Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (year ended 31 March 2012: three) individuals during the period/year are as follows:

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Salaries, allowances and benefits in kind	**4,038**	4,909
Share-based payments	**367**	1,171
Retirement scheme contributions	**101**	97
	4,506	6,177

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

	Number of individuals	
	Period from 1 April to 31 December 2012	Year ended 31 March 2012
HK$1,000,001 – HK$1,500,000	**2**	–
HK$1,500,001 – HK$2,000,000	**1**	2
HK$2,000,001 – HK$2,500,000	**–**	1
	3	3

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (year ended 31 March 2012: 16.5%) on the estimated assessable profit for the period/year. Taxation on overseas profit has been calculated on the estimated assessable profit for the period/year at the rates of taxation prevailing in the countries in which the Group operates.

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Current income tax		
– Hong Kong profits tax		
– Provision for the period/year	**3,725**	5,771
– Over provision for prior years	**(2,760)**	–
	965	5,771
– PRC corporate income tax		
– Provision for the period/year	**6,719**	14,251
– Under provision for prior years	**117**	1,053
	6,836	15,304
Total current tax	**7,801**	21,075
Deferred income tax (Note 30)	**7,431**	(4,692)
Income tax expense	**15,232**	16,383

10 Income tax expense (Continued)

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

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit before income tax	**71,139**	45,495
Tax calculated at domestic tax rates applicable to profits in the respective countries	**16,559**	8,268
Effect of preferential tax rates[1]	**(2,623)**	84
Tax effect of share of results of associates	**1,760**	2,710
Income not subject to tax	**(2,499)**	(4,031)
Expenses not deductible for tax purpose	**2,981**	5,142
Utilisation of previously unrecongnised tax losses	**(2,476)**	(2,188)
Withholding tax on earnings expected to be remitted by PRC subsidiaries	**3,042**	514
Tax losses for which no deferred income tax asset was recognised	**849**	4,341
Tax effect of temporary differences not recognised	**282**	490
(Overprovision)/underprovision for prior years	**(2,643)**	1,053
Tax charge at the Group's effective tax rate	**15,232**	16,383

[1] 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 transitional CIT rates from 18% to 25% from year 2008 to year 2012 and other subsidiaries are subject to the unified CIT rate of 25%.

For the period from 1 April to 31 December 2012, there was no tax charge relating to components of other comprehensive income.

10 Income tax expense (Continued)

For the year ended 31 March 2012, the tax credit relating to components of other comprehensive income is as follows:

	Before tax HK$'000	Tax credit HK$'000	After tax HK$'000
Cash flow hedges	343	(58)	285
Currency translation differences	34,458	–	34,458
Change in value of:			
– Intangible assets	2,000	–	2,000
– Available-for-sale financial assets	(619)	–	(619)
Other comprehensive income	36,182	(58)	36,124

11 Profit attributable to owners of the Company

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$7,433,000 (year ended 31 March 2012: HK$83,822,000).

12 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period/year excluding ordinary shares purchased by the Company.

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit attributable to owners of the Company	**53,930**	25,539
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	**903,139**	902,527
Basic earnings per share (HK cents per share)	**6.0**	2.8

12 Earnings per share (Continued)

(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.

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit attributable to owners of the Company	**53,930**	25,539
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	**904,331**	904,054
Diluted earnings per share (HK cents per share)	**6.0**	2.8

13 Dividends

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Interim dividend of HK3 cents (year ended 31 March 2012: HK2 cents) per ordinary share	**27,236**	18,157
Proposed final dividend of HK2 cents (year ended 31 March 2012: HK2 cents) per ordinary share	**18,157**	18,157
	45,393	36,314

The Directors recommend the payment of a final dividend of HK2 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 22 May 2013. These consolidated financial statements do not reflect this as dividend payable but account for it as proposed dividends in reserves (Note 32).

14 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 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
Year ended 31 March 2012					
Opening net book amount	509,186	773,682	5,604	42,431	1,330,903
Additions	9,303	93,245	3,107	5,518	111,173
Transfer from properties under construction (Note 18)	10,936	25,693	–	2,051	38,680
Transfer from deposits paid for acquisition of property, plant and equipment	–	6,934	–	–	6,934
Disposals	–	(29,536)	(435)	(855)	(30,826)
Depreciation (Note 6)	(20,507)	(81,758)	(1,993)	(7,723)	(111,981)
Exchange differences	8,466	12,374	85	309	21,234
Closing net book amount	517,384	800,634	6,368	41,731	1,366,117
At 31 March 2012:					
Cost	710,796	1,710,867	33,050	128,605	2,583,318
Accumulated depreciation and impairment	(193,412)	(910,233)	(26,682)	(86,874)	(1,217,201)
Net book amount	517,384	800,634	6,368	41,731	1,366,117
Period from 1 April to 31 December 2012					
Opening net book amount	**517,384**	**800,634**	**6,368**	**41,731**	**1,366,117**
Additions	**473**	**44,497**	**2,950**	**4,426**	**52,346**
Transfer from properties under construction (Note 18)	**–**	**16,333**	**–**	**–**	**16,333**
Transfer from deposits paid for acquisition of property, plant and equipment	**–**	**2,767**	**–**	**–**	**2,767**
Disposals	**(167)**	**(3,344)**	**(404)**	**(159)**	**(4,074)**
Depreciation (Note 6)	**(15,631)**	**(62,811)**	**(1,595)**	**(5,959)**	**(85,996)**
Exchange differences	**1,963**	**2,890**	**13**	**71**	**4,937**
Closing net book amount	**504,022**	**800,966**	**7,332**	**40,110**	**1,352,430**
At 31 December 2012:					
Cost	**713,045**	**1,764,034**	**33,591**	**131,818**	**2,642,488**
Accumulated depreciation and impairment	**(209,023)**	**(963,068)**	**(26,259)**	**(91,708)**	**(1,290,058)**
Net book amount	**504,022**	**800,966**	**7,332**	**40,110**	**1,352,430**

14 Property, plant and equipment (Continued)

Certain buildings of the Group with a total net book amount of HK$77,137,000 (31 March 2012: HK$78,578,000) 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 2011:			
Cost	169	834	1,003
Accumulated depreciation	(162)	(798)	(960)
Net book amount	7	36	43
Year ended 31 March 2012			
Opening net book amount	7	36	43
Additions	255	–	255
Depreciation	(28)	(8)	(36)
Closing net book amount	234	28	262
At 31 March 2012:			
Cost	424	834	1,258
Accumulated depreciation	(190)	(806)	(996)
Net book amount	234	28	262
Period from 1 April to 31 December 2012			
Opening net book amount	**234**	**28**	**262**
Depreciation	**(53)**	**(5)**	**(58)**
Closing net book amount	**181**	**23**	**204**
At 31 December 2012:			
Cost	**424**	**834**	**1,258**
Accumulated depreciation	**(243)**	**(811)**	**(1,054)**
Net book amount	**181**	**23**	**204**

15 Land use rights

The movements of land use rights are as follows:

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Opening net book amount	**109,215**	110,951	**8,201**	8,760
Amortisation (Note 6)	**(2,390)**	(3,173)	**(420)**	(559)
Exchange differences	**337**	1,437	**–**	–
Closing net book amount	**107,162**	109,215	**7,781**	8,201

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	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Hong Kong:				
Medium term leases	**17,944**	18,349	**–**	–
The PRC:				
Medium term leases	**89,218**	90,866	**7,781**	8,201
Closing net book amount	**107,162**	109,215	**7,781**	8,201

Certain leasehold lands of the Group with a total net book amount of HK$17,562,000 (31 March 2012: HK$17,791,000) have been pledged to banks to secure banking facilities granted to the Group (Note 29).

16 Intangible assets

Group

	Goodwill HK$'000	Club debentures HK$'000	Software HK$'000	Total HK$'000
At 1 April 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
Year ended 31 March 2012				
Opening net book amount	1,634	4,800	2,971	9,405
Additions	–	–	582	582
Fair value change	–	2,000	–	2,000
Amortisation (Note 6)	–	–	(849)	(849)
Exchange differences	–	–	2	2
Closing net book amount	1,634	6,800	2,706	11,140
At 31 March 2012:				
Cost or valuation	1,634	6,800	4,651	13,085
Accumulated amortisation and impairment	–	–	(1,945)	(1,945)
Net book amount	1,634	6,800	2,706	11,140
Period from 1 April to 31 December 2012				
Opening net book amount	**1,634**	**6,800**	**2,706**	**11,140**
Additions	**–**	**–**	**270**	**270**
Write-off	**–**	**–**	**(639)**	**(639)**
Fair value change	**–**	**(800)**	**–**	**(800)**
Amortisation (Note 6)	**–**	**–**	**(1,032)**	**(1,032)**
Exchange differences	**–**	**–**	**1**	**1**
Closing net book amount	**1,634**	**6,000**	**1,306**	**8,940**
At 31 December 2012:				
Cost or valuation	**1,634**	**6,000**	**3,183**	**10,817**
Accumulated amortisation and impairment	**–**	**–**	**(1,877)**	**(1,877)**
Net book amount	**1,634**	**6,000**	**1,306**	**8,940**

Amortisation expenses have been charged to administrative and selling expenses in the consolidated income statement.

16 Intangible assets (Continued)

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

Group

	Goodwill HK$'000	Club debentures HK$'000	Software HK$'000	Total HK$'000
At 31 December 2012:				
At cost	**1,634**	**–**	**3,183**	**4,817**
At valuation	**–**	**6,000**	**–**	**6,000**
	1,634	**6,000**	**3,183**	**10,817**
At 31 March 2012:				
At cost	1,634	–	4,651	6,285
At valuation	–	6,800	–	6,800
	1,634	6,800	4,651	13,085

17 Available-for-sale financial assets

Movements of available-for-sale financial assets are as follows:

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Beginning balance	**8,034**	8,653	**566**	566
Redesignated from investments in associates (Note 20)	**12,670**	–	**8,600**	–
Transfer from non-controlling interests upon redesignation of investments in associates	**1,660**	–	**–**	–
Net gain/(loss) transfer to equity	**82**	(619)	**–**	–
Others	**17**	–	**17**	–
Ending balance	**22,463**	8,034	**9,183**	566

17 Available-for-sale financial assets (Continued)

Available-for-sale financial assets include the following:

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Unlisted equity investments, at fair value	**14,330**	–	**8,600**	–
Unlisted equity investments, at cost	**80**	80	**–**	–
Club debentures, at fair value	**583**	566	**583**	566
Hong Kong listed equity investments, at fair value	**7,470**	7,388	**–**	–
	22,463	8,034	**9,183**	566

During the period, a fair value gain of the Group's available-for-sale financial assets of HK$82,000 (year ended 31 March 2012: loss of HK$619,000) was recognised directly in the available-for-sale financial assets 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 at the end of reporting period. 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.

The available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
HK$	**8,133**	8,034	**583**	566
RMB	**14,330**	–	**8,600**	–
	22,463	8,034	**9,183**	566

18 Properties under construction

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Beginning net book amount	**19,391**	35,255
Additions	**8,878**	21,171
Transfer from deposits paid for acquisition of property, plant and equipment	**297**	1,558
Transfer to property, plant and equipment (Note 14)	**(16,333)**	(38,680)
Exchange differences	**29**	87
Ending net book amount	**12,262**	19,391

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

19 Investments in subsidiaries

	Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Unlisted shares, at cost		
Beginning balance	**279,926**	224,969
Addition	**–**	54,957
Ending balance	**279,926**	279,926
Loan to a subsidiary	**40,000**	40,000
Investments in subsidiaries	**319,926**	319,926

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

19 Investments in subsidiaries (Continued)

The following is a list of the principal subsidiaries at 31 December 2012.

Name	Place of incorporation/ registration and operations	Nominal value of issued ordinary share/ registered and paid up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
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
Beluga Limited	Hong Kong	HK$2	100	–	E-bookstore and E-publishing
Zhongshan Hung Hing Printing & Packaging Company Limited §	The PRC	US$20,000,000	–	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")/ Hong Kong	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 Products Company Limited §§	The PRC	US$15,000,000	–	71	Printing and manufacturing of paper cartons
Sun Hing Paper (Shenzhen) Company Limited §§	The PRC	HK$30,000,000	–	100	Paper trading
Hung Hing Packaging (Wuxi) Company Limited §§	The PRC	US$31,050,000	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

20 Investments in associates

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Beginning balance	**41,080**	54,018
Share of losses of associates	**(10,669)**	(16,423)
Share of guarantee provided to a bank (Note)	**–**	1,291
Share of reserves	**195**	2,194
Provision for impairment	**(17,936)**	–
Redesignation of associates to available-for-sale financial assets (Notes 17 and 35)	**(12,670)**	–
Ending balance	**–**	41,080

Note: For year ended 31 March 2012, the Group had provided guarantees to an associate for its bank borrowings, and hence the Group had recognised losses that exceed its investment in an associate amounting to HK$1,291,000.

	Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Unlisted shares, at cost		
Beginning balance	**16,452**	16,452
Reversal upon redesignation of associates to available-for-sale financial assets	**(13,338)**	–
Disposal of an associate (Note 34)	**(3,114)**	–
Ending balance	**–**	16,452
Provision for impairment		
Beginning balance	**(3,114)**	(3,114)
Additions	**(4,738)**	–
Reversal upon redesignation of associates to available-for-sale financial assets	**4,738**	–
Reversal upon disposal of an associate (Note 34)	**3,114**	–
Ending balance	**–**	(3,114)
Carrying value	**–**	13,338

20 Investments in associates (Continued)

	Group Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Share of losses of associates:		
Graphic Hung Hing Packaging (Shanghai) Company Limited ("Graphic Hung Hing")	–	1,185
Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("Zhongshan Rengo")	**4,690**	10,052
Zhongshan Ren Hing Paper Manufacturing Company Limited ("Zhongshan Ren Hing")	**5,979**	5,186
	10,669	16,423

All the associates have either been disposed of or redesignated as available-for-sale financial assets as of 31 December 2012 (Notes 34 and 17). The following is a list of associates at 31 March 2012:

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

§ Sino-foreign equity joint venture

Collectively referred to the "Paper Mills Entities"

As of 31 March 2012, The Group accounted for these entities as associates although the Group held less than 20% of the registered capital as the Group had the ability to exercise significant influence over the entities through board representation.

20 Investments in associates (Continued)

As of 31 March 2012, the summary of the financial information of the Group's associates extracted from their management accounts is as follows:

	At 31 March 2012 HK$'000
Assets	**1,006,744**
Liabilities	**543,838**
Revenues	**719,533**
Losses before income tax	**105,146**

21 Inventories

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Raw materials	**479,906**	555,331
Work in progress	**82,124**	100,368
Finished goods	**72,188**	77,031
	634,218	732,730
Less: provision for impairment of inventories	**(20,749)**	(21,332)
	613,469	711,398

The cost of inventories recognises as expenses and included in "cost of sales" amounted to HK$1,318,923,000 (year ended 31 March 2012: HK$1,677,885,000), which included reversal of provision for impairment of inventories of HK$583,000 (year ended 31 March 2012: provision for impairment of inventories HK$16,427,000).

22 Trade and bills receivables

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Trade receivables	**844,022**	662,734
Less: provision for impairment of trade receivables	**(26,650)**	(23,025)
	817,372	639,709
Trade receivables due from related parties	**4,689**	–
Total trade receivables, net	**822,061**	639,709
Bills receivables	**8,782**	8,241
	830,843	647,950
Less: Non-current trade receivables	**(7,006)**	–
	823,837	647,950

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.

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

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
1–30 days	**311,860**	242,701
31–60 days	**185,256**	185,672
61–90 days	**118,927**	67,440
Over 90 days	**206,018**	143,896
	822,061	639,709

22 Trade and bills receivables (Continued)

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

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Beginning balance	**23,025**	24,591
Provision for impairment of trade receivables (Note 6)	**4,075**	1,344
Amount written off as uncollectible	**(577)**	(3,195)
Exchange differences	**127**	285
Ending balance	**26,650**	23,025

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 December 2012, trade receivables of approximately HK$280,771,000 (31 March 2012: HK$221,094,000) were past due but not impaired. These relate to certain customers with no history of credit default and they are in continuous business relationships 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	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
1–30 days	**144,102**	103,998
31–60 days	**68,094**	49,929
61–90 days	**31,469**	19,547
Over 90 days	**37,106**	47,620
	280,771	221,094

22 Trade and bills receivables (Continued)

As of 31 December 2012, trade receivables of approximately HK$26,650,000 (31 March 2012: HK$23,025,000) were past due 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 trade receivables based on due date is as follows:

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
1–30 days	**136**	91
31–60 days	**402**	457
61–90 days	**1,142**	321
Over 90 days	**24,970**	22,156
	26,650	23,025

The maximum exposure to credit risk at the end of the reporting period is the carrying value of the receivables (31 March 2012: same). Out of trade receivables of HK$844,022,000 (31 March 2012: HK$662,734,000), HK$12,260,000 (31 March 2012: Nil) is secured by a property, interest-bearing at 5% per annum and fully repayable by April 2015. The remaining of HK$831,762,000 (31 March 2012: HK$662,734,000) and trade receivables due from related parties of HK$4,689,000 (31 March 2012: Nil) are unsecured, interest-free and repayable in accordance with credit term granted.

As of 31 December 2012 and 31 March 2012, the fair values of the trade and bills receivables are approximately their carrying amounts.

As of 31 December 2012 and 31 March 2012, trade and bills receivables are denominated in the following currencies:

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
HK$	**163,893**	176,065
USD	**364,968**	263,712
RMB	**284,038**	194,211
Others	**17,944**	13,962
	830,843	647,950

23 Prepayments, deposits and other receivables

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Prepayments and deposits	**23,280**	55,879	**930**	464
Other receivables	**20,342**	6,588	**294**	422
	43,622	62,467	**1,224**	886

24 Derivative financial instruments

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Current assets				
Forward currency contracts	**1,117**	253	**181**	253

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

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$3,239,000 was credited to the consolidated income statement during the period (year ended 31 March 2012: HK$1,275,000).

24 Derivative financial instruments (Continued)

At of 31 December 2012 and 31 March 2012, the notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Sell USD Buy RMB	**85,250**	73,630	**38,750**	73,630
Sell HK$ Buy RMB	**15,940**	–	**15,940**	–
	101,190	73,630	**54,690**	73,630

25 Pledged time deposits

As of 31 December 2012 and 31 March 2012, the pledged time deposits were denominated in RMB. Time deposits of HK$44,735,000 (31 March 2012: HK$12,291,000) and HK$1,379,000 (31 March 2012: HK$5,030,000) were pledged as collaterals for the issuance of bills payables (Note 27) and the Group's banking facilities (Note 29), respectively.

26 Cash and cash equivalents

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Cash at banks and on hand	**317,200**	211,746	**10,672**	10,163
Time deposits with original maturity less than three months	**216,145**	428,809	**139,595**	246,765
	533,345	640,555	**150,267**	256,928

26 Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
HK$	**130,786**	61,671	**75,680**	29,374
RMB	**327,784**	383,925	**73,779**	60,180
USD	**55,650**	189,372	**783**	167,350
GBP	**3,334**	548	**23**	23
EUR	**15,711**	4,953	**2**	1
Others	**80**	86	**–**	–
	533,345	640,555	**150,267**	256,928

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Maximum exposure to credit risk on cash and cash equivalents	**531,832**	639,072	**150,259**	256,920

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 At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Trade payables	**151,882**	196,506
Trade payables due to related parties	**16,546**	–
Total trade payables	**168,428**	196,506
Bills payables	**13,459**	27,403
	181,887	223,909

At of 31 December 2012, the bills payables of HK$11,178,000 (31 March 2012: HK$12,291,000) are secured by the pledged time deposits of HK$44,735,000 (31 March 2012: HK$12,291,000).

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

	Group At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
1–30 days	**120,230**	131,770
31–60 days	**36,538**	50,781
61–90 days	**6,236**	5,713
Over 90 days	**5,424**	8,242
	168,428	196,506

27 Trade and bills payables (Continued)

At of 31 December 2012 and 31 March 2012, the fair values of the trade and bills payables are approximately their carrying amounts and they are denominated in the following currencies:

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
HK$	**35,670**	29,912
USD	**3,282**	47,700
RMB	**142,935**	146,297
	181,887	223,909

28 Other payables and accrued liabilities

	Group		Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Other payables	**42,381**	35,785	**644**	439
Accrued liabilities	**135,382**	117,242	**3,863**	2,913
	177,763	153,027	**4,507**	3,352
Provision for long service payment	**2,058**	2,261	**69**	113
Provision for annual leave	**2,423**	1,947	**372**	250
	182,244	157,235	**4,948**	3,715

29 Borrowings

	Effective interest rate		Maturity		Group	
	At 31 December 2012	At 31 March 2012	**At 31 December 2012**	At 31 March 2012	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Current						
Bank loans – guaranteed (Note a)	**1-6%**	1-8%	**2013**	2012	**152,266**	205,888
Bank loans – secured (Note b)	**2%**	2-7%	**2013**	2012	**1,052**	10,709
					153,318	216,597
Non-current						
Bank loans – guaranteed (Note a)	**1-2%**	1-2%	**2016**	2017	**228,937**	313,614
					382,255	530,211

Note:

(a) Bank loans amounting to HK$381,203,000 (31 March 2012: HK$519,502,000) are secured by the corporate guarantees issued by the Company (Note 39).

(b) Bank loan amounting to HK$1,052,000 (31 March 2012: HK$10,709,000) 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$96,078,000 (31 March 2012: HK$101,399,000) (Notes 14, 15 and 25).

The Group had bank loan and trade facilities of HK$1,075,888,000 (31 March 2012: HK$1,434,997,000), of which HK$508,077,000 (31 March 2012: HK$855,208,000) had been utilised as at the end of the reporting period.

The bank loans are subjected to certain covenants and the Group does not breach the borrowing limits or covenants on any of its banking facilities.

29 Borrowings (Continued)

The fair values of the borrowings approximate to their carrying amounts at the end of the reporting period as all the borrowings carry floating rate interests (31 March 2012: same).

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

	Group At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
HK$	**368,313**	458,542
RMB	**5,521**	41,985
USD	**8,421**	29,684
	382,255	530,211

30 Deferred income tax

The analysis of deferred tax assets and liabilities is as follows:

	Group At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Deferred income tax assets:		
– to be realised after more than 12 months	**9,664**	14,103
Deferred income tax liabilities:		
– to be realised after more than 12 months	**(47,749)**	(44,568)
Deferred income tax liabilities, net	**(38,085)**	(30,465)

30 Deferred income tax (Continued)

The gross movement on the deferred income tax is as follows:

	Group At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Beginning balance	**(30,465)**	(35,191)
(Charged)/credited to consolidated income statement (Note 10)	**(7,431)**	4,692
Charged directly to equity	**–**	(58)
Exchange differences	**(189)**	92
Ending balance	**(38,085)**	(30,465)

The movements in deferred income tax assets and liabilities during the period/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 2011	4,331	16,555	4,872	25,758
(Charged)/credited to consolidated income statement	(322)	1,856	5,962	7,496
Charged directly to equity	–	–	(58)	(58)
Exchange differences	52	534	68	654
At 31 March 2012	4,061	18,945	10,844	33,850
Credited/(charged) to consolidated income statement	141	(679)	(739)	(1,277)
Exchange differences	29	121	23	173
At 31 December 2012	4,231	18,387	10,128	32,746

30 Deferred income tax (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 April 2011	59,258	1,691	60,949
Charged to consolidated income statement	2,290	514	2,804
Exchange differences	1,108	(546)	562
At 31 March 2012	62,656	1,659	64,315
Charged to consolidated income statement	3,112	3,042	6,154
Exchange differences	313	49	362
At 31 December 2012	66,081	4,750	70,831

The Group has tax losses arising in Hong Kong of HK$71,705,000 (31 March 2012: HK$79,027,000) and the PRC of HK$109,229,000 (31 March 2012: HK$112,491,000), 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 Hong Kong do not have any expiry date, while those arising in the PRC are due to expire within five years.

Among the tax losses arising in Hong Kong and the PRC, tax losses amounting HK$74,148,000 (31 March 2012: HK$75,778,000) has been recognised as deferred tax assets of HK$18,387,000 (31 March 2012: HK$18,945,000) 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.

Deferred income tax liabilities of HK$16,292,000 (31 March 2012: HK$6,254,000) have not been recognised as of 31 December 2012 for the withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries established in the PRC. Unremitted earnings totalled HK$162,924,000 at 31 December 2012 (31 March 2012: HK$125,083,000).

31 Share capital

	At 31 December 2012 Number of shares	At 31 March 2012 Number of shares	At 31 December 2012 HK$'000	At 31 March 2012 HK$'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**	907,864,974	**90,787**	90,787

	Number of shares in issue	Issued capital HK$'000	Share premium HK$'000	Total HK$'000
At 1 April 2011, 31 March 2012 and 31 December 2012	907,864,974	90,787	1,559,461	1,650,248

During the period from 1 April to 31 December 2012 and year ended 31 March 2012, the Company did not repurchase any of its own shares.

32 Reserves

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the current period 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.

32 Reserves (Continued)

(b) Company

	Share premium HK$'000	Other capital reserves HK$'000	Equity compensation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2011	1,559,461	(6,540)	10,299	448,801	2,012,021
Comprehensive income					
Profit for the year	–	–	–	83,822	83,822
Total comprehensive income	–	–	–	83,822	83,822
Purchase of shares for restricted share award scheme (Note 33)	–	(9,737)	–	–	(9,737)
Equity compensation expenses (Note 33)	–	–	5,077	–	5,077
Forfeiture of share awarded (Note 33)	–	–	(1,654)	1,102	(552)
Shares vested under the restricted share award scheme (Note 33)	–	3,049	(3,049)	–	–
Interim dividend (Note 13)	–	–	–	(18,157)	(18,157)
Proposed final dividend (Note 13)	–	–	–	(18,157)	(18,157)
At 31 March 2012	1,559,461	(13,228)	10,673	497,411	2,054,317
At 1 April 2012	1,559,461	(13,228)	10,673	497,411	2,054,317
Comprehensive income					
Profit for the period	–	–	–	7,433	7,433
Total comprehensive income	–	–	–	7,433	7,433
Equity compensation expenses (Note 33)	–	–	1,903	–	1,903
Shares vested under the restricted share award scheme (Note 33)	–	4,739	(4,739)	–	–
Interim dividend (Note 13)	–	–	–	(27,236)	(27,236)
Proposed final dividend (Note 13)	–	–	–	(18,157)	(18,157)
At 31 December 2012	1,559,461	(8,489)	7,837	459,451	2,018,260

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 2015.

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. There was no share offered and awarded to the participants during the period from 1 April to 31 December 2012 and year ended 31 March 2012. The shares granted will be vested to the participants in three equal tranches upon certain vesting conditions are fulfilled. A total of 1,938,066 shares (year ended 31 March 2012: 1,283,985 shares) at an average fair value of HK$4,739,000 (year ended 31 March 2012: HK$3,049,000) were vested during the period. At 31 December 2012, the total number of shares held by the Trustee was 4,504,672 shares (31 March 2012: 6,442,738 shares).

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$1,903,000 (year ended 31 March 2012: HK$5,077,000) has been recognised in the consolidated income statement as employee benefit expenses (Notes 8 and 9).

There were no shares forfeited during the period. During the year ended 31 March 2012, shares awarded amounted to HK$1,654,000 were forfeited and HK$1,654,000 was transferred from equity compensation reserve to retained earnings accordingly.

Movement in the number of shares awarded and their related average fair value is as follows:

	At 31 December 2012		At 31 March 2012	
	Average fair value per share	**Number of shares awarded**	Average fair value per share	Number of shares awarded
Beginning balance		**4,914,735**		7,726,723
Forfeited		**–**	2.85	(1,528,003)
Vested	**2.45**	**(1,938,066)**	2.37	(1,283,985)
Ending balance		**2,976,669**		4,914,735

33 Restricted share award scheme (Continued)

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

	Number of shares	
	At 31 December 2012	At 31 March 2012
Beginning balance	**6,442,738**	3,851,969
Share purchased by the Trustee from the market during the period/year	**–**	3,874,754
Shares vested during the period/year	**(1,938,066)**	(1,283,985)
Ending balance	**4,504,672**	6,442,738

There was no purchase of share for the scheme during the period from 1 April to 31 December 2012. During the year ended 31 March 2012, the total consideration paid for the purchase of 3,874,754 shares was HK$9,737,000.

34 Gains on disposal of an associate

On 28 December 2012, the Group entered into an agreement with the other existing shareholder of Graphic Hung Hing, pursuant to which the Group agreed to dispose of its 40% equity interest in Graphic Hung Hing, for a total consideration of US$1 (approximately HK$8).

The disposal was completed on 28 December 2012 and a gain on disposal of HK$5,934,000 was recognised in the consolidated income statement for the period ended 31 December 2012.

	Period from 1 April to 31 December 2012 HK$'000
Cost of investment	**3,114**
Provision for impairment	**(3,114)**
	–
Provision for counter indemnity receivables (Note)	**6,232**
Exchange reserve transferred to consolidated income statement upon disposal	**(298)**
Gain on disposal of an associate	**5,934**

Note: The Group had provided guarantees to Graphic Hung Hing for its bank borrowings up to US$2,000,000 (equivalent to HK$15,575,000) and has previously recognised a provision for guarantee amounted to HK$6,232,000. On 28 December 2012, the other existing shareholder of Graphic Hung Hing provided the Group with a Letter of Counter Indemnity of US$2,000,000. Thus, the Group has recognised a counter indemnity receivables to the extent of the provision recognised previously of HK$6,232,000.

There was no disposal of associates during the year ended 31 March 2012.

35 Loss on redesignation of investment in Paper Mills Entities from associates to available-for-sale financial assets

On 20 December 2012, the Group entered into a supplemental agreement with the other existing shareholders of Paper Mills Entities, pursuant to which the Group agreed to forgo all of its board seats in the Paper Mills Entities.

As a result, the Group no longer exercises significant influence upon signing of the supplemental agreement, the investment in Paper Mills Entities was derecognised as an investment in associates and redesignated as an available-for-sale financial asset accordingly.

35 Loss on redesignation of investment in Paper Mills Entities from associates to available-for-sale financial assets (Continued)

The redesignation of investment in associates to an available-for-sale financial asset was completed on 20 December 2012 and a loss of HK$3,196,000 was recognised in the consolidated income statement for the period ended 31 December 2012.

	Period from 1 April to 31 December 2012 HK$'000
Fair value of interest in the Paper Mills Entities at date of redesignation (Note)	**12,670**
Carrying value of interest in the Paper Mills Entities at date of redesignation	**(30,606)**
Transferred to consolidated income statement upon redesignation	
Exchange reserve	**14,759**
Non-controlling interests	**(19)**
Loss on redesignation of investment in the Paper Mills Entities from associates to available-for-sale financial assets	**(3,196)**

Note:

The fair value of interest in the Paper Mills Entities at date of redesignation is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

The key assumptions used for value-in-use calculations are as follows:

Sales growth of 13% to 35%
Discount rate of 13%
Terminal value of 2%

Management determined budgeted sales growth based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant business units.

36 Amounts due from/(to) subsidiaries and associates and loan to a subsidiary

(a) Amounts due from subsidiaries

	Company	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Due from subsidiaries	**1,624,733**	1,567,969
Provision for impairment	**(1,353)**	(1,353)
	1,623,380	1,566,616

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

The carrying amounts of these amounts due from subsidiaries are approximately their fair values.

(b) Amounts due from/(to) associates

	Group	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Amounts due from associates	**–**	5,024
Amounts due to associates	**–**	(4,540)
	–	484

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

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

(c) Loan to a subsidiary

The loan to a subsidiary is unsecured, interest free and repayable within twelve months after the period end date.

The carrying amount of the loan to a subsidiary is approximately its fair value.

37 Related party transactions

(a) Transactions with related parties

In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the reporting period:

	Note	**Period from 1 April to 31 December 2012 HK$'000**	Year ended 31 March 2012 HK$'000
Sales of raw materials or finished goods to:	(i)		
Associates			
– Paper Mill Entities		**24,029**	19,108
– Other		**3,831**	12,528
A substantial shareholder		**2,044**	–
Subsidiaries of a substantial shareholder, other than Paper Mill Entities		**1,020**	–
Purchases of raw materials from:	(i)		
Associates			
– Paper Mill Entities		**61,023**	70,891
– Other		**2,805**	7,898
A subsidiary of a substantial shareholder, other than Paper Mill Entities		**1,594**	159
Rental income from associates	(i)	**380**	625
Advisory fee paid to companies of which a former non-executive director of the Company is a controlling shareholder	(ii)	**–**	57

Note:

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

(ii) The advisory fee paid was charged based on a mutually agreed basis.

37 Related party transactions (Continued)

(b) Outstanding balances with related parties

Save as disclosed in Notes 19 and 36, there were no outstanding balances with related parties as at 31 December 2012 (31 March 2012: Nil).

(c) Compensation of key management personnel of the Group

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Short-term employment benefits	**16,067**	26,063
Post-employment benefits	**382**	554
	16,449	26,617

38 Cash generated from operations

	Note	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Cash flows from operating activities			
Profit before income tax		**71,139**	45,495
Adjustments for:			
Finance costs		**7,214**	10,973
Share of losses of associates	20	**10,669**	16,423
Bank interest income	5	**(8,807)**	(11,306)
Dividend income from available-for-sale financial assets	5	**(348)**	(347)
Restricted share award scheme expenses	33	**1,903**	5,077
Reversal of provision for impairment of available-for-sale financial assets	17	**(17)**	–
Fair value gain on derivative financial instruments not qualified as hedges, net	5	**(3,239)**	(1,275)
Fair value loss on foreign currency contracts		**–**	1,683
Gain on disposal of an associate	34	**(5,934)**	–
Loss on redesignation of investment in associates to available-for-sale financial assets	35	**3,196**	–
Depreciation of property, plant and equipment	14	**85,996**	111,981
Amortisation of land use rights	15	**2,390**	3,173
Amortisation of intangible assets	16	**1,032**	849
Provision for impairment of trade receivables	6	**4,075**	1,344
(Reversal of provision for impairment)/provision for impairment of inventories, net	6	**(583)**	16,427
Loss on disposal of property, plant and equipment	6	**1,517**	7,366
Loss on disposal of intangible assets	6	**639**	–
		170,842	207,863
Decrease/(increase) in inventories		**98,512**	(45,251)
Increase in trade and bills receivables		**(186,968)**	(90,401)
Decrease/(increase) in prepayments, deposits and other receivables		**18,174**	(25,112)
Decrease/(increase) in amounts due from associates		**484**	(449)
(Decrease)/increase in trade and bills payables		**(42,022)**	19,442
Increase in other payables and accrued liabilities		**31,138**	13,957
Cash generated from operations		**90,160**	80,049

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	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Guarantees given to banks for banking and trading facilities granted to subsidiaries and former associates (31 March 2012: subsidiaries and associates) of the Company	**29,300**	26,208	**2,006,783**	2,022,698
Amount of banking facilities guaranteed by the Company and utilised by subsidiaries and former associates (31 March 2012: subsidiaries and associates) of the Company	**29,300**	26,208	**536,326**	816,322

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	
	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000	**At 31 December 2012 HK$'000**	At 31 March 2012 HK$'000
Not later than one year	**6,101**	5,230	**594**	1,092
Later than one year and not later than five years	**15,370**	10,470	**–**	363
Later than five years	**67,094**	71,357	**–**	–
	88,565	87,057	**594**	1,455

41 Commitments

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

	Group At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Contracted for, but not provided for	**8,729**	18,673
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

At 31 December 2012

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 (Note 17)	–	–	22,463	22,463
Trade and bills receivables (Note 22)	–	830,843	–	830,843
Other receivables (Note 23)	–	20,342	–	20,342
Derivative financial instruments (Note 24)	1,117	–	–	1,117
Pledged time deposits (Note 25)	–	46,114	–	46,114
Time deposits with original maturity over three months	–	43,587	–	43,587
Cash and cash equivalents (Note 26)	–	533,345	–	533,345
	1,117	1,474,231	22,463	1,497,811

42 Financial instruments by category (Continued)

Liabilities per consolidated statement of financial position

	Other financial liabilities at amortised cost HK$'000
Trade and bills payables (Note 27)	**181,887**
Other payables and accrued liabilities (Note 28)	**182,244**
Borrowings (Note 29)	**382,255**
	746,386

Group

At 31 March 2012

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 (Note 17)	–	–	8,034	8,034
Trade and bills receivables (Note 22)	–	647,950	–	647,950
Other receivables (Note 23)	–	6,588	–	6,588
Derivative financial instruments (Note 24)	253	–	–	253
Amounts due from associates (Note 36(b))	–	5,024	–	5,024
Pledged time deposits (Note 25)	–	17,321	–	17,321
Time deposits with original maturity over three months	–	123,070	–	123,070
Cash and cash equivalents (Note 26)	–	640,555	–	640,555
	253	1,440,508	8,034	1,448,795

42 Financial instruments by category (Continued)

Liabilities per consolidated statement of financial position

	Other financial liabilities at amortised cost HK$'000
Trade and bills payables (Note 27)	223,909
Other payables and accrued liabilities (Note 28)	157,235
Amounts due to associates (Note 36(b))	4,540
Borrowings (Note 29)	530,211
	915,895

Company

At 31 December 2012

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 (Note 17)	–	–	9,183	9,183
Other receivables (Note 23)	–	294	–	294
Derivative financial instruments (Note 24)	181	–	–	181
Loan to subsidiaries	–	59,925	–	59,925
Amounts due from subsidiaries (Note 36(a))	–	1,623,380	–	1,623,380
Cash and cash equivalents (Note 26)	–	150,267	–	150,267
	181	1,833,866	9,183	1,843,230

42 Financial instruments by category (Continued)

Liabilities per statement of financial position

	Other financial liabilities at amortised cost HK$'000
Other payables and accrued liabilities (Note 28)	**4,948**

Company

At 31 March 2012

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 (Note 17)	–	–	566	566
Other receivables (Note 23)	–	422	–	422
Derivative financial instruments (Note 24)	253	–	–	253
Loan to a subsidiary	–	40,000	–	40,000
Amounts due from subsidiaries (Note 36(a))	–	1,566,616	–	1,566,616
Cash and cash equivalents (Note 26)	–	256,928	–	256,928
	253	1,863,966	566	1,864,785

Liabilities per statement of financial position

	Other financial liabilities at amortised cost HK$'000
Other payables and accrued liabilities (Note 28)	3,715

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, amounts due to associates, 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 2.12 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 December 2012 and 31 March 2012, the Group did not enter any interest rate swaps arrangement.

43 Financial risk management (Continued)

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 and the Company's profit before tax (through the impact on floating rate bank deposits and borrowings) and equity, in particular, the hedging reserve.

	Increase/ (decrease) in basis points	Group Increase/ (decrease) in profit before tax HK$'000	Company Increase/ (decrease) in profit before tax HK$'000
31 December 2012			
Hong Kong dollar	50	(377)	698
Hong Kong dollar	(50)	377	(698)
31 March 2012			
Hong Kong dollar	50	520	1,234
Hong Kong dollar	(50)	(520)	(1,234)

(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.

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.

43 Financial risk management (Continued)

43.1 Financial risk factors (Continued)

(b) Foreign currency risk (Continued)

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).

31 December 2012

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	1,927	4	(0.5)	(0.5)	(1,927)	(4)
RMB	2	2	7,282	1,791	(2)	(2)	(7,282)	(1,791)

31 March 2012

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	2,048	837	(0.5)	(0.5)	(2,048)	(837)
RMB	2.0	2.0	8,561	2,701	(2.0)	(2.0)	(8,561)	(2,701)

(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, normally 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 22 to the financial statements.

43.1 Financial risk factors (Continued)

(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 financial liabilities, 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 Group and the Company can be required to pay.

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.

43 Financial risk management (Continued)

43.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

Group

	At 31 December 2012			
	Maturity analysis – Undiscounted cash flow			
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
Borrowings, including interest payable	**157,290**	**132,369**	**100,702**	**390,361**
Trade and bills payables	**181,887**	**–**	**–**	**181,887**
Other payables and accrued liabilities	**182,244**	**–**	**–**	**182,244**
Financial guarantees given to former associates	**29,300**	**–**	**–**	**29,300**
	550,721	**132,369**	**100,702**	**783,792**

	At 31 March 2012			
	Maturity analysis – Undiscounted cash flow			
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
Borrowings, including interest payable	216,597	114,084	209,876	540,557
Trade and bills payables	223,909	–	–	223,909
Other payables and accrued liabilities	157,235	–	–	157,235
Financial guarantees given to associates	26,208	–	–	26,208
Amounts due to associates	4,540	–	–	4,540
	628,489	114,084	209,876	952,449

43 Financial risk management (Continued)

43.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

Company

	At 31 December 2012 Maturity analysis – Undiscounted cash flow			
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
Other payables and accrued liabilities	**4,948**	**–**	**–**	**4,948**
Financial guarantees given to subsidiaries and former associates	**1,777,846**	**129,569**	**99,368**	**2,006,783**
	1,782,794	**129,569**	**99,368**	**2,011,731**

	At 31 March 2012 Maturity analysis – Undiscounted cash flow			
	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
Other payables and accrued liabilities	3,715	–	–	3,715
Financial guarantees given to subsidiaries and associates	1,709,085	107,346	206,267	2,022,698
	1,712,800	107,346	206,267	2,026,413

43 Financial risk management (Continued)

43.1 Financial risk factors (Continued)

(e) Liquidity risk (Continued)

Company (Continued)

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. 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.

	Maturity analysis – Term loans subject to a repayment on demand clause based on scheduled repayments		
	Less than 1 year HK$'000	Between 1 and 5 years HK$'000	Total undiscounted cash outflows HK$'000
At 31 December 2012	8,000	–	8,000
At 31 March 2012	38,000	–	38,000

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 the 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, time deposits with original maturity over three months and pledged time deposits.

43 Financial risk management (Continued)

43.2 Capital risk management (Continued)

During the period, the Group's strategy was to maintain the net debt gearing ratio below 30%. As at 31 December 2012 and 31 March 2012, the Group had net cash position as follows:

	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Cash and cash equivalents, time deposits with original maturity over three months and pledged time deposits	**623,046**	780,946
Total borrowings (Note 29)	**(382,255)**	(530,211)
Net cash	**240,791**	250,735

As the Group had a net cash position, the net debt gearing ratio as at 31 December 2012 was nil (31 March 2012: 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).

43 Financial risk management (Continued)

43.3 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value at 31 December 2012 and 31 March 2012:

At 31 December 2012

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets				
– Unlisted equity investments	–	–	14,330	14,330
– Listed equity investments	7,470	–	–	7,470
– Club debentures	–	–	583	583
Derivative financial instruments	–	–	1,117	1,117
Total assets	7,470	–	16,030	23,500

At 31 March 2012

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets				
– Listed equity investments	7,388	–	–	7,388
– Club debentures	–	–	566	566
Derivative financial instruments	–	–	253	253
Total assets	7,388	–	819	8,207

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 unlisted equity instruments and 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 Financial risk management (Continued)

43.3 Fair value estimation (Continued)

The following table presents the changes in level 3 instruments for the period from 1 April to 31 December 2012 and year ended 31 March 2012:

At 31 December 2012

	Club debentures HK$'000	Derivative financial instruments HK$'000	Unlisted equity investments HK$'000	Total HK$'000
Opening balance	566	253	–	819
Gains recognised in consolidated income statement	–	3,239	–	3,239
Credited to consolidated income statement	17	–	–	17
Redesignation of associates to available-for-sale financial assets	–	–	14,330	14,330
Retired on maturity	–	(2,375)	–	(2,375)
Closing balance	583	1,117	14,330	16,030
Total gains for the period included in profit or loss for assets held at the end of the reporting period	17	3,239	–	3,256

43 Financial risk management (Continued)

43.3 Fair value estimation (Continued)

As at 31 March 2012

	Club debentures HK$'000	Derivative financial instruments HK$'000	Total HK$'000
Opening balance	566	1,021	1,587
Gains recognised in consolidated income statement	–	1,275	1,275
Retired on maturity	–	(2,043)	(2,043)
Closing balance	566	253	819
Total gains for the year included in profit or loss for assets held at the end of the reporting period	–	1,275	1,275

44 Comparative Amounts

Certain comparative figures have been reclassified to conform with current period's presentation.

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