# CHUNG TAI PRINTING HOLDINGS LIMITED
# 中大印刷集團有限公司*

*(To be renamed as Neway Group Holdings Limited 中星集團控股有限公司*)*
*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 00055)**

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The Directors of Chung Tai Printing Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 together with comparative figures for the previous year as follows:

### CONSOLIDATED INCOME STATEMENT

| | NOTES | 2009 HK$ | 2008 HK$ |
|---|---|---|---|
| Revenue | 2 | **691,495,009** | 728,563,145 |
| Cost of sales | | **(567,992,902)** | (603,784,375) |
| Gross profit | | **123,502,107** | 124,778,770 |
| Interest income | | **6,734,535** | 9,592,481 |
| Other income | | **382,494** | 14,079,588 |
| Loss on redemption of convertible notes | | **(1,451,449)** | – |
| Distribution costs | | **(34,993,544)** | (32,492,534) |
| Administrative expenses | | **(60,647,862)** | (63,231,179) |
| Other expenses and losses | | **(40,050,870)** | (7,450,495) |
| Finance costs | | **(8,586,334)** | (4,092,606) |
| Share of loss of an associate | | **(904,686)** | – |
| (Loss) profit before taxation | | **(16,015,609)** | 41,184,025 |
| Taxation | 3 | **(1,919,997)** | (2,164,283) |
| (Loss) profit for the year | 4 | **(17,935,606)** | 39,019,742 |
| Dividends recognised as distributions during the year | 5 | **12,361,828** | 18,607,528 |
| (Loss) earnings per share | | | |
| Basic | 6 | **(0.18) HK cents** | 0.48 HK cents |
| Diluted | 6 | **N/A** | 0.47 HK cents |

## CONSOLIDATED BALANCE SHEET
*AT 31 MARCH 2009*

| | NOTES | 2009 HK$ | 2008 HK$ |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **212,145,546** | 235,385,262 |
| Prepaid lease payments | | **3,162,905** | 3,251,515 |
| Deposits for land use rights | | **33,793,575** | 31,515,152 |
| Investment in an associate | | **17,724,714** | – |
| | | **266,826,740** | 270,151,929 |
| Current assets | | | |
| Inventories | | **72,025,090** | 111,527,718 |
| Trade and other receivables | 7 | **95,942,792** | 219,982,134 |
| Prepaid lease payments | | **88,610** | 88,610 |
| Amount due from a related company | | **1,362,753** | 198,845 |
| Short-term bank deposits | | **264,234,274** | 301,193,143 |
| Bank balances and cash | | **116,521,075** | 112,560,495 |
| | | **550,174,594** | 745,550,945 |
| Current liabilities | | | |
| Trade and other payables | 8 | **47,343,116** | 91,161,530 |
| Tax liabilities | | **1,243,331** | 947,356 |
| Bank borrowings | | **1,092,530** | 6,044,735 |
| | | **49,678,977** | 98,153,621 |
| Net current assets | | **500,495,617** | 647,397,324 |
| Total assets less current liabilities | | **767,322,357** | 917,549,253 |
| Non-current liabilities | | | |
| Convertible notes | | **–** | 122,990,000 |
| Deferred taxation | | **12,831,649** | 15,433,590 |
| | | **12,831,649** | 138,423,590 |
| Net assets | | **754,490,708** | 779,125,663 |
| Capital and reserves | | | |
| Share capital | | **50,967,728** | 50,967,728 |
| Reserves | | **703,522,980** | 728,157,935 |
| Total equity | | **754,490,708** | 779,125,663 |

*NOTES:*

## 1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

| | |
|---|---|
| HKAS 39 and HKFRS 7 (Amendments) | Reclassification of financial assets |
| HK(IFRIC) – INT 12 | Service concession arrangements |
| HK(IFRIC) – INT 14 | HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction |

The adoption of the new HKFRSs had no material effect on how the results or financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs[1] |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009[2] |
| HKAS 1 (Revised) | Presentation of financial statements[3] |
| HKAS 23 (Revised) | Borrowing costs[3] |
| HKAS 27 (Revised) | Consolidated and separate financial statements[4] |
| HKAS 32 & 1 (Amendments) | Puttable financial instruments and obligations arising on liquidation[3] |
| HKAS 39 (Amendment) | Eligible hedged items[4] |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an investment in a subsidiary, jointly controlled entity or associate[3] |
| HKFRS 2 (Amendment) | Vesting conditions and cancellations[3] |
| HKFRS 3 (Revised) | Business combinations[4] |
| HKFRS 7 (Amendment) | Improving disclosures about financial instruments[3] |
| HKFRS 8 | Operating segments[3] |
| HK(IFRIC) – INT 9 & HKAS 39 (Amendments) | Embedded derivatives[5] |
| HK(IFRIC) – INT 13 | Customer loyalty programmes[6] |
| HK(IFRIC) – INT 15 | Agreements for the construction of real estate[3] |
| HK(IFRIC) – INT 16 | Hedges of a net investment in a foreign operation[7] |
| HK(IFRIC) – INT 17 | Distributions of non-cash assets to owners[4] |
| HK(IFRIC) – INT 18 | Transfers of assets from customers[8] |

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2009.
[4] Effective for annual periods beginning on or after 1 July 2009.
[5] Effective for annual periods ending on or after 30 June 2009.
[6] Effective for annual periods beginning on or after 1 July 2008.
[7] Effective for annual periods beginning on or after 1 October 2008.
[8] Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 2. REVENUE AND BUSINESS AND GEOGRAPHICAL SEGMENTS

Revenue, which is also turnover of the Group, represents the amounts received and receivable for goods sold by the Group, less returns and allowances during the year.

### Geographical segments

The location of customers is the basis on which the Group reports its primary segment information. The following is an analysis of the Group's segment information for the year ended 31 March 2009 and 2008 by location of customers.

### Consolidated income statement for the year ended 31 March 2009

| | Hong Kong | Other regions in the People's Republic of China ("PRC") | Europe | United States of America | Other | Consolidated |
|---|---|---|---|---|---|---|
| | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* |
| Revenue | **413,385,896** | **194,178,948** | **7,378,921** | **64,639,722** | **11,911,522** | **691,495,009** |
| Segment result | **55,510,775** | **26,074,967** | **990,865** | **8,680,028** | **1,599,517** | **92,856,152** |
| Unallocated corporate expenses | | | | | | **(107,073,384)** |
| Gain on disposal of property, plant and equipment | | | | | | **53,422** |
| Interest income | | | | | | **6,734,535** |
| Finance costs | | | | | | **(8,586,334)** |
| Loss before taxation | | | | | | **(16,015,609)** |
| Taxation | | | | | | **(1,919,997)** |
| Loss for the year | | | | | | **(17,935,606)** |

### Consolidated balance sheet at 31 March 2009

| | Hong Kong | Other regions in the PRC | Europe | United States of America | Other | Unallocated | Consolidated |
|---|---|---|---|---|---|---|---|
| | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* | *HK$* |
| Assets | | | | | | | |
| Segment assets | **48,356,679** | **31,646,682** | **3,554,270** | **6,282,820** | **2,321,590** | **326,359,230** | **418,521,271** |
| Investment in an associate | | | | | | | **17,724,714** |
| Unallocated corporate assets | | | | | | | **380,755,349** |
| Total consolidated assets | | | | | | | **817,001,334** |
| Liabilities | | | | | | | |
| Unallocated corporate liabilities and total consolidated liabilities | | | | | | | **62,510,626** |

**Other information for the year ended 31 March 2009**

| | **Hong Kong** *HK$* | **Other regions in the PRC** *HK$* | **Europe** *HK$* | **United States of America** *HK$* | **Other** *HK$* | **Consolidated** *HK$* |
|---|---|---|---|---|---|---|
| Allowance for bad and doubtful debts | **3,801** | **8,171,084** | **–** | **–** | **–** | **8,174,885** |

Consolidated income statement for the year ended 31 March 2008

| | Hong Kong *HK$* | Other regions in the PRC *HK$* | Europe *HK$* | United States of America *HK$* | Other *HK$* | Consolidated *HK$* |
|---|---|---|---|---|---|---|
| Revenue | 427,656,609 | 173,352,126 | 4,477,310 | 78,804,867 | 44,272,233 | 728,563,145 |
| Segment result | 55,122,029 | 22,193,910 | 577,095 | 10,157,411 | 5,706,390 | 93,756,835 |
| Unallocated corporate expenses | | | | | | (71,521,780) |
| Gain on disposal of property, plant and equipment | | | | | | 13,294,655 |
| Gain on fair value change of held for trading investment | | | | | | 154,440 |
| Interest income | | | | | | 9,592,481 |
| Finance costs | | | | | | (4,092,606) |
| Profit before taxation | | | | | | 41,184,025 |
| Taxation | | | | | | (2,164,283) |
| Profit for the year | | | | | | 39,019,742 |

Consolidated balance sheet at 31 March 2008

| | Hong Kong *HK$* | Other regions in the PRC *HK$* | Europe *HK$* | United States of America *HK$* | Other *HK$* | Unallocated *HK$* | Consolidated *HK$* |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | |
| Segment assets | 86,126,306 | 52,606,999 | 5,987,419 | 9,245,372 | 15,590,562 | 432,392,578 | 601,949,236 |
| Unallocated corporate assets | | | | | | | 413,753,638 |
| Total consolidated assets | | | | | | | 1,015,702,874 |
| Liabilities | | | | | | | |
| Unallocated corporate liabilities and total consolidated liabilities | | | | | | | 236,577,211 |

Other information for the year ended 31 March 2008

| | Hong Kong *HK$* | Other regions in the PRC *HK$* | Europe *HK$* | United States of America *HK$* | Other *HK$* | Consolidated *HK$* |
|---|---|---|---|---|---|---|
| Allowance for bad and doubtful debts | 1,087 | 3,348,827 | – | – | – | 3,349,914 |

The following is an analysis of the carrying amount of segment assets at the balance sheet date, and additions to property, plant and equipment during the year, analysed by the geographical area in which the assets are located:

| | **Carrying amount of segment assets** | | **Additions to property, plant and equipment** | |
|---|---|---|---|---|
| | **2009** ***HK$*** | 2008 *HK$* | **2009** ***HK$*** | 2008 *HK$* |
| Hong Kong | **121,500,831** | 203,665,201 | **1,598,378** | 5,758,921 |
| Other regions in the PRC | **297,020,440** | 398,284,035 | **7,683,010** | 13,036,622 |
| | **418,521,271** | 601,949,236 | **9,281,388** | 18,795,543 |

**Business segments**

The Group's revenue and results are derived from the printing business. Accordingly, no analysis by business segments is presented.

## 3. TAXATION

| | 2009 | 2008 |
|---|---|---|
| | *HK$* | *HK$* |
| The taxation charge comprises: | | |
| Hong Kong Profits Tax | | |
| Charge for the year | **3,149,021** | 4,343,287 |
| Overprovision in prior years | **(711,068)** | (715,835) |
| | **2,437,953** | 3,627,452 |
| Overseas taxation | | |
| Charge for the year | **2,082,203** | 519,464 |
| Underprovision in prior year | **1,782** | – |
| | **2,083,985** | 519,464 |
| Deferred tax credit | | |
| Current year | **(1,711,241)** | (1,982,633) |
| Attributable to change in tax rate | **(890,700)** | – |
| | **1,919,997** | 2,164,283 |

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year. The effect of this decrease has been reflected in the calculation of current and deferred tax balances as at and for the year ended 31 March 2009.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC, was reduced from 33% to 25% from 1 January 2008 onwards.

## 4. (LOSS) PROFIT FOR THE YEAR

| | 2009 | 2008 |
|---|---|---|
| | *HK$* | *HK$* |
| (Loss) profit for the year has been arrived at after charging (crediting): | | |
| Allowance for bad and doubtful debts (included in other expenses and losses) | **8,174,885** | 3,349,914 |
| Reversal of allowance for bad debts | **(261,232)** | – |
| Auditor's remuneration | **1,140,000** | 1,270,000 |
| Cost of inventories recognised as an expense, including write-down of inventories of HK$5,684,000 (2008: HK$170,000) | **567,992,902** | 603,784,375 |
| Depreciation of property, plant and equipment | **33,464,326** | 36,650,496 |
| Gain on disposal of property, plant and equipment | **(53,422)** | (13,294,655) |
| Net foreign exchange losses (included in other expenses and losses) | **31,875,985** | 4,100,581 |
| Prepaid lease payments charged to consolidated income statement | **88,610** | 88,610 |
| Rental payments in respect of premises under operating leases | **5,117,064** | 4,434,841 |
| Staff costs including directors' emoluments | | |
| – Salaries, wages and other benefits | **127,722,299** | 137,470,614 |
| – Contributions to retirement benefits schemes | **859,833** | 993,805 |
| Total staff costs | **128,582,132** | 138,464,419 |
| Gain on fair value change of held for trading investment | **–** | (154,440) |

## 5. DIVIDENDS RECOGNISED AS DISTRIBUTIONS DURING THE YEAR

| | **2009** | 2008 |
|---|---|---|
| | ***HK$*** | *HK$* |
| Interim dividend, paid – HK0.03 cents per share (2008: HK0.091 cents) | **3,058,064** | 9,303,764 |
| 2008 Final dividend paid – HK0.091 cents per share | **9,303,764** | – |
| 2007 Final dividend paid – HK2.8 cents per share | **–** | 9,303,764 |
| | **12,361,828** | 18,607,528 |

No final dividend for the year ended 31 March 2009 has been proposed by the directors of the Company.

## 6. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company for the year is based on the following data:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$*** | *HK$* |
| (Loss) earnings for the purposes of basic (loss) earnings per share | **(17,935,606)** | 39,019,742 |
| Effect of dilutive potential ordinary shares<br>– interest on convertible notes | **N/A** | 3,800,000 |
| (Loss) earnings for the purposes of diluted (loss) earnings per share | **N/A** | 42,819,742 |

| | **2009** | 2008 |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of shares for the purpose of basic (loss) earnings per share | **10,193,545,600** | 8,192,408,988 |
| Effect of dilutive potential ordinary shares:<br>Convertible notes | **N/A** | 953,901,132 |
| Weighed average number of shares for the purpose of diluted (loss) earnings per share | **N/A** | 9,146,310,120 |

Pursuant to the ordinary resolution passed at the special general meeting held on 23 October 2007, each of the then issued and unissued shares of HK$0.10 each in the share capital of the Company is subdivided into twenty shares of HK$0.005 each in the share capital of the Company with effect from 24 October 2007. Accordingly, the weighted average number of ordinary shares for the purpose of earnings per share has been adjusted for the year ended 31 March 2008.

## 7. TRADE AND OTHER RECEIVABLES

The Group's credit terms on sales are generally with a range from 60 to 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition. An aging analysis of the trade receivables is as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$*** | *HK$* |
| 0 – 30 days | **74,967,209** | 73,272,178 |
| 31 – 60 days | **8,192,000** | 25,239,767 |
| 61 – 90 days | **5,805,791** | 32,416,368 |
| Over 90 days | **3,197,041** | 38,628,345 |
| | **92,162,041** | 169,556,658 |
| Deposits, prepayments and other receivables | **3,780,751** | 50,425,476 |
| | **95,942,792** | 219,982,134 |

The Group has policy for allowance of bad and doubtful debts which is based on the evaluation of collectibility and age analysis of accounts and on management's judgement including the credit creditworthiness and the past collection history of each client.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the report date. The trade receivables past due but not provided for were either subsequently settled as at the date of this report or no historical default of payments was noted by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

## 8. TRADE AND OTHER PAYABLES

An aging analysis of the trade payables at the balance sheet date is as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$*** | *HK$* |
| 0 – 30 days | **28,590,389** | 58,798,037 |
| 31 – 60 days | **665,231** | 9,817,372 |
| 61 – 90 days | **929,215** | 916,303 |
| Over 90 days | **862,889** | 1,480,102 |
| | **31,047,724** | 71,011,814 |
| Accrued expenses and other payables | **16,295,392** | 20,149,716 |
| | **47,343,116** | 91,161,530 |

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

## DIVIDENDS

The Board of Directors did not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: HK0.091 cents).

## REVIEW OF FINANCIAL RESULTS

During the year under review, the businesses of the Group have been adversely affected by the downturn of worldwide economies caused by the global financial tsunami. As a result, the Group recorded its first year loss during this financial year since its listing in 1992.

The Group recorded a loss of HK$17.9 million for the financial year ended 31 March 2009, compared with a profit of HK$39.0 million for the previous year. The loss was mainly attributable to exchange losses of HK$27.3 million on the Australian dollars (“AUD”) time deposit held by the Company.

Turnover of the Group was a bit down by 5.1% to HK$691.5 million (1.4.2007 to 31.3.2008: HK$728.6 million), The gross profit for the year has dropped a bit to HK$123.5 million from last year’s HK$124.8 million.

The distribution costs were increased by approximately 7.7% to HK$35.0 million (1.4.2007 to 31.3.2008: HK$32.5 million) due to the increase of transportation and petroleum costs. The administrative expenses were reduced by 4.1% to HK$60.6 million from HK$63.2 million for last year.

The significant change in financial performance was mainly due to the following reasons:

- Finance cost of HK$8.3 million attributed to the effective interest expenses on convertible notes issued in November 2007.

- Loss of HK$1.5 million on redemption of convertible notes mentioned above.

- An amount of HK$5.7 million, being the value of printing materials and finished goods that became obsolete during the year, were written-down.

- Exchange loss amounting to HK$27.3 million brought by the fall in value of the AUD time deposit held by the Group as a result of the current adverse financial and economic conditions.

The Board wishes to emphasis that the intention of holding the time deposit in AUD was to earn higher yield on funds held and the Group has not engaged in any leveraged foreign exchange contracts and does not have any exposure to equity or currency accumulators. The said deposit is still held by the Group at the time of this result announcement.

Despite of the potential loss, the Group maintains sufficient working capital to meet its operating needs and sufficient funds for future investment opportunities.

## BUSINESS REVIEW

During the year under review, the Group continued to experience severe challenges. The current economic turmoil exerted great pressure on the Group’s performance in terms of fall in demands in American markets.

In the first half year of its financial year 2009, the Group continued to face challenges of surging material costs, appreciation in value of Renminbi against Hong Kong dollars, and increases in labour costs and other operating costs. Profit margin was further slimmed down.

In response to the worldwide financial crisis and economic turmoil, the government of the People's Republic of China (the "PRC") introduced an array of policies in an effort to stabilize the economic position of the manufacturers in the Pearl River Delta region as a whole. However, the fall in demand resulted from the severe global economic downturn and, potential, recession overrode all positive effects brought by these policies and the moderating material costs to the Group in the rest of the year under review.

During the year ended 31 March 2009, distribution costs rose by 7.7% to HK$35.0 million (2008: HK$32.5 million). Such increase was mainly due to high fuel costs and increase in transportation frequencies to meet customers' orders during this difficult period. The administrative expenses reduced by 4.1% to HK$60.6 million (2008: HK$63.2 million) resulted from the cautious measures on cost control implemented in the year. The significant increase in finance costs to HK$8.6 million (2008: HK$4.1 million) during the year was attributed to the effective interest expenses on convertible notes issued in November 2007.

To improve production and operation efficiencies, the Group had made capital expenditures totalling HK$9.3 million (2008: HK$18.8 million), principally composed of plant and machinery, computer equipments and construction in progress.

## PROSPECTS

In the year 2008/09, the global economy encountered significant challenges. Most of the major economic powers fell into recession, unemployment surged and credit dried up.

The G20 industrial nations have agreed to combat the worldwide financial crisis and have launched stimulus packages aimed to strengthen their economies. China has announced a RMB4 trillion stimulus package to encourage domestic consumption and prevent a deeper recession. This significant financial support from major governments seems to certain extent can gradually improve customers' confidence and recovery of markets.

### Acquisition of music and entertainment businesses

In order to grasp the above opportunities and to widen the revenue base of the Group, the Group acquired Neway Entertainment Group, a group of companies engaged in music and entertainment businesses, from its major shareholders in June 2009. The Board believes music and entertainment businesses is a future growing area and it is optimistic about the future prospects and the business potential of the artistes management, music production and/or distribution of music albums. Neway Entertainment Group has gained valuable experience in operating the music and entertainment businesses and it has also started to gain market presence in the music and entertainment industry. It is considered that the acquisition will enable the Group to quickly establish a platform and step into the music and entertainment industry.

### Printing business

In the coming year, the Group will continue its cautious but aggressive business and financial strategies to tackle the potential adverse effects and weakened economies caused by the prolonged financial crisis.

On the other hand, the Directors anticipate that in the aftermath of the financial tsunami, the global economy will take time to heal. Demand in Europe and North America will remain weak in the days ahead, hence we cannot be overly optimistic about the outlook for the export businesses. However, the PRC government is continuing to pursue effective policies to expand domestic demand to reduce its dependence on exports and to achieve sustained economic growth. The Group is both optimistic and confident about the Chinese Government's efforts to pursue growth, and believes that therein lies our boundless opportunities for continuous business development. We expect that domestic demand as a proportion of our overall business will grow from the current level of 28% to even higher levels.

Having faced such challenges as well as opportunities, the Group will continuously strengthen its management team that has committed themselves to rationalising and reengineering its workflow and processes to reduce costs and increase efficiency.

**Qingyuan Project**

The Group will speed up the development project in Qingyuan and expect phase I of the plant development will be completed by around beginning of year 2011. Estimated usable area of the phase I of Qingyuan project is about twice of the existing plant areas of the Group in Hengguan, Shenzhen. This huge investment not only signifies a new phase of the Group's development, but also improves its production capabilities. Coupled with the low-cost benefits in Qingyuan, economies of scale, resources and technology sharing amongst our factories in Shenzhen, it is believed that the Group is capable of capturing any emerging opportunities and generating impressive returns when the new plant operates.

Moreover, with its strong financial resources and liquidity, the Group will continue to explore good investment opportunities to enhance Shareholders' returns.

## LIQUIDITY AND FINANCIAL POSITION

As at 31 March 2009, the Group had approximately HK$379.7 million bank balances and cash and short-term bank deposits (31 March 2008: HK$407.7 million), after deducting bank borrowings of HK$1.1 million (31 March 2008: HK$6.0 million). The current ratio stood at 11.1, reflecting ample cash flow and maintaining a stable liquidity position over the year. The gearing ratio was 0.1% (31 March 2008: 16.6%), which is calculated based on the Group's total borrowings of HK$1.1 million (31 March 2008: HK$129.0 million) and the shareholders' fund of HK$754.5 million (31 March 2008: HK$779.1 million).

At 31 March 2009, the Group had working capital surplus of HK$500.6 million (31 March 2008: HK$647.4 million), which comprised primarily inventories of HK$72.0 million, trade and other receivables (including amount due from a related company) of HK$97.4 million, bank balances, cash and short-term deposit of HK$380.8 million, less trade and other payables of HK$47.3 million, tax liabilities of HK$1.2 million and bank borrowings of HK$1.1 million.

Having carefully evaluated the working capital requirement and available funds of the Group, the Group exercised its early redemption option in accordance with the terms and conditions of the convertible notes issued in November 2007. In December 2008, the Group redeemed all convertible notes for an amount of HK$132,720,000 and a loss on redemption of HK$1,451,000 was recognised in the consolidated income statement directly.

Save for the AUD time deposit held by the Company, the Group's transactions are mainly denominated in Hong Kong dollars, Renminbi and United States dollars and the foreign currency risk exposure is not significant during the year under review. During the year, the Group did not use any financial instruments for hedging purpose and did not have any hedging instruments outstanding as at 31 March 2009.

The Group generally finances its operation with internally generated cash flows and facilities provided by banks in Hong Kong. The Group continues to maintain a high level of operating cash position, thus reflecting the strength of its operating performance. Considering the anticipated internally generated funds and available banking facilities, the management believes that the Group has adequate resources to meet its future capital expenditures and working capital requirements. The management will continue to follow a prudent policy in managing its cash balances and maintaining a strong and healthy liquidity to ensure that the Group is well positioned to take advantage of opportunities for the business growth.

## AUDIT COMMITTEE

The audit committee comprises two independent non-executive directors and one non-executive director. The audit committee has reviewed with the management the Group's accounting policies and discussed auditing, internal controls and financial reporting matters, including the review of final results and financial statements of the Company for the year ended 31 March 2009.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year ended 31 March 2009. Neither the Company nor any of its subsidiaries has purchased or sold any shares in the Company during the year.

## CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2009, the Company applied the principles of and complied with all the code provisions of, the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the following deviation.

The Company has not formalised and adopted written terms on the division of functions reserved to the Board and delegated to the management. However, in practice, the Board takes responsibility for decision making in major matters of the Company while the day-to-day management administration and operation are delegated to the senior executives.

None of the directors are appointed for a specific term but they are subject to retirement by rotation once every three years pursuant to the Company's Bye-law.

During the year ended 31 March 2009, two regular board meetings were held for reviewing and approving the final results for the year ended 31 March 2008 and interim results for the period ended 30 September 2008. The Company did not announce its quarterly results and hence did not consider the holding of quarterly meetings as necessary.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesady, 25 August 2009 to Monday, 31 August 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as shareholder to attend the 2009 Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 August 2009.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2009 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## ANNUAL REPORT

The Company's annual report containing all information required by the Listing Rules will be dispatched to shareholders in due course.

On behalf of the Board
**Chung Tai Printing Holdings Limited**
**Dr. Suek Chai Kit, Christopher**
*Chairman*

Hong Kong, 20 July 2009

*As at the date of this announcement, the directors of the Company are Ms. Ng Wai Chi, Mr. Suek Chai Hong, Mr. Suek Ka Lun, Ernie (Chief Executive Officer) and Mr. Lau Chin Hung being the Executive Directors; Dr. Suek Chai Kit, Christopher (Chairman), Mr. Suek Che Hin, Dr. Ng Wai Kwan, Stephen and Mr. Chan Kwing Choi, Warren being the Non-Executive Directors; Mr. Wong Sun Fat, Mr. Tse Tin Tai and Mr. Au Yan, Alfred being the Independent Non-Executive Directors; and Dr. Ng Wai Yung, Angela (Alternate Director to Mr. Suek Che Hin) and Mr. Lau Kam Cheong (Alternate Director to Dr. Ng Wai Kwan, Stephen) being the Alternate Directors.*

* *for identification purpose only*