CT HOLDINGS (INTERNATIONAL) LIMITED
詩天控股（國際）有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code : 1008)

2008 Annual Report

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CORPORATE INFORMATION

DIRECTORS

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Tsoi Tak

EXECUTIVE DIRECTORS

Ms. Wu Sin Wah, Eva (Chief Executive Officer)
Mr. Cai Xiao Ming, David
Mr. Cai Xiao Xing
Mr. Kiong Chung Yin, Yttox

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Siu Man Ho, Simon

COMPANY SECRETARY

Mr. Yau Chung Hang, *FCCA, CPA*

AUDIT COMMITTEE

Mr. Lui Tin Nang
(chairman of the audit committee)
Mr. Lam Ying Hung, Andy
Mr. Siu Man Ho, Simon

REMUNERATION COMMITTEE

Mr. Kiong Chung Yin, Yttox
(chairman of the remuneration committee)
Mr. Siu Man Ho, Simon
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang

NOMINATION COMMITTEE

Ms. Wu Sin Wah, Eva
(chairman of the remuneration committee)
Mr. Siu Man Ho, Simon
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang

AUTHORISED REPRESENTATIVES

Ms. Wu Sin Wah, Eva
Mr. Cai Xiao Ming, David

COMPLIANCE ADVISER

Optima Capital Limited

JOINT AUDITORS

CCIF CPA Limited
World Link CPA Limited

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Dah Sing Bank Limited
The Bank of East Asia Limited

LEGAL ADVISERS

Cayman Islands:
Conyers Dill & Pearman

Hong Kong:
Michael Li & Co.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2301-2, 23rd Floor
Tower Two, Nina Tower
8 Yeung Uk Road
Tsuen Wan
New Territories
Hong Kong

CORPORATE WEBSITE

www.ctprinting.com.hk

STOCK CODE

1008

LISTING DATE

30 March 2009

I am grateful to present the annual results of CT Holdings (International) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2008, which is a year filled with challenges and excitement.

REVIEW

Although 2008 was generally a difficult year for the industry due to the general inflation in cost of labour, raw materials and other production cost, particularly in face of the adversity that the financial crisis and credit squeeze had impacted on the global economy in the fourth quarter of the year, the management has been vigilant in keeping tight controls in production costs and expanding the Group's customer base. A number of well known publishers and retailers were successfully recruited to the Group's customer base during 2008. As reflected from the record breaking sales of HK$403.2 million achieved by the Group during the year, it appears that leisure books as people's spiritual nourishment had not experienced much disturbance. The profit attributable to equity holders of the Company amounted to HK$31.8 million, which is in line with the profit estimate of not less than HK$30 million as stated in the prospectus of the Company dated 18 March 2009 (the "Prospectus"). The board (the "Board") of directors (the "Directors") of the Company believes that the operating results of this year were the combined contribution of the Group's long established business relationship with customers, reputation for quality, timely delivery manner and competitive pricing, and advanced printing technologies.

2008 was also a year in which the Group faced with great changes. In August, our wholly foreign owned enterprise was established in Shenzhen, the People's Republic of China (the "PRC"), namely 詩天紙藝製品（深圳）有限公司 ("CT Shenzhen"). In preparation for the initial public offering ("IPO") exercise which had been completed in March 2009, a group reorganisation (the "Reorganisation") took place between December 2008 and March 2009. The Company commenced its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2009.

PROSPECT

Facing an uncertain market outlook ahead, the Group will adopt a cautious approach in implementing its business expansion plan. The Board envisages that the economic downturn could eradicate a number of weaker competitors, rendering more business opportunities to be released back to the market. However, the situation of the coming year is unclear because the management is still expecting market indicators from major international book fairs and exhibitions to be held in 2009. In the meantime, the Group maintains its strategy to further develop its sales and business opportunities in the printing industry.

As mentioned above, CT Shenzhen was established by the Group on 15 August 2008 as a wholly foreign-owned enterprise. The total investment amount of CT Shenzhen amounts to US$8.56 million (equivalent to approximately HK$66.8 million). CT Shenzhen is principally established with a view to strengthening the Group's production capacity and enabling the Group to explore the domestic market of packaging and decorative printed products in the PRC. It is expected that CT Shenzhen will commence trial operation in May 2009 and commence commercial operation in September 2009. Furthermore, its business scope will cover printing of packing and decorative products, research and development of printing technology, wholesale, import and export packaging products and other related services.

While leveraging on the Group's long term relationships with its major customers, the Group will continue to explore new markets and customer segments. Appropriate resources will be dedicated to expand and enhance production capacity and technology, explore and develop the domestic market for packaging and decorative printed products in the PRC, expand customer base and strengthen sales and marketing force.

APPRECIATION

I hereby take this opportunity to express my appreciation to our staff and management crew, as well as the Group's professional advisors for their tremendous effort in contributing to the Group's remarkable success during the year. I would also like to express my gratitude for the trust of our shareholders placed on the Group.

Tsoi Tak
Chairman

Hong Kong, 21 April 2009

TURNOVER

For the year ended 31 December 2008, the turnover of the Group was approximately HK$403.2 million, representing a growth of approximately HK$67.8 million or 20.2% when compared with the previous financial year. The increase in turnover for the year was mainly due to the continuous market expansion and increase in customer base of the Group.

During the year, United Kingdom ("UK") market remained as the biggest contributor to the Group's turnover. Nonetheless, as a result of the marketing effort put in by the Group, turnover from the other parts of Europe increased significantly by 136.9%, representing an increase in its proportion to the Group's total turnover from 8.3% in 2007 to 16.3% in 2008. The books printed by the Group are primarily leisure books including children's books, travel books and cookery books. Turnover generated from the sales of case bound books, paperback books, spiral bound books, novelty books and other paper-related products accounted for approximately 49.4%, 16.1%, 16.1%, 14.4% and 4.0% respectively of the Group's total turnover during the year.

GROSS PROFIT

The gross profit recorded approximately HK$99.1 million for the year ended 31 December 2008, representing an increase of approximately 17.5% when compared with the previous financial year. However, the gross profit margin dropped slightly from approximately 25.2% in 2007 to approximately 24.6% in 2008 as a result of the appreciation of cost of sales. In particular, depreciation expense and rental expense increased as additional machineries were purchased by the Group and additional area was rented by the processing factory of the Group during the year.

OTHER REVENUE AND OTHER NET INCOME

For the year ended 31 December 2008, other revenue and other net income recorded a decrease of approximately 21.0% when compared with year 2007 and the amount mainly represented the sale of scrap materials and bank interest income.

SELLING EXPENSES

The selling expenses of approximately HK$29.6 million for the year ended 31 December 2008 has increased by approximately 1.9% as compared with year 2007. During the year, the Group increased its spending in several international marketing events for the promotion of products of the Group so as to increase its international market diversity. Freight and transportation costs of approximately HK$17.9 million, being the biggest selling expenses item, also experienced an increase of 12.7% from previous year.

ADMINISTRATIVE EXPENSES

Administrative expenses as compared to turnover of the Group has risen to 7.2% this year as the Group has employed more administrative staff. Another major cause of increase in administrative expenses is net exchange loss arising from the appreciation of Renminbi against Hong Kong dollars upon exchange of Hong Kong dollars into Renminbi for the payment of processing fees to processing factory in the PRC. Administrative expenses were mainly comprised of staff salaries, net exchange loss, rental expenses, bank and remittance charges and insurance expenses.

FINANCE COSTS

The Group recorded a decrease in finance costs of about 6.5% when compared with previous year. The decrease represented a net effect of an increase in finance lease costs and a decrease in interest on bank loan, overdraft and other borrowings. The overall decrease was due to a general decrease in interest bearing liabilities of the Group.

PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPNAY

Despite a decrease in gross profit margin, and increases in selling and administrative expenses, profit for the year attributable to equity holders of the Company still recorded a growth to about HK$31.8 million. This is mainly attributable to the significant jump in sales of approximately 20.2% during the year.

As set out in the Prospectus, the profit estimate for the year ended 31 December 2008 was not less than HK$30.0 million. The profit attributable to the equity holders of the Company for the year ended 31 December 2008 was in line with such profit estimate.

FINANCIAL POSITION AND LIQUIDITY

As at 31 December 2008, the Group had cash and cash equivalent amounted to about HK$14.5 million. Net current assets of the Group grew substantially from last year's about HK$53.1 million to over HK$110.6 million at the year end date.

Normal operations of the Group were well supported by credit facilities granted by financial institutions which amounted to approximately HK$356.2 million at year end date. As at 31 December 2008, the Group had interest bearing obligations under finance leases of approximately HK$56.1 million (of which about HK$17.9 million were repayable within one year), and outstanding secured interest bearing bank and other borrowings of approximately HK$76.2 million which were repayable within one year. Net book value of fixed assets, available-for-sale financial assets and fixed deposits pledged for securing these credit facilities amounted to about HK$109.2 million.

As at 31 December 2008, the Group's net gearing ratio was 49.3% which was calculated on the basis of the amount of borrowings less cash and cash equivalents and pledged bank deposits divided by shareholders equity. The significant improvement in the net gearing ratio from last year's 162.5% was partly due to the capitalisation of the balance due to a Director during the course of the Reorganisation and partly due to the strengthening of net liquid assets through the Group's profit making operations.

As at 31 December 2008, the Group had no material capital commitment.

Save for the contingent liabilities in respect of certain unlimited corporate guarantees provided by the Group to a related company for bank borrowings (the details of which are disclosed in note 32 to the combined financial statements), the Group had no material contingent liabilities at year end date.

CAPITAL STRUCTURE

During the year ended 31 December 2008, the Group's operation was mainly financed by funds generated from its operation and borrowings. As at 31 December 2008, the borrowings were mainly denominated in Hong Kong dollars and US dollars, while the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars and Renminbi. All of the Group's borrowings was variable rate borrowings and no hedging has been employed by the Group during the year.

The Group also held an available-for-sale financial assets during the year ended 31 December 2008, which was denominated in US dollars. As US dollars were pegged with Hong Kong dollars during the year, no hedging in respect of the investment was considered necessary by the Group.

The Group's turnover is mainly denominated in US dollars, Pounds Sterling, Euros, and Hong Kong dollars, while its costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. As majority portion of the Group's assets, liabilities, revenues and payments during the year were denominated in either Hong Kong dollars or US dollars, the Group considers that the risk exposure to foreign exchange rate fluctuations is not significant. The Group does not have a formal hedging policy and has not entered into any material foreign currency exchange contracts or derivative transactions to hedge against its currency risks.

Details of the exposure of the Group on interest rate and exchange rate fluctuations are set out in note 4(a) to the combined financial statements.

POST BALANCE SHEET EVENTS

The subsidiaries comprising the Group at year end date underwent and fully completed the Reorganisation in preparation for the IPO. The listing exercise was completed on 30 March 2009 and a net proceeds of about HK$48.9 million was raised from the placing and public offer of 50,000,000 new shares of the Company to investors.

HUMAN RESOURCES

As at 31 December 2008, the Group had a total of 42 full-time staff based in Hong Kong and the PRC. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC. The Group has also adopted a share option scheme to provide incentive or reward to eligible high-calibre employees and attract human resources that are valuable to the Group.

BOARD OF DIRECTORS

Executive and non-executive Directors

Mr. TSOI Tak (蔡得), aged 55, is the chairman (the "Chairman") of the Board and was appointed as a non-executive Director on 11 November 2008. Mr. Tsoi has more than 25 years of business experience in the PRC, of which over 18 years is in the PRC packaging and printing industry. Mr. Tsoi founded the major operating subsidiary of the Group, CT Printing Limited ("CT Printing") in January 2001 and is currently a director of all wholly-owned subsidiaries of the Company. Mr. Tsoi entered into the printing industry in 1990 when he established a joint venture in the PRC to engage in the printing of packaging boxes. Prior to that, Mr. Tsoi was engaged in trading business in the PRC. Mr. Tsoi graduated in 1978 from South China Normal University majoring in Chinese. Mr. Tsoi is a member of the 5th Changde Committee of the Municipal Chinese People's Political Consultative Conference and a council member of Guang Dong Printing and Replicate Association. Mr. Tsoi is also a director of certain subsidiaries of AMVIG Holdings Limited, a company listed on the main board of the Stock Exchange (the "Main Board'). Mr. Tsoi is the father of Mr. Cai Xiao Ming David ("Mr. David Cai") and Mr. Cai Xiao Xing ("Mr. Tony Cai").

Ms. WU Sin Wah, Eva (胡倩華), aged 51, was appointed as an executive Director on 18 December 2008. She is also the chief executive officer (the "CEO") of the Company. Ms. Wu is responsible for the overall management of the Group, including sales and marketing, shipping and logistics, purchasing and administration of the Group. Ms. Wu is the general manager of CT Printing and a director of CT Shenzhen. Ms. Wu has over 15 years of experience in industrial management, of which over 10 years is in the printing industry. Before joining the Group in October 2003, Ms. Wu was an executive manager of a printing company principally engaged in book printing and binding business with its own factory in Dongguan, the PRC, where she was responsible for its overall management including the production, purchasing, accounting, logistic and human resources functions.

Mr. CAI Xiao Ming, David (蔡曉明), aged 31, was appointed as an executive Director on 18 December 2008. He is responsible for the overall financial management of the Group. Mr. David Cai is also a director of CT Printing. Mr. David Cai is a member of the 6th Maoming Committee of the Municipal Chinese People's Political Consultative Conference. Mr. David Cai has more than seven years of experience in the packaging and printing industry gained from the management of the Group's business. Mr. David Cai joined the Group in January 2001 and he is the elder brother of Mr. Tony Cai.

Mr. CAI Xiao Xing (蔡曉星) (also known as Mr. Tony Cai), aged 24, was appointed as an executive Director on 18 December 2008. He is responsible for the formulation and implementation of marketing strategies of the Group. Mr. Tony Cai received his Bachelor of General Studies from Simon Fraser University, Canada with an extended minor in economics in 2008 where he gained knowledge in marketing and business management. Mr. Tony Cai joined the Group in October 2008 and he is the son of Mr. Tsoi and the younger brother of Mr. David Cai.

Mr. KIONG Chung Yin, Yttox (姜仲賢), aged 42, was appointed as an executive Director on 18 December 2008. He is responsible for the sales and marketing of the Group. Mr. Kiong is also the legal representative and a director of CT Shenzhen and an assistant to general manager of CT Printing. Mr. Kiong has more than 18 years of experience in sales and customer service of various industries including banking, electronics and machinery trading, of which over 12 years is related to the printing industry. Before joining the Group in January 2001, Mr. Kiong was a sales manager in a printing company. Mr. Kiong received his Master of Business Administration in General Management from University of Exeter, the UK in 1992, and Professional Diploma in Business Studies (Banking) from Hong Kong Polytechnic University in 1988.

Independent non-executive Directors

Mr. LAM Ying Hung, Andy (林英鴻), aged 44, was appointed as an independent non-executive Director on 4 March 2009. Mr. Lam has over 20 years of experience in accounting, banking and finance sectors. Mr. Lam is the managing consultant of Lontreprise Consulting Limited. Mr. Lam is an associate member of various professional organisations, namely The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Lam is also an independent non-executive director of Xingfa Aluminium Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. Lam received his Master of Professional Accounting and Master of Science in E-commerce for Executives both from The Hong Kong Polytechnic University.

Mr. LUI Tin Nang (呂天能), aged 51, was appointed as an independent non-executive Director on 4 March 2009. Mr. Lui is experienced in accounting, auditing, taxation and corporate finance. Mr. Lui is a sole proprietor of T. N. Lui & Co., Certified Public Accountants. He is a fellow member of The Institute of Chartered Accountants in England & Wales and HKICPA respectively, and an associate of the Chartered Institute of Management Accountants. Mr. Lui is also an independent non-executive directors of Vital Pharmaceutical Holdings Limited and China Pipe Group Limited respectively, both of which are listed on the Main Board, and BM Intelligence International Limited, which is listed on the Growth Enterprise Market of the Stock Exchange. Mr. Lui received his Master of Business Administration from University of Bradford, the UK, and Bachelor of Science in Accounting and Data Processing from University of Leeds, the UK.

Mr. SIU Man Ho, Simon (蕭文豪), aged 36, was appointed as an independent non-executive Director on 4 March 2009. Mr. Siu is a practicing solicitor of the High Court of Hong Kong. Mr. Siu is a partner of Sit, Fung, Kwong & Shum, Solicitors and his areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu currently serves as an independent non-executive director of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. Siu received his Bachelor's degree in Laws from The University of Hong Kong in 1996.

SENIOR MANAGEMENT

Senior management of the Group

Mr. YAU Chung Hang (邱仲珩), aged 36, is the chief financial officer and company secretary of the Company. Mr. Yau obtained the Bachelor of Arts in Accounting from the University of Bolton, the UK. Mr. Yau has more than 13 years of experience in finance and accounting. Prior to joining the Group, Mr. Yau had worked as financial controller for two listed companies in Hong Kong and had previously worked in an international accounting firm. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of HKICPA. Mr. Yau joined the Group in September 2007.

Mr. CHUNG Tat Hung (鍾達鴻), aged 41, is the finance manager of the Group. He is responsible for the accounting and finance operations of the Group. Before joining the Group in October 2003, Mr. Chung had worked in various companies as finance manager and accounting manager, and was previously an accountant of an international accounting firm. Mr. Chung is a fellow member of HKICPA and a certified practicing accountant of Australian Society of Certified Practising Accountants. Mr. Chung received his Master of Business Administration jointly offered by the University of Sydney and the University of New South Wales in Australia in 2002 and Bachelor of Commerce from the Australian National University in 1991.

Mr. FOO Chi Hung (傅志雄), aged 40, is the senior sales manager of the Group. He is responsible for the sales, marketing and customer service function of the Group. Mr. Foo has more than 15 years of experience in printing industry. Before joining the Group in August 2006, Mr. Foo had worked in the sales department and production department for various printing companies. Mr. Foo received his Diploma in Printing offered by the Vocational Training Council of Hong Kong in 1990.

COMPANY SECRETARY

Mr. YAU Chung Hang is the company secretary of the Company.

The Directors are pleased to submit their report together with the audited financial statements of the Company and the Group for the year ended 31 December 2008.

CORPORATE REORGANISATION AND IPO

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 11 November 2008. In preparation for the IPO exercise which was completed in March 2009, the Reorganisation took place between December 2008 and March 2009 and the Company became the holding company of the Group on 4 March 2009.

Details of the Reorganisation are set out in the Prospectus.

The Company's shares were listed on the Main Board on 30 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The principal activities of the principal subsidiaries of the Company are set out in note 1(b) to the combined financial statements.

ANALYSIS OF OPERATIONS

Details of an analysis of the Group's turnover and contribution to operating profit for the year by geographical segments are set out in note 6 to the combined financial statements.

RESULTS AND DIVIDEND

The results of the Group are set out in the combined income statement on page 29.

The Directors do not recommend the payment of a dividend for the year.

USE OF IPO PROCEEDS

Following the completion of the Reorganisation and the IPO, the Company commenced its listing of the Stock Exchange on 30 March 2009. The initial public offering of 50,000,000 ordinary shares of the Company at an offer price of HK$1.25 per share took place in March 2009. Net proceeds raised from the IPO were approximately HK$48.9 million which had not been utilised up to the date of this report. The money has been deposited in the Hong Kong currency in licensed banks in Hong Kong. As stated in the Prospectus, the Company plans to use the proceeds in the purchase of new machinery and equipment, business development of the domestic market of packaging and decorative printed products in the PRC, expansion of sales network and for general working capital purposes.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 33.3% of the Group's turnover and sales to the Group's largest customer was approximately 11.4% of the Group's total turnover.

During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 68.0% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 33.6% of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group are set out in note 16 to the combined financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 28 to the combined financial statements and Note 8 to the Company's financial statements.

RESERVES

Details of the movements in reserves of the Group are set out in note 29 to the combined financial statements.

As at 31 December, 2008, the Reorganisation had not completed and, the Company had no operation and only issued one nil-paid share. Accordingly, there was no reserve available for distribution to the shareholder of the Company as at 31 December 2008.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

FINANCIAL SUMMARY

A summary of the combined results of the Group for the last four financial years and of its combined assets and liabilities as at the end of the last four financial years is set out on page 110.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the shares of the Company have been listed on the Stock Exchange on 30 March 2009, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2008.

SHARE OPTION SCHEME

On 4 March 2009, the shareholders of the Company had approved and adopted a share option scheme (the "Share Option Scheme"). Key terms of the Share Option Scheme are summarized below:

(i) The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.

(ii) Qualifying participants of the Share Option Scheme include any employee, executive and non-executive directors, customer or supplier of goods or services to any member of the Group, consultant, adviser, manager, officer or entity that provide research, development or other technological support to the Group or its member(s).

(iii) The total number of shares in respect of which options may be granted under the Share Option Scheme is 20,000,000 shares, being 10% of the total number of shares in issue as at 30 March 2009, the listing date on the Stock Exchange.

(iv) The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company, must not, in aggregate, exceed 30% of the total number of shares in issue from time to time.

(v) Unless approved by shareholders in general meeting, the total number of shares issued and to be issued upon exercise of all options granted to any eligible participant under the Share Option Scheme in the 12 month period up to and including such further grant must not exceed 1% of the total number of shares in issue.

(vi) The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted.

(vii) A non-refundable consideration of HK$1 is payable on acceptance of the offer of grant of an option. An offer of grant of an option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 business days from the date offer is made.

(viii) An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period (which may not expire later than 10 years from the date of the grant) to be notified by the Board at its sole discretion. There is no performance target that has to be achieved before the exercise of any option.

(ix) The subscription price must be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (2) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the immediately preceding five trading days; and (3) the nominal value of a Company's share .

(x) The Board is entitled at any time within 10 years between 4 March 2009 and 3 March 2019 to offer the grant of an option to any qualifying participants.

Up to the date of this report, no option under the Share Option Scheme has yet been granted by the Board.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSIDIARIES

Details of the Company's subsidiaries as at the date of this report are set out in note 1(b) to the combined financial statements.

RETIREMENT BENEFIT SCHEME

The Group operates provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"). The MPF Scheme was a defined contribution scheme and the assets of the MPF Scheme were managed by a trustee.

The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK$20,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

The Group's cost for the schemes charged to the combined income statement for the year ended 31 December 2008 amounted to approximately HK$355,000 (2007: HK$285,000).

DIRECTORS

The Directors as at 30 March 2009, being the date of listing of the Company's shares and up to the date of this report were:

Non-Executive Director:

Mr. Tsoi Tak, Chairman	(appointed on 11 November 2008)

Executive Directors:

Ms. Wu Sin Wah, Eva	(appointed on 18 December 2008)
Mr. Cai Xiao Ming, David	(appointed on 18 December 2008)
Mr. Cai Xiao Xing	(appointed on 18 December 2008)
Mr. Kiong Chung Yin, Yttox	(appointed on 18 December 2008)

Independent non-executive Directors:

Mr. Lam Ying Hung, Andy	(appointed on 4 March 2009)
Mr. Lui Tin Nang	(appointed on 4 March 2009)
Mr. Siu Man Ho, Simon	(appointed on 4 March 2009)

According to article 83(3) of the Articles of Association of the Company, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As all Directors were appointed by the Board, all of them shall retire and, being eligible, offer themselves for re-election at the annual general meeting.

In compliance of Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board currently comprises three independent non-executive Directors, representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all three independent non-executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGAGEMENT

Brief biographical details of Directors and senior management are set out on pages 10 to 12.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Wu Sin Wah, Eva, Mr. David Cai, Mr. Tony Cai and Mr. Kiong Chung Yin, Yttox has entered into a service agreement with the Company for an initial term of three years commencing from 30 March, 2009, and will continue until terminated by not less than three months' notice in writing served by either party.

Save as aforesaid, none of the Directors who are 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' INTERESTS IN CONTRACTS

As set out in note 28(ii) to the combined financial statements of this annual report, during the year, approximately HK$108.8 million owed by CT Printing to Mr. Tsoi Tak was capitalised in consideration of the allotment and issue of a total of 10,000 ordinary shares of HK$1.00 each in the share capital all credited as fully paid, to CT Management Investments Limited ("CT Printing BVI"), a wholly-owned subsidiary of the Company. In addition, CT Printing BVI entered into a sale and purchase agreement with Mr. Tsoi Tak in December 2008 in relation to the sale of the entire issued share capital in CT Printing from Mr. Tsoi Tak to CT Printing BVI, in consideration of which CT Printing BVI allotted and issued a total of 100 ordinary shares of US$1.00 each, all credited as fully paid, to Mr. Tsoi. These transactions were part of the Reorganisation and as they were completed before the date of listing of the Company's shares, these transactions were not subject to the requirements under Chapter 14A of the Listing Rules.

Details of other related party transactions entered into during the year were disclosed in note 30 to the combined financial statements. These related party transactions either did not constitute connected transactions under the Listing Rules or were discontinued prior to the listing of the Company's shares on the Stock Exchange. Save as the transactions aforementioned, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, and there were no contract of significance for the provision of services to the Group by the controlling shareholder of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 March 2009, being the date of listing of the shares of the Company on the Stock Exchange, the following Directors or the chief executives of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules:

(i) The Company

Name of Director	Capacity	Number of shares held	Position	Approximate Percentage of issued share capital
Mr. Tsoi Tak	Interest of corporation controlled	105,000,000 *(Note 1)*	Long	52.5%
Mr. Cai Xiao Ming, David	Interest of controlled corporation	45,000,000 *(Note 2)*	Long	22.5%

Notes:

1. These shares are held by Profitcharm Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Tsoi Tak. By virtue of the SFO, Mr. Tsoi Tak is deemed to be interested in the entire 105,000,000 shares held by Profitcharm Limited.

2. These shares are held by Sinorise International Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. David Cai. By virtue of the SFO, Mr. David Cai, is deemed to be interested in the entire 45,000,000 shares held by Sinorise International Limited.

(ii) Associated corporation

Name of associated corporation	Name of registered owner	Capacity	Position	Number of shares in the associated corporation	Approximate percentage of shareholding in the associated corporation
Profitcharm Limited	Tsoi Tak	Beneficial interests	Long	200 shares of US$1.00 each	100%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN AND/OR SHORT POSITIONS

So far as is known to the Directors and chief executives of the Company, as at 30 March 2009, being the date of listing of the shares of the Company on the Stock Exchange, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, would be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of shareholder	Capacity	Number of shares held	Position	Approximate Percentage of issued share capital
Profitcharm Limited *(Note 1)*	Beneficial owner	105,000,000	Long	52.5%
Sinorise International Limited *(Note 2)*	Beneficial owner	45,000,000	Long	22.5%

Notes:

1. Profitcharm Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Tsoi Tak.

2. Sinorise International Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. David Cai.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 21 to 26.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge, as at the date of this report, there is sufficient public float of 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

The financial statements have been jointly audited by CCIF CPA Limited and World Link CPA Limited who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
CT Holdings (International) Limited

Tsoi Tak
Chairman
Hong Kong 21 April 2009

OVERVIEW

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, which have been adopted by the Group since its listing on 30 March 2009. As the Company was not yet listed on the Stock Exchange during the period under review, the Code was not applicable to the Company for the said period.

In compliance with the Code, the Company has established an audit committee, a nomination committee and a remuneration committee with defined terms of reference set out in accordance with the Code.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions since the listing of the shares of the Company on the Main Board on 30 March 2009.

THE BOARD OF DIRECTORS

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of overall business strategies, internal control and risk management systems, and monitoring the performance of the senior management. The management is responsible for the daily operations of the Group under the leadership of the CEO. The Directors have the responsibility to act objectively in the interests of the Company.

Currently, the Board comprises eight Directors, including a non-executive Director namely Mr. Tsoi Tak, four executive Directors namely Ms. Wu Sin Wah, Eva, Mr. David Cai, Mr. Tony Cai and Mr. Kiong Chung Yin, Yttox, and three independent non-executive Directors namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon. Mr. Tsoi Tak is also the father of Mr. David Cai and Mr. Tony Cai, both being executive Directors. Mr. Tsoi Tak, the non-executive Director, and Ms. Wu Sin Wah, Eva, an executive Director were appointed as the Chairman and the CEO respectively. The names and biographical details of the Directors are set in the section entitled "Directors and Senior Management" in this annual report.

In compliance of Rule 3.10(1) of the Listing Rules, the Board currently comprises three independent non-executive Directors representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 of the Listing Rules, each of the independent non-executive Directors has confirmed by annual confirmation that he has complied with the independence criteria set out in Rule 3.13 of the Listing Rules. The Directors consider that all three independent non-executive Directors are independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst the three independent non-executive Directors, both Mr. Lam Ying Hung, Andy and Mr. Lui Tin Nang have the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (collectively, the "Board Committees"). Further details of these committees are set out below on pages 24 to 25.

Since the Board Committees were not yet established during the year under review, the members of these Board Committees did not hold any meeting during the year under review.

BOARD MEETINGS

The Company will adopt the practice of holding board meetings regularly for at least four times a year at approximately quarterly intervals. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of board meeting will be sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

The Company will adopt the practice to provide relevant materials to all the Directors relating to the matters brought before the meetings. All the Directors will be provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings.

Since the Company was incorporated in 11 November 2008 and the Reorganisation was not completed at year end date, during the year under review, no meeting was held by the Board.

Appointments, Re-election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company for a specific term of three years commencing from 30 March 2009. All of their appointments are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

All of the independent non-executive Directors and the non-executive Director were appointed for an initial term of three years from 30 March 2009, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the CEO should be separate and should not be performed by the same individual. Mr. Tsoi Tak is the Chairman and a non-executive Director who provides leadership to the Board but he is not involved in the day-to-day management of the Group's business. Ms. Wu Sin Wah, Eva was appointed as the CEO of the Company on 4 March 2009 and her role is to oversee the overall management of the Group.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 4 March 2009 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal control of the Group. The Audit Committee consists of all three independent non-executive Directors and Mr. Lui Tin Nang is the chairman of the Audit Committee. The Audit Committee has reviewed the Company's financial statements and the Group's combined financial statements for the year ended 31 December 2008, including the accounting principles and practices adopted by the Company and Group. The Audit Committee has also reviewed the confirmation given by Mr. Tsoi Tak in respect of his compliance with the deed of non-competition undertaking as disclosed in the Prospectus.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 4 March 2009 in compliance with Appendix 14 of the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. In determining the emolument payable to the Directors, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee consists of four members (including the three independent non-executive Directors and Mr. Kiong Chung Yin, Yttox, an executive Director) and Mr. Kiong Chung Yin, Yttox is the chairman of the Remuneration Committee.

Nomination Committee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 4 March 2009 in compliance with Appendix 14 of the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. The Nomination Committee consists of four members (including the three independent non-executive Directors and Ms. Wu Sin Wah, Eva, an executive Director) and Ms. Wu Sin Wah, Eva, is the chairman of the Nomination Committee. Potential new Directors are selected on the basis of their qualifications, skills and experience which the Directors consider will make a positive contribution to the performance of the Board.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Board, supported by the chief financial officer and the finance department of the Group, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, Hong Kong Financial Reporting Standards have been adopted and the appropriate accounting policies and statutory requirements have been consistently complied with. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

External Auditors

During the year ended 31 December 2008, the fee paid/payable to the external auditors of the Company in respect of audit services amounted to approximately HK$900,000.

Internal controls

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations.

After the reviewing the Group's internal control system, the Board considers that the internal control system is effective and adequate for the Group as a whole. The Board further considers that (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided; for the year ended 31 December 2008.

Directors' responsibility on the financial statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2008, which were prepared in accordance with applicable accounting standards.

The reporting responsibilities of the external auditors of the Company on the combined financial statements of the Group and the financial statements of the Company are set out in the independent auditors' report on pages 27 to 28 and pages 97 to 98 respectively.

NON-COMPETITION UNDERTAKINGS

The Company has been confirmed by Mr. Tsoi Tak that (i) he has complied with the undertakings contained in the deed of non-competition undertaking dated 4 March 2009 executed by him in favour of the Group; and (ii) he and/or any of his associates is not offered or becomes aware of any new project or business opportunity directly or indirectly to engage or becomes interested in any business carried on by any member of the Group from time to time or in which any member of the Group is engaged or has invested or is otherwise involved in since 30 March 2009, being the listing date of the Company's shares on the Stock Exchange.

GOING CONCERN

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

CCIF
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5th Floor, Far East Consortium Building
121 Des Voeux Road, Central, Hong Kong
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Website 網址: www.worldlinkcpa.com

TO THE SHAREHOLDERS OF
CT HOLDINGS (INTERNATIONAL) LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the combined financial statements of CT Holdings (International) Limited (the "Company") and its subsidiaries as set out in note 1(b) now comprising the group (collectively referred to as the "Group") set out on pages 29 to 96 which comprise the combined balance sheet as at 31 December 2008, and the combined income statement, the combined statement of changes in equity and the combined cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The combined financial statements have been prepared in accordance with the "Basis of presentation" set out in note 1(c) and the accounting policies set out in note 2.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 combined financial statements have been properly prepared in accordance with the "Basis of presentation" set out in note 1(c) and the accounting policies set out in note 2 and, on that basis, give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended as if the Group's reorganisation had been effected on 1 January 2007 and the Group structure had been in existence then.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 21 April 2009

Kwok Cheuk Yuen
Practising Certificate Number P02412

World Link CPA Limited
Certified Public Accountants
Hong Kong, 21 April 2009

Fung Tze Wa
Practising Certificate Number P01138

COMBINED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	7	403,188	335,392
Cost of sales		(304,076)	(251,023)
Gross profit		99,112	84,369
Other revenue and other net income	8	4,934	6,247
Selling expenses		(29,578)	(29,027)
Administrative expenses		(29,017)	(19,634)
Listing expenses	9(d)	(2,194)	—
Profit from operations		43,257	41,955
Finance costs	9(a)	(8,622)	(9,221)
Profit before taxation	9	34,635	32,734
Income tax	10	(2,803)	(2,797)
Profit for the year attributable to equity holders of the Company		31,832	29,937
Dividend	13	—	—
Earnings per share – basic and diluted (HK$)	14	0.21	0.20

The notes on pages 35 to 96 form an integral part of these financial statements.

COMBINED BALANCE SHEET

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	16	126,739	130,449
Prepaid lease payments	17	—	—
Available-for-sale financial assets	18	16,542	15,873
		143,281	146,322
Current assets			
Inventories	19	51,123	63,873
Trade and other receivables	20	164,037	150,000
Pledged fixed deposits	21	15,117	50,000
Cash and cash equivalents	22	14,456	7,240
		244,733	271,113
Current liabilities			
Trade and other payables	23	37,921	46,754
Amounts due to related parties	24	—	56,364
Obligations under finance leases	25	17,923	15,507
Secured bank loans and other borrowings	26	76,189	99,419
Tax payable	27(a)	2,089	—
		134,122	218,044
Net current assets		110,611	53,069
Total assets less current liabilities		253,892	199,391
Non-current liabilities			
Amounts due to related parties	24	—	74,675
Obligations under finance leases	25	38,210	51,067
Deferred taxation	27(b)	7,433	6,719
		45,643	132,461
NET ASSETS		208,249	66,930

COMBINED BALANCE SHEET

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
CAPITAL AND RESERVES			
Share capital	28	2	10
Reserves	29	208,247	66,920
TOTAL EQUITY		208,249	66,930

Approved and authorised for issue by the board of directors on 21 April 2009

On behalf of the board

Tsoi Tak
Chairman

Wu Sin Wah, Eva
Executive Director

The notes on pages 35 to 96 form an integral part of these financial statements.

COMBINED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company					
	Share capital HK$'000	Share premium HK$'000	Fair value reserve HK$'000	Merger reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2007	10	—	(1,956)	—	38,270	36,324
Fair value changes on available-for-sale financial assets taken to equity	—	—	669	—	—	669
Profit for the year	—	—	—	—	29,937	29,937
At 31 December 2007 and 1 January 2008	10	—	(1,287)	—	68,207	66,930
Issue of ordinary share capital of CT Printing Limited for loan capitalization (note 28(ii))	10	108,807	—	—	—	108,817
Issue of 99 ordinary share capital of CT Management Investments Limited (note 28(ii))	1	—	—	—	—	1
Issue of 100 ordinary share capital of CT Management Investments Limited pursuant to the Reorganisation (notes 1(b) and 28(ii))	1	—	—	9	—	10
Issue of an ordinary share capital of CT Management Investments Limited pursuant to the Reorganisation (notes 1(b) and 28(ii))	—	—	—	10	—	10
Elimination of share capital pursuant to the Reorganisation	(20)	—	—	—	—	(20)
Fair value changes on available-for-sale financial assets taken to equity	—	—	669	—	—	669
Profit for the year	—	—	—	—	31,832	31,832
At 31 December 2008	2	108,807	(618)	19	100,039	208,249

The notes on pages 35 to 96 form an integral part of these financial statements.

COMBINED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Operating activities			
Profit before taxation		34,635	32,734
Adjustments for:			
Depreciation		14,184	11,226
Amortisation of prepaid lease payments		—	98
Interest income		(1,021)	(1,025)
Finance costs		8,622	9,221
Allowance for doubtful debts		341	92
Gain on disposal of property, plant and equipment		(79)	(2,160)
Gain on disposal of prepaid lease payments		—	(160)
Operating profit before changes in working capital		56,682	50,026
Decrease/(increase) in inventories		12,750	(24,626)
Increase in trade and other receivables		(14,378)	(20,544)
(Decrease)/increase in trade and other payables		(8,833)	6,854
Decrease in amount due to a related party		(5,040)	—
Net cash generated from operating activities		41,181	11,710
Investing activities			
Purchase of property, plant and equipment		(5,654)	(6,593)
Proceeds on sale of property, plant and equipment		1,071	6,912
(Repayment to)/advance from a related party		(50,000)	50,000
Interest received		1,021	1,025
Decrease/(increase) in pledged fixed deposits		34,883	(50,000)
Net cash (used in)/generated from investing activities		(18,679)	1,344

COMBINED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Financing activities			
Proceeds from new bank loans and other borrowings		146,556	247,064
Repayment of bank loans and other borrowings		(169,786)	(223,795)
Interest element of finance lease payments		(2,852)	(2,761)
Finance costs		(5,770)	(6,460)
Capital element of finance lease payments		(16,253)	(11,801)
Advances from related parties		36,099	6,620
Repayments to related parties		(3,280)	(17,483)
Net cash used in financing activities		(15,286)	(8,616)
Net increase in cash and cash equivalents		7,216	4,438
Cash and cash equivalents at beginning of year		7,240	2,802
Cash and cash equivalents at end of year	22	14,456	7,240

The notes on pages 35 to 96 form an integral part of these financial statements.

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

a) Corporate information

The Company was incorporated and domiciled in the Cayman Islands under Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 11 November 2008. The Company has established a principal place of business in Hong Kong at Suites 2301-2, 23rd Floor Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong and has been registered as an overseas company under Part XI of the Hong Kong Companies Ordinance on 24 December 2008.

As at 31 December 2008, 1 nil-paid share was held by Mr. Tsoi Tak, the ultimate controlling party. The Company did not carry on any business during the period from the date of incorporation to 31 December 2008.

b) Reorganisation

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries now comprising the Group completed on 4 March 2009 to rationalise the group structure for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") the Company became the holding company of the Group. The shares of the Company were listed on the Stock Exchange on 30 March 2009.

Details of the Reorganisation are set out in the prospectus dated 18 March 2009 (the "Prospectus") issued by the Company.

The Company and its subsidiaries now comprising the Group as set out below are principally engaged in the provision of printing services.

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION *(continued)*

b) Reorganisation *(continued)*

Particulars of the Company's subsidiaries are as follows:

Name of company	Date of incorporation	Place of incorporation and establishment/ operation	Percentage of equity attributable to the Company		Issued and fully paid share capital/ registered capital at the date of this report	Principal activities
			Direct	Indirect		
CT Management Investments Limited ("CT Printing BVI")	24 October 2008	British Virgin Islands/ Hong Kong	100%	—	US$200	Investment holding
CT Printing Limited ("CT Printing")	5 January 2001	Hong Kong	—	100%	HK$20,000	Provision of printing services
詩天紙藝製品（深圳）有限公司#	15 August 2008	The People's Republic of China ("PRC")	—	100%	Paid up capital of US$860,000 out of the registered capital of US$4,280,000	Provision of the printing of packaging and decorative matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services

\# Wholly foreign owned enterprise registered in the PRC

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION *(continued)*

c) Basis of presentation

Note 1(b) describes the Reorganisation of the Group that took place prior to its listing on the Stock Exchange on 30 March 2009. Since the Reorganisation was not fully completed until 4 March 2009, the effect of the full Reorganisation is not reflected in the Company's financial statements for the period from the date of incorporation to 31 December 2008 as set out in pages 99 to 109.

However, since all entries which took part in the Reorganisation were under common control of Mr. Tsoi Tak (the "Controlling Shareholder") before and immediately after the Reorganisation and, consequently, there was a continuation of the risks and benefits to the controlling shareholder and therefore this is considered as a business combination under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" has been applied. These combined financial statements have been prepared by using the merger basis of accounting as if the Group had been in existence throughout the years presented.

Accordingly, the combined income statements, combined statements of changes in equity and combined cash flow statements of the Group for the years ended 31 December 2007 and 2008 include the results of operations of the companies comprising the Group for the years ended 31 December 2007 and 2008 (or where the companies were established/incorporated at a date later than 1 January 2007) as if the combined entities had been in existence throughout the years presented. The combined balance sheets of the Group as at 31 December 2007 and 2008 have been prepared to present the state of affairs of the companies comprising the Group as at the respective dates as if the combined entities had been in existence as at the respective dates.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements do not form part of the Company's financial statements for the period ended 31 December 2008. However, they will form the basis of the comparative information in the Company's financial statements for the year ending 31 December 2009. This is because, when adopting the merger basis of accounting, in the period in which the Reorganisation is first reflected in the financial statements, the financial statements items for any comparative periods should be included in the financial statements as if the Reorganisation had taken place from the beginning of the earliest period presented.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These combined financial statements have been prepared in accordance with the principal accounting policies set out below. These accounting policies are in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

These combined financial statements also comply with the disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

Up to the date of issue of these combined financial statements, the HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these combined financial statements.

(b) Basis of preparation of the combined financial statements

The measurement basis used in the preparation of the combined financial statements is the historical cost basis except that the available-for-sale financial assets are stated at their fair value as explained in the accounting policies set out in note 2(p).

The preparation of the combined financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the combined financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 5.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the combined financial statements *(continued)*

A summary of the significant accounting policies adopted and consistently applied by the Group in the preparation of the combined financial statements is set out below.

The combined financial statements is presented in Hong Kong Dollars which is the functional currency of the Company and presentation currency of the Group. All values are rounded to the nearest thousand except where otherwise indicated.

(c) Business combinations under common control combinations

Business combinations under common control are accounted for in accordance with the merger accounting. In applying merger accounting, the combined financial information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values prior to the common control combinations from the controlling party's perspective. No account is recognised in respect of goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the investment at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of common control combination.

The comparative amounts in the combined financial information are presented as if the entities or business had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of an impairment of the asset transferred.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is combined into the combined financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intragroup transactions are eliminated in full in preparing the combined financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(e) Property, plant and equipment

Property, plant and equipment are stated in the combined balance sheets at cost less accumulated depreciation and impairment losses (see note 2(g)), if any.

Depreciation is calculated to write off the cost less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Building	50 years
Leasehold improvement	12 years
Plant and machinery	12 years
Plant and machinery (parts)	2 years
Furniture and equipment	3 - 5 years
Motor vehicles	5 years

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net sales proceeds on disposal and the carrying amount of the relevant assets and are recognised in profit or loss on the date of retirement or disposal.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the relevant asset is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the Group

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(e). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(g). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leased assets *(continued)*

iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(g) Impairment of assets

i) Impairment of investments in equity securities and other receivables

All current and non-current receivables that are stated at cost or amortised cost are reviewed at the balance sheet date to determine whether there is objective evidence of impairment.

Investments in equity securities (other than investments in subsidiaries (see note 2(g)(ii)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of assets *(continued)*

i) Impairment of investments in equity securities and other receivables (continued)

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

For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of assets *(continued)*

i) Impairment of investments in equity securities and other receivables (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

— For available-for-sale securities, which are stated at fair value when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of assets *(continued)*

ii) Impairment of other assets

Internal and external sources of information are reviewed at the balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— investment in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted-average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that the repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statement.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(n)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Income tax *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(n)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in profit or loss on the following bases:

i) on the sales of goods and scrap material, revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

ii) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

iii) management fee, when the services are rendered.

iv) income from investments, when the shareholder's rights to receive payment have been established.

(p) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as such or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see note 2(g)).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see note 2(g)).

(q) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

(s) Related parties

For the purpose of these combined financial statements, parties are considered to be related to the Group if:

i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

ii) the Group and the party are subject to common control;

iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Employee benefits

i) Short term employee benefits and contributions to defined contribution plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) The employees of the Company's subsidiary which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with rules of the central pension scheme.

iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged / credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

iv) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen geographical segment information as the primary reporting format and business segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the combination process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

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

In the current year, the Group has where applicable 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 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
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 application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2008.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[6]

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") *(continued)*

[1] Effective for annual periods beginning on or after 1 January 2009 except for 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

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods beginning on or after 1 July 2008

[5] Effective for annual periods beginning on or after 1 October 2008

[6] Effective for annual periods beginning on or after 1 July 2009

[7] Effective for annual periods ending on or after 30 June 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company's directors 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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, cash and cash equivalents, trade and other receivables, financial guarantees, obligation under finance leases, bank loans and other borrowings and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and other price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Financial risk factors

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to the trade and other receivables, financial guarantees and deposits with financial institutions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Trade and other receivables

The management has established a credit policy under which credit evaluations are performed periodically on all customers requiring credit. Trade receivables are normally due within 4 months from the date of billing. Debtors with balances that are more than 4 months are requested to settle all overdue balance before any further credit is granted. The Group has obtained cash deposits from particular customers as collateral.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2008, the Group has certain concentrations of credit risk as 13% (2007: 9%) of the total trade and other receivables were due from the Group's largest customer and 36% (2007: 36%) of the total trade and other receivables were due from the Group's five largest customers.

The maximum exposure to credit risk represented by the carrying amount of each financial asset in the combined balance sheet after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(i) Credit risk (continued)

(ii) Financial guarantees

Except for financial guarantees given by the Group as set out in note 32, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees in the combined balance sheet is disclosed in note 32.

The aforesaid guarantees have been released subsequent to the balance sheet date as set out in note 32.

(iii) Deposits with financial institutions

The Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 December 2008, the Group has certain concentration of credit risk as HK$29,573,000 (2007: HK$57,240,000) of total cash and cash equivalents and time deposits are placed with at several financial institutions in Hong Kong and the PRC with high credit ratings.

(ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2008, the Group has available un-utilised banking facilities of approximately HK$217,183,000 (2007: HK$170,614,000).

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(ii) Liquidity risk (continued)

The following liquidity table set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2008						
Trade and other payables	37,921	—	—	—	37,921	37,921
Obligations under finance leases	19,824	17,504	22,655	—	59,983	56,133
Secured bank loans and other borrowings	77,115	—	—	—	77,115	76,189
	134,860	17,504	22,655	—	175,019	170,243

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2007						
Trade and other payables	46,754	—	—	—	46,754	46,754
Amounts due to related parties	56,364	—	—	74,675	131,039	131,039
Obligations under finance leases	18,281	18,248	36,582	—	73,111	66,574
Secured bank loans and other borrowings	100,611	—	—	—	100,611	99,419
	222,010	18,248	36,582	74,675	351,515	343,786

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iii) Interest rate risk

The Group manages its interest rate exposure based on interest rate level and outlook as well as potential impact on the Group's financial position arising from volatility. The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowing, predominantly with floating interest rate.

The Group's cash flow interest rate risk in relation to borrowings and short-term deposits placed with banks and financial institutions that are interest-bearing at market interest rates. The directors consider the Group's exposure of the bank deposits to cash flow interest rate risk is not significant as interest bearing bank deposits are within short maturity period. Floating-rate interest income is recognised in the profit or loss as incurred.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the balance sheet date:

	2008 HK$'000	2007 HK$'000
Variable rate borrowings:		
Obligations under finance leases	56,133	66,574
Secured bank loans and other borrowings	76,189	99,419
Total borrowings	132,322	165,993

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iii) Interest rate risk(continued)

(ii) Sensitivity analysis

At 31 December 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate borrowing, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK$1,322,000 (2007: HK$1,700,000). Other components of combined equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the balance sheet date.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iv) Currency risk

(i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2008				2007			
	HK$'000	**GBP'000**	**EURO'000**	**RMB'000**	HK$'000	GBP'000	EURO'000	RMB'000
Trade and other receivables	**6,363**	**194**	**349**	**710**	15,708	653	17	670
Cash and cash equivalents and pledged fixed deposits	**18,578**	**13**	**15**	**2,388**	54,346	—	23	737
Trade and other payables	**(12,455)**	**(7)**	**(7)**	**(16,679)**	(22,695)	(24)	—	(12,696)
Secured bank loans and other borrowings	**(33,313)**	**(1)**	**—**	**—**	(42,025)	(155)	—	—
Overall net exposure	**(20,827)**	**199**	**357**	**(13,581)**	5,334	474	40	(11,289)

An analysis of the estimated change in the Group's profit after tax (and retained profits) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date is presented in the following table.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(iv) Currency risk (continued)

(i) Exposure to currency risk *(continued)*

	2008		2007	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000
Great British Pound ("GBP")	9%	279	9%	610
Euro ("Euro")	5%	191	10%	39
Renminbi ("RMB")	5%	733	7%	790

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date while all other variables remains constant.

(ii) Sensitivity analysis

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group's entities profit after tax in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for the balance sheet date.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Financial risk factors *(continued)*

(v) Other price risk

(i) Exposure to other price risk

The Group is exposed to investment fund price changes arising from investment fund classified as available-for-sale equity securities, all of which are unlisted (see note 18).

(ii) Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the balance sheet date.

If the prices of the respective equity instruments had been 5% higher/lower:

— fair value reserve as at 31 December 2008 would increase/decrease by approximately HK$827,000 (2007: HK$794,000) for the Group as a result of the changes in fair value of available-for-sale equity securities.

The Group's sensitivity to available-for-sale equity securities has not changed significantly during the year.

The sensitivity analysis above has been determined assuming that the reasonably possible changes in the price index had occurred at the balance sheet date and had been applied to the exposure to price risk in existence at that date.

(b) Fair values

The fair values of cash and cash equivalents, bank deposits, trade and other receivables and trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of financial assets are determined with reference to quoted market prices. The carrying amounts of bank loans and other borrowings approximated to their fair values.

(c) Estimation of fair values

The fair values of interest-bearing bank loans and other borrowings is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 to 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 discussed below:

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Estimated provision for impairment of trade and other receivables

The Group maintains impairment allowances for doubtful accounts based on an assessment of the recoverability of trade receivables and other receivables. Impairment allowance are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Estimated net realisable value of inventories

The Group's management writes down for slow moving or obsolete inventories based on an assessment of the net realisable value of the inventories. Inventory will be written down where events or changes in circumstances indicate that the net realisable value is below cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of the inventories and revision on the amount of inventories written down in the period in which such estimate has been changed.

(d) Fair value of available-for-sale financial assets

The fair value of available-for-sale financial assets is determined by using valuation techniques. The Group makes assumptions that are mainly based on market conditions existing at the balance sheet date.

(e) Income taxes

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

6. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Geographical segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting. The Group has one business segment, namely the printing of paper products. No further business segment information is presented.

Geographical segments

In presenting information on the basis of geographical segments revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

The Group comprises the following main geographical segments:

	Year ended 31 December 2008					
	United Kingdom	Hong Kong	United States	Europe	Others	Combined
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	221,444	56,706	31,838	65,651	27,549	403,188
Segment result	40,672	9,926	5,079	12,426	5,787	73,890
Unallocated operating income and expenses						(30,633)
Profit from operations						43,257
Finance costs						(8,622)
Income tax						(2,803)
Profit after taxation						31,832
Depreciation and amortisation for the year	7,356	2,675	1,057	2,181	915	14,184

6. SEGMENT REPORTING *(continued)*

Geographical segments *(continued)*

	Year ended 31 December 2007					
	United Kingdom	Hong Kong	United States	Europe	Others	Combined
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	193,065	65,218	29,719	27,715	19,675	335,392
Segment result	33,749	17,327	5,173	2,508	2,109	60,866
Unallocated operating income and expenses						(18,911)
Profit from operations						41,955
Finance costs						(9,221)
Income tax						(2,797)
Profit after taxation						29,937
Depreciation and amortisation for the year	6,267	2,553	965	900	639	11,324

The Group's assets and liabilities are physically located in the PRC including Hong Kong, and accordingly, no analysis on segment assets and liabilities and capital expenditure is provided.

7. TURNOVER

The Group is principally engaged in the provision of printing services.

Turnover represents the invoiced value of provision of printing services, less sales returns and discounts for the year. An analysis of turnover is as follows:

	2008	2007
	HK$'000	HK$'000
Turnover		
Provision of printing services	**403,188**	335,392

8. OTHER REVENUE AND OTHER NET INCOME

	2008 HK$'000	2007 HK$'000
Other revenue		
Bank interest income (note i)	1,021	1,025
Management fee income	264	344
Sales of scrap materials	3,419	2,474
Sundry income	151	84
	4,855	3,927
Other net income		
Gain on disposal of property, plant and equipment	79	2,160
Gain on disposal of prepaid lease payments	—	160
	79	2,320
	4,934	6,247

Note:

(i) The bank interest income represented the total interest income in financial assets not at fair value through profit or loss.

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2008 HK$'000	2007 HK$'000
a) Finance costs		
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	5,770	6,460
Finance charges on obligations under finance leases	2,852	2,761
Total interest expense on financial liabilities not at fair value through profit or loss	8,622	9,221
b) Staff costs		
Salaries, wages and other benefits	42,673	38,654
Contributions to defined contribution retirement plan	355	285
	43,028	38,939
c) Other items		
Auditors' remuneration	900	353
Cost of inventories sold (note 19(b))	304,076	251,023
Depreciation		
- owned assets	6,917	6,765
- assets held under finance leases	7,267	4,461
Amortisation of prepaid lease payments	—	98
Allowance for doubtful debts	341	92
Exchange loss, net	7,920	979
Operating lease charges in respect of land and building	4,637	2,401

d) Listing expenses

The amount represents professional fees and other expenses related to the listing of the Company's shares on the Stock Exchange being recognised for the year ended 31 December 2008. Pursuant to HKAS 32 Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs are recognised as an expense when incurred.

10. INCOME TAX

a) Taxation in the combined income statement represents:

	2008 HK$'000	2007 HK$'000
Current tax - Hong Kong profits tax		
- Provision for the year	1,935	—
- Underprovision in prior years	154	—
	2,089	—
Deferred tax (note 27(b))	714	2,797
	2,803	2,797

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

PRC subsidiary is subject to PRC Enterprise Income Tax at 25%.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations has changed the tax rate from 33% to 25% for a subsidiary from 1 January 2008.

In 2007, the deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

No Hong Kong Profits Tax has been provided for as the Group has available tax losses brought forward to set off its assessable profits for the year ended 31 December 2007.

The Group has tax losses brought forward of HK$1,647,000 (2007: HK$10,934,000) and the Group has recognised the tax losses of HK$1,647,000 (2007: HK$9,287,000) for the year ended 31 December 2008.

10. INCOME TAX *(continued)*

b) Reconciliation between tax expense and accounting profit at applicable tax rate is as follows:

	2008 HK$'000	2007 HK$'000
Profit before taxation	34,635	32,734
Notional tax on profit before tax, calculated at the rates applicable to profit in the tax jurisdiction concerned	5,715	5,728
Tax effect of non-taxable income	(44)	(417)
Tax effect of non-deductible expenses	362	9
Tax effect of non-taxable net income relating to offshore operation	(3,049)	(2,523)
Tax effect of tax losses not recognised	49	—
Tax effect on deferred tax arising from change in tax rate	(384)	—
Underprovision in prior years	154	—
Actual tax expense	2,803	2,797

11. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments paid and payable to the directors of the Company by the Group for the year disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are set out below:

	Year ended 31 December 2008				
	Fees	Salaries, allowances and benefits in kind	Discretionary or performance related bonus	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Chairman and non-executive director					
Tsoi Tak (note i)	—	—	—	—	—
Executive directors					
Cai Xiao Ming, David (note i)	—	—	—	—	—
Cai Xiao Xing (note ii)	—	—	—	—	—
Kiong Chung Yin, Yttox (note ii)	—	24	—	1	25
Wu Sin Wah, Eva (note ii)	—	57	—	1	58
Independent non-executive directors					
Lam Ying Hung, Andy (note iii)	—	—	—	—	—
Lui Tin Nang (note iii)	—	—	—	—	—
Siu Man Ho, Simon (note iii)	—	—	—	—	—
	—	81	—	2	83

11. DIRECTORS' REMUNERATION

	Year ended 31 December 2007				
	Fees	Salaries, allowances and benefits in kind	Discretionary or performance related bonus	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Chairman and non-executive director					
Tsoi Tak (note i)	—	—	—	—	—
Executive directors					
Cai Xiao Ming, David (note i)	—	385	—	11	396
Cai Xiao Xing (note ii)	—	—	—	—	—
Kiong Chung Yin, Yttox (note ii)	—	—	—	—	—
Wu Sin Wah, Eva (note ii)	—	—	—	—	—
Independent non-executive directors					
Lam Ying Hung, Andy (note iii)	—	—	—	—	—
Lui Tin Nang (note iii)	—	—	—	—	—
Siu Man Ho, Simon (note iii)	—	—	—	—	—
	—	385	—	11	396

Notes:

(i) Mr. Tsoi Tak and Mr. Cai Xiao Ming, David have been the directors of CT Printing Limited ("CT Printing") during the years ended 31 December 2007 and 2008.

(ii) Mr. Cai Xiao Xing, Mr. Kiong Chung Yin, Yttox and Ms. Wu Sin Wah, Eva were appointed as executive directors of the Company on 18 December 2008. Prior to their appointment, they were employees of the Group throughout the year. The remuneration received by them from the Group during 2007 and prior to their appointment in 2008 were not included as directors' remuneration since the services provided by them to the Group was not in the capacity of a director of the Company.

(iii) Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon were appointed as independent non-executive directors of the Company on 4 March 2009.

During the year ended 2007 and 2008, no director of the Company waived any emoluments and no emoluments were paid or payable by the Group as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments paid to the five highest paid individuals (including directors and other employees) are as follows:

	2008 HK$'000	2007 HK$'000
Salaries and allowances	2,512	3,537
Discretionary or performance related bonuses	246	316
Retirement scheme contributions	58	47
	2,816	3,900
Number of directors	—	—
Number of employees	5	5
	5	5

During the year ended 2007 and 2008, no emolument was paid to any of the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments of individuals other than directors with the highest emoluments are within the following bands:

	2008	2007
Number of individuals		
HK$Nil up to HK$1,000,000	5	4
HK$1,500,001 to HK$2,000,000	—	1
	5	5

13. DIVIDEND

The directors do not recommend the payment of a dividend for the year ended 31 December 2008 (2007: Nil).

14. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$31,832,000 (2007: HK$29,937,000). The weighted average number of shares in issue for the year 2007 and 2008 used in the basic earnings per share calculation is determined on the assumption that the 150,000,000 shares at par value of HK$0.01 each issued to the Profitcharm Limited and Sinorise Limited as a result of the Reorganisation had been in issue throughout the years ended 31 December 2007 and 2008.

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding during 2007 and 2008.

15. STAFF RETIREMENT BENEFITS

The Group has implemented a provident fund scheme for its staff in Hong Kong in compliance with the requirements of the Mandatory Provident Fund Schemes Ordinance (the "MPF Ordinance") effective from 1 December 2000. The Group contributed according to the minimum requirements of the MPF Ordinance (i.e. 5% of staff's relevant income with upper monthly limit of HK$1,000) and the contribution is charged to the profit or loss.

As stipulated by rules and regulations in the PRC, the Group contributed to a state-sponsored retirement plan for its workforce in the PRC at a certain percentage of the basic salaries of its workforce, and has no further obligations for the actual pension payments or post-retirement benefits beyond the annual contributions. The relevant government agency is responsible for the entire pension obligation payable to all retired employees.

16. PROPERTY, PLANT AND EQUIPMENT

	Building held for own use carried at cost HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Furniture and equipment HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost						
As at 1 January 2007	13,053	524	963	951	115,065	130,556
Additions	—	394	385	388	56,383	57,550
Disposals	(13,053)	(42)	—	(71)	(11,021)	(24,187)
As at 31 December 2007 and 1 January 2008	—	876	1,348	1,268	160,427	163,919
Additions	—	287	1,482	444	9,253	11,466
Disposals	—	—	—	(27)	(2,091)	(2,118)
As at 31 December 2008	—	1,163	2,830	1,685	167,589	173,267
Accumulated depreciation						
As at 1 January 2007	153	151	643	566	27,114	28,627
Charge for the year	239	124	85	227	10,551	11,226
Written back on disposals	(392)	(42)	—	(70)	(5,879)	(6,383)
As at 31 December 2007 and 1 January 2008	—	233	728	723	31,786	33,470
Charge for the year	—	214	267	310	13,393	14,184
Written back on disposals	—	—	—	(25)	(1,101)	(1,126)
As at 31 December 2008	—	447	995	1,008	44,078	46,528
Carrying amount						
As at 31 December 2008	—	716	1,835	677	123,511	126,739
As at 31 December 2007	—	643	620	545	128,641	130,449

As at 31 December 2008, the carrying amount of the Group's plant and machinery includes an amount of HK$77,547,000 (2007: HK$81,273,000) of assets held under finance leases.

The property with carrying amount of HK$12,661,000 was disposed of during the year ended 31 December 2007.

17. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise two pieces of leasehold land in the PRC, both of which are under medium term leases. Prepaid lease payments are amortised over the term of leases which will expired in Year 2052 and Year 2056. The two pieces of leasehold land were disposed of during the year ended 31 December 2007.

	2008 HK$'000	2007 HK$'000
At 1 January	—	5,257
Amortisation for the year	—	(98)
Disposals	—	(5,159)
At 31 December	—	—

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008 HK$'000	2007 HK$'000
Unlisted equity securities at fair value	16,542	15,873

The fair value of the unlisted equity securities is based on quoted market price.

The investments are pledged to a bank to secure general banking facilities granted to the Group and a related company (see note 32(b)). The aforesaid pledged granted to a related company has been released subsequent to the balance sheet date.

19. INVENTORIES

a) Inventories in the combined balance sheet comprise:

	2008 HK$'000	2007 HK$'000
Raw materials	32,399	43,634
Work in progress	13,891	11,135
Finished goods	4,833	9,104
	51,123	63,873

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

	2008 HK$'000	2007 HK$'000
Cost of inventories sold (Note 9(c))	304,076	251,023

20. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	HK$'000
Trade receivables	156,880	149,118
Less: Allowance for doubtful debts	(1,358)	(1,067)
	155,522	148,051
Interest receivables	—	963
Other receivables	1,094	—
Trade and other receivables	156,616	149,014
Prepayments	4,005	278
Rental, utility and sundry deposits	3,138	490
Trade deposits paid	29	57
Staff advances	249	161
	7,421	986
	164,037	150,000

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group normally grants credit terms of up to 90 - 120 days to its customers. The directors may from time to time approve extended credit periods for extra 30 to 60 days to certain wholesale customers during the year.

20. TRADE AND OTHER RECEIVABLES *(continued)*

a) Ageing analysis

The ageing analysis of trade receivables is as follows:

	2008 HK$'000	2007 HK$'000
Within 1 month	**31,515**	27,469
More than 1 month but within 3 months	**55,555**	55,507
More than 3 months but within 6 months	**62,615**	60,493
More than 6 months but within 1 year	**5,389**	3,009
Over 1 year	**1,806**	2,640
	156,880	149,118
Less: Allowance for doubtful debts	**(1,358)**	(1,067)
	155,522	148,051

The carrying amounts of trade receivables approximate to their fair values.

b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly, and any movements held in the allowance account relating to those doubtful debts are reversed.

The movement in the allowance for doubtful debts is as follows:

	2008 HK$'000	2007 HK$'000
At 1 January	**1,067**	975
Uncollectiable amounts written off	**(50)**	—
Impairment loss recognised*	**341**	92
At 31 December	**1,358**	1,067

* As at 31 December 2008, trade receivables of the Group amounting to approximately HK$341,000 (2007: HK$92,000) were individually impaired. The individually impaired receivables related to invoices that were default in payments and management assessed that it is highly unlikely that the receivables can be recovered. Consequently, specific allowances for doubtful debts of approximately HK$1,358,000 (2007: HK$1,067,000) were recognised. The Group does not hold any collateral over these balances.

20. TRADE AND OTHER RECEIVABLES *(continued)*

c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2008 HK$'000	2007 HK$'000
Neither past due nor impaired	**148,704**	143,129
3 to 6 months past due	**5,308**	2,550
Over 6 months	**1,510**	2,372
	155,522	148,051

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group holds trade deposits of approximately HK$686,000 (2007: HK$241,000) as collateral over these balances as at 31 December 2008.

The amounts of trade receivables factored to banks and other financial institutions with recourse are approximately HK$116,900,000 (2007: HK$123,789,000) as at 31 December 2008. If the customers have raised disputes in relation to the trade receivables factored and the Group cannot resolve the disputes within the period stipulated by the banks and other financial institutions, the Group has to pay back the banks and other financial institutions on the amount of the trade receivables factored.

The Group obtained bank loans and other borrowings of HK$37,906,000 (2007: HK$56,755,000) in respect of the above factored trade receivables as at 31 December 2008.

The factoring loans are further secured by unlimited corporate guarantees from a related company and unlimited personal guarantees from certain directors of the Company during the years ended 31 December 2007 and 2008. The aforesaid unlimited corporate guarantees provided by a related company and the unlimited personal guarantees from directors have been released subsequent to the balance sheet date.

21. PLEDGED FIXED DEPOSITS

	2008 HK$'000	2007 HK$'000
Pledged fixed deposits	15,117	50,000

The fixed deposit of HK$15,117,000 are pledged to the banks to secure general banking facilities granted to the Group as at 31 December 2008.

The fixed deposit of HK$50,000,000 was pledged to a bank to secure general banking facilities granted to a related company as at 31 December 2007. The pledged has been released on 17 December 2008 (note 26 and 32(a)).

22. CASH AND CASH EQUIVALENTS

	2008 HK$'000	2007 HK$'000
Cash and cash equivalents in the combined balance sheet and the combined cash flow statement	14,456	7,240

23. TRADE AND OTHER PAYABLES

	2008 HK$'000	2007 HK$'000
Trade payables	19,293	28,673
Accrued salaries and bonuses	6,069	7,177
Trade deposits received	974	302
Accruals and other payables	6,267	6,987
Accruals and other payables to related parties (note 30)	5,014	3,457
Other tax payable	304	158
Financial liabilities measured at amortised cost	37,921	46,754

23. TRADE AND OTHER PAYABLES *(continued)*

The ageing analysis of trade payables is as follows:

	2008 HK$'000	2007 HK$'000
Within 1 month	**7,413**	13,713
More than 1 month but within 2 months	**6,600**	9,871
More than 2 months but within 3 months	**4,045**	3,495
More than 3 months but within 1 year	**1,235**	1,594
	19,293	28,673

The directors consider the carrying amounts of the trade payables approximate to their fair values.

24. AMOUNTS DUE TO RELATED PARTIES

	2008 HK$'000	2007 HK$'000
Amount due to a director		
- Mr. Tsoi (note i)	**—**	124,675
Amounts due to a related company		
- Brilliant Circle Enterprise Development (Shenzhen) Company Limited ("BC Enterprise") (note ii)	**—**	6,364
	—	131,039
Analysis for reporting purposes as:		
Current liabilities	**—**	56,364
Non-current liabilities	**—**	74,675
	—	131,039

Notes:

(i) During the year ended 31 December 2008, all the indebtedness due by the Group to Mr. Tsoi Tak had been capitalised save that HK$50 million had been repaid to Mr. Tsoi Tak in cash in December 2008.

(ii) BC Enterprise is a company wholly and beneficially owned by Mr. Tsoi Tak. The entire amount has been settled during the year ended 31 December 2008.

All of the current liabilities are unsecured, interest free and repayable on demand.

All of the non-current liabilities are unsecured, interest free and have no fixed terms of repayment.

25. OBLIGATIONS UNDER FINANCE LEASES

As at the balance sheet date, the Group had obligations under finance leases repayable as follows:

	2008		2007	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK$'000	HK$'000	HK$'000	HK$'000
Within 1 year	17,923	19,824	15,507	18,281
After 1 year but within 2 years	16,282	17,504	16,383	18,248
After 2 years but within 5 years	21,928	22,655	34,684	36,582
	38,210	40,159	51,067	54,830
	56,133	59,983	66,574	73,111
Less: Total future interest expenses		(3,850)		(6,537)
Present value of lease obligations		56,133		66,574

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

26. SECURED BANK LOANS AND OTHER BORROWINGS

As at balance sheet date, the secured bank loans and other borrowings were repayable as follows:

	2008 HK$'000	2007 HK$'000
Within 1 year or on demand	**76,189**	99,419

The analysis of the carrying amount of the secured bank loans and other borrowings are as follows:

	2008 HK$'000	2007 HK$'000
Secured bank loans	**76,189**	58,729
Secured factoring loans from other financial institutions	**—**	40,690
	76,189	99,419

The carrying amounts of secured bank loans and other borrowings approximate to their fair values.

Secured bank loans and other borrowings of the Group consisted of floating-rate borrowings. Floating-rate borrowings bore interest at 0.5% to 3% per annum over The London Interbank Offered Rate or Hong Kong Prime rate.

The Group's bank loans and other borrowings were secured by available-for-sale financial assets, trade receivables and fixed deposits held by the Group, unlimited corporate guarantees provided by a related company and directors' unlimited personal guarantees and personal properties with fair value of HK$5,449,000 as at 31 December 2007. The guarantee secured by the directors' personal properties had been released subsequent to the balance sheet date. The other aforesaid guarantees, except for the available-for-sale financial assets secured for the general banking facilities granted to the Group, have been released subsequent to the balance sheet date.

27. INCOME TAX IN THE COMBINED BALANCE SHEET

a) Tax payable in the combined balance sheet represents:

	2008 HK$'000	2007 HK$'000
As at 1 January	—	—
Provision for Hong Kong profit tax	2,089	—
As at 31 December	2,089	—

b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the combined balance sheet and the movements during the year are as follows:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
Deferred tax arising from:			
As at 1 January 2007	5,835	(1,913)	3,922
Charged to profit or loss	1,172	1,625	2,797
As at 31 December 2007 and 1 January 2008	7,007	(288)	6,719
Charged to profit or loss	826	272	1,098
Effect of change in tax rate	(400)	16	(384)
As at 31 December 2008	7,433	—	7,433

	2008 HK$'000	2007 HK$'000
Net deferred tax liabilities recognised in the combined balance sheet	7,433	6,719

There were no significant unrecognised deferred tax assets and liabilities as at the balance sheet date.

28. SHARE CAPITAL

For the purpose of the preparation of the combined balance sheet, the amount of share capital at the balance sheet date, represent the aggregate amount of share capital of the following companies:

	2008 HK$'000	2007 HK$'000
The Company (note i)	—	—
CT Printing BVI (note ii)	2	—
CT Printing (note iii)	20	10
Elimination of share capital pursuant to the Reorganisation (note ii)	(20)	—
	2	10

Notes:

(i) The Company was incorporated in the Cayman Islands on 11 November 2008 with an authorised share capital of HK$400,000 divided into 40,000,000 ordinary shares of HK$0.01 each, and one share of HK$0.01 of the Company was allotted and issued at nil paid on the same date. As at 31 December 2008, the Company had no distributable reserve.

Pursuant to a resolution in writing of the shareholder of the Company passed on 4 March 2009, the authorised share capital of the Company was increased to HK$10,000,000 divided into 1,000,000,000 ordinary shares of HK$0.01 each by creation of 960,000,000 ordinary shares of the Company.

(ii) CT Printing BVI was incorporated in the British Virgin Islands on 24 October 2008 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each, 99 ordinary shares of which were allotted and issued to Mr. Tsoi Tak at par on 3 November 2008.

Pursuant to the Reorganisation, CT Printing BVI acquired the entire issued share capital of CT Printing of HK$10,000 divided into 10,000 ordinary shares of HK$1 each on 10 December 2008 in consideration of the allotment and issue of a total of 100 ordinary shares of US$1 each in the share capital of CT Printing BVI, all credited as fully paid to Mr. Tsoi Tak.

On 18 December 2008, CT Printing capitalised the indebtedness of approximately HK$108,817,000 owed by CT Printing to Mr. Tsoi Tak in consideration of the allotment and issue of a total 10,000 ordinary shares of HK$1 each in the share capital of CT Printing, all credited as fully paid, to CT Printing BVI at the direction of Mr. Tsoi Tak. On the same day CT Printing BVI allotted and issued of one ordinary share of US$1 to Mr. Tsoi Tak in consideration of the issued 10,000 ordinary shares of HK$1 each by CT Printing at the direction of Mr. Tsoi Tak.

(iii) The amount of HK$20,000 represents the authorised, issued and fully paid share capital of 20,000 ordinary shares of HK$1 each of CT Printing.

29. RESERVES

(a) The Group

	Share premium HK$'000	Fair value reserve HK$'000	Merger reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2007	—	(1,956)	—	38,270	36,314
Fair value changes on available-for-sale financial assets taken to equity	—	669	—	—	669
Profit for the year	—	—	—	29,937	29,937
At 31 December 2007 and 1 January 2008	—	(1,287)	—	68,207	66,920
Issue of ordinary share capital of CT Printing for loan capitalization (note 28 (ii))	108,807	—	—	—	108,807
Issue of 100 ordinary share of CT Printing BVI pursuant to the Reorganisation (notes 1(b) and 28(ii))	—	—	9	—	9
Issue of an ordinary share of CT Printing BVI pursuant to the Reorganisation (notes 1(b) and 28(ii))	—	—	10	—	10
Fair value changes on available-for-sale financial assets taken to equity	—	669	—	—	669
Profit for the year	—	—	—	31,832	31,832
At 31 December 2008	108,807	(618)	19	100,039	208,247

29. RESERVES *(continued)*

(b) Nature and purpose of reserves

i) Share premium

On 18 December 2008, CT Printing capitalised the indebtedness of approximately HK$108,817,000 owed by CT Printing to Mr. Tsoi Tak in consideration of the allotment and issue of a total 10,000 ordinary shares of HK$1 each in the share capital of CT Printing, all credited as fully paid, to CT Printing BVI at the direction of Mr. Tsoi Tak. The application of the share premium of HK$108,807,000 is governed by Section 48B of the Hong Kong Company Ordinance and not distributable to the equity holders of the Company.

ii) Fair value reserve

Fair value reserve comprising the cumulative net changes in the fair value of available-for-sale financial assets held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2(g)(i) and note 2(p).

iii) Merger reserve

Merger reserve of the Group represents the difference between the nominal values of the ordinary shares issued by CT Printing BVI and the share capital of CT Printing acquired through the share swap pursuant to the Reorganisation.

(c) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a gearing ratio, being the total of all interest bearing borrowings divided by the total assets. As at 31 December 2008, the gearing ratio of the Group was 34% (2007: 40%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29. RESERVES *(continued)*

(d) Distributability of reserves

The Company was incorporated on 11 November 2008 and did not carry on any business during the period from the date of incorporation to 31 December 2008. Accordingly, the Company had no reserves available for distribution to the shareholders up to 31 December 2008.

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Material related party transactions:

	2008 HK$'000	2007 HK$'000
Factory rental to Shenzhen Kecai Printing Company Limited ("Shenzhen Kecai") (notes iv and vi)	**2,446**	309
Advances from related parties		
- Mr. Tsoi Tak (note 34)	**36,099**	50,000
- Brilliant Circle Development Limited ("Brilliant Circle") (notes i and vi)	**—**	6,620
Repayments to related parties		
- Mr. Tsoi Tak	**53,280**	5,350
- Brilliant Circle (note i)	**—**	12,133
- BC Enterprise (note ii)	**5,040**	—
Factory rental to Shenzhen Guilian Printing Limited ("Shenzhen Guilian") (notes iii and vi)	**—**	631
Management fee received from Brilliant Circle (note vi)	**—**	344
Management fee received from Tiley Properties International Limited ("Tiley Properties") (notes v and vi)	**264**	—
Land and building disposed to: (note vi)		
- Shenzhen Guilian (note iii)	**—**	13,700
- Shenzhen Kecai (note iv)	**—**	4,672
Loan capitalisation (note vi)		
- Mr. Tsoi Tak (note 28(ii))	**108,817**	—

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Material related party transactions: *(continued)*

Note:

(i) Prior to 22 June 2007, Brilliant Circle was the immediate holding company of CT Printing. On 22 June 2007, Mr. Tsoi Tak acquired the entire issued share capital of CT Printing from Brilliant Circle, as a result of which Brilliant Circle ceased to hold any interest in CT Printing. In October 2007, Mr. Tsoi disposed his entire interest in Brilliant Circle to Victory Honest Group Limited ("Victory Honest"), a wholly-owned subsidiary of AMVIG Holdings Limited ("AHL", a company listed on the Main Board of the Stock Exchange). Part of the consideration for the disposal was satisfied by AHL issuing new shares to Mr. Tsoi Tak, through such issue Mr. Tsoi Tak holds more than 10% equity interest in AHL, the present ultimate holding company of Brilliant Circle.

(ii) BC Enterprise is a company wholly and beneficially owned by Mr. Tsoi Tak.

(iii) Shenzhen Guilian is a wholly-owned subsidiary of Brilliant Circle.

(iv) Shenzhen Kecai is an indirect subsidiary of Brilliant Circle.

(v) Tiley Properties is a company wholly owned by Mr. Tsoi Tak.

(vi) The Directors confirmed that these transactions have been discontinued after the listing of the shares of the Company on the Stock Exchange.

In the opinion of the directors of the Company, the above related party transactions were carried out on normal commercial terms and in the ordinary course of the Group's business.

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

b) Related party balances:

	2008 HK$'000	2007 HK$'000
Amount due to a director (note 24)		
- Mr. Tsoi Tak	—	124,675
Amount due to a related company (note 24)		
- BC Enterprise	—	6,364
	—	131,039
Accrual and other payables to: (note i)		
- Shenzhen Kecai (note ii)	5,014	3,457

Notes:

(i) The amounts are included in accrual and other payables of the Group as disclosed in note 23.

(ii) The amount mainly represents utility, rental and messing expenses payable to Shenzhen Kecai.

c) Emoluments of directors and senior management of the Group:

	2008 HK$'000	2007 HK$'000
Salaries, allowances and other benefits	3,212	2,652
Contributions to defined retirement plan	66	53
	3,278	2,705

d) Guarantee provided by a related company and directors

The banking facilities utilised by the Group to the extent of HK$132,322,000 (2007: HK$165,993,000) as at 31 December 2008 are secured by unlimited corporate guarantees provided by a related company and directors' unlimited personal guarantees.

The unutilised amounts as at 31 December 2008 are approximately HK$217,183,000 (2007: HK$170,614,000). The aforesaid unlimited corporate guarantees provided by a related company and directors' personal guarantees have been released subsequent to the balance sheet date.

30. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

e) Guarantee provided to a related company

As at 31 December 2007, the Group pledged a fixed deposit of HK$50,000,000 to secure general banking facilities granted to a related company, details of which are disclosed in note 32(a). The foresaid guarantee has been released on 17 December 2008.

f) Corporate guarantees provided to a related company

As at 31 December 2007 and 2008, the Group provided unlimited corporate guarantees to secured general banking facilities to a related company, details of which are disclosed in note 32(b). The foresaid guarantees have been released subsequent to the balance sheet date.

31. COMMITMENTS

a) Operating lease commitments

During the year, the Group had total future minimum lease payments, under non-cancellable operating leases in respect of land and building falling due as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**3,202**	3,517
In the second to fifth years, inclusive	**3,188**	134
	6,390	3,651

b) Capital commitments

As at the year ended 31 December, the Group had the following commitments:

	2008	2007
	HK$'000	HK$'000
Acquisition of property, plant and equipment		
- contracted but not provided for	**—**	750
- authorised but not contracted for	**—**	7,450
	—	8,200

32. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

The significant financial guarantees and contingent liabilities of the Group are as follows:

a) As at 31 December 2007, the Group pledged its fixed deposits with carrying amount of HK$50,000,000 to a bank to secure general banking facilities granted to a related company. As at 31 December 2007, the facilities drawn down by the related company in respect of the guarantee provided by the Group amounted to the extent of approximately RMB43,000,000. The maximum liability of the Group under the guarantee issued represents the amount of facilities drawn down by the related company for the year ended 31 December 2007 and 2008 prior to released on 17 December 2008. No recognition was made in any of the years ended 31 December 2007 and 2008 prior to released on 17 December 2008 because the fair value of the guarantee was insignificant and that the directors of the Company did not consider it probable that a claim would be made against the Group under the guarantee. The aforesaid guarantee has been released on 17 December 2008.

b) As at 31 December 2007 and 2008, the Group provided unlimited corporate guarantees to a related company for bank borrowings and in return that related company provided unlimited corporate guarantees to the Group for obtaining general banking facilities. As at 31 December 2008, the facilities drawn down by that related company in respect of the guarantees provided by the Group amounted to the extent of approximately HK$28,647,000 (2007: HK$132,605,000). The maximum liability of the Group under the guarantees issued represents the amount of facilities drawn down by the related company for the years ended 31 December 2007 and 2008. No recognition was made in any of the years ended 31 December 2007 and 2008 because the fair values of the guarantees were insignificant and that the directors of the Group did not consider it probable that a claim would be made against the Group under the guarantees. All the above guarantees provided by the Group together with the guarantees provided by the related company have been released subsequent to the balance sheet date.

33. MAJOR NON-CASH TRANSACTIONS

a) During the year ended 31 December 2007, the Group sold the lands and building back to the related companies from which the lands and building were purchased. The consideration was the same as the purchase price of such lands and building. Such transactions were effected through the current accounts of these related companies and are non-cash transactions.

b) On 18 December 2008, CT Printing capitalised the indebtedness of approximately HK$108,817,000 owed by CT Printing to Mr. Tsoi Tak in consideration of the allotment and issue of a total 10,000 ordinary shares of HK$1 each in the share capital of CT Printing. The transaction was a non-cash transaction.

c) During the year ended 31 December 2008, the Group acquired property, plant and equipment with an aggregate cost of HK$11,466,000 (2007: HK$57,550,000) of which HK$5,812,000 (2007: HK$50,957,000) was acquired by means of finance lease. The transaction was a non-cash transaction.

34. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The directors consider the ultimate controlling party of the Company as at 31 December 2008 to be Mr. Tsoi Tak.

After the Reorganisation which was completed on 4 March 2009, the ultimate holding company of the companies comprising the Group is Profitcharm Limited, a company incorporated in British Virgin Islands. The controlling party of the Group is Mr. Tsoi Tak.

35. SUBSEQUENT EVENTS

(a) Group reorganisation

The Company was incorporated in the Cayman Islands on 11 November 2008. The subsidiaries now comprising the Group underwent and completed a reorganisation for the listing of the Company's shares on the Stock Exchange on 4 March 2009. As a result of the Reorganisation, the Company became the holding company of the Group (Note 1(b)).

(b) Authorised share capital

The authorised share capital of the Company as at the date of its incorporation was HK$400,000 divided into 40,000,000 shares of HK$0.01 each.

Pursuant to the written resolution of the sole director of the Company passed on 11 November 2008, one share of HK$0.01 was allotted and issued at nil paid to a subscriber and the transfer of the said one nil paid share by the subscriber to Mr. Tsoi Tak was approved on the same date.

On 4 March 2009, Mr. Tsoi transferred the said one nil paid share of the Company to Profitcharm Limited, which is wholly and beneficially owned by Mr. Tsoi Tak.

Pursuant to the written resolution passed by all shareholders on 4 March 2009, the Company increased its authorised share capital from HK$400,000 to HK$10,000,000 by the creation of additional 960,000,000 shares of HK$0.01 each.

On 4 March 2009, the Company allotted and issued 6,999,999 and 3,000,000 ordinary shares of HK$0.01 each to Profitcharm Limited and Sinorise Limited respectively credited as fully paid in consideration of the transfer of the entire issued share capital of CT Printing BVI by Mr. Tsoi Tak and Mr. Cai Xiao Ming, David. The one nil paid share of HK$0.01 held by Profitcharm Limited was credited as fully paid at par.

Immediately following completion of the public offering and the capitalisation issue, the issued share capital of the Company will be HK$2,000,000 divided into 200,000,000 ordinary shares and there will be 800,000,000 authorised but unissued ordinary shares.

35. SUBSEQUENT EVENTS *(continued)*

(b) Authorised share capital *(continued)*

Conditional on the share premium account of the Company being credited as a result of the initial listing of the shares of the Company on the Stock Exchange, directors of the Company are authorised to capitalise an amount of HK$1,400,000 from such account and applying such sum in paying up in full at par a total of 140,000,000 shares for allotment and issued to the shareholders of the Company whose names shall appear on the register of members of the Company at the close of business on 4 March 2009.

(c) Listing of the Company's shares

On 30 March 2009, the Company was successfully listed on the Stock Exchange following the completion of its offering of 50,000,000 new ordinary shares of the Company to the investors. The net proceeds raised from this offering were approximately HK$48,900,000.

CCIF

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TO THE SHAREHOLDERS OF
CT HOLDINGS (INTERNATIONAL) LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of CT Holdings (International) Limited (the "Company") set out on pages 99 to 109 which comprise the balance sheet as at 31 December 2008, and the income statement, the statement of changes in equity and cash flow statement for the period from 11 November 2008 (date of incorporation) to 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2008 and of its loss and cash flows for the period from 11 November 2008 (date of incorporation) to 31 December 2008 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 21 April 2009

Kwok Cheuk Yuen
Practising Certificate Number P02412

World Link CPA Limited
Certified Public Accountants
Hong Kong, 21 April 2009

Fung Tze Wa
Practising Certificate Number P01138

COMPANY'S INCOME STATEMENT

For the period from 11 November 2008
(Date of incorporation) to 31 December 2008

	Note	HK$'000
Turnover		—
Listing expenses		(2,194)
Loss before taxation	3	(2,194)
Income tax	5	—
Loss for the period		(2,194)

The notes on pages 103 to 109 form an integral part of these financial statements.

COMPANY'S BALANCE SHEET

As at 31 December 2008

	Note	HK$'000
Current assets		
Prepayment	6	2,939
Current liabilities		
Amount due to a related company	7	5,133
Net current liabilities		(2,194)
Total assets less current liabilities		(2,194)
Net liabilities		(2,194)
Capital and Reserves		
Share capital	8	—
Accumulated losses		(2,194)
CAPITAL DEFICIENCY		(2,194)

Approved and authorised for issue by the board of directors on 21 April 2009

On behalf of the board

Tsoi Tak	**Wu Sin Wah, Eva**
Chairman	*Executive Director*

The notes on pages 103 to 109 form an integral part of these financial statements.

COMPANY'S STATEMENT OF CHANGES IN EQUITY

For the period from 11 November 2008
(Date of incorporation) to 31 December 2008

	Note	Share Capital HK$'000	Accoumulated losses HK$'000	Total HK$'000
Issue of share at date of incorporation	8	—	—	—
Loss for the period		—	(2,194)	(2,194)
Balance at 31 December 2008		—	(2,194)	(2,194)

The notes on pages 103 to 109 form an integral part of these financial statements.

COMPANY'S CASH FLOW STATEMENT

For the period from 11 November 2008
(Date of incorporation) to 31 December 2008

	HK$'000
Operating activities	—
Loss before taxation	(2,194)
Operating loss before changes in working capital	(2,194)
Increase in prepayments	(2,939)
Increase in amount due to a related company	5,133
Cash flow from operating activity	—
Cash and cash equivalents at end of the period	—

The notes on pages 103 to 109 form an integral part of these financial statements.

1. COMPANY BACKGROUND

a) Corporate information

CT Holdings (International) Limited (the "Company") was incorporated and domiciled in the Cayman Islands under Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 11 November 2008. Its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2009. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and has been registered as an overseas company under Part XI of the Hong Kong Companies Ordinance on 24 December 2008.

b) Reorganisation

To rationalise the corporate structure for the public listing of the Company's shares on the Stock Exchange, the Company underwent a reorganisation (the "Reorganisation") to acquire from Mr. Tsoi Tak the subsidiaries as set out in note 9, which are principally engaged in the provision of printing services. The Reorganisation of the Company and the subsidiaries now comprising the group (the "Group") was completed on 4 March 2009 and the Company became the holding company of the subsidiaries now comprising the Group at the same date. The Company and subsidiaries now comprising the Group are under common control of Mr. Tsoi Tak.

Details of the Reorganisation are set out in the prospectus dated 18 March 2009 (the "Prospectus") issued by the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Company is set out below.

(b) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The directors consider that there are no critical accounting estimates or area of judgement required in the preparation of these financial statements.

(c) Basis of measurement

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the individual entity ("functional currency"). These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. All values rounded to the nearest thousand except where otherwise indicated.

These financial statements are prepared on the historical cost basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Trade and other receivables that are carried at cost or amortised cost are reviewed at the balance sheet date to determine whether there is objective evidence of impairment.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimate future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for the financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(e) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost, except where the payables are interest-free loans from related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Related parties

For the purpose of these financial statements, parties are considered to be related to the Company if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;

(ii) the Company and the party are subject to common control;

(iii) the party is an associate of the Company or a joint venture in which the Company is a venturer;

(iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	HK$'000
Listing expenses	2,194

The amount represents professional fees and other expenses related to the listing of the Company's shares on the Stock Exchange being recognised for the year ended 31 December 2008. Pursuant to HKAS 32 Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs are recognised as an expense when incurred.

4. DIRECTORS' REMUNERATION

No director received any emolument from the Company during the period from 11 November 2008 (date of incorporation) to 31 December 2008.

5. INCOME TAX

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/09. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period.

No Hong Kong Profits Tax has been provided for as the Company has no assessable profits for the period ended 31 December 2008.

Reconciliation between tax expense and accounting loss at applicable tax rate is as follows:

	HK$'000
Loss before taxation	(2,194)
Notional tax on profit before tax, calculated at the rates applicable to profit in the tax jurisdiction concerned	(362)
Tax effect of non-deductible expenses	362
Actual tax expense	—

6. PREPAYMENT

	HK$'000
Prepayment for listing expenses	2,939

7. AMOUNT DUE TO A RELATED COMPANY

Amount due to a related company is unsecured, interest free and has no fixed terms of repayment.

8. SHARE CAPITAL

	Number of shares	Amount
Authorised:		
Ordinary shares of HK$0.01 each (note 9(b))	40,000,000	HK$400,000
Ordinary shares issued and nil-paid:		
At 11 November 2008 (date of incorporation) and 31 December 2008 (note 9(b))	1	—

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

9. SUBSEQUENT EVENTS

(a) Group Reorganisation

The subsidiaries now comprising the Group underwent and completed a reorganisation on 4 March 2009 for the listing of the Company's shares on the Stock Exchange on 30 March 2009. As a result of the Reorganisation, the Company became the holding company of the Group.

Particulars of the Company's subsidiaries are as follows:

Name of company	Date of incorporation	Place of incorporation and establishment/ operation	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Issued and fully paid share capital/ registered capital at the date of this report	Principal activities
CT Management Investments Limited ("CT Printing BVI")	24 October 2008	British Virgin Islands/ Hong Kong	100%	—	US$200	Investment holding
CT Printing Limited ("CT Printing")	5 January 2001	Hong Kong	—	100%	HK$20,000	Provision of printing services
詩天紙藝製品（深圳）有限公司#	15 August 2008	The People's Republic of China ("PRC")	—	100%	Paid up capital of US$860,000 out of the registered capital of US$4,280,000	Provision of the printing of packaging and decorative matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services

Wholly foreign owned enterprise registered in the PRC

9. SUBSEQUENT EVENTS *(continued)*

(b) Authorised share capital

The authorised share capital of the Company as at the date of its incorporation was HK$400,000 divided into 40,000,000 shares of HK$0.01 each.

Pursuant to the written resolution of the sole director of the Company passed on 11 November 2008, one share of HK$0.01 was allotted and issued at nil paid to a subscriber and the transfer of the said one nil paid share by the subscriber to Mr. Tsoi Tak was approved on the same date.

On 4 March 2009, Mr. Tsoi transferred the said one nil paid share of the Company to Profitcharm Limited, which is wholly and beneficially owned by Mr. Tsoi Tak.

Pursuant to the written resolution passed by all shareholders on 4 March 2009, the Company increased its authorised share capital from HK$400,000 to HK$10,000,000 by the creation of additional 960,000,000 shares of HK$0.01 each.

On 4 March 2009, the Company allotted and issued 6,999,999 and 3,000,000 ordinary shares of HK$0.01 each to Profitcharm Limited and Sinorise Limited respectively credited as fully paid in consideration of the transfer of the entire issued share capital of CT Printing BVI by Mr. Tsoi Tak and Mr. Cai Xiao Ming, David. The one nil paid share of HK$0.01 held by Profitcharm Limited was credited as fully paid at par.

Immediately following completion of the public offering and the capitalisation issue, the issued share capital of the Company will be HK$2,000,000 divided into 200,000,000 ordinary shares and there will be 800,000,000 authorised but unissued ordinary shares.

Conditional on the share premium account of the Company being credited as a result of the initial listing of the shares of the Company on the Stock Exchange, the directors of the Company are authorised to capitalise an amount of HK$1,400,000 from such account and applying such sum in paying up in full at par a total of 140,000,000 shares for allotment and issued to the shareholders of the Company whose names shall appear on the register of members of the Company at the close of business on 4 March 2009.

(c) Listing of the Company's shares

On 30 March 2009, the Company was successfully listed on the Stock Exchange following the completion of its offering of 50,000,000 shares to the investors. The net proceeds from this offering were approximately HK$48,900,000.

FOUR YEARS FINANCIAL SUMMARY

The combined results of the Group for the financial years 2005 to 2008 and the combined assets and liabilities of the Group as at 31 December 2005, 2006, 2007 and 2008 are as follows:

	Year ended 31 December			
Results	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	170,027	268,193	335,392	**403,188**
Profit before taxation	18,091	30,234	32,734	**34,635**
Income tax	(1,258)	(2,664)	(2,797)	**(2,803)**
Profit for the year	16,833	27,570	29,937	**31,832**
Attributable to:				
Equity holders of the Company	16,833	27,570	29,937	**31,832**

	At 31 December			
Assets and liabilities	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	174,250	298,255	417,435	**388,014**
Total liabilities	(166,183)	(261,931)	(350,505)	**(179,765)**
Total equity	8,067	36,324	66,930	**208,249**