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)

PLACING AND PUBLIC OFFER

Sponsor

Optima Capital Limited

Bookrunner and Lead Manager

新鴻基金融集團
SUN HUNG KAI FINANCIAL

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

PLACING AND PUBLIC OFFER

Number of Offer Shares	:	**50,000,000 Shares**
Number of Placing Shares	:	**45,000,000 Shares (subject to re-allocation)**
Number of Public Offer Shares	:	**5,000,000 Shares (subject to re-allocation)**
Offer Price	:	**HK$1.25 per Offer Share (payable in full on application plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**1008**

Sponsor

OPTIMA CAPITAL

Optima Capital Limited

Bookrunner and Lead Manager

新鴻基金融集團
SUN HUNG KAI FINANCIAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Pursuant to the force majeure provisions contained in the Underwriting Agreement in respect of the Share Offer, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) have the right, on a jointly basis, in certain circumstances, subject to their sole and absolute opinion, to terminate the obligations of the Underwriters under the Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Monday, 30 March 2009). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" of this prospectus.

18 March 2009

A separate announcement will be issued if there is any change to the following expected timetable.

	2009 *(Note 1)*
Application lists of the Public Offer open *(Note 2)*	11:45 a.m. on Monday, 23 March
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Monday, 23 March
Application lists of the Public Offer close *(Note 2)*	12:00 noon on Monday, 23 March
Announcement of the level of applications under the Public Offer, the level of indications of interest in the Placing, and the basis of allotment of the Public Offer Shares will be published in China Daily (in English) and Hong Kong Economic Journal (in Chinese) on or before	Friday, 27 March
Announcement of the results of allocations under the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers (where applicable) of successful applicants will be made available through a variety of channels as described in the paragraph headed "Publication of results" in the section headed "How to apply for Public Offer Shares" of this prospectus, including the website of Tricor Investor Services Limited at *www.tricor.com.hk/ipo* on or before	Friday, 27 March
Announcement of the level of applications under the Public Offer, the level of indications of interest in the Placing, the basis of allotment of the Public Offer Shares and results of allocations under the Public Offer (including the Hong Kong identity card/passport/Hong Kong business registration numbers (where applicable) of successful applicants) will be published on the Company's website at *www.ctprinting.com.hk* and the website of the Stock Exchange at *www.hkex.com.hk* on or before	Friday, 27 March
Despatch/collection of share certificates in respect of wholly or partially successful applications under the Public Offer on or before *(Notes 3, 4 and 5)*	Friday, 27 March
Despatch of refund cheques in respect of wholly or partially unsuccessful applications under the Public Offer on or before *(Note 3)*	Friday, 27 March
Dealings in the Shares on the Main Board expected to commence on	Monday, 30 March

Notes:

1. All times and dates refer to Hong Kong local times and dates. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" of this prospectus.

2. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 23 March 2009, the application lists will not open on that day. See the paragraph headed "Effect of bad weather on the opening and closing of the application lists" in the section headed "How to apply for Public Offer Shares" of this prospectus.

3. Applicants who apply with **WHITE** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect their refund cheques and/or share certificates in person from the Company's Hong Kong branch share registrar may collect their refund cheques (where applicable) and/or share certificates in person from the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 27 March 2009. Identification and authorisation documents (where applicable) acceptable to Tricor Investor Services Limited must be produced at the time of collection.

   Applicants who apply with **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect their refund cheques in person may collect their refund cheques (if any) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques by the **YELLOW** Application Form applicants is the same as that for the **WHITE** Application Form applicants.

   Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post and at the own risk of the applicants on or shortly after the date of despatch as described in the paragraph headed "Collection/posting of share certificates/refund cheques and deposit of share certificates into CCASS" in the section headed "How to apply for Public Offer Shares" of this prospectus.

4. Share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on Friday, 27 March 2009 for credit to the respective CCASS Participant's stock accounts designated by the Placing Underwriters, the placees or their agents, as the case may be.

5. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on Monday, 30 March 2009 provided that (i) the Share Offer becomes unconditional in all respects and (ii) the right of termination as described in the paragraph headed "Grounds for termination" in the section headed "Underwriting" of this prospectus has not been exercised and has lapsed.

Pursuant to the force majeure provisions contained in the Underwriting Agreement in respect of the Share Offer, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) have the right, on a jointly basis, in certain circumstances, subject to their sole and absolute opinion, to terminate the obligations of the Underwriters under the Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Monday, 30 March 2009). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title will do so entirely at their own risk.

CONTENTS

You should rely only on the information contained in this prospectus and the related Application Forms to make your investment decision.

The Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus and the related Application Forms.

Any information or representation not made in this prospectus and the related Application Forms must not be relied on by you as having been authorised by the Company, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors or affiliates of any of them or any other person or parties involved in the Share Offer.

The contents on the website at www.ctprinting.com.hk, which is the website of the Group, do not form part of this prospectus.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OF THE GROUP

The Group is principally engaged in the provision of printing services to customers including international publishers and multi-national corporations. The Group's printed products mainly include case bound books, paperback books, spiral bound books, novelty books and other paper-related products which include greeting cards, party decoratives, calendars, paper bags and packaging boxes. The books printed by the Group are primarily leisure books including children's books, travel books and cookery books. During the Track Record Period, the UK was the largest market of the Group, accounting for over 50% of the turnover of the Group. However, sales to other markets including other countries in Europe, Hong Kong and the US had increased over the years making up for nearly 50% of the Group's turnover for the nine months ended 30 September 2008. Set out below is the breakdown of the Group's turnover during the Track Record Period by geographical areas:

	For the year ended 31 December						For the nine months ended 30 September			
	2005		2006		2007		2007		2008	
	HK$' mil	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*
							(unaudited)			
Turnover										
UK	139.1	*81.8*	180.9	*67.4*	193.1	*57.6*	155.4	*63.2*	160.8	*52.5*
Europe (except UK)	0.5	*0.3*	9.4	*3.5*	27.7	*8.3*	10.0	*4.1*	55.9	*18.2*
Hong Kong	23.6	*13.9*	40.7	*15.2*	65.2	*19.4*	45.1	*18.3*	41.9	*13.7*
US	3.6	*2.1*	23.4	*8.7*	29.7	*8.9*	22.9	*9.3*	26.5	*8.6*
Other countries *(Note)*	3.2	*1.9*	13.8	*5.2*	19.7	*5.8*	12.6	*5.1*	21.3	*7.0*
Total	170.0	*100.0*	268.2	*100.0*	335.4	*100.0*	246.0	*100.0*	306.4	*100.0*

Note: Other countries include, among others, Australia, Canada, Japan, Singapore and Brazil.

For each of the three years ended 31 December 2007, the Group's turnover was approximately HK$170.0 million, HK$268.2 million and HK$335.4 million respectively, representing a CAGR of approximately 40.5%. The Group's turnover for the nine months ended 30 September 2008 recorded an increase of approximately 24.6% over the same period of the previous year.

For each of the three years ended 31 December 2007, the profit attributable to the equity holders of the Company amounted to approximately HK$16.8 million, HK$27.6 million and HK$29.9 million respectively, representing a CAGR of approximately 33.4%. For the nine months ended 30 September 2008, the Group recorded profit attributable to the equity holders of the Company of approximately HK$26.5 million, representing a growth of approximately 13.2% as compared to the same period in the previous year.

CT Printing and the Processing Factory

CT Printing is the major subsidiary of the Company, which was incorporated in Hong Kong in 2001 with limited liability. During the Track Record Period and as at the Latest Practicable Date, CT Printing was principally the sales and marketing arm of the Group whereas the production process of CT Printing was carried out at the Processing Factory which is located in Shenzhen, the PRC, under the Processing Agreement. Currently, the parties to the Processing Agreement are CT Printing (as the foreign party) and Jialaiyuan (as the PRC Processing Partner and the business agent). Jialaiyuan as the PRC Processing Partner and business agent as well as its predecessors under the Processing Agreement are Independent Third Parties. The initial term of the Processing Agreement was 10 years commencing from 8 May 2000 to 8 May 2010, which was subsequently extended to 8 May 2016 pursuant to a supplemental agreement dated 12 August 2008. According to the terms of the Processing Agreement, the Group places printing orders to the Processing Factory and the Processing Factory manufactures and delivers the products to the Group in accordance with its requirements. The Group then delivers the products to its customers and is responsible for product liability of such products.

Pursuant to the Processing Agreement (as supplemented from time to time), CT Printing is responsible for, among other things, providing all necessary production machinery and materials to the Processing Factory for production, and paying processing fees to the Processing Factory which shall be the actual expenses reasonably incurred by the Processing Factory for its processing work. For the three years ended 31 December 2007 and nine months ended 30 September 2008, the total processing fees incurred by the Group were approximately HK$30.4 million, HK$52.7 million, HK$69.5 million and HK$61.3 million respectively. On the other hand, Jialaiyuan, being the PRC Processing Partner, is responsible for, among other things, providing the production premises, water and electricity supplies, and labour forces for production, assisting CT Printing in the PRC import and export clearance process and performing accounting and labour management functions of the Processing Factory. Jialaiyuan also acts as the business agent at the same time to handle the processing fees settlement and customs clearance for the Processing Factory. To ensure timely delivery and the quality of the products produced, the Group has a series of measures in place to monitor the product quality and the production schedule of the Processing Factory, including but not limited to frequent visits to the Processing Factory by senior management of the Group and station of representatives at the Processing Factory by the Group. The Group also provides technical guidance and production techniques to the Processing Factory throughout the production process.

The Processing Factory is not a separate legal entity and is, in law, construed as owned by the PRC Processing Partner. The Processing Factory shall be primarily responsible for the civil liabilities or any other claims relating to work safety and environmental protection during the production process of the Processing Factory under the applicable laws and regulations of the PRC. In the event that the

Processing Factory is not able to settle the claims, the PRC Processing Partner would be liable for the claims. As further advised by the PRC Legal Advisers and in the Directors' view, in light of the monitoring role of the Group in relation to the operation of the Processing Factory, the Group could be held liable in respect of these claims (if any) jointly with the Processing Factory.

CT Shenzhen

CT Shenzhen was established by the Group on 15 August 2008 as a wholly foreign owned enterprise in the PRC. It is expected that the establishment of CT Shenzhen will enhance the Group's production capacity and enable the Group to explore the domestic market of packaging and decorative printed products in the PRC. CT Shenzhen will commence its trial operation in or about May 2009 and full operation in or about September 2009.

Both the Processing Factory and CT Shenzhen are licensed printers for printing services under the PRC laws. All of the printed products of the Processing Factory and printed books of CT Shenzhen are required to be exported out of the PRC, whereas the packaging and decorative printed products of CT Shenzhen are permitted to be sold within the PRC under the PRC laws.

COMPETITIVE ADVANTAGES

The Directors believe that the success of the Group is attributable to the following principal factors:

- the Group's long business relationship with international customers, which is fostered through years of continuous cooperation. The long established relationship creates an entry barrier for other competitors in the market. More importantly, the orders made by these customers are usually stable and in large quantity which secure a stable source of sales orders for the Group and allow the Group to enjoy economies of scale in raw materials procurement and production;

- the Group's advanced technology know-how. The Directors consider that the existing printing equipment and software of the Group are competitive, flexible and scalable. The Group will continuously seek to enhance the production efficiency of the Processing Factory and CT Shenzhen in order to provide effective printing solutions to the customers;

- the Group's emphasis on quality management by international standards. The Group is certified to the ISO 9001:2000 Quality Management System and the FCS COC standards, while the Processing Factory is certified to the ISO 9001:2000 Quality Management System standard. These accreditations demonstrate that the overall quality of the products and the management of the Group are well positioned in the competitive printing industry; and

- the Group's senior management team members having extensive experience in the printing industry.

FUTURE PLANS AND PROSPECTS

The Group's strategy is to further develop its sales and business opportunities in the printing industry. While leveraging on the Group's long term relationship with its major customers who are undergoing territorial and business expansion to expand both geographically and in terms of the breadth of product types, the Group will continue to explore new markets and customer segments. Taking into account the Group's experience in Europe and the US markets, the Directors believe that the Group is well positioned to further expand its client network worldwide, while maintaining its competitive edge and cost-efficiency.

The Group will continue to dedicate resources to expand and enhance production capacity and technology, explore and develop the domestic market for the packaging and decorative printed products in the PRC, expand customer base and strengthen sales and marketing force.

Expand and enhance production facilities and technology

In view of the increasing demand for its products and in order to further expand the Group's operation, the Group plans to expand the production facilities for printed books in the Processing Factory and install new machinery in CT Shenzhen. In addition, the Group intends to install advanced printing machinery in CT Shenzhen to cater for the production of packaging and decorative printed products. The Directors believe that continuous investments in production facilities and technology in the Processing Factory and CT Shenzhen will enhance the competitiveness and performance of the Group.

Explore and develop the domestic market for packaging and decorative printed products in the PRC

The Directors believe that the demand for packaging and decorative printed products in the PRC will continue to grow as a result of the increasing importance placed on packaging design due to intensifying competition in the PRC retail market. Moreover, the Directors believe that, in order to achieve cost effectiveness, there is a growing trend for manufacturers to source packaging products in the PRC. In view of this, the formation of CT Shenzhen, which is licensed to print packaging and decorative products for sale within the PRC, will position the Group well to capture these business opportunities.

In addition, the Group intends to set up new sales office in Shenzhen, the PRC, for the business development of the printing of packaging and decorative products in the PRC.

Expand customer base and strengthen sales and marketing force

In order to broaden the Group's sales network and customer base, the Group intends to expand and enhance its sales and marketing team by recruiting more high calibre sales personnel in the future. The Group will continue to strengthen existing business relationship with its customers to capture future business opportunities by coordinating closely with them to identify their needs.

The Group also aims to expand its geographical business coverage by exploring sales opportunities in other regions and countries including Eastern Europe and Australia. The Group will continue to attend and participate in book conferences and trade shows organised by various publishing and printing associations worldwide and other conferences relating to the printing and book industry. By participating in these international events, the Group would be able to promote its business and image further, and strengthen its business contacts in order to obtain more sales contracts by referrals in the future.

USE OF PROCEEDS

Based on the Offer Price of HK$1.25 per Offer Share, the net proceeds of the Share Offer are estimated to be approximately HK$48.9 million. The Directors presently intend to use the net proceeds for the following purposes:

- approximately HK$38.9 million (being approximately 79.5% of the estimated net proceeds of the Share Offer) for the purchase of new machinery and equipment (including offset printing machines, hot stamping machines and die cutters);

- approximately HK$4.0 million (being approximately 8.2% of the estimated net proceeds of the Share Offer) for the business development of the domestic market of packaging and decorative printed products in the PRC, including setting up a new sales office in Shenzhen, the PRC;

- approximately HK$1.5 million (being approximately 3.1% of the estimated net proceeds of the Share Offer) for the expansion of the Group's sales network by participating in international book fairs and trade shows and expanding its sales and marketing team; and

- the balance of approximately HK$4.5 million (being approximately 9.2% of the estimated net proceeds of the Share Offer) for the general working capital of the Group.

TRADING RECORD

The following table is a summary of the audited combined results of the Group during the Track Record Period, prepared on the basis that the current structure of the Group was in existence throughout the period under review. The summary should be read in conjunction with the accountants' report set out in appendix I to this prospectus.

		For the year ended 31 December			For the nine months ended 30 September	
		2005	**2006**	**2007**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Turnover	1	170,027	268,193	335,392	246,037	306,441
Cost of sales		(120,245)	(196,705)	(251,023)	(181,266)	(233,116)
Gross profit		**49,782**	**71,488**	**84,369**	**64,771**	**73,325**
Other revenue and other net income	1	3,739	3,564	6,247	3,613	4,381
Selling expenses		(16,991)	(24,411)	(29,027)	(22,515)	(23,661)
Administrative expenses		(14,547)	(14,166)	(19,634)	(14,356)	(18,990)
Profit from operations		**21,983**	**36,475**	**41,955**	**31,513**	**35,055**
Finance costs		(3,892)	(6,241)	(9,221)	(5,883)	(6,583)
Profit before taxation		**18,091**	**30,234**	**32,734**	**25,630**	**28,472**
Income tax		(1,258)	(2,664)	(2,797)	(2,222)	(1,972)
Profit for the year/period attributable to equity holders of the Company		**16,833**	**27,570**	**29,937**	**23,408**	**26,500**
Earnings per Share attributable to equity holders of the Company — Basic and diluted (HK$)	2	**0.11**	**0.18**	**0.20**	**0.16**	**0.18**

Notes:

1. Turnover represents the invoiced value of provision of printing service, less sales returns and discounts for the year/period.

   Set out below is the breakdown of other revenue and other net income for the Track Record Period:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Other revenue					
Bank interest income	9	33	1,025	484	1,139
Investment income of available-for-sale financial assets	1,364	—	—	—	—
Management fee income	754	498	344	344	263
Sales of scrap materials	1,572	1,499	2,474	2,016	2,664
Sundry income	40	380	84	29	229
	3,739	2,410	3,927	2,873	4,295
Other net income					
Gain on disposal of property, plant and equipment	—	251	2,160	740	86
Gain on disposal of prepaid lease payments	—	—	160	—	—
Exchange gain, net	—	903	—	—	—
	—	1,154	2,320	740	86
	3,739	3,564	6,247	3,613	4,381

2. The calculation of the basic earnings per Share for the Track Record Period is based on the profit for the year/period attributable to equity holders of the Company under the Track Record Period and assuming 150,000,000 Shares had been in issue throughout the Track Record Period, comprising 10,000,000 Shares in issue as at the date of this prospectus and 140,000,000 Shares to be issued pursuant to the Capitalisation Issue but takes no account of any Shares which may fall to be allotted and issued under the Share Offer. Diluted earnings per Share is equal to basic earnings per Share as there were no potential dilutive ordinary shares outstanding during the Track Record Period.

ESTIMATES FOR THE YEAR ENDED 31 DECEMBER 2008 AND STATISTICS OF THE SHARE OFFER *(Note 1)*

Estimated combined profit attributable to the equity holders of the Company *(Note 2)*	not less than HK$30.0 million
Unaudited pro forma estimated earnings per Share *(Note 3)*	HK$0.15
Issue price	HK$1.25 per Offer Share
Prospective market capitalisation	HK$250.0 million
Prospective price-to-earnings multiple *(Note 4)*	approximately 8.3 times
Unaudited pro forma adjusted net tangible assets value per Share *(Note 5)*	HK$0.71

Notes:

(1) Except where otherwise indicated, the statistics have been prepared on the assumption that (i) no Share may be issued upon the exercise of the options which may be granted under the Share Option Scheme; and (ii) no Share may be allotted or issued or purchased by the Company under the general mandates for the issue or repurchase of Shares granted to the Directors as referred to in the section headed "Share capital" of this prospectus or otherwise.

(2) The bases on which the estimated combined profit for the year ended 31 December 2008 has been prepared are summarised in the section headed "Bases" of appendix III to this prospectus.

(3) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 and on the assumptions that the Company had been listed since 1 January 2008 and that a total number of 200,000,000 Shares were in issue during the year ended 31 December 2008. The estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 has not taken into account any interest income that would have been earned if the proceeds from the Share Offer had been received on 1 January 2008.

(4) The calculation of the prospective price-to-earnings multiple is based on the unaudited pro forma estimated earnings per Share as set out in note (3) above.

(5) The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after making the adjustments set out under the paragraph headed "Unaudited pro forma adjusted net tangible assets" in the section headed "Financial information" of this prospectus and on the basis of a total of 200,000,000 Shares in issue and to be issued as mentioned herein.

RISK FACTORS

Risks relating to the Group

- Reliance on major customers
- Reliance on the UK market
- Reliance on the processing arrangements and the Processing Factory
- Reliance on the PRC Processing Partner
- Reliance on sub-contractors
- Reliance on key personnel
- Foreign exchange exposure
- Fluctuations in raw material prices
- Seasonal fluctuation in turnover
- The Group may not be able to sustain gross profit margin, operating profit margin and net profit margin
- Decrease of gross profit margin during the Track Record Period
- Potential liability on work safety, environmental protection and labour related issues of the Processing Factory
- Intellectual property rights and other similar disputes
- Reliability of electricity supply for the Processing Factory
- Regulatory licences and permits
- Hong Kong taxation
- Recent economic turmoil and credit tightening

Risks relating to printing industry

- Competition
- Technological developments in the printing industry

- New forms of information dissemination

- Environmental protection laws and regulations

Risks relating to the PRC

- Economic, political and social considerations

- Changes in foreign exchange regulations

- Difficulties in the enforcement of rights

- Appreciation of or fluctuations in the value of the Renminbi relative to the Hong Kong dollars

- Changes and uncertainties in the PRC legal system

- The PRC Employment Contract Law

- Fire, severe weather, floods, earthquakes, or outbreak of a contagious or epidemic disease

Risks relating to the Share Offer

- There has been no prior public market for the Shares and an active trading market may not develop

- The trading volume and share price of the Shares may fluctuate

- Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares

- Shareholders' interests in the Company may be diluted in the future

- Forward-looking information included in this prospectus may not be accurate

- Industry and market information and statistics contained in this prospectus

- Accuracy of facts and other statistics with respect to the PRC, the PRC's economy and the industry in which the Group operates contained in this prospectus

Please refer to the section headed "Risk factors" in this prospectus for details.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

"AHL"	AMVIG Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board
"Annual Production Capacity"	the annual production capacity calculated on the basis of printed sheets size of 28 x 40 inches and operation of machinery at 10 hours a day and 260 days a year
"Application Form(s)"	**WHITE** application form(s) and **YELLOW** application form(s), or where the context so requires, any of them, to be used in relation to the Public Offer
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 4 March 2009 and as amended from time to time, a summary of which is set out in appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"BCHIL"	Brilliant Circle Holdings International Limited (貴聯控股國際有限公司), an investment holding company incorporated in the BVI with limited liability on 29 January 1999, which was previously controlled by Mr. Tsoi before it was sold to AHL in October 2007 and was an indirect wholly-owned subsidiary of AHL as at the Latest Practicable Date
"BCPP"	Brilliant Circle Printing & Packaging Limited, an investment holding company incorporated in the BVI with limited liability on 16 May 1996, which was a subsidiary of BCHIL previously controlled by Mr. Tsoi before BCHIL was sold to AHL in October 2007 and was an indirect wholly-owned subsidiary of AHL as at the Latest Practicable Date
"BC Group"	BCHIL and its subsidiaries
"Board"	the board of Directors
"Brilliant Circle"	Brilliant Circle Development Limited (貴聯發展有限公司), a company incorporated in Hong Kong with limited liability on 30 November 1990, which was a subsidiary of BCPP and previously controlled by Mr. Tsoi before BCHIL was sold to AHL in October 2007. As at the Latest Practicable Date, it was an indirect wholly-owned subsidiary of AHL and was principally engaged in investment holding, trading of machines, paper and spare parts

"Brilliant Oriental"	Brilliant Oriental Paper Craft Manufacturing Company Limited (貴聯東方紙藝製品有限公司), a company incorporated in Hong Kong on 29 March 2000 with limited liability. Before its voluntary deregistration in August 2003, Brilliant Oriental was solvent and was principally engaged in the provision of printing and packaging services and was owned as to 51% by Mr. Tsoi (who was also a director) and as to 49% by four Independent Third Parties
"Business Day(s)"	any day(s) (excluding Saturday(s), Sunday(s) and public holiday(s)) in Hong Kong on which licensed banks in Hong Kong are generally open for banking business throughout their normal business hours
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company referred to in the paragraph headed "Written resolutions of all Shareholders passed on 4 March 2009" in appendix VI to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant(s)"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
"Company"	CT Holdings (International) Limited (詩天控股(國際)有限公司), an exempted company incorporated in the Cayman Islands on 11 November 2008 under the Companies Law with limited liability

"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of the Company, namely Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise
"CT Printing"	CT Printing Limited (詩天紙藝製品有限公司), a company incorporated in Hong Kong on 5 January 2001 with limited liability and an indirect wholly-owned subsidiary of the Company
"CT Printing BVI"	CT Management Investments Limited (詩天管理投資有限公司), a limited liability company incorporated in the BVI on 24 October 2008 and a wholly-owned subsidiary of the Company
"CT Shenzhen"	詩天紙藝製品（深圳）有限公司 (Shitian Paper Craft (Shenzhen) Company Limited), a wholly foreign owned enterprise established in the PRC on 15 August 2008 with limited liability and is wholly-owned by CT Printing
"CT Supplemental Processing Agreement"	the supplemental processing agreement dated 25 July 2001 entered with between Pingshan Jiangling, Longgang Foreign Economic Development, Brilliant Oriental and CT Printing for, among other things, the replacement of Brilliant Oriental by CT Printing as the foreign party to the Processing Agreement
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries or, where the context otherwise requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company, some or any of them and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"HKAS"	Hong Kong Accounting Standards
"HKFRS"	Hong Kong Financial Reporting Standards (including HKAS and interpretations) issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Third Party(ies)"	a person(s) or company(ies) which is/are independent of and not connected with any member of the Group, the directors, the chief executives and the substantial shareholders (as defined in the Listing Rules) of the Company and its subsidiaries and their respective associates
"Jialaiyuan"	深圳市嘉來源進出口有限公司 (Shenzhen Jialaiyuan Trading Limited), being the PRC Processing Partner in relation to the Processing Agreement since 31 July 2006 and the business agent since 1 June 2004, which is a limited liability company incorporated in the PRC on 17 November 1998 and is held by two PRC individuals, all of whom are Independent Third Parties
"Latest Practicable Date"	13 March 2009, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date of commencement of trading of the Shares on Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Capitalisation"	the capitalisation of the indebtedness of approximately HK$108.8 million owed by CT Printing to Mr. Tsoi in consideration of CT Printing allotting and issuing 10,000 ordinary shares of HK$1.00 each to CT Printing BVI on 18 December 2008
"Longgang Foreign Economic Development"	深圳市龍崗區對外經濟發展有限公司 (Shenzhen Longgang Foreign Economic Development Company Limited), a company incorporated in the PRC with limited liability in 1993
"Madam Cheng"	Ms. Cheng Fai, ex-wife of Mr. Tsoi
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"Mr. David Cai"	Mr. Cai Xiao Ming, David, son of Mr. Tsoi, the elder brother of Mr. Tony Cai, an executive Director and one of the Controlling Shareholders

"Mr. Tony Cai"	Mr. Cai Xiao Xing, son of Mr. Tsoi, the younger brother of Mr. David Cai and an executive Director
"Mr. Tsoi"	Mr. Tsoi Tak, one of the Controlling Shareholders, the father of Mr. David Cai and Mr. Tony Cai, the Chairman of the Company and a non-executive Director
"Offer Price"	the offer price of HK$1.25 per Offer Share (excluding the Stock Exchange trading fee, SFC transaction levy and brokerage payable thereon)
"Offer Shares"	the Public Offer Shares and the Placing Shares
"Optima Capital" or "Sponsor"	Optima Capital Limited, a licensed corporation under the SFO permitted to engage in type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
"Pingshan Jiangling"	深圳市坪山江嶺經濟發展有限公司 (Shenzhen Pingshan Jiangling Economic Development Company Limited), a company incorporated in the PRC with limited liability on 5 August 1987
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of the Company at the Offer Price with professional, institutional and other investors as described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing Shares"	the 45,000,000 new Shares initially being offered at the Offer Price for subscription under the Placing subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing Underwriters"	the underwriters listed in the paragraph headed "Placing Underwriters" in the section headed "Underwriting" of this prospectus, being the underwriters of the Placing
"PRC" or "China"	the People's Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Government", "PRC government", "state" or "State"	the government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organs thereof or, as the context requires, any of them
"PRC Legal Advisers"	GFE Law Office, the legal advisers of the Company as to PRC laws in connection with the Share Offer

"PRC Processing Partner"	the PRC party under the Processing Agreement or the respective supplements and amendments, being Jialaiyuan (since July 2006), Shenzhen Major Industrial District Development (from June 2004 to July 2006) and Pingshan Jiangling (prior to June 2004), all of which are Independent Third Parties
"Processing Agreement"	the processing agreement dated 8 May 2000 and all supplements and amendments thereto from time to time in relation to the processing arrangement of printing of paper packaging products, drawing books and binding of books, details of which are set out in the section headed "History and development" and the paragraph headed "Production facilities" in the section headed "Business" of this prospectus
"Processing Factory"	深圳市詩天紙藝製品廠 (Shenzhen Shitian Printing Factory), formerly known as 坪山江嶺貴聯東方紙藝廠 (Pingshan Jiangling Guilian Oriental Paper Craft Factory) for the period from May 2000 to July 2001 and 坪山詩天紙藝廠 (Pingshan Shitian Paper Craft Factory) for the period from July 2001 to June 2004, a non-legal person enterprise established in the PRC on 16 May 2000 and a factory operated under the Processing Agreement, particulars of which are set out in the paragraph headed "Production facilities" in the section headed "Business" of this prospectus
"Profitcharm"	Profitcharm Limited (創益有限公司), an investment holding company incorporated in the BVI with limited liability on 10 November 2008, the entire issued share capital of which is beneficially owned by Mr. Tsoi, and is one of the Controlling Shareholders
"Public Offer"	the conditional offer of the Public Offer Shares by the Company for subscription by members of the public in Hong Kong for cash at the Offer Price, payable in full on application, and subject to the terms and conditions stated herein and in the related Application Forms
"Public Offer Shares"	the 5,000,000 new Shares initially offered at the Offer Price for subscription under the Public Offer subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Public Offer Underwriters"	the underwriters listed in the paragraph headed "Public Offer Underwriters" in the section headed "Underwriting" of this prospectus, being the underwriters of the Public Offer

"Reorganisation"	the corporate reorganisation of the Group effected in anticipation of the Listing as described under the paragraph headed "Reorganisation" in appendix VI to this prospectus
"SFC"	Securities and Futures Commission in Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 4 March 2009, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in appendix VI to this prospectus
"Shenzhen Major Industrial District Development"	深圳市大工業區（深圳出口加工區）開發管理集團有限公司 (Shenzhen Major Industrial District (Shenzhen Export Processing District) Development and Management Group Limited), a company incorporated in the PRC with limited liability on 22 May 1996
"Sinorise"	Sinorise International Limited (振華國際有限公司), an investment holding company incorporated in the BVI with limited liability on 26 November 2008, the entire issued share capital of which is beneficially owned by Mr. David Cai, and is one of the Controlling Shareholders
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Sun Hung Kai" or "Bookrunner" or "Lead Manager"	Sun Hung Kai International Limited, a licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Track Record Period"	the period comprising the three years ended 31 December 2007 and the nine months ended 30 September 2008
"Underwriters"	the Placing Underwriters and the Public Offer Underwriters

"Underwriting Agreement"	the conditional underwriting agreement relating to the Share Offer dated 17 March 2009 and entered into between, among others, the Company, the Sponsor, the Lead Manager, Mr. Tsoi, Mr. David Cai and the Underwriters, particulars of which are set forth in the section headed "Underwriting" of this prospectus
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Representative"	Mr. Stephen Nobes, an Independent Third Party, who is appointed as the customer service representative of the Group (being an exclusive representative in the UK and non-exclusive representative outside the UK)
"US" or "United States"	the United States of America
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Euro"	the lawful currency of the European Union's Euro zone
"HK$" or "HK dollar(s)" or "HK cent(s)"	Hong Kong dollar(s) and cent(s), respectively, the lawful currency of Hong Kong
"RMB" or "Renminbi" or "RMB cent(s)"	Renminbi yuan or cent(s), the lawful currency of the PRC
"sq.ft."	square feet
"sq.m." or "m^2"	square metre
"US$" or "US dollar(s)"	United States dollar(s), the lawful currency of the US
"%"	per cent.

For the purpose of illustration only and unless otherwise specified in this prospectus, conversion of RMB into HK dollars is calculated at the conversion rate of RMB1.00 = HK$1.13 and conversion of US dollars into HK dollars is calculated at the conversion rate of US$1.00 to HK$7.80. No representation is made that RMB and US dollars amounts could have been, or could be, converted into HK dollars, or vice versa, at such rates or at any other rate on such date or on any other date.

Any discrepancies in any table between the total shown and the sum of the amounts listed are due to rounding.

English of the Chinese names or words which are included in this prospectus are for identification purposes only, and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency, the Chinese names or words shall prevail. Unless expressly stated or the context requires otherwise, all data in this prospectus is as at the Latest Practicable Date.

This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"CIP3 PPF"	a software specification for printing, production and format that taking information available at prepress to press and postpress stages, with the primary aim of achieving computer-integrated manufacturing, speeding-up and enhancing automation of production. The specification is developed by the International Cooperation for Integration of Prepress, Press, and Post-press ("CIP3"), which is a not-for-profit association with representatives from several countries and is principally working in the definition of software to specification to meet various users' requirements
"computer-to-plate technology"	an imaging technology by which an image created by computer software is output directly to a printing plate
"die-cutting"	the process through which plastic or paper sheets are cut into pieces according to users' requirements through hydraulic or mechanical presses
"embossing"	a process through which three-dimensional images or designs are created on paper or other ductile materials, and is typically accomplished with a combination of heat and pressure on the paper
"FSC COC"	Forest Stewardship Council - chain of custody, a standard providing information on the source of wood or other forest-based material used in a product, issued by Forest Stewardship Council, an independent non-profit organisation established to promote responsible management to the world's forests
"ISO"	acronym for a series of quality management and quality assurance standards published by the International Organisation for Standardisation, a non-governmental organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"laminating"	the process through which paper and laminating materials (such as aluminium foil, metallised or holographic film) are bonded together
"offset printing"	a widely used printing technique where the inked image is transferred (or offset) from a plate first to a rubber blanket, then to the printing surface, which offers consistent high image quality and speedy production of printing plates

"OHSAS"	Occupational Health and Safety Assessment Specification is an internationally recognised assessment specification for occupational health and safety management systems. OHSAS aims to promote a safe and healthy working environment by providing a framework that allows the organisations to consistently identify and control their health and safety risks, reduce the potential for accidents, aid legislative compliance and improve overall performance
"ozalid"	the monochrome proof image which is usually blue in colour. The images to be printed are separated into four colours, namely cyan, magenta, yellow and black. Each of the individual colour image is exposed onto a piece of film, which are then overlapped and exposed to develop a monochrome blue image on a piece of light-sensitive coated white paper
"plotter proof"	any early copy of to-be-produced material produced for checking of errors, layout problems and colour aspects. The plotter proofs are proofs printed by plotter.
"printing plate"	a plate used in printing processes which may be made of metal, plastic, rubber or other materials. The image is put on the printing plate through photomechanical, photochemical or laser processes
"printed sheets"	sheets printed with a dimension ranging from 28 x 20 inches to 28 x 40 inches
"SA"	Social Accountability International is a global standard-setting non-profit human rights organisation dedicated to improving workplaces and communities. SA 8000 is a global social accountability standard for decent working conditions which was developed and overseen by Social Accountability International
"spot varnishing"	a manufacture process through which a transparent coating is printed over the paper
"wire-o books"	books with holes punched along the spine of the pages with a wire inserted through such holes and the wire will form a spiral tube along the axis of the spine

Prospective investors should carefully consider and evaluate the following risk factors and all other information contained in this prospectus before deciding to invest in the Shares. If any of the following risk factors and uncertainties develops into actual events, the Group's business, results of operations and financial condition could be materially and adversely affected. In such cases, the trading price of the Shares could decline due to any of these risk factors and uncertainties.

RISKS RELATING TO THE GROUP

Reliance on major customers

During the Track Record Period, the five largest customers of the Group accounted for approximately 50.4%, 39.9%, 39.0% and 32.9% respectively of the Group's turnover. The results of the Group will be affected by its ability to continue to obtain orders from the major customers, their financial conditions and the success of their books and products. The Group has not entered into any long term contract with any of its customers and there is no assurance that major customers of the Group will continue to place orders with the Group, or their future orders will be at a comparable level or on similar terms as in prior years. Should any of the major customers cease to place orders with the Group or reduce their order size and the Group is unable to obtain other orders at a comparable level, the Group's business and profitability could be adversely affected.

Reliance on the UK market

During the Track Record Period, the Group's sales in the UK market amounted to approximately HK$139.1 million, HK$180.9 million, HK$193.1 million and HK$160.8 million respectively, representing approximately 81.8%, 67.4%, 57.6% and 52.5% of the Group's turnover. The Directors anticipate that the provision of printing services to the UK market will continue to represent a significant portion of the Group's turnover in the near future. In the event that there are any adverse changes in the political, economic or social conditions, foreign trade or monetary policies, or legal or regulatory requirements or taxation or tariff regime in the UK, the Group's performance and profitability may be adversely and materially affected.

Reliance on the processing arrangements and the Processing Factory

During the Track Record Period and up to the Latest Practicable Date, the Group's production process was carried out in the Processing Factory under the Processing Agreement, details of which are set out in the paragraph headed "Production facilities" in the section headed "Business" of this prospectus.

Given that the Processing Factory forms the production capacity of the Group, the operation and profitability of the Group could be adversely and materially affected if the counterparties to the Processing Agreement are in breach of the Processing Agreement, or otherwise the use or operation of the Processing Factory by the Group is prohibited or restricted for any reason, or there occurs any change in the relevant PRC laws and regulations which may adversely affect the operation of the

Processing Factory. Prospective investors should also be aware that although the Processing Factory has a contractual obligation to take the Group as its exclusive client under the Processing Agreement, the Processing Factory may nevertheless have economic or business interest or goals that are not consistent with that of the Group.

In addition, the term of the Processing Agreement will expire on 8 May 2016. Although the Group established CT Shenzhen in August 2008 to expand its production capacity and reduce its reliance on the Processing Factory, there is no assurance that CT Shenzhen can operate successfully and can increase the production capacity of the Group. In the event that the Processing Agreement is not renewed upon expiry and the operation of CT Shenzhen cannot achieve a satisfactory production capacity or the Group is unable to enter into a new processing agreement for the use and operation of another processing factory with comparable production capacity to the Processing Factory, the Group's production capacity, operation and profitability would be adversely affected.

Besides, should there be any disastrous events beyond the control of the Group, including but not limited to riots and fire, occurring at or affecting CT Shenzhen and the Processing Factory or the place where CT Shenzhen and the Processing Factory is located, i.e., Lanzhu Boulevard, Grand Industrial Zone, Shenzhen, the PRC, the production activities of the Group would be adversely affected.

Reliance on the PRC Processing Partner

Under the Processing Agreement, the PRC Processing Partner's obligations include, among other things, ensuring the Processing Factory is held responsible for the processing of products, providing water and electricity facilities, labour and management personnel for processing and production of the products, and assisting CT Printing to carry out the import and export procedures. Details of the obligations of the PRC Processing Partner are set out in the paragraph headed "Production facilities" in the section headed "Business" of this prospectus. Any breach by the PRC Processing Partner of its obligations under the Processing Agreement could have a material adverse effect on the Group's business. Further, in the event that the PRC Processing Partner takes any action that is contrary to the Group's instructions, requests, policies or objectives, or becomes unable or unwilling to fulfill its obligations under the processing arrangement, or encounters financial or any other difficulties, the operation of the Group would be adversely affected.

Reliance on sub-contractors

When the Annual Production Capacity of the Processing Factory is almost fully utilised, or certain production steps cannot be processed within the Processing Factory, the Processing Factory may sub-contract certain part of the production to other sub-contractors who are Independent Third Parties. During the Track Record Period, sub-contracting charges had a range of 1.0% to 6.5% when represented as a percentage to the Group's cost of sales. Details of the mechanisms and current and future policies surrounding the sub-contracting arrangements are set out in the paragraph headed "Sub-contracting" in the section headed "Business" of this prospectus. In the event that the Group is unable to secure a suitable sub-contractor when required, or if the sub-contractors overcharge in their sub-contracting fees, the production process and/or financial position of the Company may be adversely affected. Further, although the Directors consider that the Group has sufficient and effective mechanisms in place to monitor the performance of the sub-contractors to ensure timely delivery and the quality of the products produced, the sub-contractors may nevertheless be late in completing the production and/or producing products with unsatisfactory quality. In such event, the operation and profitability of the Group would be adversely affected.

Reliance on key personnel

The Group's past success is attributable to the vision, experience, expertise and managerial and technical skills of its core management team. In particular, Ms. Wu Sin Wah, Eva, an executive Director and the Chief Executive Officer of the Company, has over 15 years of experience in industrial management and knowledge in the printing industry. She has been overseeing the operation of the Group, including sales and marketing, shipping and logistics, purchasing and administration of the Group. The Directors, senior management members and key personnel possess substantial experience in business management and operations and in-depth industry knowledge and understanding and have made significant contributions to the development of the Group. To a certain extent, the Group's daily operation depends upon the performance of its senior management staff and key personnel. In the event that the Group loses the services of any of its senior management staff and key personnel and fails to attract and retain suitable and competent replacements, the operations and performance of the Group could be materially and adversely affected.

Foreign exchange exposure

The Group's reporting currency is Hong Kong dollars but its sales is denominated in a mixture of currencies, primarily US dollars, Pound Sterling, Hong Kong dollars and Euro in the proportion of approximately 80.0%, 11.7%, 8.3% and nil, respectively, for the year ended 31 December 2005, 75.0%, 14.6%, 10.1% and 0.3%, respectively, for the year ended 31 December 2006, 80.5%, 6.5%, 13% and nil, respectively, for the year ended 31 December 2007, 87.9%, 3.8%, 6.1% and 2.2%, respectively, for the nine months ended 30 September 2008. In addition, the Group's costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. These foreign currencies are converted into Hong Kong dollars as a reporting currency for the purpose of preparing the Group's financial statements.

The value of Renminbi is subject to changes of the PRC government's policies and, to a large extent, depends on the PRC's domestic and international economic and political developments, as well as supply and demand in the PRC market. In recent years, driven by the economic growth of the PRC economy, Renminbi has appreciated against US dollars. Any fluctuation in the exchange rate of the Renminbi may affect the results of the Group's operations or financial performance.

As a result of the foreign exchange conversion, the Group recorded foreign exchange losses in the amount of approximately HK$1.6 million for the year ended 31 December 2005, foreign exchange gain of approximately HK$0.9 million for the year ended 31 December 2006, and foreign exchange losses of approximately HK$1.0 million and HK$4.4 million for the year ended 31 December 2007 and the nine months ended 30 September 2008 respectively.

The Group currently does not have a formal hedging policy and have not entered into any material foreign currency exchange contracts or derivative transactions to hedge its currency risk. In the event that a material fluctuation in exchange rate is noted, the Group will strive for using US dollars for sales transaction, however, the Group has no control on whether the customers will accept US dollars as the contract currency. The Group cannot predict the future exchange rate fluctuations and in the event of any significant change in the exchange rate of any of these currencies, the Group's financial condition or results of operations could be affected.

Fluctuations in raw material prices

The main raw material used in the Group's printing is paper. During the Track Record Period, cost of paper amounted to approximately HK$69.8 million, HK$110.5 million, HK$135.3 million and HK$127.2 million respectively, representing approximately 58.1%, 56.2%, 53.9% and 54.6% of the Group's total cost of sales respectively. As paper is a commodity, the Group is vulnerable to the risk of rising paper prices, which is determined by supply and demand conditions in the global and PRC markets. Should there be any significant increases in the prices of paper, and if the Group is unable to pass on such increases in costs to its customers, the Group's business and profitability would be adversely affected.

Seasonal fluctuation in turnover

Demand for the Group's printing services is subject to seasonal fluctuation. It is generally higher in the second half of a calendar year especially in the peak months from July to September when the Group's customers will generally place more orders to the Group to meet their sales demand in Christmas and New Year holidays. For each of the three years ended 31 December 2007, the Group's turnover was approximately HK$170.0 million, HK$268.2 million and HK$335.4 million respectively. For the same period, the Group's turnover in July to September accounted for approximately 32.6%, 37.6% and 35.9% of the Group's annual turnover respectively. This seasonality fluctuation may affect the Group's production costs and the utilisation rate of the production facilities in the Processing Factory. The results of the Group for the peak months of each calendar year may not be taken as an indication of its performance for the entire calendar year. Hence, prospective investors should be aware of this seasonal fluctuation when making any comparison of the Group's results of operation.

The Group may not be able to sustain gross profit margin, operating profit margin and net profit margin

During the Track Record Period, the Group reported gross profit margin of approximately 29.3%, 26.7%, 25.2% and 23.9% respectively; operating profit margin of approximately 12.9%, 13.6%, 12.5% and 11.4% respectively; and net profit margin of approximately 9.9%, 10.3%, 8.9% and 8.6% respectively. There is no assurance that the Group will be able to maintain gross profit margin or operating profit margin or net profit margin at a similar level as the Track Record Period.

Decrease of gross profit margin during the Track Record Period

During the Track Record Period, the Group's gross profit margin was approximately 29.3%, 26.7%, 25.2% and 23.9% respectively. The sustainability of the Group's gross profit margins depends on a number of factors, including, among other things, the types of products produced, selling prices, purchase costs and wages. The selling price and purchase cost for each order vary according to a combination of factors including, but not limited to, the relative bargaining power of the suppliers and customers, the pricing basis, demand and supply in the market and the market price. Many of these factors are beyond control of the customers, the suppliers and the Group. Therefore, the selling price and purchase cost may differ even for the same product produced within the same time period and there is no assurance that the Group will be able to achieve or maintain similar gross profit margin in the future. Please see the section headed "Financial information" of this prospectus for a detailed discussion and analysis of the financial condition and results of operation of the Group during the Track Record Period.

Potential liability on work safety, environmental protection and labour related issues of the Processing Factory

As advised by the PRC Legal Advisers, the Processing Factory should be responsible for any claims, including but not limited to work safety, environmental protection and labour related issues, in relation to the Processing Factory under the applicable PRC laws and regulations. However, in light of the management and supervisory roles assumed by the Group in relation to the Processing Factory, the Group will, in practice, be held liable in respect of these claims jointly with the Processing Factory by the relevant judicial authorities of the PRC in the cases where the Processing Factory does not have sufficient financial resources to settle any claims. The Directors are of the view that in the event that the Group is held liable for any damages and/or penalty in respect of any of these claims, which is material to the Group's operation, the Group's financial position may be adversely affected.

Intellectual property rights and other similar disputes

The intellectual property rights regarding the Group's products are owned by customers of the Group or the third parties. Although the Group has strived to prevent the leakage of such intellectual property rights by monitoring the quantity of products produced by the Group and delivered to its customers, there is no assurance that the products would not be leaked in the production process. As advised by the PRC Legal Advisers based on its inquiries to the courts of the place where the Processing Factory is located (namely, the People's Court of Longgang District, Shenzhen City, the Intermediate People's Court of Shenzhen City and the High People's Court of Guangdong Province) and as confirmed by the Directors, there has been no claim against or compensation paid by the Group and the Processing Factory in relation to any infringement of intellectual property rights. Should any infringement or similar dispute or claim occur, the Group may need to incur significant legal cost to defend itself against such dispute or claim or be required to pay compensation.

Reliability of electricity supply for the Processing Factory

The operation of the Processing Factory requires continuous and steady supply of electricity which is currently provided by local utilities company and bureau. Total cost incurred for the supply of electricity amounted to approximately RMB4.7 million, RMB6.4 million, RMB7.6 million and RMB6.0 million for the Track Record Period respectively. Reliance by the Processing Factory on such supply will further increase as the Group expands production capacity of the Processing Factory. Any disruption to such supply may adversely affect the Group's production flow, hinder its ability to meet customer orders and/or increase its production cost. Should this happen, the Group's business and financial performance may be adversely affected.

Regulatory licences and permits

The carrying on of printing business and operations in the PRC require the Group to obtain licences and permits from the relevant authorities. Details of the licences obtained by the Group are set out in the paragraph headed "Licences, awards and certifications" in the section headed "Business" of this prospectus. For the Group's printing business, it is required to obtain a Printing Licence in addition to its business licence. The Printing Licence is generally renewable at the end of its validity in accordance with the relevant regulatory provisions. The existing Printing Licence granted to the Processing Factory and CT Shenzhen by the Administration of Press and Publication of Guangdong Province (廣東省新聞出版局) will expire on 31 December 2009. Although the Directors and the PRC Legal Advisers are of the view that there are no material legal obstacles that prevent the renewal or extension of the Printing Licence of each of the Processing Factory and CT Shenzhen, there is no assurance that such Printing Licence could be renewed upon its expiry or would be renewed with the same scope. Further, the Group and the Processing Factory are required to carry on their printing operations within the scope of such Printing Licence. If the Group or the Processing Factory does not carry on printing operations within the scope of the Printing Licence, the Group or the Processing Factory may be fined and penalised by the relevant authorities. Should the Group or the Processing Factory fails to obtain or renew these licences or permits or should any of them be revoked or suspended, the Group's business and financial performance would be adversely affected.

Hong Kong taxation

Pursuant to the Departmental Interpretation and Practice Note No. 21 ("DIPN 21") issued by the Inland Revenue Department of Hong Kong ("IRD"), the IRD is prepared to concede that, in cases where a Hong Kong manufacturing business enters into a processing arrangement with a PRC entity where the production processes are carried out at the processing factory situated in the PRC, profits from the sale of goods that were manufactured by such PRC entity can be apportioned on a 50:50 basis and the chargeable profits so apportioned can be treated as non-taxable in Hong Kong.

During the Track Record Period, the Group has conducted its printing business under the Processing Agreement entered between CT Printing and the PRC Processing Partner relating to the Processing Factory. The Directors consider that it is reasonable for the Group to adopt the DIPN 21 for the tax assessment of CT Printing. Hence, CT Printing has applied the DIPN 21 to claim for apportionment of profit during the Track Record Period.

In the event that the IRD considers that the Group's mode of manufacturing operations under the Processing Agreement is not within the scope of profits eligible for apportionment under the DIPN 21, or there are any changes in Hong Kong tax laws or its interpretation, the IRD might treat the Group's profits generated from the sale of goods processed under the Processing Agreement at the Processing Factory as profits derived from Hong Kong. If it did so and the Group failed to prove otherwise, 50% of the adjusted assessable profits of CT Printing which has previously been treated as non-taxable in Hong Kong would have become taxable and would have an adverse impact on the Group's profitability.

During each of the financial year ended 31 December 2005, 2006, and 2007, no Hong Kong profit tax has been provided for the Group as the tax losses brought forward of the Group exceed its assessable profits. During each of the year ended 31 December 2005, 2006 and 2007, tax expenses of the Group recognised as deferred tax charges amounted to approximately HK$1.3 million, HK$2.7 million and HK$2.8 million respectively, whereas during the nine months ended 30 September 2008, as the tax losses of the Group from previous years had been fully utilised, tax expenses of the Group consisted of deferred tax charges of approximately HK$854,000 and Hong Kong profits tax of approximately HK$1.1 million. As a result, the effective tax rates of the Group during the Track Record Period were approximately 7.0%, 8.8%, 8.5% and 6.9% respectively. As the tax losses of the Group from previous years have been fully utilised, future assessable profits of the Group may not be offset and tax payable by the Group may increase.

Recent economic turmoil and credit tightening

The recent economic turmoil and credit tightening have adversely affected world economies. With a deteriorating worldwide economy, demand for leisure books may be adversely affected, which in turn will affect the demand for printing services. In addition, credit tightening may aggravate the Group's interest expenses on bank borrowings, or banks may reduce the amount of or discontinue their banking facilities available to the Group. If economic downturn continues, the Group's business could be adversely affected.

RISKS RELATING TO PRINTING INDUSTRY

Competition

The Group is expected to face competition from existing and new players in the printing industry in the PRC and other countries in Asia. Competition from existing and new players may exert pressure on the price of the Group's printing products.

The Group's printing business and the Processing Factory are located in Shenzhen, the PRC. The printing industry is highly fragmented, with substantive number of printing companies of various sizes operating in the PRC. Success of the Group depends on its ability to compete effectively against these competitors in terms of product quality, customer service, pricing, timely delivery, scale and capacity, and technical development expertise.

There is no assurance that the Group will continue to compete successfully in the future, and if the Group fails to do so, its business and financial results would be adversely affected.

Technological developments in the printing industry

The printing industry has been undergoing technological changes. New technologies offer users cost savings on raw material, time and labour and reduce human error while enhancing the quality of the product. In the event that the Group is not able to upgrade its technologies to meet customers' demands, its business and financial performance would be adversely affected.

New forms of information dissemination

With technological progress and increased public awareness, new forms of information dissemination other than print media have been used. These include the Internet, CD-ROM and other print media. If these formats become more widespread and popular, the Group's customers may decide to adopt them and reduce the usage of print media. In such event, the Group's business and financial performance would be adversely affected.

Environmental protection laws and regulations

The operation of the Processing Factory and CT Shenzhen generates by-products including wastewater and chemical waste, and is therefore subject to a variety of national and local PRC environmental laws and regulations. These environmental laws and regulations impose stringent standards on the Processing Factory and CT Shenzhen.

Notwithstanding the Group's efforts to comply with applicable environmental laws and regulations, there is no assurance that the Processing Factory and CT Shenzhen will at all times be in full compliance with all of the environmental requirements that apply to its operations. Any failure, or any claim that the Processing Factory and/or CT Shenzhen have failed to comply with environmental laws and regulations could cause delays in the production and affect the public image of the Group.

Furthermore, environmental laws and regulations may become more stringent in the future, stricter interpretations of existing laws may occur or enforcement may be increased in the PRC. Any change in the regulatory framework to which the Processing Factory and the Group is subject could result in increased actual costs and liabilities for which the Processing Factory and the Group (as the case may be) have not provided. The Group's financial position may be materially and adversely affected if the Processing Factory and/or CT Shenzhen are penalised for violations of environmental laws and regulations in the future.

RISKS RELATING TO THE PRC

Economic, political and social considerations

Substantial part of the Group's assets is located in the PRC and substantial part of the Group's business operations are conducted in the PRC. Accordingly, the Group's results of operations, financial condition and prospects are subject to a significant degree to the economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many aspects, including:

- political structure;
- degree of government involvement;
- degree of development;

- level and control of capital reinvestment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For more than two decades, the PRC government has implemented economic reform measures emphasising on the utilisation of market forces in the development of the PRC economy. The Group cannot predict whether these changes in the PRC economic, political and social conditions, laws, regulations and policies will have any adverse effect on its current or future business, financial condition or results of operations.

Changes in foreign exchange regulations

The PRC government regulates the conversion between Renminbi and foreign currencies. Over the years, the government has significantly reduced its control over routine foreign exchange transactions under current accounts, including trade and service-related foreign exchange transactions, payment of dividends. However, foreign exchange transactions under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, the State Administration of Foreign Exchange or its branches (國家外匯管理局或其分局) (the "SAFE"). CT Shenzhen is a wholly foreign owned enterprise established in the PRC by the Group. It is expected that CT Shenzhen will purchase equipment from overseas equipment suppliers for which the Group is required to pay in foreign currencies. Besides, it is expected that CT Shenzhen may pay dividends in foreign currencies by complying with certain procedural requirements. Further, the Group has in the past paid and expects to continue to pay processing fees to the Processing Factory under the Processing Agreement. Any tightening of such restriction may adversely affect the performance of the Group's obligations under the Processing Agreement. Shortages in foreign currency may restrict the ability of CT Shenzhen to remit sufficient foreign currency to pay dividends or other payments to the Group, or otherwise satisfy its foreign currency-denominated obligations.

Difficulties in the enforcement of rights

The Company was incorporated under the laws of the Cayman Islands and substantial part of the Group's businesses, assets and operations are located in the PRC. The PRC does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with the US, the UK, Japan and many other countries. In addition, Hong Kong has no arrangement with the US for reciprocal enforcement of judgments. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in the US and any of the other jurisdictions mentioned above in relation to any matter not subject to binding arbitration award may be difficult or impossible.

Although the Group will be subject to the Listing Rules and the Takeovers Code upon the Listing, the Shareholders will not be able to bring actions on the basis of violation of the Listing Rules, which do not have the force of law in Hong Kong, and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code do not have the force of law in Hong Kong and provide only standards of commercial conduct considered acceptable for takeover and merger transactions and share purchases in Hong Kong.

Appreciation of or fluctuations in the value of the Renminbi relative to the Hong Kong dollars

The exchange rates between Renminbi and Hong Kong dollars, the US dollars and the Pound Sterling and other foreign currencies are affected by, among other things, changes in the PRC's political and economic conditions. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the US dollars. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the People's Bank of China, against which it can rise or fall by as much as 0.5% each day. This change in policy has resulted in the value of the Renminbi appreciating against the US dollars significantly.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the US dollars, the Hong Kong dollars, the Pound Sterling and other foreign currency. The Group derives a substantial part of their revenue from UK in Pound Sterling and in the US dollars. If the Renminbi fluctuates against the Pound Sterling and/or the US dollars, these fluctuations may result in exchange losses or gains or increases or reductions in the Group's revenue and debt after translation into Renminbi. Besides, the appreciation of Renminbi may lead to increase of the Group's costs, which may in turn affect the Group's competitiveness against overseas printing companies. To the extent that the Company needs to convert the proceeds of the Share Offer and future financing into the Renminbi for its operation, appreciation of the Renminbi against the relevant foreign currencies would have an adverse effect on the Renminbi amount the Company would receive from the conversion. Conversely, if the Company decides to convert the Renminbi revenue into Hong Kong dollars for the purpose of making payments for dividends on the Shares or for other business purposes, appreciation of the Hong Kong dollars against the Renminbi would have a negative effect on the Hong Kong dollars amount available to the Company.

Very limited hedging transactions are available in the PRC to reduce the Group's exposure to exchange rate fluctuations. As at the Latest Practicable Date, the Group has not entered into any hedging transactions to reduce its exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited and the Group may not be able to successfully hedge its exposure at all. In addition, the Group's currency exchange losses may be magnified by the PRC exchange control regulations that restrict its ability to convert Renminbi into foreign currency.

Changes and uncertainties in the PRC legal system

The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC government has established a commercial law system, and significant progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. Consequently, developments and changes in the PRC laws and regulations, including their interpretation and enforcement, may have a negative effect on the Group's business, results of operations and financial condition.

The PRC Employment Contract Law

The PRC Employment Contract Law (the "ECL") became effective on 1 January 2008. Compliance with the requirements under the ECL, in particular, the requirements of severance payment and non-fixed term employment contracts, may increase the Group's labour costs.

Pursuant to the ECL, the Processing Factory and CT Shenzhen are required to enter into non-fixed term employment contracts with employees who have worked for them for more than 10 years or, unless otherwise provided in the ECL, for whom a fixed term employment contract has been concluded for two consecutive terms since 1 January 2008. The Group and the Processing Factory may not be able to efficiently terminate non-fixed term employment contracts under the ECL without cause. The Group and the Processing Factory are also required to make severance payments to fixed term contract employees when the term of their employment contract expires, unless the employee voluntarily terminates the contract or voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three times greater than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the ECL. Liability for damages or fines may be imposed for any material breach of the ECL.

Compliance with the relevant laws and regulations may substantially increase the Group's operating costs, thus may have a material adverse effect on the Group's results of operations.

Fire, severe weather, floods, earthquakes, or outbreak of a contagious or epidemic disease

The production facilities of the Processing Factory and CT Shenzhen are located in the PRC and the remaining operation of the Group are located in Hong Kong. Fire fighting and disaster relief or assistance in the PRC are not well developed. Material damage to, or the loss of, the Group's operational facilities, including the Processing Factory due to fire, severe weather, flood, earthquake or other acts of God may not be adequately covered by the proceeds of the Group or the Processing Factory's insurance coverage. Furthermore, any one or more of these events could significantly disrupt the Group's operations and the operations of the Processing Factory by, among other things, impeding the ability of personnel to report to work. The time required to rectify such problems could be lengthy, and could result in significant increases in costs or reduction in sales.

Moreover, several countries in Asia and Europe, including the PRC, have reported cases of avian influenza, or bird flu. While there have been no known cases of human-to-human transmission of bird flu in the PRC, no assurance can be given that the virus will not mutate into a strain capable of human-to-human transmission. Any outbreak of bird flu, or an outbreak of any other contagious disease such as severe acute respiratory syndrome, for which there is no known, effective, or readily available treatment, cure or vaccine, could have a material adverse effect on the Group's financial condition and results of operations. An outbreak of a contagious or epidemic disease could adversely affect customers' demand for the Group's products, the Group's ability to adequately staff its operations, as well as the general level of economic activity in Asia and elsewhere. If there is an outbreak of an epidemic disease such as bird flu and severe acute respiratory syndrome, the Group's business and operating results may be materially and adversely affected.

RISK RELATING TO THE SHARE OFFER

There has been no prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Share Offer, there has been no public market for the Shares. The Offer Price has been determined through negotiation between the Company and the Bookrunner (for itself and on behalf of the Underwriters) and the Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. In addition, there can be no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in the Group's operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by the Group or its competitors;
- changes in investors' perception of the Group and the investment environment generally;
- developments in the information technology;
- changes in pricing made by the Group or its competitors;
- the liquidity of the market for the Shares; and
- general economic and other factors.

The trading volume and share price of the Shares may fluctuate

The price and trading volume of the Shares may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flow, announcements of new technologies, strategic alliances or acquisitions, industrial or environmental accidents suffered by the Group, loss of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices for the products or the raw materials of the Group could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares

The Controlling Shareholders have given non-disposal undertaking to the Company, the Stock Exchange, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) in respect of their Shares and the Company will not be allowed to issue Shares or securities convertible into equity securities of the Company within six months from the Listing Date. Please refer to the section headed "Underwriting" of this prospectus for a more detailed discussion of restrictions that may apply to future issues and sales of the Shares. After these restrictions lapse, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect the Group's ability to raise capital in the future at a time and at a price it deems appropriate.

Shareholders' interests in the Company may be diluted in the future

The Group may issue additional Shares upon exercise of options to be granted under the Share Option Scheme. In addition, the Group may need to raise additional funds in the future to finance business expansion, whether related to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Forward-looking information included in this prospectus may not be accurate

This prospectus contains certain forward-looking statements and information relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to its management. When used in this prospectus, the words "anticipate", "believe", "consider", "could", "expect", "going forward", "intend", "may", "should", "plan", "seek", "will", "would", and similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. Such statements reflect the current views of the Group's management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the other risk factors described in this prospectus. The risks and uncertainties which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- business prospects of the Group;
- future debt levels and capital needs of the Group;
- strategy, plans, objectives and goals of the Group;
- general economic conditions;
- changes in regulatory and operating conditions of the markets in which the Group operates;
- the Group's ability to reduce costs;

- capital market developments;
- the actions and developments of the Group's competitors;
- certain statements in the section headed "Financial information" of this prospectus with respect to trends in prices, volumes, operations, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical fact.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect.

Industry and market information and statistics contained in this prospectus

This prospectus contains information and statistics, including but not limited to information and statistics relating to the PRC and the printing industry and market. Whilst the Directors and Sponsor have taken reasonable care in reproducing such information in this prospectus, none of the information or statistics derived from the official government publications have been independently verified by the Group or any of the Group's affiliates or advisors, or by the Lead Manager, the Underwriters, any other party involved in the Share Offer, or their respective affiliates or advisers. The Company cannot ensure the accuracy of such information and statistics and such information and statistics may not be consistent with other information publicly available or available from other sources. Prospective investors should not place undue reliance on any of such information and statistics contained in this prospectus.

Accuracy of facts and other statistics with respect to the PRC, the PRC's economy and the industry in which the Group operates contained in this prospectus

Certain facts and other statistics in this prospectus relating to the PRC, the PRC's economy and industry in which the Group operates have been derived from various official government publications. Whilst the Directors and the Sponsor have exercised reasonable care to ensure that such facts and statistics presented are accurately reproduced from their respective sources, the quality or reliability of such source materials cannot be guaranteed and have not been prepared or independently verified by the Group, the Sponsor, the Underwriters or any of their respective directors, affiliates or advisers. Therefore the Group makes no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the official government statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics.

THE LATEST FINANCIAL PERIOD REPORTED ON BY THE REPORTING ACCOUNTANTS REQUIRED UNDER THE LISTING RULES AND THE COMPANIES ORDINANCE

According to paragraph 27 of Part I of the Third Schedule to the Companies Ordinance, the Company is required to include in this prospectus a statement as to the gross trading income or sales turnover of the Group during the three financial years immediately preceding the issue of this prospectus.

According to paragraph 31 of Part II of the Third Schedule to the Companies Ordinance, the Company is required to include in this prospectus a report by the auditors and reporting accountants of the Company with respect to the financial results of the Group for each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to Rule 4.04(1) of the Listing Rules, the Company is required to include in this prospectus an accountants' report covering the combined results of the Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The accountants' report for each of the three years ended 31 December 2007 and the nine months ended 30 September 2008 has been prepared and is set out in appendix I to this prospectus. However, as this prospectus is issued within a short period of time after 31 December 2008, the accountants' report has not been prepared for the full year ended 31 December 2008 as it would be unduly burdensome for the Company to do so.

In these circumstances, an application was made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 December 2008 in this prospectus on the ground that it would be unduly burdensome for the Company to do so and a certificate of exemption has been granted by the SFC under section 342A(1) of the Companies Ordinance.

An application has also been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on condition that the Listing Date will not be more than three months after the latest financial year-end, i.e. by 31 March 2009.

The Directors are of the view that all information that is necessary for the public to make an informed assessment of the financial position of the Group has been included in this prospectus. The Directors have confirmed that they have performed sufficient due diligence on the Group to ensure that up to the date of issue of this prospectus, there has been no material adverse change in the financial and trading positions or prospects of the Group since 30 September 2008, and there is no event which would materially affect the information shown in the accountants' report as set out in appendix I to this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

The Share Offer is made solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by the Company, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors or affiliates of any of them or any other person and party involved in the Share Offer.

UNDERWRITING

This prospectus is published in connection with the Share Offer, which is sponsored by Optima Capital and managed by Sun Hung Kai and fully underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement. Information relating to the underwriting arrangements is set out in the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

United States

The Offer Shares have not been, and will not be registered under the US Securities Act, and subject to certain exceptions, may not be offered, sold, pledged or otherwise transferred within the US except to qualified institutional buyers in accordance with Rule 144A or in accordance with other applicable exemptions from the registration requirements of the US Securities Act and other applicable laws, or outside the United States in accordance with Rule 903 or Rule 904 of Regulation S, as applicable. In addition, until 40 days after the later of the commencement of the Share Offer and the completion of the distribution of the Offer Shares, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Share Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements.

THE OFFER SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE SHARE OFFER OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

If at any time the Group is not subject to the reporting requirements of Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, the Group will furnish, upon request, to any owner of the Offer Shares purchased pursuant to Rule 144A or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act to permit compliance with Rule 144A in connection with the resale of the Offer Shares so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act. The Group will also furnish to each such owner all notices of shareholders' meetings and other reports and communications that the Group generally makes available to shareholders.

United Kingdom

This prospectus is not an approved prospectus for the purposes of the UK Prospectus Rules, as implemented further to the EU Prospectus Directive (2003/71/EC), and has not been approved under section 21 of the Financial Services and Markets Act 2000 (as amended) ("FSMA") by a person authorised by the UK Financial Services Authority. Accordingly, the Offer Shares may only be offered or sold to persons in the UK in one of the circumstances described in section 86 of FSMA in which an approved prospectus is not required.

In addition the financial promotions contained in this prospectus are directed only at, and this prospectus is only being distributed to, (1) persons who receive this prospectus outside of the UK, and (2) persons in the UK who fall within the exemptions under articles 19 (investment professionals) and 49 (high net worth companies, high value trusts and certain other high net worth entities and unincorporated associations) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "Relevant Persons"). This prospectus must not be acted upon or relied upon by a person in the UK who is not a Relevant Person. This prospectus is confidential and is provided to recipients in the UK on a personal basis and must not be transferred or assigned to persons who are not Relevant Persons. The transmission of this prospectus to any person other than Relevant Persons in the UK is unauthorised and may contravene FSMA and other UK securities laws and regulations. Any investment or investment activity to which this prospectus relates is available in the UK only to Relevant Persons and will be engaged in only with Relevant Persons.

Singapore

This prospectus has not been and will not be lodged and registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other offering document or material in connection with the offer of the Offer Shares may not be issued, circulated or distributed in Singapore nor may any of the Offer Shares be offered for subscription or purchase or sold, directly or indirectly, nor may an invitation or offer to subscribe for or purchase any Offer Shares be made, directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

PRC

This prospectus may not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold, directly or indirectly, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

Cayman Islands

No offer of the Offer Shares may be made to members of the public in the Cayman Islands.

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his or her or its acquisition of the Offer Shares to have confirmed, that he or she or it is aware of the restrictions on offering of the Offer Shares described in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalisation Issue, Shares to be issued pursuant to the Share Offer, and any Shares to be issued upon the exercise of any option which may be granted under the Share Option Scheme, on the Main Board.

As at the Latest Practicable Date, no part of the Shares or loan capital of the Company was listed or dealt in on the Main Board or on any other stock exchange and at present, no such listing or permission to deal is being or is proposed to be sought on the Main Board or any other stock exchange.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All Shares to be issued pursuant to the Capitalisation Issue, the Share Offer and any Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme will be registered on the Company's branch register of members to be maintained by Tricor Investor Services Limited in Hong Kong. The Company's principal register of members will be maintained in the Cayman Islands. Only Shares registered on the Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares, you should consult an expert.

The Company, the Directors, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer do not accept responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence at 9:30 a.m. on Monday, 30 March 2009. Shares will be traded in board lots of 2,000 Shares each.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

DIRECTORS

Name	Address	Nationality
Chairman and non-executive Director		
Mr. Tsoi Tak (蔡得先生)	Flat H, 57th Floor Block 11, Kin Tung Road Caribbean Coast Tung Chung New Territories Hong Kong	Chinese
Executive Directors		
Ms. Wu Sin Wah, Eva (胡倩華小姐)	Ground Floor, Block 12 Nice Villa 242 Hang Tau Road Kwu Tung Sheung Shui New Territories Hong Kong	Chinese
Mr. Cai Xiao Ming, David (蔡曉明先生)	Flat H, 57th Floor Block 11, Kin Tung Road Caribbean Coast Tung Chung New Territories Hong Kong	Canadian
Mr. Cai Xiao Xing (蔡曉星先生)	Flat H, 57th Floor Block 11, Kin Tung Road Caribbean Coast Tung Chung New Territories Hong Kong	Canadian
Mr. Kiong Chung Yin, Yttox (姜仲賢先生)	Flat C, 12th Floor Block 7 Tung Chung Crescent Tung Chung Lantau New Territories Hong Kong	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. Lam Ying Hung, Andy (林英鴻先生)	Flat A, 3rd Floor Block 6, Site 12 Whampoa Garden Kowloon Hong Kong	Chinese
Mr. Lui Tin Nang (呂天能先生)	Flat B, 22nd Floor Tower 3 The Waterfront 1 Austin Road West Kowloon Hong Kong	British
Mr. Siu Man Ho, Simon (蕭文豪先生)	Flat 18A Mongkok Plaza 28 Soy Street Mongkok Kowloon Hong Kong	Chinese

PARTIES INVOLVED

Sponsor	Optima Capital Limited Unit 3618, 36th Floor Bank of America Tower 12 Harcourt Road Central Hong Kong
Bookrunner and Lead Manager	Sun Hung Kai International Limited 12th Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Placing Underwriters	Sun Hung Kai International Limited 12th Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong China Merchants Securities (HK) Co., Ltd 48th Floor, One Exchange Square Central Hong Kong Evolution Watterson Securities Limited 5th Floor, 8 Queen's Road Central Hong Kong Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong Shenyin Wanguo Capital (H.K.) Limited 28th Floor, Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong Taishin Securities (Hong Kong) Company Limited Room 2803, 28th Floor Tower I, Admiralty Centre 18 Harcourt Road Hong Kong

Public Offer Underwriters	Sun Hung Kai International Limited 12th Floor, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	China Merchants Securities (HK) Co., Ltd 48th Floor, One Exchange Square Central Hong Kong
	Evolution Watterson Securities Limited 5th Floor, 8 Queen's Road Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Shenyin Wanguo Capital (H.K.) Limited 28th Floor, Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong
	Taishin Securities (Hong Kong) Company Limited Room 2803, 28th Floor Tower I, Admiralty Centre 18 Harcourt Road Hong Kong
Legal advisers to the Company	*As to Hong Kong laws:* Michael Li & Co. 14th Floor, Printing House 6 Duddell Street Central Hong Kong
	As to PRC laws: GFE Law Office 18th Floor, Guangdong Holdings Tower No. 555 Dongfeng East Road Guangzhou Guangdong Province 510050 PRC

	As to Cayman Islands laws: Conyers Dill & Pearman Cricket Square Hutchins Drive Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong laws:* K&L Gates 35th Floor Two International Finance Centre 8 Finance Street Central Hong Kong
	As to PRC laws: Dacheng Law Offices 12th-15th Floor, Guohua Plaza 3 Dongzhimennan Avenue Dongcheng District Beijing PRC
Joint auditors and reporting accountants	CCIF CPA Limited 20th Floor, Sunning Plaza 10 Hysan Avenue Causeway Bay Hong Kong
	World Link CPA Limited 5th Floor, Far East Consortium Building 121 Des Voeux Road Central Hong Kong
Property valuer	Castores Magi (Hong Kong) Limited Suite 211 China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Receiving banker	Standard Chartered Bank (Hong Kong) Limited 15th Floor Standard Chartered Tower 388 Kwun Tong Road Hong Kong

CORPORATE INFORMATION

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

Compliance adviser

Optima Capital Limited
Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

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

Authorised representatives

Ms. Wu Sin Wah, Eva
Ground Floor, Block 12
Nice Villa
242 Hang Tau Road
Kwu Tung
Sheung Shui
New Territories
Hong Kong

	Mr. Cai Xiao Ming, David Flat H, 57th Floor Block 11, Kin Tung Road Caribbean Coast Tung Chung New Territories Hong Kong
Principal bankers	Standard Chartered Bank (Hong Kong) Limited 13th Floor, Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong
	Hang Seng Bank Limited 20th Floor 83 Des Voeux Road Central Hong Kong
	The Hong Kong and Shanghai Banking Corporation Limited Level 10, HSBC Main Building 1 Queen's Road Central Hong Kong
	DBS Bank (Hong Kong) Limited 16th Floor, The Center 99 Queen's Road Central Hong Kong
	Dah Sing Bank Limited 35th Floor, Dah Sing Financial Centre 108 Gloucester Road Hong Kong
	The Bank of East Asia Limited 38th Floor, BEA Tower Millenium City 5 418 Kwun Tong Road Kwun Tong Kowloon Hong Kong

Principal share registrar and transfer office in Cayman Islands	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

The information provided in this section is derived from various published sources and/or official government sources. Neither the Company, nor the Sponsor, nor the Lead Manager, nor the Underwriters, or their affiliates or advisers have independently verified any information derived from the stated published source official government sources. The information in this section may not be consistent with or may not have been compiled with the same degree of accuracy or completeness as statistics or other information compiled elsewhere. You should not place reliance on statement in this section.

INTRODUCTION

Printing is a supporting industry to publishing, advertising and various light consumer goods industries. Printers in Hong Kong manufacture a wide range of printed products, including books, booklets, brochures, pamphlets and leaflets and paper and paperboard labels. Other paper-related products include advertising materials, commercial catalogues, calendars, postcards and greeting cards. Some printers specialise in the production of higher value-added or high-tech printing products, such as children's novelty books with pop-ups and additional objects, cheque books, passports, bills and statements, securities and prospectuses etc. which require considerable skills, substantial capital investment and confidentiality.

Printing of books can be categorised by their binding methods and can generally be classified as case bound books, paperback books, spiral bound books and novelty books. Unlike the other three types of books, the novelty books usually require a number of manual procedures and techniques. Set out below are the shares in percentages of major categories of Hong Kong's exports of printed matter categorised by the products' function for each of the years from 2005 to 2007:

Analysis of major Hong Kong's exports of printed matter categorised by function

	2005	**2006**	**2007**
	Share in %	*Share in %*	*Share in %*
Miscellaneous books, brochures etc.	46.3	48.1	49.9
Paper and paperboard labels of all kinds	21.8	22.3	20.9
Children's pictures, drawing or colouring books	9.3	8.2	9.9
Printed or illustrated postcards, printed cards	8.4	7.3	8.0
Trade advertising materials, commercial catalogues etc.	2.0	2.2	2.2
Others	12.2	11.9	9.1
Total	100.0	100.0	100.0

Source: Hong Kong Trade Development Council, Hong Kong Industry Profiles, April 2008

The printing industry in Hong Kong has been evolving and the ability to catch up with new printing technologies is thus crucial. Many Hong Kong printing companies have invested considerably in advanced machinery and equipment to ensure the quality and efficiency of work. Examples of use of machineries and technologies include one to five-colour printing machines, lamination machines, die-cutting, paper-cutting, shrink-wrapping, folding, hot-stamping, binding machines and computer-to-plate technology. The computer-to-plate technology enables transmission of images onto a plate directly without the process of colour management and making separate colour films. This has shortened the pre-press production time and facilitated the production of defined images.

Many Hong Kong printing companies have set up production facilities in the PRC, particularly in Shenzhen and the nearby areas and leaving the non-production operations such as the sales and marketing office in Hong Kong. The migration was mainly attracted by the supply of relatively low cost labour, availability of relatively low cost industrial premises and land, as well as the continuous improvement of transportation network including roads and ports in the PRC. However, these printing companies usually continue to maintain their Hong Kong offices to receive and manage overseas sales orders. Moreover, overseas customers are increasingly looking for faster turnaround and shorter delivery time in order to maximise return through smaller but more frequent orders. During the year, Hong Kong printers are able to maintain their competitiveness as they have been renowned for quality, quick delivery, competitive pricing and the ability to cope with short-notice printing jobs. More importantly, the quality of the printed products produced by Hong Kong printing companies are comparable to that of the US, Germany and Japan.

MARKETS FOR HONG KONG'S PRINTED MATTER

Exports and re-exports of printed matter

The increasing economic integration between the PRC, Hong Kong and the rest of the world provides favourable conditions for the growth of the printing industry in Hong Kong. Besides, the excellent telecommunication infrastructure in Hong Kong enables publishers to quickly access and deliver electronic data from most places in the world. The total exports of books, brochures and similar printed matter from Hong Kong (including the re-export of books, brochures and similar printed matter from Hong Kong) has grown from approximately HK$5,736.2 million in 2003 to approximately HK$9,784.9 million in 2007, representing a CAGR of approximately 14.3%. Set out below are the major export markets for books, brochures and similar printed matter from Hong Kong for each of the years from 2003 to 2007:

Export of books, brochures and similar printed matter from Hong Kong

Hong Kong export to	2003	2004	2005 (HK$ in million)	2006	2007	2007/2003 CAGR%
US	2,846.0	3,300.3	3,419.8	4,039.7	4,187.0	10.1
UK	762.3	977.0	1,074.1	1,257.4	1,645.8	21.2
Australia	316.9	413.9	473.1	513.4	622.6	18.4
Germany	130.4	204.3	277.6	320.0	419.9	34.0
France	101.3	137.6	173.5	233.8	317.0	33.0
Others	1,579.3	1,805.8	2,098.7	2,411.8	2,592.6	13.2
Total	**5,736.2**	**6,838.9**	**7,516.8**	**8,776.1**	**9,784.9**	**14.3**

Source: Hong Kong Census and Statistic Department, World Trade Atlas, November 2008

In line with the growing trend of the exports of printed matter from Hong Kong, the re-exports of printed matter also showed an increasing trend. Moreover, most of the products produced by the Processing Factory are firstly shipped to Hong Kong and re-exported to overseas customers. The total re-export of books, brochures and similar printed matter from Hong Kong has grown from approximately HK$3,820.4 million in 2003 to approximately HK$8,644.0 million in 2007, representing a CAGR of approximately 22.6%. Set out below are the major re-export markets from Hong Kong for each of the years from 2003 to 2007:

Re-export of books, brochures and similar printed matter from Hong Kong

	2003	**2004**	**2005**	**2006**	**2007**	**2007/2003**
Hong Kong re-export to			**(HK$ in million)**			**CAGR%**
US	193.1	2,693.7	3,008.3	3,727.5	3,773.2	110.2
UK	534.2	774.4	928.4	1,153.8	1,438.3	28.1
Australia	233.2	331.9	408.1	455.5	558.3	24.4
Germany	101.9	179.2	248.0	301.8	403.7	41.1
France	83.2	121.2	156.2	221.5	289.7	36.6
Others	2,674.8	1,232.7	1,522.4	1,907.0	2,180.8	(5.0)
Total	**3,820.4**	**5,333.1**	**6,271.4**	**7,767.1**	**8,644.0**	**22.6**

Source: Hong Kong Census and Statistic Department, World Trade Atlas, November 2008

Size of the US and the UK markets

As shown in the tables above, the US and the UK markets have been the largest exports and re-exports market of books, brochures and similar printed matter of Hong Kong. Since 2004, the US and the UK markets together have represented over 50% of the value of exports and re-exports of books, brochures and similar printed matter from Hong Kong each year.

Set out below are the total amount of books, brochures and similar printed matter imported from other countries to the US and the UK for each of the years from 2003 to 2007. The growing trend shows an expanding market for imported printed matter in both the US and the UK.

Books, brochures, leaflets and similar printed matter imported from other countries to the US and the UK

	2003	**2004**	**2005**	**2006**	**2007**	**2007/2003**
Countries			**(US dollars in million)**			**CAGR%**
US	1,940.2	2,127.2	2,235.6	2,316.3	2,485.0	6.4
UK	1,232.0	1,448.5	1,492.0	1,577.2	1,847.2	10.7

Source: United Nations Comtrade Database, 2008

Recent industry development

Overseas publishers are now, in general, placing orders from abroad to printers in Hong Kong through electronic communications. The processes of specifying requirements, enquiries, checking the sample drafts, amending information and confirming orders could all be completed online. It was also the trend that the production processes are being automated with computer systems.

Moreover, for the purpose of increasing the attractiveness of the products, certain traditional printed products will have innovative designs in order to be competitive in various market segments. For example, calendars will take different styles from desktop models to three dimensional wall calendars. In addition, the printing quality has also become essential and thus five-colours or seven-colours printing machines are being introduced. There are also innovations in ink, through which a printing scent with various flavours can be introduced to printed matter.

As emphasis on packaging increases, users of packaging require better quality materials including highly embellished folding boxes, tamper proof and safety features, pressure sensitive self adhesive labels with no label look, heat resistance and deep freeze products. On the other hand, publishers are encouraged to be more environmentally friendly.

Competition

The Directors consider that there are entry barriers to the printing industry due to the relatively substantial amount of capital required for investments in plants and machineries.

It is identified by the Group that the principal competitors of the Group are those medium size Hong Kong printing companies having production facilities established in the PRC and printers in the other Asia countries such as Singapore and Thailand, which have the financial resources, technical expertise and sales and marketing networks comparable to or better than those of the Group. The Group directly competes with them in terms of price, quality and range of products sources, timeliness of delivery and the scope and breadth of value added services provided.

In order to maintain its competitiveness, the Group seeks to distinguish itself from the principal competitors in each phase of the production process on the basis of raw material procurement, production cycle, product quality and customer service. For further details, please refer to the paragraph headed "Competition" in the section headed "Business" of this prospectus.

Paper cost

The raw materials used in printing of books are primarily paper and paperboard. The major types of paper used in printing of books are coated paper and woodfree paper, both of which are mainly used for commercial printing, magazines, catalogues, book covers etc. The global demand for paper and paperboard has been growing stably over the past decade. According to information from Bloomberg, the average of the price index for a minimum of 10 tons of woodfree paper of 100 grams during the Track Record Period was approximately US$896.3, US$903.4, US$973.6 and US$1,030.7 per metric ton respectively, while the average price index from October 2008 to December 2008 dropped to approximately US$913.33 per metric ton.

PRINTING INDUSTRY IN THE PRC

The printing business is also one of the major manufacturing industries in the PRC. According to Printing and Printing Equipment Industries Association of China (中國印刷及設備器材工業協會), the total production value of the printing industry amounted to approximately RMB380 billion for the year of 2006. The total production value of books printing amounted to approximately RMB81 billion for the year of 2006, representing approximately 21% of the production value of the overall printing industry.

Similar to Hong Kong, the PRC printing industry has also experienced a growth in value of export of books, brochures and similar printed matter during 2003 to 2007. The total export of books, brochures and similar printed matter from the PRC has grown from approximately RMB2,962.8 million in 2003 to approximately RMB6,666.0 million in 2007, representing a CAGR of approximately 22.5%. Set out below are the major export markets from the PRC for each of the years from 2003 to 2007:

Export of books, brochures and similar printed matter from the PRC

PRC export to	2003	2004	2005	2006	2007	2007/2003 CAGR%
			(RMB in million)			
Hong Kong	1,647.1	2,067.1	2,272.1	2,473.6	2,753.6	13.7%
US	738.3	964.9	1,077.8	1,433.2	1,854.2	25.9%
UK	210.2	267.8	373.0	438.6	624.7	31.3%
Germany	49.4	61.4	101.8	150.6	208.5	43.3%
Australia	38.2	56.0	77.5	88.3	116.7	32.2%
Others	279.6	342.4	469.6	735.8	1,108.3	41.1%
Total	**2,962.8**	**3,759.6**	**4,371.8**	**5,320.1**	**6,666.0**	**22.5%**

Source: China Custom, World Trade Atlas, 2008

Companies in the printing industry in the PRC have to comply with certain regulatory requirements established and published by the PRC government including but not limited to (i) the Regulations of Administration of Printing Industry (印刷業管理條例) promulgated and implemented on 2 August 2001 by the PRC State Council (中華人民共和國國務院); (ii) the Regulations on Publication Administration (出版管理條例) promulgated on 25 December 2001 and implemented on 1 February 2002 by the PRC State Council; (iii) the Administration Regulations on Fulfilling Printing Orders (印刷品承印管理規定) jointly promulgated on 18 July 2003 and implemented on 1 September 2003 by the General Administration of Press and Publication of the PRC (中華人民共和國新聞出版總署) and the Ministry of Public Security of the PRC (中華人民共和國公安部); (iv) the Temporary Regulations for the Establishment of Foreign Investment Printing Enterprises (設立外商投資印刷企業暫行規定) jointly promulgated and implemented by the General Administration of Press and Publication of the PRC and the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部) (now known as the Ministry of Commerce of the PRC (中華人民共和國商務部)) on 29 January 2002; (v) the Temporary Regulations for the Qualifications of the Operators in the Printing Industry (印刷業經營者資格條件暫行規定) promulgated and implemented on 9 November 2001 by the General Administration of Press and Publication of the PRC; and (vi) the Rules of the Shenzhen Special Economic Zone on the Implementation of Regulations of

Administration of Printing Industry (深圳經濟特區實施《印刷業管理條例》若干規定) promulgated on 25 June 2004 and implemented on 1 July 2004 by the Standing Committee of Shenzhen Municipal People's Congress (深圳市人民代表大會常務委員會) (collectively, the "Printing Laws and Regulations").

Pursuant to the Printing Laws and Regulations, foreign entities are allowed to set up foreign capital invested printing enterprises which can be (i) a joint venture or cooperation engaging in the printing industry in the PRC (a PRC partner is required); or (ii) a wholly foreign owned enterprise engaging in package segment of the printing industry. Moreover, any legal entities (including those foreign capital invested enterprises) or individuals engaging in printing business in the PRC must apply for the Printing Licence from the publication administrative authority at the relevant provincial, autonomous region or municipal level. The Printing Laws and Regulations also stipulate that, upon obtaining approval from relevant administrative departments in charge of publishing, those foreign capital invested enterprises engaging in printing business may receive production orders from foreign publishers to print publications, packaging and decorative printed products and other printed products that are to be exported out of the PRC.

As advised by the PRC Legal Advisers and on the basis that CT Shenzhen has been granted with the business licence, the Directors consider that, CT Shenzhen, being a wholly foreign owned enterprise, is permitted to engage in, among others, the printing of packaging and decorative printed products which are produced for sale within the PRC. Further, as the business licence of CT Shenzhen, on which its scope of business is properly stated, has been duly approved by the appropriate PRC authority, the PRC Legal Advisers and the Directors are of the view that the business scope of CT Shenzhen does not violate any of the required PRC laws and regulations. Moreover, CT Shenzhen has obtained the approval of the Administration of Press and Publication of Guangdong Province to receive production orders from foreign publishers to print publications, packaging and decorative printed products and other printed products that are to be exported out of the PRC. Accordingly, CT Shenzhen is allowed to engage in the printing of books for export, subject to the compliance of the relevant administrative registration procedures.

As regards to processing arrangement in the PRC, it refers to the business activities of importing all or part of the raw and auxiliary materials, parts and components, accessories, and packaging materials from abroad, and re-exporting the finished products after processing or assembling by the PRC processing partners. According to the Interim Measures for the Administration of Examination and Approval of Processing Trade (加工貿易審批管理暫行辦法) (promulgated on 27 May 1999 and implemented on 1 June 1999 by the Ministry of Foreign Trade and Economic Cooperation of the PRC (now known as the Ministry of Commerce of the PRC), approval from provincial level or the authorised district or county level departments of foreign economic relations and trade must be obtained by the PRC processing partner before it commences the processing activities. Pursuant to the PRC Customs Supervision and Administration of Processing Trade Goods (中華人民共和國海關對加工貿易貨物監管辦法) (promulgated by the General Administration of Customs on 26 February 2004, came into effect on 1 April 2004 and amended on 14 January 2008), subject to the granting of the approval of customs and fulfilment of the required procedures, the PRC processing partners may sub-contract the processing work of its products to other sub-contractors. Upon completion of the sub-contracting processing, the processed products shall be returned to the PRC processing partners. During the Track Record Period, the Processing Factory has sub-contracted certain of its printing orders to other sub-contractors who are Independent Third Parties.

Save as disclosed above, the PRC Legal Advisers and the Directors confirm that there are no other material regulations in the PRC in respect of printing industry applicable to the Group and its business operation.

HISTORY AND DEVELOPMENT

The history of the Group can be traced back to the year of 2001. During its early development stage, the Group focused mainly on the printing of paper packaging products and the binding of books. Along with the expansion in its business operation and customer base, the Group's product mix has been broadened. As at the Latest Practicable Date, the Group's printed products include case bound books, paperback books, spiral bound books, novelty books and other paper-related products which include greeting cards, party decoratives, calendars, paper bags and packaging boxes.

CT Printing was incorporated in Hong Kong on 5 January 2001 with limited liability. Since its incorporation and up to March 2005, CT Printing was wholly-owned by Brilliant Circle[(1)] which was then ultimately and beneficially owned as to 99% by Mr. Tsoi and as to 1% by Madam Cheng. In March 2005, Madam Cheng transferred her entire interest in Brilliant Circle to Mr. David Cai at the consideration of HK$1.00 as part of her family arrangement and Mr. David Cai then held such interest in Brilliant Circle on trust for Mr. Tsoi. Following such transfer, CT Printing became wholly and beneficially owned by Mr. Tsoi, through Brilliant Circle, BCPP and BCHIL as intermediate holding companies.

Prior to the incorporation of CT Printing, Mr. Tsoi together with four Independent Third Parties established Brilliant Oriental, in which Mr. Tsoi was 51% beneficially interested. On 8 May 2000, Brilliant Oriental as the foreign party entered into the Processing Agreement with (i) Pingshan Jiangling as the PRC Processing Partner to the Processing Agreement; and (ii) Longgang Foreign Economic Development as the business agent to the Processing Agreement, to engage in the printing business. The Processing Factory was initially named as Pingshan Jiangling Guilian Oriental Paper Craft Factory and located at the Jiangling Village, Pingshan Town, Shenzhen, the PRC.

Pursuant to the CT Supplemental Processing Agreement dated 25 July 2001, CT Printing replaced Brilliant Oriental as the foreign party to the Processing Agreement and all the rights and obligations of Brilliant Oriental under the Processing Agreement were transferred to CT Printing. The Processing Factory was renamed as Pingshan Shitian Paper Craft Factory with business scope including the printing of paper products such as wrapping paper, colour books and binding of books. Since then, the production function of the Group has been carried out in the Processing Factory pursuant to the Processing Agreement. All products printed by the Processing Factory have been exported outside of the PRC.

In early 2002, the Group secured customers from the UK through the introduction of the UK Representative. In the first half of 2002, the Group successfully secured sales contracts from Robert Frederick Ltd., a publisher based in the UK. During the same year, the Group further expanded its UK customer base by securing, amongst others, Parragon Books Limited, The Brown Reference Group Plc. and The Ivy Press Limited as its customers.

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(1) Brilliant Circle's beneficial interest in CT Printing was initially held as to 80% by Mr. Tsoi and as to 20% by Mr. David Cai, both as nominees on trust for Brilliant Circle. On 22 May 2006, Mr. Tsoi and Mr. David Cai, at the direction of Brilliant Circle, transferred their respective legal interests in CT Printing to Brilliant Circle.

With a view to further strengthening its sales network and customer relationship, in October 2003, the Group recruited Ms. Wu Sin Wah, Eva, currently an executive Director and the Chief Executive Officer of the Company, who possesses extensive experience in the printing industry in Hong Kong, to oversee the sales and marketing function of the Group.

On 25 May 2004, Pingshan Jiangling, CT Printing, Longgang Foreign Economic Development, Jialaiyuan and Shenzhen Major Industrial District Development, entered into a supplemental agreement to the Processing Agreement, pursuant to which, among others, Shenzhen Major Industrial District Development replaced Pingshan Jiangling as the PRC Processing Partner and Jialaiyuan replaced Longgang Foreign Economic Development as the business agent under the Processing Agreement. The resignation of Pingshan Jiangling as the PRC Processing Partner and the resignation of Longgang Foreign Economic Development as the business agent were principally due to the relocation of the Processing Factory. In June 2004, the Processing Factory was relocated to Lanzhu Boulevard, Grand Industrial Zone, Shenzhen, the PRC to increase the production scale and renamed as Shenzhen Shitian Printing Factory.

In order to expand the European market, the Group appointed the UK Representative as its exclusive representative in the UK and non-exclusive representative for European countries (other than UK) in September 2004.

After the relocation of the Processing Factory to Grand Industrial Zone, Shenzhen, the PRC in 2004, the Annual Production Capacity of the Processing Factory reached approximately 356.7 million printed sheets. CT Printing also purchased new machinery in 2005 for use by the Processing Factory to strengthen its product lines for wire-o books printing.

The Group has gradually accumulated industry experience in book printing business and expanded its customer base. By the end of 2005, customers of the Group reached over 60 in number spanning over nine countries, including the UK and the US. During 2005, the Group successfully secured orders from new customers including Readers' Digest and Dragon Sourcing (Far East) Ltd.. During the year ended 31 December 2005, the Group generated a turnover of approximately HK$163.1 million from the sale of printed books and approximately HK$6.9 million from the sale of other printed products which include greeting cards, party decoratives, calendars, paper bags and packaging boxes.

In July 2006, Mr. Tsoi transferred some shares in BCPP (the immediate holding company of Brilliant Circle) to a company wholly-owned by Mr. David Cai at a consideration of US$600, being the par value of the transferred shares, as part of his family arrangement, and to a strategic investor (the "Investor"), which is an Independent Third Party, at a consideration of US$8 million with a view to expanding the capital base of BCPP. The consideration paid by the Investor was determined with reference to the then business prospects and financial position of BCPP and its subsidiaries. Immediately following the aforesaid share transfers, CT Printing became ultimately and beneficially owned as to 89.25% by Mr. Tsoi, 6% by Mr. David Cai and 4.75% by the Investor. Notwithstanding the introduction of the Investor, Mr. Tsoi remained as the controlling shareholder of Brilliant Circle.

On 26 July 2006, Jialaiyuan, Shenzhen Major Industrial District Development and CT Printing entered into a supplemental agreement to the Processing Agreement, pursuant to which, among others, Jialaiyuan replaced Shenzhen Major Industrial District Development as the PRC Processing Partner. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the resignation of Shenzhen Major Industrial District Development as the PRC Processing Partner was due to its own administrative planning reason. In the meantime, in order to avoid any interruption to the business of the Group which might have been caused if the Processing Factory was to be relocated as a result of the change of the PRC Processing Partner, with the consent of the landlord of the production premises and Jialaiyuan, the Processing Factory entered into a lease agreement with the landlord so that the Processing Factory could continue to carry out its operation in the same production premises.

In June 2006, CT Printing and the Processing Factory both became certified to the ISO9001:2000 standard in respect of the manufacture and sale of case bound books, paperback books, novelty books, paperbags, greeting cards and packaging boxes. The Directors believe that the accreditation of ISO9001:2000 indicates that CT Printing has reached an international quality management standard. In November 2006, the Processing Factory commenced to implement an enterprise resources planning system for effective coordination of all the resources, information and activities in the business processes.

From late 2005 to 2006, CT Printing purchased new machinery (including three four-colour offset printing machines) for the Processing Factory which amounted to approximately HK$50.4 million in order to cater for the growing demand of business. With the new machinery, the Annual Production Capacity of the Processing Factory increased from approximately 419.7 million printed sheets in 2005 to approximately 491.9 million printed sheets by the end of 2006. In addition, during the year ended 31 December 2006, the Group has recorded a turnover of approximately HK$260.1 million from the sale of printed books and approximately HK$8.1 million from the sale of other paper-related products.

CT Printing began to participate in various international book and paper products fairs in the UK and the US in 2006. By the end of 2006, the Group's customers reached over 80 in number in 19 countries covering Europe, America and Asia. The diversification of the Group's sales distribution was a result of the successful marketing campaign in the past. The Group also secured Media Landmark Investments Limited and Anova Books Company Limited as customers during the year.

On 22 June 2007, Mr. Tsoi acquired the entire issued share capital of CT Printing from Brilliant Circle at a consideration of HK$10,000, being the par value of the transferred shares, and became the legal and beneficial owner of the entire issued share capital of CT Printing. Since then, Brilliant Circle has ceased to have any interest in CT Printing. Immediately before the acquisition of the entire issued share capital of CT Printing by Mr. Tsoi, Mr. David Cai disposed of the entire equity interest in the investment holding company which held the shares of BCPP to BCHIL, which was a company wholly-owned by Mr. Tsoi, at a consideration of US$1.00, being the par value of the transferred equity interest as part of his family arrangement. The Investor also disposed of its equity interest in BCPP to BCHIL in June 2007 at a consideration of US$9.6 million which was arrived at after arm's length negotiation between the Investor and BCHIL.

In August 2007, each of CT Printing and the Processing Factory was awarded a silver medal in the China Print Awards in both case bound book and the commercial printing contexts respectively. The China Print Awards were organised by the Printing and Printing Equipment Industries Association of China, the Hong Kong Printers Association, Taiwan Printing & Machinery Material Industry

Association and Macao Printing Association. In September 2007, the Processing Factory became certified to the following standards: (i) ISO14001:2004, a standard for environmental management; (ii) OHSAS18000:1999, a standard for quality, environment, safety and healthy management; and (iii) SA8000:2001, a standard for social accountability. The Directors consider that the accreditation of the aforesaid certifications and awards have successfully promoted the Group's and the Processing Factory's image and more importantly, will enable the Group to capture multi-national corporations as its customers in the future.

In 2007, in anticipation of the growth in demand for the Group's business, the Group has further acquired new machinery, including two eight-colours offset printing machines and one four-colours offset printing machines, with aggregate value of approximately HK$56.4 million. All of these offset printing machines were manufactured in Germany. As a result, the Annual Production Capacity of the Processing Factory has reached approximately 681.4 million printed sheets. During the year ended 31 December 2007, the Group has recorded a turnover of approximately HK$316.8 million from the sale of printed books and HK$18.6 million from the sale of other paper-related products.

By the end of 2007, the number of customers of the Group has increased to over 100 covering 29 countries. The Group's footprint has extended to countries such as Italy, Germany, Netherlands, Switzerland, Sweden, Mexico, Canada, Ghana, etc. The continuing diversification in the mixture of customer base has reduced the Group's reliance on the UK market.

On 15 August 2008, CT Shenzhen was established in the PRC by the Group as a wholly foreign owned enterprise with a term of operation of 30 years expiring on 15 August 2038. Pursuant to the business licence of CT Shenzhen, its business scope covers the printing of packaging and decorative matter, research and development on printing technology, wholesale, import and export of packaging products and other related services. The registered capital of CT Shenzhen is US$4.28 million, of which US$860,000 had been paid up as at the Latest Practicable Date. CT Shenzhen is expected to commence trial operation in or about May 2009 and full operation in or about September 2009.

On 12 August 2008, Jialaiyuan (in its capacities as the PRC Processing Partner and as the business agent) and CT Printing entered into a supplemental agreement to the Processing Agreement, pursuant to which, among others, the term of the Processing Agreement was extended to 8 May 2016.

In 2008, CT Printing and the Processing Factory were granted the FSC COC certification. The Group also participated in various book shows and exhibitions, including the Book Expo America 2008 in May 2008 held in Los Angeles, US and The London Book Fair in April 2008. During the year, the Group has successfully received orders from Eastern Europe and Western African countries.

As at the Latest Practicable Date, the Group had a total of 40 permanent full-time staff based in Hong Kong and the PRC. As at the Latest Practicable Date, there were 941 staff employed by the Processing Factory for the manufacture of the Group's products.

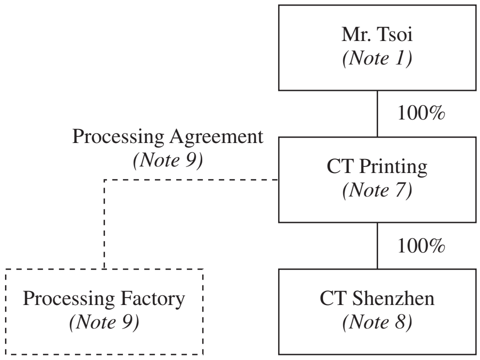
The Directors believe that the Group, having its customer base established and production facilities and machinery in place, is capable of carrying on its business independently of its Controlling Shareholders after the Listing.

In its preparation for the Listing, the Group underwent the Reorganisation. The Company was incorporated in the Cayman Islands on 11 November 2008 and CT Printing BVI was incorporated in the BVI on 24 October 2008. As part of the Reorganisation, on 10 December 2008, CT Printing BVI acquired the entire issued share capital of CT Printing from Mr. Tsoi in consideration of CT Printing BVI allotting and issuing 100 ordinary shares of US$1.00 each, credited as fully paid, to Mr. Tsoi. On 18 December 2008, CT Printing and Mr. Tsoi entered into a loan capitalisation agreement (as supplemented) pursuant to which the indebtedness of approximately HK$108.8 million owed by CT Printing to Mr. Tsoi was capitalised in consideration of CT Printing allotting and issuing a total of 10,000 ordinary shares of HK$1.00 each, credited as fully paid, to CT Printing BVI at the direction of Mr. Tsoi. Mr. Tsoi transferred 30% shareholding in CT Printing BVI to his son, Mr. David Cai, on 4 March 2009 as part of his family arrangement. On 4 March 2009, as final steps of the Reorganisation, (i) Mr. Tsoi transferred one nil paid Share held by him to Profitcharm (a company beneficially and wholly-owned by Mr. Tsoi); and (ii) the entire issued share capital of CT Printing BVI was transferred by Mr. Tsoi and Mr. David Cai to the Company in consideration of the Company allotting and issuing 6,999,999 Shares and 3,000,000 Shares, all credited as fully paid, to Profitcharm and Sinorise (a company benefically and wholly-owned by Mr. David Cai) respectively at the direction of Mr. Tsoi and Mr. David Cai, and crediting the one nil paid Share held by Profitcharm as fully paid at par. As a result, the Company has become the ultimate holding company of the Group. The Reorganisation was completed on 4 March 2009. Further details of the Reorganisation are set out in the paragraph headed "Reorganisation" in appendix VI to this prospectus.

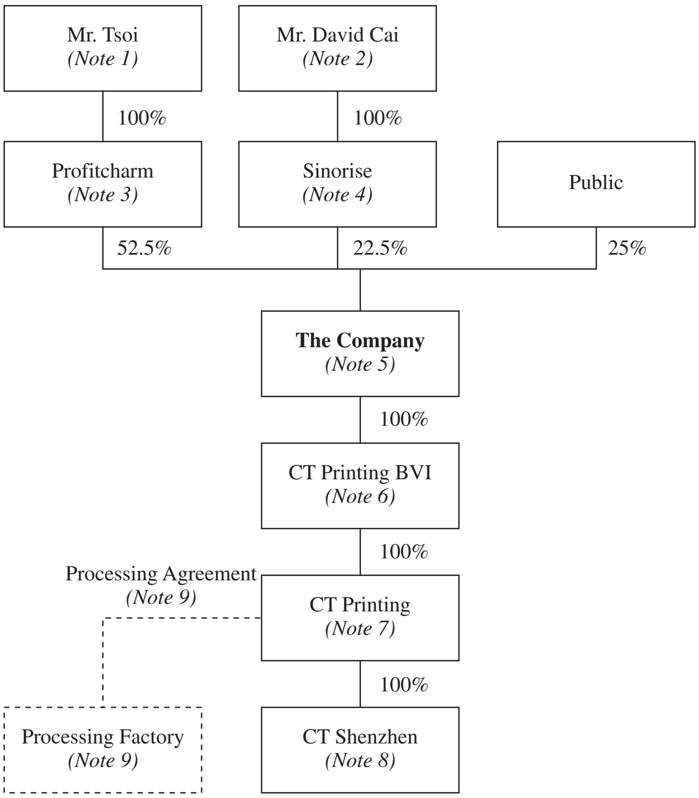
The PRC Legal Advisers have advised and the Directors are of the view that neither the Reorganisation nor the Listing falls into (i) the category of "acquisition of a domestic enterprise by a foreign investor" as defined under the Regulations for the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定); or (ii) the category of "activities subject to the approval by the China Securities Regulatory Commission (the "CSRC")（中國証券監督管理委員會）" as defined under the Notice of State Council on Strengthening the Administration of Overseas Issuing and Listing (國務院關於進一步加強在境外發行股票和上市管理的通知). Accordingly, the PRC Legal Advisers are of the opinion and the Directors are of the view that the Listing, the Placing and the Public Offer in Hong Kong shall not be subject to approval from the CSRC. In addition, as both Mr. Tsoi and Mr. David Cai are non-PRC residents, the PRC Legal Advisers are of the opinion and the Directors are of the view that the Notice on Relevant Issues Concerning Foreign Exchange Administration for Fund Raising by PRC Residents through Overseas Special Purpose Vehicles (關於境內居民通過境外 特殊目的公司融資及返程投資外滙管理有關問題的通知) promulgated on 21 October 2005 by State Administration of Foreign Exchange is not applicable to the establishment of CT Shenzhen.

CORPORATE STRUCTURE

The following chart shows the corporate structure of the Group immediately before the Reorganisation, the Share Offer and the Capitalisation Issue.



The following chart shows the corporate structure of the Group immediately after completion of the Reorganisation, the Share Offer and the Capitalisation Issue (but without taking into account the Shares to be allotted upon the exercise of any options which may be granted under the Share Option Scheme or any allotment and issue and/or repurchase of Shares by the Company under the general mandates as referred to in the paragraph headed "Written resolutions of all Shareholders passed on 4 March 2009" in appendix VI to this prospectus).



Notes:

1. Mr. Tsoi is a non-executive Director and the Chairman of the Company.

2. Mr. David Cai is an executive Director and is the elder son of Mr. Tsoi.

3. Profitcharm was incorporated in the BVI on 10 November 2008 and its principal business is investment holding.

4. Sinorise was incorporated in the BVI on 26 November 2008 and its principal business is investment holding.

5. The Company was incorporated in the Cayman Islands on 11 November 2008 and its principal business is investment holding.

6. CT Printing BVI was incorporated in the BVI on 24 October 2008 and its principal business is investment holding.

7. CT Printing was incorporated in Hong Kong on 5 January 2001 and its principal business is the printing of books and other paper-related products including greeting cards, party decoratives, calendars, paper bags and packaging boxes.

8. CT Shenzhen is a wholly foreign owned enterprise established in the PRC on 15 August 2008. Pursuant to the business licence of CT Shenzhen, its business scope covers the printing of packaging and decorative matter, research and development on printing technology, wholesale, import and export of packaging products and other related services. CT Shenzhen is expected to commence its trial operation in or about May 2009 and full operation in or about September 2009.

9. The Processing Factory was established pursuant to the Processing Agreement. Details of the Processing Agreement are set out in the "Business" section of this prospectus.

DESCRIPTION OF BUSINESS

The Group is principally engaged in the provision of printing services to customers including international publishers and multi-national corporations. The Group's printed products mainly include case bound books, paperback books, spiral bound books, novelty books and other paper-related products which include greeting cards, party decoratives, calendars, paper bags and packaging boxes.

CT Printing is the major subsidiary of the Company, which was incorporated in Hong Kong in 2001 with limited liability. During the Track Record Period and as at the Latest Practicable Date, CT Printing was principally the sales and marketing arm of the Group whereas the production process was carried out in the Processing Factory which is located in Shenzhen, the PRC, under the Processing Agreement. Pursuant to the Processing Agreement (as supplemented from time to time), CT Printing is responsible for, among other things, providing all necessary production machinery and materials to the Processing Factory for production, and paying processing fees to the Processing Factory which shall be the actual expenses reasonably incurred by the Processing Factory for its processing work. Following the establishment of CT Shenzhen, which is a wholly foreign owned enterprise in the PRC, the Group's production facilities will be further enhanced. It is expected that CT Shenzhen will commence trial operation in or about May 2009 and full operation in or about September 2009. Both the Processing Factory and CT Shenzhen are licensed printers for printing services under the PRC laws. All of the printed products of the Processing Factory and printed books of CT Shenzhen are required to be exported out of the PRC whereas the packaging and decorative printed products of CT Shenzhen are permitted to be sold within the PRC under the PRC laws.

By leveraging on the business relationship, reputation for quality, timely delivery manner and competitive pricing, and printing technologies, the Group's turnover has been increasing during the Track Record Period. For each of the three years ended 31 December 2007, the Group's turnover was approximately HK$170.0 million, HK$268.2 million and HK$335.4 million respectively, representing a CAGR of approximately 40.5%, and the profit attributable to the equity holders of the Company was approximately HK$16.8 million, HK$27.6 million and HK$29.9 million respectively, representing a CAGR of approximately 33.4%. For the nine months ended 30 September 2008, the Group recorded a turnover of approximately HK$306.4 million and the profit attributable to the equity holders of the Company was approximately HK$26.5 million, representing a growth of approximately 24.6% and 13.2% respectively compared to the same period in previous year.

During the Track Record Period, the books printed by the Group were primarily leisure books, including children's books, travel books and cookery books. Set out below are three of the Group's top ten customers during the Track Record Period which continued to have business relationships with the Group as at the Latest Practicable Date:

Name of customers	Countries	Types of products sold by the Group	Approximate length of relationship (years)
Parragon Books Limited	UK	Case bound books, paperback books and novelty books	7
Dragon Sourcing (Far East) Ltd.	HK/UK	Case bound books, paperback books and novelty books	4
Usborne Publishing Ltd.	UK	Case bound books, paperback books and spiral bound books	4

PRODUCTS

Set out below is a breakdown of the turnover of the Group during the Track Record Period categorised by product types:

	For the year ended 31 December						For the nine months ended 30 September			
	2005		2006		2007		2007		2008	
Turnover	*HK$' mil*	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*
							(unaudited)			
Case bound books	75.5	*44.4*	129.2	*48.2*	154.0	*45.9*	107.9	*43.9*	155.3	*50.7*
Paperback books	43.6	*25.6*	57.0	*21.3*	66.7	*19.9*	51.3	*20.9*	46.0	*15.0*
Spiral bound books	24.5	*14.4*	43.6	*16.2*	47.2	*14.0*	38.2	*15.5*	51.4	*16.8*
Novelty books	19.5	*11.5*	30.3	*11.3*	48.9	*14.6*	32.6	*13.3*	40.8	*13.3*
Other paper-related products *(Note)*	6.9	*4.1*	8.1	*3.0*	18.6	*5.6*	16.0	*6.4*	12.9	*4.2*
Total	170.0	*100.0*	268.2	*100.0*	335.4	*100.0*	246.0	*100.0*	306.4	*100.0*

Note: Other paper-related products include greeting cards, party decoratives, calendars, paper bags and packaging boxes.

Case bound books

It is a type of book bounded with rigid protective covers which are made out of greyboard paper covered with cloth or glossy art paper. Case bound books may have flexible glued spines which allows the book to lie flat on a surface when it is opened. The material used for case bound books are often of higher quality and are more durable than paperback books. In general, case bound books are more expensive than paperback books principally due to the fact that better quality materials have been used in producing the book covers.

Paperback books

It is a type of book bounded with paper and usually held together with glue rather than stitches. The lack of a hard cover and stitched bindings lower the costs of producing this type of books.

Spiral bound books

It is a type of book bounded by punching holes along the entire length of the spine and winding a wire helix (like a spring) through the holes to provide a fully flexible hinge at the spine. Spiral bounding is a common book binding style for documents, reports, presentations and proposals. Documents bounded with spiral coil can offer 360 degree rotation.

Novelty books

Novelty books are books with special built-in features such as pop-ups, foldout pages, liftable flaps or hidden sound chips. Each novelty book is unique and requires special designs and therefore involves more production steps.

Other paper-related products

Apart from books, the Group also manufactures various printing and packaging products including greeting cards, party decoratives, calendars, paper bags and packaging boxes to cater for various needs of customers.

COMPETITIVE ADVANTAGES

Well established business relationship with reputable international customers

The Group has established long-term business relationships with its major customers, some of which are international publishers and multi-national corporations. For example, the Group has provided printing services to Parragon Books Limited, one of the Group's major customers, for over seven years. These long term business relationships with customers can only be fostered through years of trusting cooperation and create an entry barrier for competitors in the market. In addition, some of these customers may have more stringent or specific requirements on product quality. As a result of working with these customers and meeting their needs, the Group has accumulated valuable experience in coping with market changes and keeping abreast of latest market developments. More importantly, by providing quality printing services and maintaining supportive business relationships with its customers, the Group has been successful in securing stable and large sales orders from certain international book publishers in recent years. This further allows the Group to enjoy economies of scale in raw materials procurement and production planning.

Advanced technology know-how

The production technology in the printing industry has been evolving. In view of this, during the Track Record Period, the Group has purchased commercial printing systems produced by Germany's Heidelberg and Man-Roland, both of which are professional printing press manufacturers. As at the Latest Practicable Date, the Group had installed 12 offset printing machines ranging from two-colour offset press to eight-colour offset press and three casing-in production lines in the Processing Factory which commands the Annual Production Capacity of approximately 665.7 million printed sheets. In addition to hardwares, the Group has also adopted computer-to-plate system in the Processing Factory, of which the images in electronic files are directly converted into images to print. The Directors consider that the Group's existing printing system is competitive, flexible and scalable to meet the changing requirements that may arise throughout the expansion of the business. The Group will continuously seek to enhance the production efficiency in the Processing Factory and CT Shenzhen in order to provide effective printing solutions to the customers.

Emphasis on international standards

Some of the Group's customers not only demand for high quality products from the Group but also require the Group to meet certain standards in respect of the Group's operational effectiveness, environmental control and social accountability. The Group is certified to the ISO 9001:2000 Quality Management System standard and the FSC COC standard whereas the Processing Factory is certified to the ISO 9001:2000 Quality Management System standard, the ISO 14001:2004 Quality Management System standard, SA 8000:2001 Social Accountability Management System standard and OHSAS 18001:1999 Management System standard. These accreditations demonstrate that the overall quality of the products and the management of the Group are well positioned in the competitive printing industry.

Experienced management and sales team

Mr. Tsoi, the Chairman, a non-executive Director and the founder of the Group, has over 18 years of experience in the printing industry and has played a key management and leadership role in the development of the Group. Ms. Wu Sin Wah, Eva who is an executive Director and the Chief Executive Officer of the Group has over 10 years of experience in the printing industry. Senior management of the Group also possess extensive experience in the printing industry.

The Directors are of the view that since the Group's establishment, the pool of valuable knowledge and skills in the management team has given the customers satisfactory services. The Group will continue to formulate sound business strategies and execute them in an effective manner.

PRODUCTION FACILITIES

During the Track Record Period and as at the Latest Practicable Date, the production process of CT Printing was carried out in the Processing Factory which is located in Shenzhen, the PRC under the Processing Agreement.

In preparation for the Group's expansion plan, CT Shenzhen was established in August 2008. CT Shenzhen has its own production facilities for the production of printed products which are located in Shenzhen, the PRC.

Processing Factory

The Processing Factory is principally engaged in the printing of books, including case bound books, paperback books, spiral bound books, novelty books and other paper related products. The Processing Factory is not a separate legal entity and is, in law, construed as owned by the PRC Processing Partner under the PRC laws. It is currently located at Lanzhu Boulevard, Grand Industrial Zone, Shenzhen, the PRC, occupying a gross floor area of approximately 19,072 sq.m. which is mainly used for production purpose. As at the Latest Practicable Date, the production premises of the Processing Factory were owned by Shenzhen Kecai Printing Co., Ltd. (being a member of the BC Group as at the Latest Practicable Date) and leased by the Processing Factory for a term of 14 years expiring on 31 December 2022. The Processing Factory is currently operating under the Processing Agreement among Jialaiyuan (as the PRC Processing Partner and the business agent) and CT Printing. According to the terms of the Processing Agreement, the Group places printing orders to the Processing Factory and the Processing Factory manufactures and delivers the products to the Group in accordance with the printing orders' requirements. The Group then delivers the products to its customers and is responsible for product liability of such products.

As at the Latest Practicable Date, the Annual Production Capacity of the Processing Factory was approximately 665.7 million printed sheets and the Processing Factory was equipped with 12 sets large-scale printing machines, ranging from two-colour offset press to eight-colour offset press and three casing-in production lines. As at the Latest Practicable Date, the number of staff working for Processing Factory was 941.

As advised by the PRC Legal Advisers and confirmed by the Directors, the Processing Factory has obtained all the licences, approvals and permits from relevant regulatory authorities necessary for its operation in the PRC and all the required licences for the printing of foreign publications. In connection with the Printing Licence held by the Processing Factory, according to the PRC Legal Advisers and the Directors, the Administration of Press and Publication of Guangdong Province requires all such Printing Licences to be renewed on the expiry date, being 31 December 2009. The PRC Legal Advisers also advised and the Directors are of the view that they are not aware of any material legal impediments to the Group's renewal of its Printing Licence under the relevant prevailing rules and regulations.

The general manager of the Processing Factory is designated by the PRC Processing Partner and is not an employee of the Group, who is responsible for the overall supervision of the operation of the Processing Factory. According to the Processing Agreement, the Group does not have the capacity or power to appoint or remove the general manager of the Processing Factory or to dismiss any employee of the Processing Factory. In the event that the Group is not satisfied with the work performance of the general manager or employees of the Processing Factory, the Group could lodge a complaint to the PRC Processing Partner and request for a replacement. However, the PRC Processing Partner has full discretion on the employment and replacement of all personnel of the Processing Factory and the Group has no power to govern the financial and operating policies of the Processing Factory.

Pursuant to the Processing Agreement, the Processing Factory is obliged to work exclusively for CT Printing. The machinery, equipment and raw materials of the Processing Factory are provided and owned by CT Printing and are solely used for the production orders placed by CT Printing. The Processing Factory is not allowed to provide similar processing services for other parties without the written consent of CT Printing and approvals from relevant government authorities. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the Processing Factory has not provided printing services to any other parties apart from the Group during the Track Record Period.

The Processing Agreement was approved by Shenzhen Trade and Industry Bureau (深圳市貿易工業局) which is the ultimate government authority in Shenzhen City to approve such processing arrangement. Set out below are the summary of particulars of the current processing arrangement:-

Parties

The parties to the Processing Agreement are set out below:

(1) the PRC Processing Partner, being Jialaiyuan (since July 2006, before which, being Shenzhen Major Industrial District Development for the period from June 2004 to July 2006, and then being Pingshan Jiangling for the period from May 2000 to June 2004). Save for the Processing Agreement, all of the above three separate entities are Independent Third Parties and have no other past or present business relationship with the Group;

(2) the foreign party, being CT Printing (since July 2001, before which, being Brilliant Oriental for the period from May 2000 to July 2001, all of its rights and obligations under the Processing Agreements were transferred and assigned by Brilliant Oriental to CT Printing in July 2001 pursuant to the CT Supplemental Processing Agreement); and

(3) the business agent, being Jialaiyuan (since June 2004, before which, being Longgang Foreign Economic Development (both of which are Independent Third Parties and have no other past or present business relationship with the Group) for the period from May 2000 to June 2004).

Jialaiyuan was appointed as the PRC Processing Partner in July 2006 after the resignation of the former PRC Processing Partner, namely Shenzhen Major Industrial District Development. Given

Jialaiyuan has been the business agent to the Processing Factory since June 2004 and is familiar with the operation of the Processing Factory and CT Printing, it was considered that Jialaiyuan was an appropriate party to be the PRC Processing Partner. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the resignation of Shenzhen Major Industries District Development as the PRC Processing Partner was due to its own administrative planning reason. In the meantime, in order to avoid any interruption to the business of the Group which might have been caused if the Processing Factory was to be relocated as a result of the change of the PRC Processing Partner, with the consent of the landlord of the production premises and Jialaiyuan, the Processing Factory entered into a lease agreement with the landlord so that the Processing Factory could continue to carry out its operation in the same production premises.

Supplemental agreements had been entered into between the parties to the Processing Agreement from time to time to cater for, among other things, the abovementioned changes of parties to the Processing Agreement. Save as the aforesaid, there is no material change in the terms of the Processing Agreement. As advised by the PRC Legal Advisers and confirmed by the Directors, all necessary regulatory approvals in respect of the supplemental agreements to the Processing Agreement have been obtained and the Directors further confirmed that the entering into of the supplemental agreements had no material effect to the operations of the Processing Factory.

Date of the Processing Agreement

8 May 2000 (as supplemented from time to time)

Duration

From 8 May 2000 to 8 May 2010, which was extended for a further of six years commencing from 9 May 2010 to 8 May 2016 pursuant to a supplemental agreement dated 12 August 2008.

Primary responsibilities of the contracting parties

(1) the PRC Processing Partner shall ensure the Processing Factory be held responsible for the processing of products ordered by the foreign party during the term of the Processing Agreements;

(2) the PRC Processing Partner shall provide the production premises, water and electricity supplies and labour forces for production, and shall assist CT Printing in respect of the PRC import and export clearance process and be responsible for the accounting and labour management functions of the Processing Factory;

(3) the business agent, being Jialaiyuan, shall handle the processing fees settlement and customs clearance for the Processing Factory;

(4) the foreign party, being CT Printing, shall provide all necessary production machinery and materials (including raw materials, supplements and packaging materials) to the Processing Factory for production. Such machinery and equipment provided shall be owned by the foreign party;

(5) the foreign party, being CT Printing, shall pay to the processing fees which shall be the actual expenses reasonably incurred by the Processing Factory for its processing work; and

(6) the foreign party, being CT Printing, shall be responsible for all transportation costs of machinery and equipment and materials provided by it and products processed by the Processing Factory.

Jialaiyuan also provides services which include processing fees settlement and handling procedures for customs clearance to third parties other than the Processing Factory in the PRC. Since these services provided by Jialaiyuan to other third parties are different from the business scope of the Processing Factory, the Directors consider that there would not be any competition between Jialaiyuan and the Processing Factory. The Directors also confirm that the provision of the aforesaid services by Jialaiyuan to other third parties had not affected the business operations, rights and liabilities of the Group. While the Processing Factory is supervised by the PRC Processing Partner for the purpose of the Processing Agreement, the Group has staff stationed at the Processing Factory monitoring the management and operations of the Processing Factory and its general compliance with the relevant work safety, environmental protection and labour laws and regulations.

The Processing Factory shall be primarily responsible for the civil liabilities or any other claims relating to work safety and environmental protection during the production process of the Processing Factory under the applicable laws and regulations of the PRC. Under the PRC laws, neither the PRC Processing Partner nor the Processing Factory is a member of the Group, and the Group shall not be held liable for the individual or personal liabilities of the PRC Processing Partner or the Processing Factory respectively. In the event that the Processing Factory is not able to settle the claims, the PRC Processing Partner would be liable for the claims. As further advised by the PRC Legal Advisers and in the Directors' view, in light of the monitoring role of the Group in relation to the operation of the Processing Factory, the Group could be held liable in respect of these claims (if any) jointly with the Processing Factory. Save as disclosed in the paragraph headed "Relationship with staff" in the section headed "Directors, senior management and staff", the Group had not been held liable for any such claims for the Processing Factory during the Track Record Period.

In monitoring the production process of the Processing Factory, the Group adopts the following measures, including (i) holding regular weekly meetings with the senior management of the Processing Factory to review and monitor the production schedule and resources planning of the Processing Factory; (ii) reviewing minutes of meetings of senior management of the Processing Factory where the Group has not participated in such meetings to understand if there are any material decisions made by the senior management of the Processing Factory; (iii) reviewing the daily production reports of the Processing Factory to keep updated about the status of the printing orders placed by the Group to ensure on-time delivery; (iv) making prompt enquiry and investigation to ensure delivery dates are met; (v) reviewing various monthly reports of the Processing Factory such as payment for labour insurance and training records; and (vi) sending its representatives to station at the Processing Factory to monitor the production process. The executive Directors and senior management of the Company, including the Chief Executive Officer, Ms. Wu Sin Wah, Eva, frequently travel to the Processing Factory to meet with the management of the Processing Factory and to visit the production premises to ensure that the Group's guidance and instructions are well followed. In addition, with a view to further improving efficiency and cost effectiveness of the production process of the Processing Factory, the Group, from time to time, provides technical guidance and production techniques to the Processing Factory throughout its production process. The Group also purchases and installs upgraded machineries and equipment in the Processing Factory to increase the level of automation and enhance cost efficiency.

In view of the continuing relationship between the Group and the PRC Processing Partner in the operation of the Processing Factory, any interruption in the smooth operation of the Processing Factory may have an adverse impact on the Group. In light of this, the Group had instructed the PRC Legal Advisers to conduct a search with the Shenzhen Administration for Industry and Commerce ("SZAIC") in respect of the Processing Factory and the PRC Processing Partner. Based on the results of the search with the SZAIC and the PRC Legal Advisers having confirmed (i) the due establishment and continual existence of the current PRC Processing Partner, Jialaiyuan; (ii) the due approval of the Processing Agreement; (iii) the due compliance with applicable laws and regulations in the PRC (including environmental protection, labour and social insurance) by the Processing Factory; and (iv) the due payment of applicable taxes by the Processing Factory, the Directors are satisfied that the Processing Factory is duly established and validly exists, and the Processing Agreement is duly approved. The Directors are not aware of any irregularities in those aspects which in the view of the Directors are relevant to the operations of the Processing Factory and which would have material adverse impact on the Group.

Right of termination or renewal

Parties to the Processing Agreement shall have the right to terminate and/or renew the Processing Agreement through negotiation three months before the expiry date, subject to the approval by Shenzhen Trade and Industry Bureau. In case where any of the parties terminates the Processing Agreement prior to the expiration date of the Processing Agreement, such party shall pay to the other party one-month processing fees as compensation, calculated based on the average monthly processing fees for the six months immediately before the termination of the Processing Agreement. Also, in case where CT Printing is not placing printing orders to the Processing Factory for more than six months, subject to the approval by Shenzhen Trade and Industry Bureau, the PRC Processing Partner has the right to terminate the Processing Agreement and all relevant economic loss shall be compensated by the machinery and raw materials imported by CT Printing.

Processing fees

The processing fees payable by the Group are to essentially reimburse the production costs incurred by the Processing Factory and are subject to verification of and agreement by CT Printing. The Processing Agreement has not stipulated a definitive formula for the determination of the processing fees but has set out that such fees have to be stated in the individual processing order to be entered into between CT Printing, the PRC Processing Partner and the Processing Factory when orders are placed by CT Printing to the Processing Factory. While the Processing Agreement provides a framework of terms of the appointment of the Processing Factory, in its daily operation, the Group places orders to the Processing Factory, which are then confirmed and signed by the PRC Processing Partner and the Processing Factory. Each of the individual processing orders shall stipulate the product specifications, raw materials requirements, order delivery schedule and estimated production costs (and thus processing fees) attributable to such processing orders. In case the actual production costs (including but not limited to the staff costs, utility expenses and rental payment) incurred by the Processing Factory is higher than the expected amount, CT Printing will pay for the shortfall provided that (i) the PRC Processing Partner shall provide information on the actual salaries and wages and its related expenses paid by the Processing Factory for CT Printing's review; (ii) CT Printing shall be entitled to verify the additional expenses incurred; and (iii) such shortfall shall be confirmed by CT Printing in writing as reasonable and shall be approved by CT Printing in writing. Should there be any costs not agreed by the Group, the Group will refuse to reimburse such costs to the Processing Factory and the Processing Factory cannot charge such costs to the Group as part of the processing fees. During the Track Record Period, there has not been any dispute between the Group and the Processing Factory on such reimbursement of costs. Save as the aforesaid, there are no other particular factors that the processing fees are based on.

Given the aforementioned cost reimbursement mechanism, the Group can monitor the production costs incurred by the Processing Factory closely despite the fact that it does not directly control the production costs incurred or to be incurred by the Processing Factory. At the beginning of each month, the Group and the Processing Factory will, based on the orders processed and the expenses incurred in the previous month, mutually agree on a budget of processing fees for significant cost items. The Group also obtains and reviews the monthly report of production costs incurred by the Processing Factory. If there are any irregularities noted, the Group will raise enquiries with the Processing Factory and investigate the reasons for such irregularities. Should the Group consider it necessary, the Group would examine the vouchers, suppliers' quotations and payment records of the Processing Factory.

The Processing Factory can only adjust the number of workers and the area of the Processing Factory with the written consent of CT Printing and the PRC Processing Partner. Accordingly, the Group is able to monitor the wages and rental expenses to be incurred by the Processing Factory.

For the three years ended 31 December 2007 and nine months ended 30 September 2008, the total processing fees incurred by the Group were approximately HK$30.4 million, HK$52.7 million, HK$69.5 million and HK$61.3 million respectively. Included in the aforesaid amounts, approximately HK$8.0 million, HK$20.8 million, HK$27.8 million and HK$25.7 million for each of the three years ended 31 December 2007 and nine months ended 30 September 2008 respectively, were reimbursement of costs paid by the Group to the Processing Factory where regular payment of wages, rental, water and electricity did not cover the actual production costs incurred by the Processing Factory. Such reimbursement of costs was comprised of, among other things, purchase costs of consumables, maintenance costs and costs of sub-contracting as further explained in the paragraph headed "Sub-contracting" below. The total processing fees incurred by the Group formed part of its direct costs which would be accounted for in the income statements of the Group under cost of sales and administrative expenses.

Sub-contracting

During peak seasons of the production, normally in July to September each year when the Annual Production Capacity of the Processing Factory is almost fully utilised, or certain production steps cannot be processed within the Processing Factory, the Processing Factory may sub-contract certain part of the production to other sub-contractors who are Independent Third Parties. Besides urgent orders during peak seasons, there are certain procedures which may require sub-contracting services, such as imparting a velvet-like or velour-like texture to a surface, making envelopes, increasing the smoothness of surface and gluing of corrugated board and paper board. In general, these procedures do not form the key parts of production process and would only be carried out as and when required by the customers. Given the continuous upgrading of machineries and the increase in the Annual Production Capacity of the Processing Factory, the Directors consider that the operation of the Group and the Processing Factory will not heavily rely on sub-contractors and the Directors expect that the number of production orders to be sub-contracted will be reduced in the future. During the Track Record Period, there had been approximately 90 sub-contractors that had sub-contracted with the Processing Factory. Such sub-contracting arrangement is made on a case-by-case basis by way of entering into of individual supply agreements. No long-term agreement has been entered into by the Processing Factory in respect of such sub-contracting arrangements. The Processing Factory is responsible for the selection of and entering into the sub-contracting agreements with the sub-contractors. Before entering into a sub-contracting agreement, the Processing Factory usually obtains fee quotations from the potential sub-contractors for the Group to consider and to approve if appropriate. The Group frequently and closely monitors the performance of the sub-contractors in order to ensure that the quality of the products of the Group is up to the required standard. The Group, from time to time, requires the Processing Factory to obtain copies of the required licences and permits of the sub-contractors. If the Directors are aware of any updates on relevant required rules and regulations, if applicable, the Group will require the Processing Factory to obtain relevant licences and permits of the sub-contractors to ensure the due compliance of the rules and regulations from time to time. To ensure the quality of the products is up to the required standard, the Processing Factory will supply the raw materials to these sub-contractors and, from time to time, both the Processing Factory and the Group will send representatives to these sub-contractors to monitor the production, inspect and obtain samples of work-in-progress and finished goods. The Directors believe that sub-contracting arrangement during the peak season will improve the Group's competitive position by enhancing the flexibility of production schedule and meeting customers' requirements.

During the Track Record Period, such sub-contracting charges amounted to approximately HK$1.4 million, HK$12.7 million, HK$16.0 million and HK$14.6 million respectively, which represented a percentage to the Group's cost of sales of approximately ranging from 1.0% to 6.5% for the relevant year or period. Such sub-contracting charges were included as part of the processing fees payable to the Processing Factory. The Directors confirm that, to the best of their knowledge, the Group and the Processing Factory have no material dispute with the sub-contractors.

According to the Directors and the PRC Legal Advisers, before sub-contracting any printing business, the Processing Factory is required to seek approval from the Shenzhen Customs, the PRC. During the Track Record Period, the Group noted that the Processing Factory had delayed in complying with such requirements. Nevertheless, the Processing Factory has subsequently reported these sub-contracting arrangements to the Shenzhen Customs and has obtained a confirmation from the

Shenzhen Customs, and as confirmed by the Directors and the PRC Legal Advisers, that the Processing Factory will not be subject to any fines or penalties in respect of the previous sub-contracting arrangement. To ensure full compliance with the applicable customs regulations in connection with the sub-contracting arrangements, the Group and the Processing Factory have, since October 2008, implemented the following measures: (i) providing briefing to the responsible staff for the legal requirements on sub-contracting; (ii) requiring the Processing Factory to obtain the pre-approval of the Group before entering into any sub-contracting agreements by providing the relevant documents of filing with the customs; and (iii) providing regular report on sub-contracting to the Group together with approval from customs.

CT Shenzhen

CT Shenzhen was established by the Group on 15 August 2008 as a wholly foreign owned enterprise with a term of operation of 30 years expiring on 15 August 2038. Pursuant to the business licence of CT Shenzhen, its business scope covers the printing of packaging and decorative matter, research and development on printing technology, wholesale, import and export of packaging products and other related services.

As at the Latest Practicable Date, CT Shenzhen had a total registered capital of US$4.28 million, of which US$860,000 has been paid up. According to its article and association as approved by Shenzhen Trade and Industry Bureau, the remaining balance of US$3.42 million of the outstanding portion of the registered capital of CT Shenzhen will have to be paid up within two years from its date of establishment. The total investment amount of CT Shenzhen amounts to US$8.56 million (equivalent to approximately HK$66.77 million), of which approximately HK$36.6 million is expected to be the capital expenditure of CT Shenzhen and it is to be financed by the Group's internal resources and/or net proceeds from the Share Offer. The Group has not decided the financing method of the rest of the investment amount in CT Shenzhen, which shall be determined with reference to the future development and the then financial position of the Group.

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 or about May 2009. To cater for the trial operation of CT Shenzhen in or about May 2009, the Group has purchased a folder gluer for making folded paper cartons and a lamination machine for laminating film on paper to make a glossy and water proof surface. The Group has also leased a six-colours printing machine for CT Shenzhen in January 2009. All of these machines have already been installed in the factory established by CT Shenzhen which will be equipped with printing machineries and other associated equipment. It is expected that the Annual Production Capacity of CT Shenzhen will reach approximately 17 million printed sheets upon its full commercial production in or about September 2009.

The production premises of CT Shenzhen is located at Lanzhu Boulevard, Grand Industrial Zone, Shenzhen, the PRC and occupies a total gross floor area for production of approximately 2,639 sq.m., and is leased by the Group from Shenzhen Kecai Printing Co., Ltd. (being a member of the BC Group as at the Latest Practicable Date) for a term of 14 years expiring in 2022. As at the Latest Practicable Date, CT Shenzhen is in initial set-up stage and there are five staff working in its factory.

The Directors and Sponsor are of the view that there are readily available factory premises nearby the Processing Factory and CT Shenzhen, in the event that there is any material disruption in the production premises of the Processing Factory, it would not be difficult for the Group to rent additional factory premises to accommodate all of the machineries and equipment without causing material interruption to the Group's printing capacity and operation. Given that the performance of the Processing Factory has long been satisfactory and the Group has not experienced any material interruption in its production arising from or in connection with the processing arrangement since the entering into of the Processing Agreement in July 2001, the Group has no immediate plan to replace the Processing Factory with CT Shenzhen or other production arrangement.

PRODUCTION AND QUALITY CONTROL

The Group has implemented a series of quality control measures to ensure the quality of its products. In recognition of the quality control procedures in place, both CT Printing and the Processing Factory have been certified to the ISO 9001:2000 Quality Management standard.

During the production process, the sales representatives and quality control team of the Group work closely with the Processing Factory to monitor the quality of the products. The sales representatives and quality control team of the Group frequently visit the Processing Factory to monitor the work-in-progress and to inspect the finished products. The inspection procedures carried out by the quality control team include visual inspection and checking key specifications. The Group also requires the Processing Factory to produce ozalids to ensure the customers are satisfied with the specifications of the products. In addition, samples of finished products will be prepared for the sales representatives and quality control team for their final inspection. Should the orders involve any sub-contractors, the quality control team of the Processing Factory will visit the sub-contractors to monitor the quality on a daily basis until production is completed. The sales representatives of the Group will also visit the sub-contractors to obtain samples to ensure the quality of the work of the sub-contractors is up to the required standard. The Group also reviews the daily quality control report prepared by the Processing Factory to ensure continuous quality control.

During the Track Record Period, there were no material claims for delay in delivery, defective products or sales returns from the Group's customers. In addition, there has been no claim against nor compensation paid by the Group and the Processing Factory in relation to any intellectual property rights.

PRODUCTION MACHINERY AND CAPACITY

The Group has equipped the Processing Factory with large-scale offset printing press ranging from two-colour to eight-colour produced by Germany's Heidelberg and Man-Roland and three casing-in production machines. The Processing Factory is also equipped with paper-cutting, binding, hot stamping, die-cutting, shrink-wrapping machines and computer-to-plate system (CIP3 PPF compatible) for digital advancement and file transfer efficiency. During the Track Record Period, the Group had total capital investment in plant and machinery installed in the Processing Factory of approximately HK$4.4 million, HK$50.4 million, HK$56.4 million and HK$9.1 million for the respective periods. Set out below are some of the major offset printing press machines purchased by the Group and installed in the Processing Factory:

Types of machines	Country of origin	Number of units
Heidelberg Speedmaster Eight-Colour Offset Press Model SM102-8-P	Germany	2
Heidelberg Speedmaster Four-Colour Offset Press Model CD102-4	Germany	4
Man-Roland Four Colour Offset Press Model R704	Germany	1
Man-Roland Six Colour Offset Press Model R706	Germany	2
Man-Roland Eight Colour Offset Press Model R708	Germany	1

The following table sets out the utilisation rate of the Processing Factory during the Track Record Period:

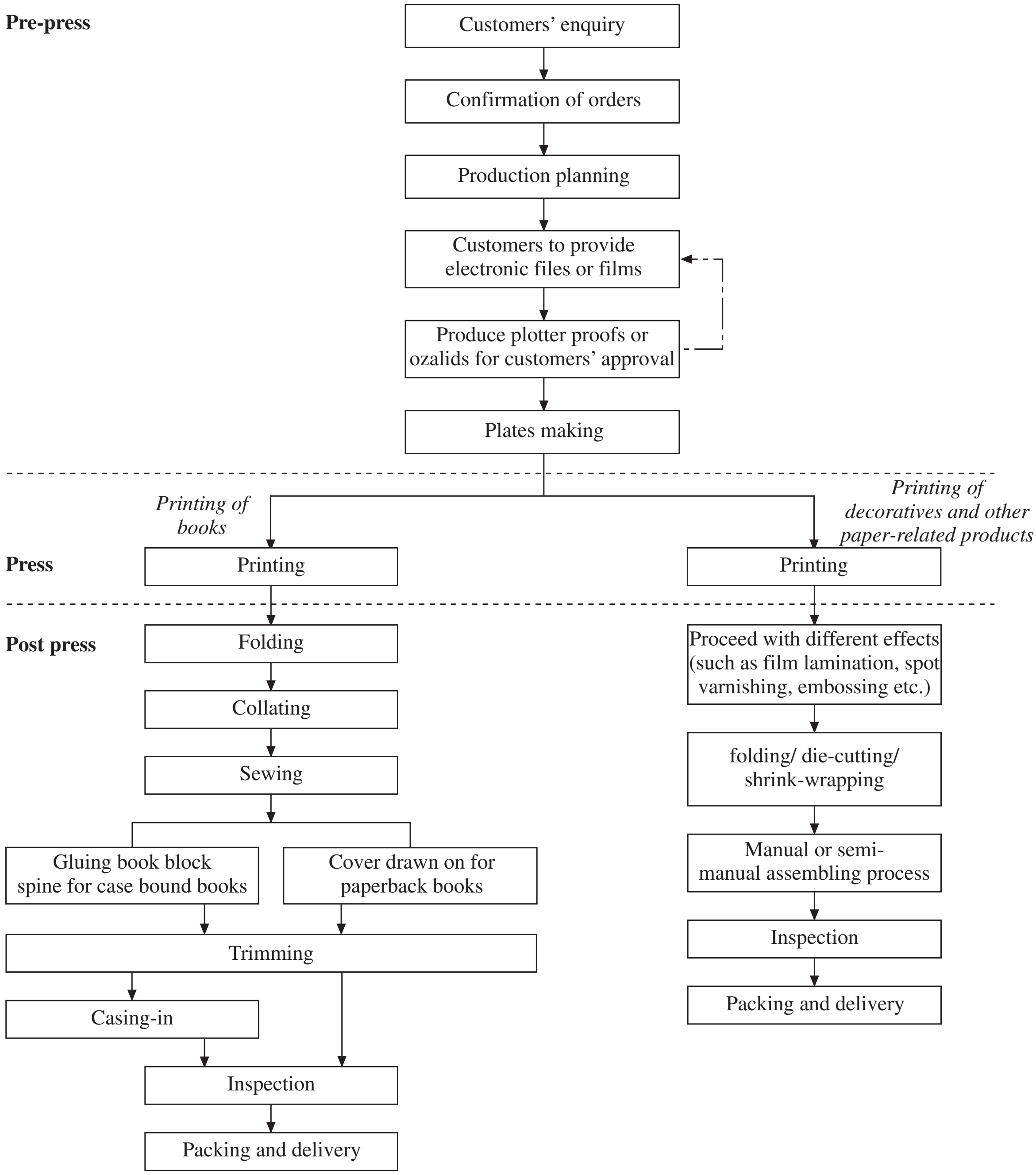
	For the year ended 31 December			For the nine months ended 30 September
	2005	2006	2007	2008
Number of printed sheets (units in million)				
Annual Production Capacity	419.7	491.9	681.4	681.7*
Utilisation rate	76.5%	85.2%	77.7%	81.2%*

* *on an annualised basis*

As at the Latest Practicable Date, the Processing Factory employed 941 staff. During the Track Record Period, the utilisation rate in terms of the Annual Production Capacity of the Processing Factory was approximately 76.5%, 85.2%, 77.7% and 81.2% respectively. Also, for each of the peak seasons during the Track Record Period which are usually July to September of each year, the Processing Factory had reached approximately 82.1%, 84.8%, 79.6% and 92.8% of its Annual Production Capacity respectively. In general, an utilisation rate of 90% is considered to be the optimal maximum production capacity in the printing business.

PRODUCTION PROCESS

Printing of books and packaging products



Production process of printed books

Pre-press

Before entering into any sales contracts with the customers, the Group will discuss with its customers regarding their specifications and required delivery time as well as the price quotation. The Group will also provide relevant samples to the customers for their reference. The sales order will be confirmed after the customers are satisfied with the quotation and delivery schedule.

In order to maximise the efficiency for both the Group and the customers, the Group will have meetings with its major customers in the last quarter of each calendar year to discuss with them regarding their projected sales for the following year. This enables the Group to estimate the expected sales value for the customers in the coming year and the required production capacity for the Processing Factory. The actual production quantity may vary from the preliminary estimates depending on the final level of orders and in some cases, additional orders for new titles and reprints of existing titles. The Group maintains frequent contact with its customers to update the expected order quantity and production schedule.

During the preparation stage, the customers will provide the electronic files of their books and the Group will provide a full set of plotter proof for the customers' approval. As soon as the customers approve the plotter proof, the electronic files will go through the computer-to-plate system, of which the images in the electronic files are directly converted into images of print on printing plates.

Press

Upon receiving approvals from the customers on the samples or plotter proofs, press operations will be arranged by the Group in accordance to the customers' requirements. In general, the main printing method of the Group is offset printing in which the images are developed onto printing plates and inserted into a printing machine. The ink will spread over the printing plates and offset onto paper to form finished multi-coloured images. These printed sheets will then proceed to the post-press stage.

Post-press

In the post-press process, the printed sheets will be folded by machines in numerical order before being collated and sewn to form a book block which will be trimmed to size and proceed with casing-in process in accordance with the required specifications.

Novelty books, in particular children's books, require additional features, such as pop-ups, touch-and-feel and hidden sound chips. Where necessary, the production team of the Processing Factory will manually incorporate additional features to fulfil the requirement.

Production process of decorative and other paper-related products

Pre-press

The Group receives the designs and specifications of the decorative and other paper-related products from the customers. The Group will instruct the Processing Factory to produce the plotter proofs or ozalids from the customers' electronic files data to form image composition for customers' review.

Press

Upon receiving approvals from the customers on the pre-production samples provided by the Group, the Group will instruct the Processing Factory to arrange for the press operations in accordance to the customers' requirements. The press operation is similar to that of the printing of books which the Processing Factory uses offset printing to develop the images onto printing plates and insert them into the printing machines to form finished multi-coloured images on paper.

Post-press

The post-press operation mainly includes special finishing effect and all necessary assembly requirement according to customers' specifications, which are essential for decorative packaging products in order to increase the attractiveness of the products. The assembling process is usually done manually or by semi-automatic machines. The production team of the Processing Factory will insert or produce various artwork and special effects on these products according to the customers' specifications. After the post-press operations, the finished products will be inspected before packing, warehousing and delivery.

PROCUREMENT AND INVENTORY CONTROL

Raw materials

The raw materials purchased by the Group are mainly comprised of paper, ink, lamination film, printing plates and chemical glue. The cost of paper is the major component for production costs in printing and has accounted for approximately 58.1%, 56.2%, 53.9% and 54.6% of the Group's total cost of sales during the Track Record Period. The major types of paper used in the production are woodfree paper, artpaper (including glossy artpaper and matt artpaper), greyboard, greyback artboard and coated-two-side artboard. In order to minimise the effect on the price fluctuation in paper cost and to ensure smooth supply of paper, it is the Group's policy to maintain an inventory level of paper which will be sufficient for approximately 80 days of its production use under normal circumstances. The Group mainly purchases paper from paper manufacturers or trading companies in Hong Kong, Taiwan and Germany. During the Track Record Period, the Group has been closely monitoring the market prices of paper and in 2007, the Group commenced to purchase paper by ordering in bulk and in some occasions, source directly from the paper manufacturers which resulted in the Group enjoying further discount to the market prices.

The Group purchases paper from independent paper suppliers in the market. It is noted that paper price is easily affected by the pulp price. During the Track Record Period, the average purchase price of paper (calculated as the average purchase price of paper per ton) purchased by the Group has, on a year-on-year and/or period-to-period basis (as the case may be), increased by approximately 3.3%, 4.0% and 13.1% respectively. The increasing trend is in line with the global pulp and paper price. Therefore, it is the Group's practice to monitor the global pulp and paper price, for example, the price index (the "Index") for a minimum of 10 metric tons of woodfree paper of 100 grams. According to information from Bloomberg, the average of the Index during the Track Record Period and in February 2009 was US$896.3, US$903.4, US$973.6, US$1,030.7 and US$891.28 per metric ton respectively. The Group also maintains a list of suppliers and constantly reviews the quality, market reputation, pricing, delivery time and after sales services offered by them. For non-paper raw materials, the Group will obtain at least three quotations from different suppliers before placing orders to ensure the purchase price is in line with the market price.

During the Track Record Period, the Group's largest supplier accounted for approximately 27.9%, 26.2%, 32.0% and 35.8% of the Group's total purchases and the Group's five largest suppliers accounted for approximately 62.4%, 70.3%, 65.6% and 69.9% of the Group's total purchases respectively. The Group has established business relationship with these suppliers from one to three years. All of the five largest suppliers are Independent Third Parties. In addition, the Group will usually enter into quarterly agreements with the suppliers to fix the price. No long term contract had been entered into between the Group and the suppliers.

The payments made by the Group to its Hong Kong suppliers are primarily in Hong Kong dollars and the payments made to overseas suppliers are primarily in US dollars. The normal credit period given to the Group is no more than 90 days and payment took the form of cash, telegraphic transfer, and letter of credit.

Inventory control

In general, the Group's customers are required to confirm their orders six to eight weeks prior to the expected delivery date. Upon receipt of their confirmations, the production team of the Processing Factory will check with the purchasing department to ensure that there is sufficient inventory of raw materials for production or otherwise any replenishment is needed. The production team of the Processing Factory will also constantly review the inventory level and will keep up-to-date records on the inventory movements to ensure smooth supply of raw materials along the product process.

The Group adopts a stringent inventory control policy and usually maintains certain level of raw materials which are frequently used in the printing process. In order for the Processing Factory to maintain inventory level for each of the major raw materials during normal production period, the Group will ensure that the inventory level is sufficient for production for a certain period of time such as, paper up to approximately 80 days, ink up to approximately 7 days, lamination film up to approximately 7 days, printing plates up to 7 days and chemical glue up to approximately 7 days. The adoption of the inventory control policy is to ensure that the Group has the flexibility to handle urgent orders from customers. For the year ended 31 December 2006, the Group has made specific provisions of approximately HK$1.0 million for items which are considered to be obsolete or defective by the management.

The Group has set up adequate internal control policy in monitoring the Group's inventories, which has maintained written policies and guidelines on its inventory control procedures which include raw materials and consumables purchase and receipt, receipt of finished goods produced by the Processing Factory, stock in-and-out, stock storage and inventory stock take to monitor the Group's inventories. Moreover, the Group's purchasing department works closely with the production team of the Processing Factory to monitor the inventory movements along the production process. The Group reviews the inventory level from time to time in order to monitor for any unusual fluctuation and replenish whenever necessary. In addition, the Group performs stock take at least once every six months.

SALES AND MARKETING

During the Track Record Period, the Group's total turnover amounted to approximately HK$170.0 million, HK$268.2 million, HK$335.4 million and HK$306.4 million respectively. Most of the Group's sales are made to overseas customers which include international publishers and multi-national corporations. The Group has succeeded in achieving a progressively growing turnover and expanding customer base since its inception. During the Track Record Period, the Group's largest customer accounted for approximately 21.5%, 12.6% 10.9% and 11.1% of the Group's total revenue respectively and the sales to the Group's top five largest customers amounted to approximately HK$85.7 million, HK$107.0 million, HK$130.8 million and HK$100.8 million, representing approximately 50.4%, 39.9%, 39.0% and 32.9% of the total turnover of the Group respectively. All of the five largest customers of the Group are Independent Third Parties. In addition, the Group's sales is denominated in a mixture of currencies, primarily US dollars, Pound Sterling, Hong Kong dollars and Euro which are in the proportion of 80.0%, 11.7%, 8.3% and nil respectively for the year ended 31 December 2005, 75.0%, 14.6%, 10.1% and nil respectively for the year ended 31 December 2006, 80.5%, 6.5%, 13.0% and nil respectively for the year ended 31 December 2007 and 87.9%, 3.8%, 6.1% and 2.2% respectively for the nine months ended 30 September 2008.

During the Track Record Period, the UK was the largest market of the Group, accounting for over 50% of the turnover of the Group. However, sales to other markets including other countries in Europe, Hong Kong and the US had increased over the years making up for nearly 50% of the Group's turnover for the nine months ended 30 September 2008. Set out below is the breakdown of the Group's turnover during the Track Record Period with respect to geographical areas:

	For the year ended 31 December						For the nine months ended 30 September			
	2005		2006		2007		2007		2008	
	HK$' mil	*%*	*HK$' mil*	*%*	*HK$' mil*	*%*	*HK$' mil* (*unaudited*)	*%*	*HK$' mil*	*%*
Turnover										
UK	139.1	*81.8*	180.9	*67.4*	193.1	*57.6*	155.4	*63.2*	160.8	*52.5*
Europe (except UK)	0.5	*0.3*	9.4	*3.5*	27.7	*8.3*	10.0	*4.1*	55.9	*18.2*
Hong Kong	23.6	*13.9*	40.7	*15.2*	65.2	*19.4*	45.1	*18.3*	41.9	*13.7*
US	3.6	*2.1*	23.4	*8.7*	29.7	*8.9*	22.9	*9.3*	26.5	*8.6*
Other countries *(Note)*	3.2	*1.9*	13.8	*5.2*	19.7	*5.8*	12.6	*5.1*	21.3	*7.0*
Total	170.0	*100.0*	268.2	*100.0*	335.4	*100.0*	246.0	*100.0*	306.4	*100.0*

Note: Other countries include, among others, Australia, Canada, Japan, Singapore and Brazil.

In early 2002, the Group secured customers in the UK through the introduction of the UK Representative. The UK Representative was later appointed by the Group as its sales representative in September 2004 who was principally responsible for, among others, liaising between the Group and its customers and prospective customers to deal with pre-sale and/or after-sale inquiries and requirements, and promoting the Group's printing services. In order to ensure the quality of the products would meet the requirements of the customers, sales representatives of the Group often visit the Processing Factory to check the quality of the work-in-progress to ensure that the products are made in accordance with the requirements of the customers. The sales representatives will also take product samples from the Processing Factory to ensure the quality is up to the required standard before shipment. If the quality of the goods does not meet the requirements of the customers, the goods will not be shipped and further work in the Processing Factory will be performed.

With the Group's expansion in its sales and marketing team over the years, and its participation in various international book fairs and trade exhibitions, the Group has been able to source its customers (including but not limited to the UK market) more directly. Alternatively, the Group would need support from the UK Representative to provide after-sales service for the Group. Accordingly, the UK Representative has since November 2006 acted as the customers service representative of the Group principally responsible for the provision of liaison and after-sale services. In consideration of such services rendered, the UK Representative is entitled to receive a service fee. During the Track Record Period, the relevant commission/service fee paid by the Group to the UK Representative amounted to approximately HK$4.1 million, HK$5.0 million, HK$5.3 million and HK$4.6 million respectively, representing approximately 2.4%, 1.9%, 1.6% and 1.5% respectively of the Group's total turnover and representing approximately 2.9%, 2.8%, 2.7% and 2.9% respectively of the Group's total turnover in the UK.

The UK Representative is an Independent Third Party who possesses extensive experience in the printing industry. He was introduced to the Group in 2002 by the then sale director of CT Printing. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, prior to joining the Group, the UK Representative was senior management of printing companies overseeing the sales function in the UK. Since 2002, the UK Representative acted as a sale agent of the Group in the UK. No written agreement was entered into between the UK Representative and CT Printing until September 2004 when the UK Representative entered into a written agreement with CT Printing pursuant to which the UK Representative was formally appointed as the exclusive representative for the sale of printed products of the Group in the UK and non-exclusive representative for the sale of printed products of the Group outside the UK. Since November 2006, the UK Representative has acted as the Group's customer service representative, as an exclusive representative in UK and a non-exclusive representative outside the UK, to maintain customer relationship, liaise with the Group's customers and prospective customers for pre-sale inquiries and requirements, promote the Group's printing services, provide after sale services, follow up after sale enquiries with the customers and to enhance the level of customer satisfaction regarding the products of the Group. The customer service agreement entered by the Group and the UK Representative will expire on 31 December 2010. For the purpose of calculating the service fee payable to the UK Representative, orders placed by customers of the Group are classified in accordance with the location wherefrom the customers place the orders. For instance, where a customer places an order from UK, such order will be regarded as an order from a UK customer; and where a customer places an order from a location outside the UK, such order will be regarded as an order from a customer outside the

UK. Service fee payable to the UK Representative is linked to the revenue generated in respect of orders from UK customers and orders from customers outside the UK whom the UK Representative has rendered services to. As the UK Representative has been engaged by the Group as its UK customer service representative in the printing business on an exclusive basis in UK, the UK Representative is bound not to act for other printing companies on the similar products in the UK. However, the UK Representative has the liberty to act for other printing companies on similar products outside the UK.

As at the Latest Practicable Date, the Group's sales and marketing team had 16 staff covering more than 100 customers for over 30 countries. The sales and marketing team works closely with the customers on a regular basis to understand the customers' requirements, the projected sales schedules and to provide relevant industry information to the customers.

The Group's sales and marketing team will also participate in various international book fairs and exhibitions. During the Track Record Period, the Group has participated in The London Book Fair in the UK, Book Expo America in the US, The Bologna Children's Book Fair in Italy, The Frankfurt Book Fair and Paperworld Frankfurt in Germany. These trade fairs or exhibitions are important to the Group in that apart from being able to recruit new customers, they serve as a channel for the Group to obtain feedback from customers. Such feedbacks provide opportunities for the Group to continuously improve its products in order to satisfy future expectations from its customers. Other benefits of the Group gained from participating in the exhibitions include promoting its corporate image and products, maintaining closer contact and relationship with its customers, and having up-to-date industry information.

CREDIT CONTROL

The Group uses its best endeavour to exercise tight credit control and the Group's finance and accounting department reviews the credit terms of each existing and prospective customer. The settlement and credit terms granted to customers are determined with reference to, among other things, (i) length of business relationship; (ii) payment history; and (iii) financial strength and creditability of the customer.

The Group normally grants credit terms of up to 90 to 120 days to its customers. The Directors may from time to time approve extended credit period for extra 30 to 60 days to certain major customers during the relevant periods.

In case of outstanding trade receivables, written reminders will be sent to the respective customers. If the Group cannot recover the outstanding trade receivables being owed by the customers after liaisons and on a case by case basis, a legal demand letter from the Group's solicitors will be sent to such customers as and when appropriate. Under certain circumstances, the Group may consider taking legal action to recover the outstanding trade receivables.

The Group's trade receivables during the Track Record Period were approximately HK$77.5 million, HK$128.9 million, HK$149.1 million and HK$167.8 million respectively. The increase in trade receivables as at 30 September 2008 as compared to that as at 31 December 2005 was mainly due to the increase in the turnover of the Group.

During the Track Record Period, the Group recorded bad debts of approximately HK$250,000, HK$725,000, HK$92,000 and HK$307,000 respectively, representing approximately 0.1%, 0.3%, nil and 0.1% of the Group's turnover in the respective period, which indicates that most of the customers pay their outstanding debts under the Group's effective credit control policy.

COMPETITION

Competition

The Group is principally engaged in the provision of printing services to customers including international publishers and multi-national corporations. The Group's products include books, packaging products, paper bags and greeting cards which are all exported to its customers worldwide. The Directors consider that the Group competes with competitors on the price, quality, reliability, timely delivery and the ability to meet customers' specific needs and requirements.

The Directors consider that there are entry barriers to the printing industry due to the relatively substantial amount of capital required for investments in plants and machineries. In addition, the printing industry in the PRC is regulated by the PRC government under specific rules and regulations.

It is identified by the Group that the principal competitors of the Group are those Hong Kong printing companies which have set up production facilities in the PRC. Apart from these printing companies, the Group also faces competition from printers in other Asian countries such as Singapore and Thailand. Nevertheless, the Directors consider that the Group has built up its reputation as a reliable and professional printer in Hong Kong and the PRC over the past years and is able to operate competitively. The Directors also believe that the Group will face competition mainly from competitors which have the financial resources, technical expertise and sales and marketing networks comparable to or better than those of the Group. In this connection, the Group has adopted the following strategies to maintain its competitiveness.

- *Raw material purchase:* the purchase department of the Group always keeps in touch with different raw material suppliers, endeavours to lower the raw material cost, and to purchase sufficient amount of raw materials to avoid impact from material price increase.

- *Production cycle:* securing raw material supply and purchasing reliable equipment to raise production capacity to help the Group in shortening the production cycle.

- *Product quality:* ensuring the raw materials are in excellent quality. Implementing quality control policy such as ISO 9001. Adopting new technology and equipment to upgrade the product quality.

- *Customer service:* maintaining a professional customer services team with high service standard to ensure clients will get fast and accurate replies or solutions.

The Directors believe that with their extensive experience in the printing industry, the Group can further diversify its customer base and extend their footprint worldwide.

LICENCES, AWARDS AND CERTIFICATIONS

The Group and the Processing Factory have obtained relevant Printing Licences and various awards and certifications relating to their business. Set out below are the licences obtained and awards received by the Group and Processing Factory:

Licences/Awards/Certifications	Issuing organisation	Date of issue/award	Date of expiry
CT Printing			
Forest Stewardship Council ("FSC) - chain of custody standards certificate ("FSC CoC") *(Note 1)*	Bureau Veritas Certification France	25 January 2008	24 January 2013
ISO 9001:2000 Quality Management System Certificate *(Note 2)*	Bureau Veritas Certification (Holding) S.A.	9 June 2006	25 April 2009
CT Shenzhen			
印刷經營許可證 (Printing Licence) *(Note 3)*	廣東省新聞出版局 (Administration of Press and Publication of Guangdong Province)	29 July 2008	31 December 2009
Processing Factory			
印刷經營許可證 (Printing Licence) *(Note 3)*	廣東省新聞出版局 (Administration of Press and Publication of Guangdong Province)	22 January 2008	31 December 2009
廣東省對外來料加工特准營業證 (Guangdong Province Special Licence for Processing with Materials Prepared) *(Note 4)*	深圳市工商行政管理局龍崗分局 (Shenzhen Administration for Industry and Commerce, Longgang Branch)	25 November 2008	8 May 2016
ISO 14001:2004 Environmental Management System Certificate *(Note 5)*	Bureau Veritas Certification (Holding) S.A.	6 September 2007	25 May 2010
SA 8000:2001 Social Accountability Management System Certificate *(Note 6)*	Bureau Veritas Certification (Holding) S.A.	4 September 2007	27 April 2010

Licences/Awards/Certifications	Issuing organisation	Date of issue/award	Date of expiry
OHSAS 18001:1999 Management System Certificate *(Note 7)*	Bureau Veritas Certification (Holding) S.A.	4 September 2007	25 May 2010
China Print Award - Silver Medal *(Note 8)*	中國印刷及設備器材工業協會 (Printing and Printing Industries Association of China); 香港印刷業商會 (The Hong Kong Printers Association); 台灣區印刷暨機器材料工業同業公會 (Taiwan Printing and Machinery Material Industry Association); and 澳門印刷業商會(Macao Printing Association)	August 2007	—
ISO 9001:2000 Quality Management System Certificate *(Note 2)*	Bureau Veritas Certification (Holding) S.A.	9 June 2006	25 April 2009

Notes:

1. FSC is an independent, non-governmental, and not-for-profit organization established to promote the responsible management of the world's forests. An organization must adapt its management and operations to conform to all applicable FSC requirements in order to obtain the FSC CoC. It requires the organization to be certified to, amongst other things, identify the origin of raw materials used in FSC-certified products and to keep FSC-certified products separate from other products throughout the production process. The one-off application fee and recurring examination fee payable by the Group for the certificate is approximately HK$44,000 and HK$15,000 per audit respectively. Examination is usually carried out once every year.

2. ISO9001:2000 is developed by the International Organization for Standardization (ISO) which is a non-governmental organization. ISO promotes international standardization of products, services and business practices worldwide. According to ISO, ISO9001:2000 is a standard that provides a set of standardised requirements for a quality management system. The applicant must conform to the latest ISO9001:2000 standard before it is granted with the certification. CT Printing is in the course of the preparing the renewal application for the certification. The one-off application fee and recurring examination fee payable by the Group and the Processing Factory for the certificate is approximately HK$40,000 and HK$6,000 per audit respectively. Examination is usually carried out once every six months.

3. The grant of the Printing Licence is governed by the Regulations of Administration of Printing Industry (印刷業管理條例) and the Temporary Regulations for the Qualifications of the Operators in the Printing Industry (印刷業經營者資格條件暫行規定). According to these regulations, requirements for obtaining the Printing Licence include, among other things, a well-defined scope of business, the requisite capital, and sufficient equipment and production facility. No fee is payable for the application or renewal of the printing licence.

4. The licence was granted according to the Regulations of Guangdong Province on the Foreign Processing and Assembling Business (廣東省對外加工裝配業務條例) and the Implementing Measures on Administrative Licensing of Shenzhen Administration for Industry and Commerce (深圳市工商行政管理局行政許可實施辦法). These regulations are applicable to the processing business in Shenzhen. In order to be granted with the licence, the processing factory in Guangdong Province must comply with, inter alia, the following: (i) the entering into of a processing agreement approved by relevant authorities; (ii) parties to the processing agreement should include the PRC processing partner, the foreign party and the business agent; (iii) the processing factory should have a proper production premises; and (iv) the obtaining of the Printing Licence. No application fee or licence fee is payable for the licence.

5. This standard is developed by ISO, which is a standard that provides a set of standardised requirements dealing with environmental management systems ("EMS") of an organization. In order to be certified, the EMS of the organization must conform with the latest ISO14001:2004 standard, which enable the organization to, among other things, identify and control the environment impact of its activities, products or services, implement a systematic approach in respect of controlling and monitoring the environmental impact of the entities' business activities. The one-off application fee and recurring examination fee payable by the Group is approximately HK$48,000 and HK$21,000 per audit respectively. Examination is usually carried out once every year.

6. The standard is developed by the Social Accountability International ("SAI") which promotes human rights for workers around the world. The standard is based on the International Labor Organization ("ILO") standards and U.N. Human Rights Conventions. The core elements of the standard includes health and safety, working hours, child labour, forced labour, discrimination, freedom of association and collective bargaining, wages, and discipline. An organization must fulfill the requirements in the standard to become certified. The one-off application fee and recurring examination fee payable by the Group is approximately HK$60,000 and HK$8,000 per audit respectively. Examination is usually carried out once every six months.

7. This standard is a specification for the Occupational Health and Safety Management Systems, which enables an organization to manage the health and safety aspects of its operations so as to reduce risk, prevent accidents and provide a safe working environment. An organization must conform with the requirements under the OHSAS 18001: 1999 standard to become certified. The one-off application fee and recurring examination fee payable by the Group amount to approximately HK$38,000 and HK$18,750 per audit respectively. Examination is usually carried out once every year.

8. China Print Award is a national open competition jointly organised by various printing associations. The competition is mainly judged by quality and creativity of the printed products. A minimal fee of RMB200 is payable for admission to the competition.

The Group and the Processing Factory is planning to have the audits for the renewal of each of the ISO9001:2008 (formerly known as ISO9001:2000) Quality Management System Certificate and OHSAS18001:2007 (formerly known as 18001:1999) Management System Certificate, which are expected to be carried out in April and June 2009 respectively. The Directors do not expect there will be any material impediment in renewing any of the certifications and licences.

The Directors and the PRC Legal Advisers have confirmed that the Group and the Processing Factory have obtained the necessary certificates, permits and licences for operating its current business in the PRC. To ensure that the Processing Factory and sub-contractors (if any) possess all the relevant licences and permits required from time to time, the Group will regularly review the renewal of all the relevant licences and permits of the Processing Factory and sub-contractors (if any). The management of the Group will, through checking publications of the relevant PRC regulators and authorities from time to time, keep abreast of any changes in the relevant rules and regulations in the PRC. The Group will also seek advice from PRC legal counsels to ensure due compliance of the applicable laws and regulations in respect of the Processing Factory and sub-contractors (if any) from time to time. Furthermore, to ensure the compliance of the relevant PRC laws and regulations, for example, not printing books which are prohibited by the relevant PRC laws, senior management of the Group will, as and when appropriate, make enquiry to seek clarifications from legal advisers in the PRC in case sales orders for new products are received.

INSURANCE

In accordance with the regulatory requirements of the PRC, the Processing Factory has maintained insurance schemes that cover unemployment, pension, work-related injuries, medical expenses and maternity for its PRC employees. The Processing Factory has also maintained insurance which covers damage to its office equipment, machineries and inventories arising from natural hazard or accidents. The Group maintains insurance policies which cover, among other things, office premises, employees' compensation and export credit.

In Hong Kong, the Group has also taken out employees' compensation, employer's liability insurance and medical insurance for its staff.

The Directors believe that the insurance policy specifications and insured limits of the Group and the Processing Factory are in line with the normal industry practice in the PRC and Hong Kong and the existing insurance coverage is adequate for the Group's operation. The Directors confirmed that, during the Track Record Period, the Group did not have any material claim or liabilities arising from any accidents relating to its operations and did not have any major production interruption.

LABOUR AND SAFETY MATTERS

The Directors regard labour and safety matters as important issues to social responsibility. Being an integral partner of the Group, the Processing Factory has complied with the relevant labour and safety laws and regulations in PRC.

According to the PRC Labour Law (中華人民共和國勞動法), a labour contract must be signed if an employment relationship is to be established between the employee and the Processing Factory. The Processing Factory is also required to establish a system for labour safety and sanitation and provide relevant education to its employees. The PRC Production Safety Law (中華人民共和國安全生產法) requires that the Processing Factory shall maintain conditions for safe production as provided in the PRC Production Safety Law and other relevant laws and industrial standards. The Processing Factory is required to offer education and training programs to the employees regarding production safety. The design, manufacture, installation, use, checking and maintenance of the Processing Factory's safety equipment are required to conform to applicable national or industrial standards. The Processing Factory was independently assessed and satisfied the requirements under the Ethical Trading Initiative audit and was also granted the SA 8000:2001 and OHSAS 18001:1999 management system certificates, demonstrating that the management of the factory in respect of occupational health and safety and other labour and safety measures have reached a satisfactory standard.

The Group will continue to dedicate adequate resources and effort to uphold and improve the Group's safety management system in order to reduce the risks relating to labour safety issues. The

Group's senior management will work closely with the general manager of the Processing Factory to supervise the compliance of the applicable laws in labour and safety by the Group and the Processing Factory. The Group will also continue to require the Processing Factory to obtain the required employee insurance, uphold the standards under the Ethical Trading Initiative audit, implement and comply with the SA 8000:2001 and OHSAS 18001:1999 standards and provide sufficient training on occupational health and safety to its employees. The Directors believe that these measures are adequate in addressing potential future risks associated with occupational health and safety matters relating to employees of the Group and the Processing Factory. During the Track Record Period, there has not been any material labour disputes and non-compliance of safety records reported by the Group and the Processing Factory.

ENVIRONMENTAL PROTECTION

As advised by the PRC Legal Advisers and confirmed by the Directors, the PRC Environmental Protection Law（中華人民共和國環境保護法）(effected on 26 December 1989), the PRC Law on Appraisal of Environment Impact（中華人民共和國環境影響評價法）(effected on 1 September 2003), and the Regulations on Administration of Environmental Protection of Construction Projects（建設項目環境 保護管理條例）(effected on 29 November 1998), together set out the legal framework on, among other things, the design and construction requirements of production facilities of the Processing Factory and CT Shenzhen in the aspects of pollution control and environmental protection. The PRC Law on the Prevention and Treatment of Air Pollution（中華人民共和國大氣污染防治法）(effected on 1 September 2000), the PRC Law on the Prevention and Treatment of Water Pollution（中華人民共和國水污染防治法）(effected on 1 June 2008), the PRC Law on the Prevention and Treatment of Noise Pollution（中華人民共和國環境噪聲污染防治法）(effected on 1 March 1997) and the PRC Law on the Prevention and Treatment of Solid Waste Pollution（中華人民共和國固體廢物污染環境防治法）(effected on 1 April 2005) together impose further requirements on the Processing Factory and CT Shenzhen on the discharge and treatment of waste by-products, including wastewater and chemical waste.

The Directors recognised the importance of environmental protection. Therefore, the Group and the Processing Factory have controlled its pollutant emissions and ensured compliance with the PRC environmental regulations during its manufacturing process. The Group and the Processing Factory have imposed the following measures in relation to environmental protection:

1) obtain approval for its report on environmental impact prior to its establishment;

2) arrange for inspection by the relevant environment protection department of the environmental facilities of its construction project;

3) the production staff will ensure that the pollutant emissions during each production procedure will comply with the requirements of the PRC environmental regulations;

4) the production staff will ensure that all wastages produced during the manufacturing process are properly disposed of in accordance with the requirements of the PRC environmental regulations; and

5) in respect of any new construction, re-construction and expansion projects, submit a report on environmental impact to the environmental protection department and other relevant government departments for review and approval before the design for the projects is made.

During the Track Record Period, the Group and the Processing Factory have no environmental pollution incident, have not been in breach of any environmental regulations in the PRC and were not subject to any environmental claim. The Group and the Processing Factory have obtained all the required permissions from the relevant authorities in the PRC confirming that they were satisfied with the Group and the Processing Factory's environmental protection facilities during the Track Record Period. During the Track Record Period, the Group's expenditure relating to environmental compliance matters were insignificant and were mainly comprised of inspection fee charged by local environmental protection authority, sewage charges and garbage-dumping fees.

RELATIONSHIP WITH MR. TSOI AND AHL

As mentioned in the section headed "History and development" of this prospectus, immediately prior to the acquisition of the entire issued share capital of CT Printing by Mr. Tsoi in June 2007, Mr. Tsoi held the entire beneficial interest in CT Printing through Brilliant Circle, BCPP and BCHIL.

On 13 June 2007, Mr. Tsoi entered into a sale and purchase agreement (the "SP Agreement") with Victory Honest Group Limited ("Victory Honest"), a wholly-owned subsidiary of AHL, pursuant to which, Mr. Tsoi disposed of the entire issued share capital of BCHIL, other than, among others, its then interests in CT Printing, to Victory Honest (the "Disposal"). At the time of the Disposal, Brilliant Circle was a direct wholly-owned subsidiary of BCPP, which was in turn a direct wholly-owned subsidiary of BCHIL. Both BCHIL and BCPP were principally engaged in investment holding, while Brilliant Circle was engaged in investment holding and trading of machines, paper and spare parts prior to the Disposal. Since CT Printing was not to be disposed of to Victory Honest, before completion of the Disposal and on 22 June 2007, Mr. Tsoi acquired the entire issued share capital of CT Printing from Brilliant Circle. Details of the Disposal were set out in the announcement and circular (the "AHL Circular") of AHL dated 20 June 2007 and 7 September 2007 respectively. Pursuant to the SP Agreement, part of the consideration for the Disposal was settled by the issuance of 200,000,000 new shares of AHL to Mr. Tsoi. As at the Latest Practicable Date, Mr. Tsoi held 167,114,000 shares in AHL, representing approximately 15.3% of the 1,089,961,000 shares of AHL in issue as at 28 February 2009 based on the Monthly Return of Equity Issuer on Movements in Securities submitted to the Stock Exchange by AHL on 3 March 2009. As at the Latest Practicable Date, save for the aforesaid interest in the shares of AHL, Mr. Tsoi did not hold any equity interests in the subsidiaries of BCHIL or AHL but remained as the director of BCHIL and certain of its subsidiaries, namely, BCPP, Brilliant Circle, Bengbu Jinhuangshan Rotogravure Printing Co., Ltd., Shenzhen Guilian Printing Ltd., Shenzhen Kecai Printing Co., Ltd., Xiangfan Jinfeihuan Colour Packing Co., Ltd. and Zhaotong Antong Package Material Co., Ltd.. Based on the aforesaid, AHL is not a connected person of the Company under the Listing Rules. Mr. Tsoi and Mr. David Cai were also guarantors in favour of two banks in relation to the banking facilities granted to Brilliant Circle amounted to approximately HK$70 million as at 31 January 2009. The guarantees provided by Mr. Tsoi and Mr. David Cai on such banking facilities granted to Brilliant Circle had been released as at the Latest Practicable Date. Apart from CT Printing, as disclosed in the AHL Circular, certain other four former subsidiaries of BCHIL were not disposed of to Victory Honest under the Disposal. As at the Latest

Practicable Date, two of such subsidiaries, namely Hunan Yingkun Printing Ink & Chemicals Co., Ltd. and Shenzhen Yuen Cheong Hong Trading Co., Ltd., were disposed of to an Independent Third Party and the brother of Mr. Tsoi respectively. The other two former subsidiaries of BCHIL, namely Dongguan Guilian Packing Materials Ltd. and Shenzhen An Tong Package Material Company Ltd., were wholly-owned by Mr. Tsoi as at the Latest Practicable Date. Though Dongguan Guilian Packing Materials Ltd. and Shenzhen An Tong Package Material Company Ltd. were still beneficially owned by Mr. Tsoi, their businesses are unrelated to the business of the Group as the former is dormant and the latter is principally engaged in properties leasing. To the best of the knowledge, information and belief of the Directors, Hunan Yingkun Printing Ink & Chemicals Co., Ltd. is principally engaged in manufacturing and trading of ink and Shenzhen Yuen Cheong Hong Trading Co., Ltd. is dormant. Mr. Tsoi's brother has no experience, knowledge or involvement in the printing business which is similar to that of the Group. Shenzhen Yuen Cheong Hong Trading Co., Ltd. was disposed of to Mr. Tsoi's brother because he expressed his interest to own and operate the trading of paper business at that time. The consideration of RMB2.36 million was paid by Mr. Tsoi's brother in cash and no direct or indirect financial assistance have been given by Mr. Tsoi or his associates to his brother in respect of such disposal.

To the best of the knowledge, information and belief of the Directors, AHL and its subsidiaries, including the BC Group, are principally engaged in the printing of cigarette packaging and manufacturing of laminated paper in the PRC. In respect of the Group, it is principally engaged in the business of printing of books and other paper-related products which include greeting cards, party decoratives, calendars, paper bags and packaging boxes. In addition, the production machinery, equipment and techniques required for the printing and manufacturing of cigarette packages by AHL and its subsidiaries are specific which cannot be directly switched to engage in the printing of books or other printed products similar to that of the Group. Given the clear delineation in the principal business and the difference in the customer base, equipment and technology required between that of the Group and of AHL, the Directors are of the view that none of the business of AHL and its subsidiaries is competing or is likely to compete with that of the Group.

Despite the fact that Mr. Tsoi is holding offices of directors in the Company and certain subsidiaries of AHL, each of AHL and/or the BC Group has not been a customer and/or supplier of the Group during the Track Record Period. Taking into account the fact that Mr. Tsoi is still a director of BCHIL and certain of its subsidiaries responsible for their management and business, while Mr. Tsoi is not involved in the daily management of the Group, Mr. Tsoi is designated as a non-executive Director. Nevertheless, the Company has four executive Directors and it has its own senior management team. Major decisions on the business and management of the Group are made by the Board as a whole.

NON-COMPETITION UNDERTAKING AND POSSIBLE CONFLICT OF INTEREST

Mr. Tsoi has confirmed that he is not interested in any business which competes or is likely to compete with the business of the Group. Pursuant to the deed of non-competition undertaking executed by Mr. Tsoi in favour of the Group dated 4 March 2009, Mr. Tsoi shall not, except through any member of the Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with 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 ("Restricted Business"). It has also been provided in the deed of non-competition undertaking that when Mr. Tsoi and/or any of his associates is offered or becomes aware of any new project or business opportunity directly or indirectly to engage or become interested in a Restricted Business, he (i) shall promptly notify the Company in writing, refer such project or business opportunity to the Company for consideration first and provide such information as may be reasonably required by the Company to make an informed assessment of such project or business opportunity; and (ii) shall not, and procure that his associates shall not, invest or participate in any such project or business opportunity unless such project or business opportunity shall have been rejected by the Company and the principal terms of which Mr. Tsoi and/or his associates invest or participate are no more favourable than those made available to the Company. The undertaking is effective from the Listing Date until the earlier of: (i) the day when the Shares cease to be listed on the Stock Exchange; or (ii) the day when Mr. Tsoi ceases to be a Shareholder. As a matter of good corporate governance practices and to improve transparency, the Company will adopt the following measures for the purpose of monitoring the due compliance with the deed of non-competition undertaking:

(1) The independent non-executive Directors will review, on an annual basis, the compliance with the undertaking by Mr. Tsoi under the deed of non-competition undertaking including the right of first refusal for any new project or business opportunity.

(2) Mr. Tsoi undertakes to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the deed of non-competition undertaking.

(3) The Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the undertaking of Mr. Tsoi including the decisions reached in respect of the right of first refusal for any new project or business opportunity either in the annual report or by issuing an announcement of the Company.

(4) Mr. Tsoi will make an annual declaration on compliance with his undertaking, under the deed of non-competition undertaking in the annual report of the Company.

(5) Mr. Tsoi shall abstain from voting at any general meeting of the Company if there is any actual or potential conflict of interests.

The declaration and disclosure regarding compliance with and enforcement of the deed of non-competition shall be consistent with the principles of making voluntary disclosures in the Corporate Governance Report of the Company to be issued in accordance with Appendix 23 of the Listing Rules.

None of the Directors and senior management holds any position or any interest in any businesses that competes or is likely to compete with the business of the Group. As at the Latest Practicable Date, the Board comprised eight Directors, of which Mr. Tsoi is a non-executive Director, three are independent non-executive Directors and four are executive Directors. It is the Board as a whole, and not any individual Director, together with the senior management of the Group who make decisions for the Group and oversee the operation of the Group. In addition, in order to avoid any potential competing or conflict of interest between the Group and Mr. Tsoi (including any companies in which he has a material interest), the Group would implement the following measures:-

(1) Mr. Tsoi would excuse himself from the Board meetings of the Company and abstain from voting on any Board resolutions in relation to any proposal in which Mr. Tsoi would have conflicting interest from that of the other Shareholders. In such case, the executive Directors and the independent non-executive Directors, with the assistance of the senior management, will be responsible for making decisions for the Board. If necessary, the Company will engage external professionals such as auditors, valuers and other advisers to give advice.

(2) Given that Mr. Tsoi has held directorships in the Company and certain subsidiaries of AHL and some other private companies which are principally engaged in business different from the Group, in order to minimise the potential conflicts which may arise on matters relating to corporate strategy and overall development, Mr. Tsoi was appointed as a non-executive Director. Mr. Tsoi would not be involved in the day-to-day operation and management of the Group. The daily operation of the Group is mainly taken care of by the executive Directors and senior management of the Group. In particular, Ms. Wu Sin Wah, Eva, the Chief Executive Officer of the Company and an executive Director, has extensive experience in the printing industry.

(3) Each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of the Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the independent non-executive Directors and shall not be present during the discussion of the relevant resolution in which conflict of interest may arise and shall abstain from voting on such proposed resolution.

(4) The Company will engage Optima Capital as the compliance adviser who shall ensure that the Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations.

(5) The independent non-executive Directors may engage an independent financial adviser to seek advice in considering connected transactions when it is necessary.

(6) The Directors are obliged under the Articles of Association to declare to the Board any potential conflict of interest with the Group at Board meetings. It is provided in the Articles of Association that a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested. The Board (including the independent non-executive Directors) would monitor the potential conflict of interest of Directors and the Directors have to submit confirmation to the Board for disclosing details of competing businesses in any interim or annual reports to be issued by the Company.

(7) The legal advisers have provided a training to all the Directors on the requirements of the Listing Rules. Formal legal advice on specific issue will be sought from time to time as and when necessary.

BOARD OF DIRECTORS

Executive and non-executive Directors

Mr. TSOI Tak (蔡得), aged 54, is the Chairman 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 is also 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, which is now a wholly-owned subsidiary of Brilliant Circle, 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 AHL. Mr. Tsoi is the father of Mr. David Cai and 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 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 Ms. Wu 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. Prior to Mr. Tony Cai joining the Group, his responsibilities were carried out by Ms. Wu Sin Wah, Eva.

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 43, was appointed as an independent non-executive Director in 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 HKICPA. Mr. Lam is also an independent non-executive director of Xingfa Aluminium Holdings Limited, a company listed on the Main Board. 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 in 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 in 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. Mr. Siu received his Bachelor's degree in Laws from The University of Hong Kong in 1996.

Details on the aggregate emoluments and benefits in kind payable to each of the executive Directors and non-executive Directors are set out in the paragraph headed "Further information about Directors, management, staff and experts" in appendix VI to this prospectus.

Save as disclosed above, each of the Directors (i) did not hold other positions in the Company or members of the Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as Mr. Tsoi's and Mr. David Cai's interests in the Shares which are disclosed in the section headed "Persons having notifiable interests under the SFO" and the paragraph headed "Further information about Directors, management, staff and experts" in appendix VI to this prospectus, each of the Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Directors' remuneration and/or salary

The remuneration and/or salary received by the Directors during the Track Record Period in respect of their service provided to the Group are set out below:

	For the year ended 31 December			For the nine months ended 30 September	Annual remuneration after Listing
	2005	**2006**	**2007**	**2008**	*(Note 4)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-executive and executive Directors:					
Mr. Tsoi *(Note 1)*	—	—	—	—	200
Mr. David Cai *(Note 1)*	322	417	396	—	500
Ms. Wu Sin Wah, Eva *(Note 2)*	377	652	528	359	730
Mr. Kiong Chung Yin, Yttox *(Note 3)*	500	539	674	422	764
Mr. Tony Cai	—	—	—	—	300
Independent non-executive Directors:					
Mr. Lam Ying Hung, Andy	—	—	—	—	50
Mr. Lui Tin Nang	—	—	—	—	50
Mr. Siu Man Ho, Simon	—	—	—	—	50
	1,199	**1,608**	**1,598**	**781**	**2,644**

Notes:

1. During the Track Record Period, there were two directors in CT Printing, namely Mr. Tsoi and Mr. David Cai. In light of Mr. Tsoi's non-executive role while being the controlling shareholder of CT Printing and there has been no agreement made between CT Printing and Mr. Tsoi for the payment of any director remuneration, Mr. Tsoi did not receive any remuneration during the Track Record Period. Mr. David Cai received salary from the Group during the three years ended 31 December 2007 but decided not to receive any salary from CT Printing during the nine months ended 30 September 2008 given the business of CT Printing, after years of development, has been performing satisfactorily and much of his workload was shared among the senior management of CT Printing. Each of Mr. Tsoi and Mr. David Cai has entered into an appointment letter and a service agreement respectively with the Company, pursuant to which they will receive directors' remuneration from the Company after the Listing.

2. Ms. Wu Sin Wah, Eva was appointed as a Director on 18 December 2008. Prior to the appointment, her salary was accounted for by the Group as staff cost during the Track Record Period.

3. Mr. Kiong Chung Yin, Yttox was appointed as a Director on 18 December 2008. Prior to the appointment, as he was assigned by Brilliant Circle (being the former holding company of CT Printing) to work for CT Printing during the Track Record Period, his salary was borne by the Group (as staff cost) and Brilliant Circle for his services provided to the Group during such period. Since 2009, Mr. Kiong's salary has been and would be fully paid by the Group.

4. Each of the Directors has entered into a service contract and/or appointment letter for an initial term of three years commencing from the Listing Date. Under the current arrangements, the aggregate emoluments payable by the Group to the Directors (excluding any discretionary management bonus payable by the Group) for the year ending 31 December 2009 will be HK$2,644,000 pursuant to the respective service contracts and/or appointment letters of the Directors, which were determined with reference to the duties and responsibilities of each Director, the remuneration policy of the Company and the prevailing market conditions. Further details of service contracts and the appointment letters of Directors and their respective remuneration after Listing are set out in the section headed "Further information about Directors, management, staff and experts" in appendix VI to this prospectus.

Save as disclosed herein, to the best of the knowledge information and belief of the Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders and there was no information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

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.

Senior management of the Processing Factory

Ms. FENG Shi Quan (馮十全), aged 56, is the general manager and financial controller of the Processing Factory. Ms. Feng is responsible for the overall supervision of the operation and the accounting and finance functions of the Processing Factory. Ms. Feng is a senior accountant and has over 18 years of experience in accounting in the PRC. Ms. Feng graduated from Hunan College of Finance and Economics with a major in industry accounting. Ms. Feng had worked in the accounts and finance departments of various companies engaged in textiles and trading business in the PRC. She joined the Processing Factory in July 2002.

Mr. YOU De Quan (由德全), aged 58, is the deputy general manager of the Processing Factory. He is responsible for the daily management and administrative matters of the Processing Factory. Mr. You graduated from Xiangtan University of Hunan with a major in administration and management in 1989. Mr. You joined the Processing Factory in May 2007. Prior to joining the Processing Factory, Mr. You took various management positions including assistant to general manager, manager of legal department and head of human resources department in BCHIL group of companies.

Mr. ZHANG Wen Guang (張文光), aged 38, is the deputy general manager of the Processing Factory. He is responsible for managing daily operation and production of the Processing Factory. He has over 20 years of experience in the printing industry. Mr. Zhang served as the head of production department of a printing factory in Dongguan, the PRC from 1995 to 2004 and joined the Processing Factory in February 2005.

Ms. YANG Li (楊麗), aged 36, is the deputy general manager of the Processing Factory. She is responsible for human resources and other administrative matters of the Processing Factory. Ms. Yang graduated from Hubei Institute of Economic Management with a major in commercial and industrial enterprise management in 2008 and received her Higher Diploma in Hong Kong Professional Human Resources Management in July 2002. Ms. Yang served as the head of the human resources department of a PRC company principally engaged in printing business from 1999 and joined the Processing Factory in February 2005.

Note: The salary of employees of the Processing Factory (including the abovementioned senior management) forms part of the staff costs incurred by the Processing Factory which are reimbursed by the Group by way of payment of processing fees. The senior management of the Processing Factory are selected and employed by the Processing Factory. However, if the Group is not satisfied with their performance, the Group can discuss with and request the PRC Processing Partner to replace with suitable and appropriate personnel.

COMPANY SECRETARY

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

HUMAN RESOURCES

Overview of number of staff

As at the Latest Practicable Date, the Group had a total of 40 permanent full-time staff based in Hong Kong and the PRC. In addition, as at the Latest Practicable Date, 941 staffs were employed by the Processing Factory in connection with the manufacture of the Group's products.

Set out below is a breakdown of employees of the Group and the Processing Factory as at the Latest Practicable Date:

	Number of full-time staff employed by the Group *(including CT Shenzhen)*	**Number of staff employed by Processing Factory** *(Note)*
Administration	7	40
Sales and marketing	16	36
Merchandising	2	3
Shipping and logistics	4	67
Accounting and finance	6	13
Production	5	782
Total	40	941

Note: These staff are employed by the Processing Factory in the PRC and are not employees of the Group.

Relationship with staff

Each of the Group and the Processing Factory has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

During the Track Record Period, there were three labour dispute cases (two in the PRC and one in Hong Kong) which had been fully settled. In the settled cases in the PRC, CT Printing and the Processing Factory were claimed by two staffs who had breached the labour code of the Processing Factory for approximately RMB1,600 and RMB6,400 respectively, whereas in the settled case in Hong Kong, CT Printing was claimed by a salesperson for commission of approximately HK$400,000 after his resignation. The Group has subsequently reviewed the terms of the employment contract to ensure the compliance of the labour laws from time to time and the sales commission basis are clearly defined in order to avoid any dispute in the future. In 2008, there were three labour dispute cases brought by three staffs of the Processing Factory in 2008 in relation to wages and economic compensation in the aggregate amount of approximately RMB372,000. The People's Court of Longgang District, Shenzhen City (深圳市龍崗區人民法院) rejected parts of the staff's claims and held that the Processing Factory and CT Printing shall only be liable to pay the subject staffs an aggregate amount of approximately RMB92,000. As at the Latest Practicable Date, the cases were brought to the Intermediate People's Court of Shenzhen City (深圳市中級人民法院) for appeal. If the outcomes are not in favour of CT Printing, the maximum amount of compensation payable by CT Printing may be equivalent to the entire amount claimed by the staff, i.e., approximately RMB372,000. In this regard, the Controlling Shareholders have given an indemnity in favour of the Group that they shall indemnify the Group against any loss and damages suffered by the Group in connection with these labour dispute cases.

Having considered, among other things, that (i) the number of labour dispute cases represented only a small percentage of the total staff of the Processing Factory (over 900 staff) and the Group (40 staff); (ii) the amount involved is immaterial such that even the outcomes of the cases are held against the Group, it will not result in any material adverse effect on the results of the Group; (iii) the disputes are regarding calculation of payment to individual staff under their respective employment contracts and none of the disputes has resulted in any strike or other form of industrial action which may materially affect the daily operation of the Group and the Processing Factory, the Directors consider that the Group and the Processing Factory have maintained good relationship with their respective employees.

The Directors also consider that the operations of the Group and the Processing Factory are in compliance with the current applicable labour and safety regulations in the PRC and Hong Kong.

The Processing Factory will primarily be responsible for the compliance of the labour laws of the PRC in relation to its employees. Although there is no employment relationship between the staffs employed by the Processing Factory and the Group, where there are labour disputes, the court and the government departments in charge of labour management could hold both the Processing Factory and CT Printing to be liable. Usually, the Processing Factory shall firstly assume the civil liabilities and in the event that the Processing Factory is unable to fulfill the same, CT Printing shall then assume the liability of compensation.

Staff benefits

The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries.

The Group also makes contributions to the following staff related plans and funds in accordance with the local regulations of the PRC, namely, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance. Having regard to the confirmations issued by the government offices where the Group's operations are located, the Directors confirm that the Group is in compliance with the applicable laws and regulations.

AUDIT COMMITTEE

The Company established an audit committee on 4 March 2009 with written terms of reference in line with the code provisions of the Code on Corporate Governance Practices set out in appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee currently has three members comprising Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon, all being independent non-executive Directors. The chairman of the audit committee is Mr. Lui Tin Nang.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 4 March 2009 with written terms of reference which are in line with the code provisions of the Code on Corporate Governance Practices set out in appendix 14 to the Listing Rules. The remuneration committee shall make recommendations to the Board on, among other matters, the Company's policy and structure for the remuneration of all Directors and senior management and shall be delegated by the Board the responsibility to determine on behalf of the Board the specific remuneration packages for all executive Directors and senior management. It has four members comprising Mr. Kiong Chung Yin, Yttox, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon. The chairman of the remuneration committee is Mr. Kiong Chung Yin, Yttox.

NOMINATION COMMITTEE

The Company established a nomination committee on 4 March 2009 with written terms of reference which are in line with the code provisions of the Code on Corporate Governance Practices set out in appendix 14 to the Listing Rules. The nomination committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of Board succession. It has four members comprising Ms. Wu Sin Wah, Eva, Mr. Lui Tin Nang, Mr. Lam Ying Hung, Andy and Mr. Siu Man Ho, Simon. The chairman of the nomination committee is Ms. Wu Sin Wah, Eva.

COMPLIANCE ADVISER

The Company will appoint Optima Capital, which is also the Sponsor, as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance adviser's agreement to be entered into by the Company and Optima Capital include the following:

(a) Optima Capital will be appointed by the Company as its compliance adviser for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date; and

(b) pursuant to Rule 3A.23 of the Listing Rules, Optima Capital will advise the Company on the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(3) where the Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information of the prospectus; and

(4) where the Stock Exchange makes an inquiry of the Company regarding unusual moments in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and ends on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme which, in the opinion of the Directors, will 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. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" in appendix VI to this prospectus.

INTEREST DISCLOSURE UNDER THE SFO

Interests and short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of Shares which may be taken up under the Share Offer), the Directors will have the following interests and short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange, once the Shares are listed:

(i) *The Company*

Interests in Shares

Name	Capacity	Position	Number of Shares	Percentage of shareholding
Mr. Tsoi *(Note 1)*	Interest of controlled corporation	Long	105,000,000	52.5%
Mr. David Cai *(Note 2)*	Interest of controlled corporation	Long	45,000,000	22.5%

Notes:

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

2. These Shares are held by Sinorise, 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.

(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 owner	Long	200 shares of US$1.00 each	100%

Interests and/or short positions discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account Shares which may be taken up under the Share Offer), the following persons (not being a Director or chief executive of the Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will 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 Shareholders	Capacity	Position	Number of Shares	Percentage of shareholding
Profitcharm *(Note 1)*	Beneficial owner	Long	105,000,000	52.5%
Sinorise *(Note 2)*	Beneficial owner	Long	45,000,000	22.5%

Notes:

1. Profitcharm is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Tsoi.

2. Sinorise is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. David Cai.

RESTRICTIONS ON DISPOSAL OF SHARES

Pursuant to Rule 10.07(1) of the Listing Rules, each of Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise has undertaken to the Company, the Stock Exchange, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) that, save as pursuant to the Share Offer, they will not and will procure the relevant registered holder not to:

(i) in the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date (the "First Six-Month Period"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (or any interest therein) in respect of which he or they are shown in this prospectus to be the beneficial owner(s) immediately after completion of the Share Offer; and

(ii) in the period of six months commencing on the date falling the expiration of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Shares (or any interest therein) in respect of which he or they are shown in this prospectus to be the beneficial owner(s) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the taken as a whole would cease to be a controlling shareholder of the Company.

Each of Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise has also undertaken to the Company, the Stock Exchange, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) that, within the 12 months from the Listing Date, he/it will:

(1) when he/it or the registered owner pledges or charges any securities or interests in the securities of the Company beneficially owned by him/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules immediately inform the Company, the Stock Exchange, the Sponsor and the Lead Manager in writing of such pledge or charge together with the number of securities so pledged or charged; and

(2) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company, the Stock Exchange, the Sponsor and the Lead Manager in writing of such indications.

The Company will inform the Stock Exchange as soon as practicable after it has been informed of the matters referred to in (1) or (2) above by Mr. Tsoi, Mr. David Cai, Profitcharm or Sinorise and disclose such matters by way of an announcement in compliance with the Listing Rules.

The authorised and issued share capital of the Company is as follows:

Authorised:		*HK$*
1,000,000,000	Shares	10,000,000
Issued and to be issued, fully paid or credited as fully paid:		
10,000,000	Shares in issue	100,000
140,000,000	Shares to be issued under the Capitalisation Issue *(Note)*	1,400,000
50,000,000	Shares to be issued under the Share Offer	500,000
200,000,000	Shares in issue immediately upon Listing	2,000,000

Note: Pursuant to the written resolutions of all Shareholders passed on 4 March 2009, conditional upon the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to capitalise the amount of HK$1,400,000 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par a total of 140,000,000 Shares for allotment and issue to the holders of Shares whose names shall appear on the register of members of the Company at the close of business on 4 March 2009, in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company.

ASSUMPTIONS

The above table assumes the Share Offer and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto is made as described herein.

It takes no account of any Shares which may be allotted and issued upon the exercise of options granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by the Company under the general mandates for the allotment and issue or purchase of Shares granted to Directors or any Shares which may be repurchased by the Company pursuant to the general mandate given to the Directors for the repurchase of Shares as referred to below or otherwise.

RANKING

The Offer Shares will rank pari passu in all respects with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus, except for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in the paragraph headed "Share Option Scheme" in appendix VI to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Share Offer becoming unconditional, the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

(1) 20% of the aggregate amount of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may fall to be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme); and

(2) the aggregate nominal amount of the Shares repurchased by the Company (if any) pursuant to the repurchase mandate (as referred to below).

The Directors may, in addition to the Shares which they are authorised to issue under this mandate, allot, issue and deal in the Shares pursuant to a rights issue, scrip dividend scheme or similar arrangements or the exercise of any options that may be granted under the Share Option Scheme.

This mandate will expire:

— at the end of the Company's next annual general meeting;

— at the end of the period within which the Company is required by law or the Articles to hold its next annual general meeting; or

— when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earlier.

For further details of this general mandate, see the paragraph headed "Written resolutions of all Shareholders passed on 4 March 2009" in appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the Share Offer becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Repurchase of the Company's own securities" in the section headed "Further information about the Company and its subsidiaries" in appendix VI to this prospectus.

This mandate will expire:

— at the end of next annual general meeting of the Company;

— at the end of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; or

— when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earlier.

For further details of this general mandate, see the paragraph headed "Written resolutions of all Shareholders passed on 4 March 2009" in appendix VI to this prospectus.

TRADING RECORD

The following table is a summary of the combined results of the Group during the Track Record Period which has been extracted from, and should be read in conjunction with, the accountants' report set out in appendix I to this prospectus.

		For the year ended 31 December			For the nine months ended 30 September	
		2005	**2006**	**2007**	**2007**	**2008**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Turnover	1	170,027	268,193	335,392	246,037	306,441
Cost of sales		(120,245)	(196,705)	(251,023)	(181,266)	(233,116)
Gross profit		**49,782**	**71,488**	**84,369**	**64,771**	**73,325**
Other revenue and other net income	1	3,739	3,564	6,247	3,613	4,381
Selling expenses		(16,991)	(24,411)	(29,027)	(22,515)	(23,661)
Administrative expenses		(14,547)	(14,166)	(19,634)	(14,356)	(18,990)
Profit from operations		**21,983**	**36,475**	**41,955**	**31,513**	**35,055**
Finance costs		(3,892)	(6,241)	(9,221)	(5,883)	(6,583)
Profit before taxation		**18,091**	**30,234**	**32,734**	**25,630**	**28,472**
Income tax		(1,258)	(2,664)	(2,797)	(2,222)	(1,972)
Profit for the year/period attributable to equity holders of the Company		**16,833**	**27,570**	**29,937**	**23,408**	**26,500**
Earnings per Share attributable to equity holders of the Company — Basic and diluted (HK$)	2	**0.11**	**0.18**	**0.20**	**0.16**	**0.18**

Notes:

1. Turnover represents the invoiced value of provision of printing service, less sales returns and discounts for the year/period.

Set out below is the breakdown of other revenue and other net income for the Track Record Period:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Other revenue					
Bank interest income	9	33	1,025	484	1,139
Investment income of available-for-sale financial assets	1,364	—	—	—	—
Management fee income	754	498	344	344	263
Sales of scrap materials	1,572	1,499	2,474	2,016	2,664
Sundry income	40	380	84	29	229
	3,739	2,410	3,927	2,873	4,295
Other net income					
Gain on disposal of property, plant and equipment	—	251	2,160	740	86
Gain on disposal of prepaid lease payments	—	—	160	—	—
Exchange gain, net	—	903	—	—	—
	—	1,154	2,320	740	86
	3,739	3,564	6,247	3,613	4,381

2. The calculation of the basic earnings per Share for the Track Record Period is based on the profit for the year/period attributable to equity holders of the Company under the Track Record Period and assuming 150,000,000 Shares had been in issue throughout the Track Record Period, comprising 10,000,000 Shares in issue as at the date of this prospectus and 140,000,000 Shares to be issued pursuant to the Capitalisation Issue but takes no account of any Shares which may fall to be allotted and issued under the Share Offer. Diluted earnings per Share is equal to the basic earnings per Share as there were no potential dilutive ordinary shares outstanding during the Track Record Period.

According to paragraph 27 of Part I of the Third Schedule to the Companies Ordinance, the Company is required to include in this prospectus a statement as to the gross trading income or sales turnover of the Group during the three financial years immediately preceding the issue of this prospectus.

According to paragraph 31 of Part II of the Third Schedule to the Companies Ordinance, the Company is required to include in this prospectus a report by the auditors and reporting accountants of the Company with respect to the financial results of the Group for each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to Rule 4.04(1) of the Listing Rules, the Company is required to include in this prospectus an accountants' report covering the combined results of the Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The accountants' report for each of the three years ended 31 December 2007 and the nine months ended 30 September 2008 has been prepared and is set out in appendix I to this prospectus. However, as this prospectus is issued within a short period of time after 31 December 2008, the accountants' report has not been prepared for the full year ended 31 December 2008 as it would be unduly burdensome for the Company to do so.

In these circumstances, an application was made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 December 2008 in this prospectus on the ground that it would be unduly burdensome for the Company to do so and a certificate of exemption has been granted by the SFC under section 342A(1) of the Companies Ordinance.

An application has also been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on condition that the Listing Date will not be later than three months after the latest financial year-end, i.e. by 31 March 2009.

The Directors are of the view that all information that is necessary for the public to make an informed assessment of the financial position of the Group has been included in this prospectus. The Directors have confirmed that they have performed sufficient due diligence on the Group to ensure that up to the date of issue of this prospectus, there has been no material adverse change in the financial position of the Group since 30 September 2008, and there is no event which would materially affect the information shown in the accountants' report as set out in appendix I to this prospectus.

SIGNIFICANT ACCOUNTING POLICIES

The Group's financial statements have been prepared in accordance with the HKFRS. The accounting policies and accounting estimates and judgements are set out in notes 2 and 4 to the accountants' report contained in appendix I to this prospectus. The following paragraphs discuss those that are most critical in preparing the financial statements of the Group:

Accounting policies

Property, plant and equipment

Property, plant and equipment are stated in the combined balance sheets at cost less accumulated depreciation and impairment losses (see section "impairment of assets" below), 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.

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 section "property, plant and equipment" above. Impairment losses are accounted for in accordance with the accounting policy as set out in section "impairment of assets" below. 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. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

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.

Prepaid lease payments represent leasehold interests in land under operating lease arrangements and are amortised to profit or loss on a straight-line basis over the lease terms.

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 each balance sheet date to determine whether there is objective evidence of impairment.

Investments in equity securities (other than investments in subsidiaries and other current and non-current receivables) that are stated at cost or amortised cost are reviewed at each 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.

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

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

  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 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.

  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, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. 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 in respect of available-for-sale securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

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.

ii) Impairment of other assets

Internal and external sources of information are reviewed at each 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 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 value 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 income statement in the year in which the reversals are recognised.

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.

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.

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.

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 each of the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each 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.

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.

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 each 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 section "impairment of assets" above).

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 section "impairment of assets" above).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The following table illustrates the breakdown of the Group's turnover by products during the Track Record Period:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million (unaudited)*	*HK$' million*
Turnover					
Case bound books	75.5	129.2	154.0	107.9	155.3
Paperback books	43.6	57.0	66.7	51.3	46.0
Spiral bound books	24.5	43.6	47.2	38.2	51.4
Novelty books	19.5	30.3	48.9	32.6	40.8
Other paper-related products *(Note)*	6.9	8.1	18.6	16.0	12.9
Total	170.0	268.2	335.4	246.0	306.4

Note: Other paper-related products include greeting cards, party decoratives, calendars, paper bags and packaging boxes.

The Group's turnover has been growing during the Track Record Period, from approximately HK$170.0 million in 2005 to approximately HK$268.2 million in 2006 and further increased to approximately HK$335.4 million in 2007, representing an increase of approximately 57.8% from 2005 to 2006 and approximately 25.1% from 2006 to 2007, and amounted to approximately HK$306.4 million for the nine months ended 30 September 2008, representing a growth of approximately 24.6% over the turnover in the same period in 2007. The growth in turnover is mainly attributable to the market expansion and growth in customer base, from approximately 60 customers spanning over nine countries in 2005, to over 100 customers covering more than 30 countries as at the Latest Practicable Date.

Case bound books have been the major product of the Group which contributed approximately 44.4%, 48.2%, 45.9% and 50.7% respectively of the Group's turnover for the Track Record Period. The turnover generated from the sales of case bound books has been increased from approximately HK$75.5 million in 2005 to approximately HK$129.2 million in 2006, representing a growth of approximately 71.1%, and further increased to approximately HK$154.0 million in 2007, representing a growth of approximately 19.2%. For the nine months ended 30 September 2008, the sales of case bound books recorded approximately HK$155.3 million.

Apart from case bound books, in terms of contributions to the turnover of the Group, the sales of spiral bound books and novelty books forms another two principal product lines of the Group. The aggregate sales of the spiral bound books and novelty books, during the Track Record Period, have accounted for approximately 25.9%, 27.6%, 28.7% and 30.1% of the turnover of the Group respectively. In respect of paperback books, the sales of which has accounted for approximately 25.6%, 21.3%, 19.9% and 15.0% of the Group's turnover during the Track Record Period. Other paper-related products of the Group include greeting cards, party decoratives, calendars, paper bags and packaging boxes, during the Track Record Period, the sales of which has accounted for approximately 4.1%, 3.0%, 5.6% and 4.2% to the Group's turnover.

During the Track Record Period, the average gross profit margin of the novelty books and certain spiral bound books were the highest as, in general, these two types of books contained relatively more features which command for higher selling prices. As the production costs of case bound books are relatively higher than that of paperback books, the gross profit margin of case bound books is the lowest among all book products of the Group.

The following table illustrates the breakdown of the Group's turnover during the Track Record Period with respect to geographical areas:

	For the year ended 31 December			**For the nine months ended 30 September**	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million (unaudited)*	*HK$' million*
Turnover					
UK	139.1	180.9	193.1	155.4	160.8
Europe (except UK)	0.5	9.4	27.7	10.0	55.9
Hong Kong	23.6	40.7	65.2	45.1	41.9
US	3.6	23.4	29.7	22.9	26.5
Other countries *(Note)*	3.2	13.8	19.7	12.6	21.3
Total	170.0	268.2	335.4	246.0	306.4

Note: Other countries include, among others, Australia, Canada, Japan, Singapore and Brazil.

During the Track Record Period, the UK has been the largest market of the Group and contributed to approximately 81.8%, 67.4%, 57.6%, and 52.5% of the Group's turnover respectively. With a view to diversifying its overseas market and recruiting new customers, the Group has been participating in various international book fairs so as to further expand its customer base. During the Track Record Period, the total turnover contributed by Europe (except UK) and the US have increased from approximately 2.4% of the Group's turnover in 2005 to approximately 12.2% in 2006, and further grew to approximately 17.1% in 2007 and 26.9% for the nine months ended 30 September 2008. On the other hand, during the Track Record Period, the turnover generated from Hong Kong has accounted for approximately 13.9%, 15.2%, 19.4% and 13.7% of the Group's turnover respectively.

During the Track Record Period, the average purchase price of paper (calculated as the average purchase price of paper per ton) purchased by the Group has, on a year-on-year and/or period-to-period basis (as the case may be), increased by approximately 3.3%, 4.0% and 13.1% respectively. The increases are mainly due to the rise in the price of paper pulp, the major raw material for the production of paper. In order to reduce the impact brought by the increase in purchase price of paper, the Group has closely monitored the paper price and has transferred part of such increase to the Group's customers.

Processing fees were part of cost of sales and during the Track Record Period, the processing fees included in the cost of sales amounted to approximately HK$30.4 million, HK$52.7 million, HK$69.5 million and HK$61.3 million respectively, representing approximately 25.3%, 26.8%, 27.7% and 26.3% of the total cost of sales during the Track Record Period respectively. The increase in processing fees as compared to the total cost of sales for the years ended 31 December 2006 and 2007 were mainly due to the increase in sub-contracting arrangements and number of workers employed by the Processing Factory. The drop in processing fees as compared to the total cost of sales for the nine months ended 30 September 2008 was mainly due to the slight reduction of number of workers employed by the Processing Factory as a result of increase in machineries used in the Processing Factory. During the three years ended 31 December 2007, the increase in processing fees as a percentage of cost of sales contributed to a drop of gross profit margin.

The profit for the year attributable to the equity holders of the Company has been growing during the Track Record Period, from approximately HK$16.8 million in 2005 to approximately HK$27.6 million in 2006 and further increased to approximately HK$29.9 million in 2007. The net profit margins (calculated as the profit for the year/period attributable to equity holders of the Company divided by turnover) of the Group during the Track Record Period ranged from approximately 8.6% to 10.3%. During the Track Record Period, apart from the drop of approximately 1.4% from approximately 10.3% for the year ended 31 December 2006 to approximately 8.9% for the year ended 31 December 2007, which was mainly attributed to the relevant drop in gross profit margin, there has not been any significant changes in net profit margin of the Group between consecutive periods.

Discussion on operating results

For the year ended 31 December 2005

Turnover

For the year ended 31 December 2005, the Group's turnover was approximately HK$170.0 million, primarily comprising turnover generated from the sales of case bound books, paperback books, spiral bound books and novelty books of approximately HK$75.5 million, HK$43.6 million, HK$24.5 million and HK$19.5 million respectively.

Gross profit

The gross profit for the year ended 31 December 2005 was approximately HK$49.8 million, representing a gross profit margin of approximately 29.3%.

Other revenue and other net income

For the year ended 31 December 2005, other revenue and other net income amounted to approximately HK$3.7 million, which primarily consisted of approximately HK$1.6 million from the sales of scrap materials, approximately HK$1.4 million of dividend income from an investment fund held by the Group and approximately HK$0.7 million of management fee income. The management fee income mainly represented the reimbursement of certain utility and miscellaneous charges from Brilliant Circle in relation to the sharing of relevant administrative provisions and utilities during the year.

For the year ended 31 December 2005, turnover of the Group denominated in US dollars, Hong Kong dollars and Pound Sterling represented approximately 80.0%, 8.3% and 11.7% of the Group's turnover respectively. The Group recorded a net foreign exchange loss of approximately HK$1.6 million mainly because of the depreciation of the Pound Sterling receivables against Hong Kong dollars upon exchange of the Pound Sterling received from sales of products into Hong Kong dollars.

Selling expenses

The selling expenses amounted to approximately HK$17.0 million, representing approximately 10.0% of the Group's turnover for the year ended 31 December 2005. The selling expenses mainly consisted of the Group's delivery and transportation expenses and commission expenses.

Administrative expenses

The administrative expenses amounted to approximately HK$14.5 million, representing approximately 8.5% of the Group's turnover. The administrative expenses for the year primarily consisted of staff salaries of approximately HK$5.7 million, net loss on exchange of approximately HK$1.6 million, rental expenses of approximately HK$1.3 million, insurance expenses, which mainly related to the reimbursement of social insurance paid for the staff employed by the Processing Factory, of approximately HK$1.0 million, bank and remittance charges of approximately HK$1.0 million and loss on disposal of property, plant and equipment of approximately HK$0.8 million respectively.

Finance costs

The finance costs, amounted to approximately HK$3.9 million, was comprised of interests on bank loans and overdrafts of approximately HK$1.5 million, interests and charges on other loans (mainly representing the factoring loans from banks and other financial institutions) of approximately HK$2.1 million and finance lease of approximately HK$0.3 million.

Profit for the year attributable to equity holders of the Company

The Group achieved a profit for the year attributable to equity holders of the Company of approximately HK$16.8 million, representing a net profit margin of approximately 9.9%.

For the year ended 31 December 2006

Turnover

For the year ended 31 December 2006, the Group's turnover was approximately HK$268.2 million, representing an increase of approximately 57.8% when compared to the year ended 31 December 2005. The increase was mainly driven by the growth in customer base and orders of the Group, which were attributable to the increase in sales force and participation in major overseas marketing events, and the growth in turnover generated from the sales of case bound books which has increased by approximately 71.1% when compared to that for the year ended 31 December 2005. The Group also recorded growth in turnover across all other products. The turnover generated from the sales of case bound books, paperback books, spiral bound books and novelty books had increased by approximately 71.1%, 30.8%, 77.9% and 55.4% respectively when compared to their respective turnover for the year ended 31 December 2005.

Gross profit

The gross profit of the Group for the year amounted to approximately HK$71.5 million, representing an increase of approximately 43.6% when compared to the year ended 31 December 2005. Gross profit margin, however, has decreased from approximately 29.3% for the year ended 31 December 2005 to approximately 26.7%. The drop in gross profit margin was mainly attributable to the increase in the proportion of sales in case bound books since the gross profit margin of case bound books is, in general, lower than those of the Group's other product lines. Moreover, as the Annual Production Capacity of the Processing Factory has been almost fully utilised during the year, the Group has sub-contracted part of its orders to other sub-contractors and therefore incurred a larger amount of sub-contracting fee of approximately HK$12.7 million for the year. As more production of the Processing Factory was sub-contracted during the peak seasons, the sub-contractors generally charged higher processing fees than that charged by the Processing Factory and thus lead to a lower gross profit margin of the Group.

Other revenue and other net income

The other revenue and other net income amounted to approximately HK$3.6 million, representing a decrease of approximately 4.7% when compared to the year ended 31 December 2005. Similar to the year of 2005, the amount was mainly comprised of sales of scrap materials and management fee income of approximately HK$1.5 million and HK$0.5 million respectively. During the year, the Group has also recorded approximately HK$0.3 million gain on disposal of certain equipment.

For the year ended 31 December 2006, turnover of the Group denominated in US dollars, Hong Kong dollars and Pound Sterling represented approximately 75.0%, 10.1% and 14.6% of the Group's turnover respectively. The Group recorded a net foreign exchange gain of approximately HK$0.9 million as a result of a foreign exchange gain of approximately HK$1.4 million and HK$0.7 million upon exchange of the Pound Sterling received from sales of products into Hong Kong dollars and Euro paid in respect of the purchases of machines respectively, and was offset by the foreign exchange loss of approximately HK$0.8 million upon exchange of Hong Kong dollars into Renminbi for the processing fees of the Processing Factory and the foreign exchange loss of approximately HK$0.4 million mainly because of the depreciation of US dollars against Hong Kong dollars upon exchange of the US dollars receivables.

Selling expenses

The selling expenses amounted to approximately HK$24.4 million, representing approximately 9.1% of the turnover of the Group. The selling expenses as compared to the turnover of the Group has dropped from approximately 10.0% in 2005 to approximately 9.1% in 2006. This was because the commission and service fee paid to certain sales personnel in Hong Kong and the UK Representative accounted for a decreased percentage of turnover of the Group. In order to reduce the reliance on the UK Representative, the Group has increased its sales force and the participation in international marketing events, which has recruited new customers during the year and then increased the turnover of the Group attributable to other parts of the international market and the turnover of the Group for the year. Similar to the year of 2005, the selling expenses were mainly comprised of freight and transportation cost of approximately HK$12.9 million and commission and service fee of approximately HK$7.6 million.

Administrative expenses

The administrative expenses amounted to approximately HK$14.2 million, representing approximately 5.3% of turnover of the Group and a decrease of approximately 2.6% compared to the year of 2005. The number of administrative staff employed by the Group and the Processing Factory increased from 47 as at 31 December 2005 to 55 as at 31 December 2006. The administrative expenses as compared to turnover of the Group has decreased from approximately 8.6% in 2005 to approximately 5.3% in 2006. The drop was mainly contributed by the decrease in staff costs, rental expenses and insurance expenses as compared to the turnover, and the non-recurring losses on disposal of fixed assets and exchange losses in 2005 have not been incurred in 2006. The administrative expenses mainly consisted of staff salaries of approximately HK$6.4 million, bank and remittance charges of approximately HK$1.2 million, rental expenses of approximately HK$1.0 million, social insurance paid for the staffs employed by the Processing Factory of approximately HK$0.9 million, bad debt expenses of approximately HK$0.7 million, depreciation charges of approximately HK$0.5 million and other miscellaneous administrative charges.

Finance costs

The finance costs amounted to approximately HK$6.2 million, representing an increase of approximately 60.4% when compared to the year ended 31 December 2005. The increase was mainly attributable to the increase in obligations under finance leases and bank and other borrowings (which were mainly comprised of factoring loans and invoice financing loans) from approximately HK$5.4 million and HK$46.1 million as at 31 December 2005 to approximately HK$27.4 million and HK$80.2 million as at 31 December 2006 respectively. Similar to the year of 2005, the finance cost comprised of interest and charges on other loans (which were mainly comprised of factoring loans from banks and other financial institutions), interest on bank loans and overdrafts, and interest on finance leases which amounted to approximately HK$2.7 million, HK$2.3 million and HK$1.2 million respectively.

Profit for the year attributable to equity holders of the Company

The profit for the year attributable to equity holders of the Company amounted to approximately HK$27.6 million, representing a growth of approximately 63.8% over the year ended 31 December 2005. The growth was mainly attributable to the increase in the turnover of the Group due to expansion of customer base and overseas markets. The net profit margin was approximately 10.3% for the year ended 31 December 2006, representing a slight increase of approximately 0.4% when compared to the year ended 31 December 2005.

For the year ended 31 December 2007

Turnover

For the year ended 31 December 2007, the Group's turnover amounted to approximately HK$335.4 million, representing an increase of approximately 25.1% when compared to the year ended 31 December 2006. The increase was mainly due to the growth in turnover across all product lines of the Group, in particular the case bound books. During the year, the Group has further diversified its products types and generated approximately HK$18.6 million from the sales of other paper-related products, representing an increase of approximately 129.6% when compared to the year ended 31 December 2006. The turnover generated from the sales of case bound books, paperback books, spiral bound books, and novelty books increased by approximately 19.2%, 17.0%, 8.2% and 61.2% respectively when compared to their respective turnover for the year ended 31 December 2006.

Gross Profit

The gross profit of the Group was approximately HK$84.4 million, representing an approximately 18.0% increase from the previous year. The increase of gross profit was in line with the increase in turnover. The gross profit margin of the Group for the year has dropped by approximately 1.5% to approximately 25.2% for the year due to the increases in direct labour costs and depreciation charged for the year. The direct labour cost and depreciation charged increased by approximately 36.6% and 66.8% over 2006 respectively due to the increase in number of workers employed by the Processing Factory and additional machineries purchased by the Group during the year for the expansion of production capacity of the Processing Factory. The direct labour cost and depreciation charged as a percentage to turnover of the Group have increased from approximately 5.7% and 2.4% in 2006 to approximately 6.2% and 3.2% in 2007 respectively, contributing to a drop in gross profit margin.

Other revenue and other net income

The other revenue and other net income amounted to approximately HK$6.2 million, representing an increase of approximately 75.3% when compared to the year ended 31 December 2006. The amount was mainly comprised of sales of scrap materials, gain on disposal of plant, gain on disposal of prepaid lease payments and equipment and bank interest income of approximately HK$2.5 million, HK$2.2 million, HK$0.1 million and HK$1.0 million respectively.

For the year ended 31 December 2007, turnover of the Group denominated in US dollars, Hong Kong dollars, and Pound Sterling represented approximately 80.5%, 13.0% and 6.5% of the Group's turnover respectively. The Group recorded a net foreign exchange loss of approximately HK$1.0 million mainly because of the depreciation of the Pound Sterling against Hong Kong dollars upon exchange of the Pound Sterling received from sales of products into Hong Kong dollars and the appreciation of Renminbi against Hong Kong dollars for the payment of processing fees of the Processing Factory.

Selling expenses

The selling expenses was approximately HK$29.0 million, representing an increase of approximately 18.9% from that of 2006. The selling expenses as a percentage to turnover of the Group has decreased from approximately 9.1% in 2006 to approximately 8.7% in 2007. As a result of the Group's expansion in sales and marketing team and its participation in international marketing events, the commission and service fee paid to certain sales personnel in Hong Kong and the UK Representative accounted for a decreased percentage of turnover of the Group. Also, the turnover of the Group attributable to other parts of the international market and the total turnover of the Group had increased for the year. The selling expenses were mainly comprised of freight and transportation cost of approximately HK$15.9 million and commission and service fee of approximately HK$7.6 million.

Administrative expenses

The administrative expenses amounted to approximately HK$19.6 million, representing approximately 5.9% of turnover of the Group. The administrative expenses as compared to turnover of the Group has risen from approximately 5.3% in 2006 to approximately 5.9% in 2007. The number of administrative staff employed by the Group and the Processing Factory also increased from 55 as at 31 December 2006 to 66 as at 31 December 2007. The increase in administrative expenses was mainly driven by the increase in staff salaries and exchange losses despite the bad debt expenses have been decreased for the year. The administrative expenses mainly represented staff salaries of approximately HK$10.4 million, bank and remittance charges of approximately HK$1.5 million, rental expenses of approximately HK$1.2 million, net exchange losses of approximately HK$1.0 million, social insurance paid for the staffs employed by the Processing Factory of approximately HK$0.7 million and other miscellaneous administrative charges.

Finance costs

The finance costs amounted to approximately HK$9.2 million for the year ended 31 December 2007, representing an increase of approximately 47.7% when compared to the year ended 31 December 2006. The increase was mainly constituted by the increase in both obligations under finance lease, and secured bank loans and other borrowings (which were mainly comprised of secured interest-bearing factoring loans and invoice financing loans) from approximately HK$27.4 million and HK$80.2 million respectively as at 31 December 2006 to approximately HK$66.6 million and HK$99.4 million respectively as at 31 December 2007. The finance costs represented interest and charges on other borrowings (which were mainly comprised of factoring loans) of approximately HK$4.1 million, interest on finance leases of approximately HK$2.8 million and interest on bank loans and overdrafts of approximately HK$2.3 million.

Profit for the year attributable to equity holders of the Company

The profit for the year attributable to equity holders of the Company was approximately HK$29.9 million, demonstrating an increase of approximately 8.6% from the year ended 31 December 2006. The increase was mainly contributed by the growth in turnover of the Group. The net profit margin was approximately 8.9% for the year ended 31 December 2007, representing a drop of approximately 1.4% from the prior year. The drop was mainly attributable to the decrease in gross profit margin for the year.

For the nine months ended 30 September 2008

Turnover

For the nine months ended 30 September 2008, the turnover of the Group was approximately HK$306.4 million, representing a growth of approximately HK$60.4 million or 24.6% when compared to the same period in 2007. The turnover generated from the sales of case bound books, spiral bound books and novelty books grew by approximately 44.0%, 34.6% and 25.2% respectively, while the turnover generated from paperback books dropped by approximately 10.3% when compared to the same period in year 2007. The increase in turnover for the period is mainly due to the continuous market expansion and increase in customer base of the Group. The drop in turnover generated from the sales of paperback books is mainly due to the increase in focus of the Group on other book products which the Directors consider having better market potential.

Gross Profit

The gross profit recorded approximately HK$73.3 million for the nine months ended 30 September 2008, representing an increase of approximately 13.2% when compared to the same period in 2007. However, the gross profit margin dropped from approximately 26.3% for the nine months ended 30 September 2007 to approximately 23.9% for the nine months ended 30 September 2008. The drop in gross profit margin during the period was attributable to the increase in the proportion of sale of case bound books to the Group's turnover, depreciation charged, rental expenses and the price in raw materials, especially paper. The depreciation expense and rental expense as a percentage to turnover of the Group have increased from approximately 2.8% and 0.6% in the nine months ended 30 September 2007 to approximately 3.3% and 1.1% in the nine months ended 30 September 2008 respectively as additional machineries were purchased by the Group and additional area was rented by the Processing Factory during the period. Furthermore, the average purchase price of paper of the Group has increased by approximately 13.1% when compared to the year 2007.

Other revenue and other net income

For the nine months ended 30 September 2008, other revenue and other net income for the nine months ended 30 September 2008 was approximately HK$4.4 million representing an increase of approximately 21.3% when compared to the same period in 2007. The amount mainly represented the sales of scrap materials of approximately HK$2.7 million and bank interest income of approximately HK$1.1 million.

For the nine months ended 30 September 2008, turnover of the Group denominated in US dollars, Hong Kong dollars, Pound Sterling and Euro represented approximately 87.9%, 6.1%, 3.8% and 2.2% of the Group's turnover respectively. The Group recorded a net foreign exchange loss of approximately HK$4.4 million mainly because of the appreciation of Renminbi against Hong Kong dollars upon exchange of Hong Kong dollars into Renminbi for the payment of processing fees of the Processing Factory.

Selling expenses

The selling expenses amounted to approximately HK$23.7 million, representing approximately 7.7% of turnover of the Group. The selling expenses as compared to turnover of the Group has dropped from approximately 9.2% for the nine months ended 30 September 2007 to approximately 7.7% in the corresponding period in 2008. This was because the commission and service fee payable to the UK Representative for his role in serving the UK market accounted for a decreased percentage to the turnover of the Group, as a result of the expansion of the Group's sales force in recent years and participation in several international marketing events for the promotion of products of the Group, which increased the turnover of the Group attributable to other parts of the international market and the total turnover of the Group for the year. The selling expenses were mainly comprised of freight and transportation cost of approximately HK$14.4 million and commission and service fee of approximately HK$5.2 million.

Administrative expenses

The administrative expenses amounted to approximately HK$19.0 million, representing approximately 6.2% of turnover of the Group for the nine months ended 30 September 2008. The administrative expenses as compared to turnover of the Group has increased from approximately 5.8% for the nine months ended 30 September 2007 to approximately 6.2% of turnover of the Group for the corresponding period in 2008. The number of administrative staff employed by the Group and the Processing Factory also increased from 66 as at 31 December 2007 to 72 as at 30 September 2008. The increase of administrative expenses for the period was mainly due to the increase in net exchange loss. The administrative expenses were mainly comprised of staff salaries of approximately HK$7.3 million, net exchange loss of approximately HK$4.4 million, bank and remittance charges of approximately HK$1.7 million, rental expenses of approximately HK$1.0 million, insurance expenses of approximately HK$0.7 million.

Finance costs

The Group recorded finance costs of approximately HK$6.6 million for the nine months ended 30 September 2008 representing an increase of approximately 11.9% when compared to the same period in 2007. The increase was mainly attributable to the increase in interest on bank loans and overdrafts for the period as compared to the same period in 2007. The finance costs comprised of interests and charges on other borrowings (which were mainly comprised of factoring loans), finance lease costs and bank loans and overdrafts interests which amounted to approximately HK$2.4 million, HK$2.2 million and HK$1.9 million for the nine months ended 30 September 2008 respectively.

Profit for the period attributable to equity holders of the Company

Profit for the period attributable to equity holders of the Company amounted to approximately HK$26.5 million, representing an increase of approximately 13.2% compared to the nine months ended 30 September 2007. The increase in profit attributable to equity holders of the Company was mainly contributed by the increase in turnover as a result of increase in sales orders and broadening of customer and market base. Despite the increase in profit attributable to equity holders of the Company, the net profit margin for the nine months ended 30 September 2008 has dropped by approximately 0.9% when compared to the corresponding period in 2007. The drop was mainly attributable to the decrease in gross profit margin of the Group for the period.

Discussion of major balance sheet components

Analysis of inventory

The following table sets forth a breakdown of inventories of the Group:

	As at 31 December			**As at 30 September**
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials				
Paper	18,155	28,679	41,859	47,259
Other raw materials	1,702	1,468	2,682	4,168
Work in progress	5,741	5,274	11,135	17,815
Finished goods	1,436	4,796	9,104	8,523
	27,034	40,217	64,780	77,765
Less: provision for obsolescence	—	(970)	(907)	(907)
	27,034	39,247	63,873	76,858

Paper have accounted for the majority part of the inventories of the Group (representing approximately 67.2%, 73.1%, 65.5% and 61.5% of the inventories of the Group during the Track Record Period). As at 30 September 2008, over 90% of the paper recorded as inventories of the Group were aged within one year. The work-in-progress products are mainly unfinished books on the production lines and the finished goods are mostly printed books. There was no significant change in inventory level as at 30 September 2008 when compared to 31 December 2007. Since finished goods are usually shipped out once the production is completed, finished goods are maintained at a relatively low level in the Group's inventories.

The Group's inventories, which were mainly comprised of paper, are not subject to frequent obsolescence and technological changes. No material obsolescence of inventory has been identified during the Track Record Period. Nevertheless, procedures are in place to control the status and stock level of the inventory of the Group. In general, it is the Group's policy to keep inventory level of different raw materials to satisfy the production requirements of the Group, for instance, paper for up to 80 days, ink for up to 7 days and chemicals for 7 days. In addition, stock counts on all types of inventories are carried out on a periodical basis in order to identify any obsolete and defective inventory. In general, the Group is not subject to significant exposure of inventory obsolescence.

As at 30 September 2008, raw materials, work-in-progress and finished goods accounted for about 66.1%, 22.9% and 11.0% of inventories of the Group respectively. As at Latest Practicable Date, all work-in-progress and finished goods of the Group as at 30 September 2008 were utilised and sold out respectively. Among the raw materials of the Group as at 30 September 2008, approximately 91.9% were paper, of which approximately 49.9% were utilised as at 31 January 2009.

The increase in inventory level during the Track Record Period is to satisfy the rise in production needs resulted from the increase in production capacity. The inventory turnover days (being the average of beginning and closing inventories of the year/period divided by total cost of sales and multiplied by 365 days or 275 days, as the case may be) for the year ended 31 December 2005 and 2006 were approximately 69 and 61 days respectively, while the inventory turnover days for the year ended 31 December 2007 and the nine months ended 30 September 2008 were comparatively higher and reached approximately 75 days and 83 days respectively. The increase in inventory level was to cope with the increase in turnover, the bulk orders from major customers and the expected increase in paper price so as to reduce its impact on the Group's production cost.

Analysis of trade receivables

Trade and other receivables constitute a major component of the Group's current assets throughout the Track Record Period. The increase in the amount of trade and other receivables of the Group was mainly due to the expansion of business and has been in line with the growth in turnover of the Group.

Trade receivables turnover days of the Group (being calculated as the average of beginning and closing trade receivable of the year/period divided by the total revenue and multiplied by 365 days or 275 days as the case may be) ranged from approximately 140 days to 150 days during the Track Record Period with no significant change. Trade receivables turnover days were in line with the average credit terms granted by the Group.

As at 31 January 2009, approximately 69.3% of the trade receivables as at 30 September 2008 was settled.

In general, credit periods up to 90 to 120 days are granted to customers, while an extension of credit period of extra 30 to 60 days would be granted by the Group to certain customers with good payment history and frequent transactions with the Group. During the Track Record Period, the Group had strictly adhered to this credit policy. The sales personnel of the Group are responsible for monitoring the settlement from customers. In determining the amount of impairment required, the Group takes into account the collectability, ageing status, creditworthiness and the past collection history of each debtor. Impairment will be made for specific trade receivables which are unlikely to be collected. If the financial condition of the customers deteriorates, resulting in an impairment of their ability to make payments, additional provision may be required. The Group has purchased export credit insurance to reduce the potential impairment loss in relation to uncollectible accounts. During the Track Record Period, the Group recorded impairment of receivables of approximately HK$250,000, HK$725,000, HK$92,000 and HK$307,000 respectively, representing approximately 0.1%, 0.3%, 0.0% and 0.1% of the Group's turnover of the respective periods. Having assessed the recoverability of the receivables and the fact that the Group has purchased insurance on part of such receivables, the Directors are of the view that no further provision is necessary as to the trade receivables as at 30 September 2008. The assessment requires judgments and estimates by the Directors and is based on the credit history of the customers and the current market condition.

Analysis of available-for-sale financial assets

Available-for-sale financial asset amounted to approximately HK$14.5 million, HK$15.2 million, HK$15.9 million and HK$16.4 million as at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively. The amounts represented the fair value of KBC Sunflower (2004) Capital Guaranteed Fund, a fund authorised by the SFC held by the Group. It was purchased by the Group on 30 August 2004, at a cost of US$2,200,000 (equivalent to approximately HK$17,160,000) for 220,000 units at US$10 each. The investment manager of the fund is KBC Asset Management Limited (Dublin, Ireland) while the guarantor and issuer is UBS AG. The fund mainly invests in the listed shares of corporations in worldwide stock markets which have market capitalisation of at least US$3 billion at the establishment of the fund and investment grade credit rating ranging from "BBB+" to "AAA" by S&P's as of 14 July 2004. The fund provides 100% capital guarantee at maturity, which is due on 15 June 2009, and a guaranteed coupon of 8% for the first year. The fund was purchased by the Group and pledged as security for a banking facility of the Group. The management of the Group decided to purchase the fund with the aim of enhancing return on the pledged assets while fulfilling the bank's security requirement at the same time. During the Track Record Period, except for the dividend income of approximately HK$1.4 million in relation to the coupon of the fund in 2005, no gain or loss has been recognised by the Group in respect of the investment. The value of the investment was mark-to-market and the changes in fair value of the investment were recognised in fair value reserve in equity of the Group. As at 30 September 2008, a debit balance of approximately HK$0.7 million was recognised in the fair value reserve of the Group, representing the decrease in fair value of the investment when comparing the original investment cost to the fair value of the investment.

Analysis of trade payables and invoice financing loans

Trade payables and invoice financing loans are primarily related to the purchase of raw materials, and the increase in which during the Track Record Period was mainly due to the expansion in production of the Group which required more raw materials and supplies. The credit periods granted by the suppliers are 90 days.

During the Track Record Period, the trade payables turnover days (being calculated as the average of beginning and ending trade payables and invoice financing loans balance for the year/period, divided by the cost of sales for the year/period and multiplied by 365 days or 275 days as the case may be) ranged from approximately 84 days to 97 days, which were generally in line with the Group's payment terms.

Analysis of secured bank loans and other borrowings

Secured bank loans and other borrowings constituted the largest component of the Group's current liabilities as at 30 September 2008. The amount was mainly comprised of factoring loans and invoice financing loans from banks during the Track Record Period and were mainly repayable within one year.

Working capital management policy

The Group actively and regularly reviews and manages its capital structure. Given that the turnover of trade receivables and inventories of the Group is slower than the turnover of the Group's trade payables, should short term working capital is needed, the Group factors its trade receivables to banks to reduce the cash turnaround time. The Group also closely monitors the settlement of the trade receivables. The Group aims at maintaining a balance of higher Shareholders returns by securing raw materials and giving credits to customers according to industry practice, which might be possible with higher level of borrowings.

Analysis of finance leases

Finance leases constitute another major component of the Group's non-current and current liabilities throughout the Track Record Period. The balance of finance lease obligation has increased from approximately HK$5.4 million as at 31 December 2005 to approximately HK$27.4 million as at 31 December 2006 and further to approximately HK$66.6 million as at 31 December 2007. As at 30 September 2008, the finance lease obligation of the Group was approximately HK$60.9 million. The increase in finance lease obligation during the three years ended 31 December 2007 was mainly due to the increase in hire purchase made by the Group for the expansion of production capacity of the Processing Factory, while the slight drop in 30 September 2008 was mainly due to the repayment of finance lease during the period.

Analysis of amounts due to related parties

Total amounts due to related parties, including the current and non-current portion, amounted to approximately HK$90.7 million, HK$110.5 million, HK$131.0 million and HK$145.5 million as at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively.

As at 31 December 2005, total amounts due to related parties were approximately HK$90.7 million which were mainly comprised of amounts due to related companies of approximately HK$90.1 million arising primarily from payments by the related companies for the purchases of machineries and equipment on behalf of the Group, and an amount due to Mr. Tsoi of approximately HK$0.6 million.

As at 31 December 2006, total amounts due to related parties increased to approximately HK$110.5 million, mainly representing the amounts due to related companies. The balance represented mainly the amount brought forward from 2005, together with the additional amounts arising from the purchase of land and plant from a related company during the year.

As at 31 December 2007, total amounts due to related parties further increased to approximately HK$131.0 million which were comprised of an amount due to Mr. Tsoi of approximately HK$124.7 million and an amount due to a related company of approximately HK$6.3 million. The amount due to Mr. Tsoi arose mainly due to (i) Brilliant Circle and its subsidiaries having assigned to Mr. Tsoi all the amounts owing to them by the Group prior to the completion of the disposal by Mr. Tsoi of his entire interest in BCHIL in 2007, the details of which are set out in the paragraph headed "Further information about Brilliant Circle" contained in the "Business" section of this prospectus; and (ii) the receipt of an advance from Mr. Tsoi of HK$50.0 million which was used by the Group as pledged deposits to secure certain bank borrowings of a related company of the Company.

As at 30 September 2008, the amounts due to related parties amounted to approximately HK$145.5 million, comprising an amount due to Mr. Tsoi of approximately HK$140.6 million and an amount due to a related company of approximately HK$4.9 million.

Subsequent to the 30 September 2008, the entire outstanding amount due to a related company by the Group has been settled. In respect of the amount due to Mr. Tsoi, HK$50.0 million was repaid to Mr. Tsoi as the security of the pledged deposits given for certain bank borrowings of a related company mentioned above have been released subsequent to 30 September 2008. The entire amount of approximately HK$108.8 million owed to Mr. Tsoi as at 18 December 2008 was capitalised under the Loan Capitalisation (please refer to the paragraph headed "Reorganisation" in appendix VI to this prospectus). The payment by related parties on behalf of the Group will cease immediately before the Listing.

Non-cash transactions arose from purchase and disposal of lands and building

During 2006, in order to cater for the expansion plan of the Group, CT Printing intended to acquire certain land use right for constructing new production plants in the Grand Industrial Zone, Shenzhen, the PRC, where the Processing Factory is located. In light of this, CT Printing entered into two sale and purchase agreements (the "Land Agreements") in May 2006 with the BC Group to acquire two parcels of land in the Grand Industrial Zone, Shenzhen, the PRC, and a factory building thereon (the "Lands and Building"), for an aggregate consideration equivalent to approximately HK$18.4 million.

Pursuant to the Land Agreements, the consideration should be payable by CT Printing within seven days after the registration of CT Printing as the owner (the "Registration") of the Lands and Building. The BC Group should procure the Registration and handle all filings and registration procedures. In the event that the Registration could not be completed by 25 November 2007, the Land Agreements shall cease to be of any effect.

On the same date of the Land Agreements, the parties had also entered into two entrustment agreements (the "Entrustment Agreements") to reflect the transfer of beneficial interest in the Lands and Building for internal management purposes pending formal completion of the Land Agreements. Pursuant to the Entrustment Agreements, the parties acknowledged that CT Printing had become the owner of the Lands and Building following the Land Agreements and that the BC Group should hold the relevant title certificates of the Lands and Building on behalf of CT Printing temporarily before the completion of the Registration. Further, pursuant to the Entrustment Agreements, the BC Group shall act in the direction of CT Printing in respect of the management and regulatory compliance of the Lands and Building. The PRC Legal Advisers confirmed that the Entrustment Agreements were legal and valid.

In October 2007, as CT Printing had disputed on the proposed permitted gross floor area for the Lands and Building and in anticipation that the transfer could not be completed on or before the long stop date of 25 November 2007, the parties entered into the termination agreements pursuant to which the Land Agreements and the Entrustment Agreements were terminated.

The Lands and Building as well as the relevant amount payable to the BC Group for the purchase cost of the Lands and Building were recognised as a disposal in the audited accounts of CT Printing for the year ended 31 December 2007. There was a gain of approximately HK$552,000 recognised as a result of the disposal, representing the difference between the cost of the Lands and Building and the depreciated net book value on the disposal.

Despite the fact that the transfer of the Lands and Building was not completed, the joint reporting accountants of the Company are of the view that, pursuant to HKAS 16 and HKAS 17 of the HKFRSs, CT Printing is allowable to recognise the acquisition of the Lands and Building, provide for depreciation and amortisation, and subsequently recognise the gain on disposal in accordance with the Land Agreements, Entrustment Agreements and the relevant termination agreements.

Subsequent to the cancellation and termination of the Land Agreements and the Entrustment Agreements, the management of the Group was of the view that instead of acquiring parcels of land for expansion, the Group would rent additional floor area in the Grand Industrial Zone, Shenzhen for its production and expansion.

TAXATION

The Group is carrying on its business in Hong Kong and is subject to Hong Kong profits tax in respect of its profits arising in or derived from Hong Kong from such business.

During the Track Record Period, the Group has been conducting its printing business by the entering into of the Processing Agreements with the PRC Processing Partner and the Processing Factory in the PRC. Pursuant to the Departmental Interpretation and Practice Note No. 21 ("DIPN 21") issued by the Inland Revenue Department of Hong Kong ("IRD"), the IRD is prepared to concede that, in cases where a Hong Kong manufacturing business enters into a processing arrangement with a PRC entity where the production processes are carried out at the processing factory situated in the PRC, profits from the sale of goods that were manufactured by such PRC entity can be apportioned on a 50:50 basis and the chargeable profits so apportioned can be treated as non-taxable in Hong Kong.

Based on the facts that, (i) the manufacturing process relating to the business of CT Printing is carried out by the Processing Factory pursuant to the Processing Agreement in the PRC; (ii) pursuant to the Processing Agreement, the Processing Factory shall handle the processing, manufacturing or assembling the goods, while CT Printing shall provide the raw materials, the machinery and equipment, the design of products, skills and technological know-how, and (iii) the Group shall monitor the production process and operation of the processing factory and shall be responsible for the quality control, the Directors consider that it is reasonable for the Group to adopt the DIPN 21 for the tax assessment of CT Printing. CT Printing has also sought tax advice in this respect. For the years of assessment from 2000/01 (being the first assessable year of CT Printing since its incorporation) to 2004/05, no 50:50 offshore claim under the DIPN 21 was applied by CT Printing. CT Printing commenced to apply DIPN 21 to claim for apportionment of profit since year of assessment 2005/06. To effect the adoption of the 50:50 offshore claim under DIPN 21 of the year assessment 2000/01 and onwards, CT Printing has submitted to the IRD revised profits tax computations to restate the adjusted loss for the years of assessment from 2000/01 to 2003/04 and to adjust the assessable profit for the year of assessment 2004/05. As at the Latest Practicable Date, CT Printing has not received any objection or enquiry from the IRD in this respect. The joint reporting accountants of the Company are of the view that notwithstanding the submission of the revised profits tax computations to the IRD as mentioned above, (i) there is no impact on the results and the tax liabilities of the Group as set out in the accountants' report contained in appendix I to this prospectus; and (ii) the chance for the IRD to impose any penalty on this loss restatement in accordance with Section 80(2) of the Inland Revenue Ordinance is remote. Moreover, unless there is a material change in the taxation legislation or its interpretation in Hong Kong and the PRC, the Directors consider that, in the absence of any unforeseeable circumstances, DIPN 21 is applicable to the Group and such adoption by the Group for the tax assessment of CT Printing would unlikely be challenged by the IRD. Taking into account the aforesaid bases and factors considered by the Directors, the Sponsor and the joint reporting accountants of the Company are of the view that the Directors have reasonable grounds to arrive at such views. Notwithstanding the above, the Controlling Shareholders have agreed to provide indemnities (including the related costs, additional tax charges, interest and penalty, if any) to the Group in the event that the IRD considers the Group's mode of manufacturing operations under the processing agreements is not within the scope of the profits eligible for apportionment under the DIPN 21.

During each of the financial year ended 31 December 2005, 2006 and 2007, no Hong Kong profits tax has been provided for the Group as the tax losses brought forward of the Group exceed its assessable profits. Such tax losses mainly arose from the operating losses incurred by the Group since incorporation of CT Printing to the year ended 31 December 2003 (except for an insignificant net profit for the financial year of 2002). The taxation expenses in the combined income statements of the Company represented the deferred tax charges arising from the recognition of deferred tax liabilities in the combined balance sheets of the Company. During each of the year ended 31 December 2005, 2006 and 2007, tax expenses of the Group recognised as deferred tax charges was approximately HK$1.3 million, HK$2.7 million and HK$2.8 million respectively, whereas during the nine months ended 30 September 2008, as the tax losses of the Group had been fully utilised already, tax expenses of the Group consisted of deferred tax charges of approximately HK$854,000 and Hong Kong profits tax of approximately HK$1.1 million. As a result, the effective tax rates of the Group during the Track Record Period were approximately 7.0%, 8.8%, 8.5% and 6.9% respectively.

Pursuant to the relevant PRC enterprise income laws and regulations, the applicable income rate for CT Shenzhen, a wholly foreign owned enterprise established in the PRC, is 25%. As at the Latest Practicable Date, CT Shenzhen has not started its business and no taxable profit was generated in 2008.

In addition, as the Processing Factory is not a member of the Group, the Group is not liable to any tax payable by the Processing Factory pursuant to the PRC laws and regulations. As part of the processing fees under the Processing Agreement, CT Printing is required to reimburse the tax expenses paid by the Processing Factory in relation to the services provided to CT Printing. The reimbursements to the Processing Factory in respect of such tax liabilities were recorded as part of the cost of sales of the Group.

INDEBTEDNESS

As at the close of business on 31 January 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this indebtedness statement prior to printing of this prospectus, the Group had interest-bearing obligations under finance leases of approximately HK$54.5 million (of which approximately HK$17.7 million was repayable within one year, approximately HK$16.2 million was repayable after one year but within two years and approximately HK$20.6 million was repayable after two years), and outstanding secured interest-bearing bank and other borrowings of approximately HK$78.6 million, all of which were repayable within one year.

Save for the aforesaid or otherwise disclosed herein and apart from intra-group liabilities, the Group did not have, at the close of business on 31 January 2009, any debt securities authorised or otherwise created but unissued, or term loans or bank overdrafts, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities.

Save as discussed herein, the Directors confirm that there is no material adverse changes in the Group's indebtedness position and contingent liabilities since 31 January 2009.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

Overview

Up to the Latest Practicable Date, the Group has been generally financing its operations through a combination of shareholders' loan, internally generated cash flows and bank borrowings. Following completion of the Share Offer, the Group expects its capital and operating requirements will be funded principally through internally generated cash flows, the net proceeds from the Share Offer and cash on hand. The Directors believe that in the long term, the Group's operations will be funded by internally generated cash flows and, if necessary, additional equity financing or bank borrowings.

Net current assets

Based on the unaudited management accounts of the Group as at 31 January 2009, the Group had net current assets of approximately HK$115.3 million. The current assets of the Group were comprised of inventories of approximately HK$44.9 million, trade receivables of approximately HK$146.2 million, other receivables of approximately HK$15.9 million and cash and cash equivalents of approximately HK$34.6 million. The current liabilities were comprised of trade and other payables of approximately HK$30.0 million (which included trade payables of approximately HK$15.4 million and other payables of approximately HK$14.6 million), bank loans and other borrowings (which were all interest-bearing loans repayable within one year) of approximately HK$78.6 million and obligations under finance lease due within one year of approximately HK$17.7 million. The other payables included an amount payable to Shenzhen Kecai Printing Co., Ltd. (a related party) which amounted to approximately HK$6.8 million as at 30 September 2008 and approximately HK$2.8 million as at 31 January 2009. It was mainly comprised of certain trade nature expenses (including utility, rental and messing expenses) payable to Shenzhen Kecai Printing Co., Ltd..

Loan and banking facilities

As at 31 January 2009, interest bearing obligations under finance leases of the Group amounted to approximately HK$54.5 million, together with bank loans and other borrowings (all of which are interest-bearing loans repayable within one year) amounted to approximately HK$78.6 million, resulting in a gearing ratio of approximately 34.6%. The finance lease liabilities represented the amount of hire purchase in relation to the purchase of machineries, while the bank loans and other borrowings mainly represented the trade loans.

Capital structure

As at 31 January 2009, the Group had net assets of approximately HK$213.1 million, comprising non-current assets of approximately HK$141.3 million (mainly comprising property, plant and equipment), net current assets of approximately HK$115.3 million and non-current liabilities of approximately HK$43.5 million (representing the obligations under finance leases due after one year of approximately HK$36.8 million and deferred taxation of approximately HK$6.7 million).

Capital expenditure

During the Track Record Period, the Group has incurred capital expenditure mainly for the purchase of property, plant and equipment amounting to approximately HK$5.2 million, HK$69.3 million, HK$57.6 million and HK$9.8 million respectively. The Group has further incurred approximately HK$1.6 million of capital expenditure for the three months ended 31 December 2008. The Group currently plans to use approximately HK$38.9 million for the purchase of new machineries and equipment, including, but not limited to, offset printing machines, hot stamping machines and die cutters. The Directors believe that such capital expenditure budget will be sufficient for the Group's expected expenditure in year 2009.

The Group anticipates that the funds required for such capital expenditure will be financed by cash generated from operations and bank borrowings, as well as the net proceeds from the Share Offer. It should be noted that the current plan with respect to future capital expenditure may be subject to change based on the implementation of the Group's business plan, including, but not limited to, potential acquisitions, the progress of the Group's capital projects, market conditions, the outlook of future business conditions of the Group and potential acquisitions. As the Group will continue to expand, additional capital expenditure may be incurred and the Group may consider raising additional funds as and when appropriate. The ability of the Group in obtaining additional funding in the future is subject to a variety of uncertainties including, but not limited to, the future operation results of the Group, financial condition and cash flows, economic, political and other conditions in the PRC, Hong Kong and other countries in which the major customers of the Group operates in.

Capital commitments

As at 31 January 2009, the Group had no material capital commitment.

Contingent liabilities

As at 31 January 2009, the Group had no significant contingent liabilities or outstanding litigation.

Operating lease commitments

As at 31 January 2009, the Group had operating lease commitment in respect of non-cancellable operating leases on lands and building of approximately HK$7.1 million, of which approximately HK$3.4 million is due within one year.

Foreign exchange risk

The Group's turnover is mainly denominated in US dollars, Pound Sterling, Euro and Hong Kong dollars, while its costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. The Group's exposure to exchange rate fluctuations results primarily from revenue generated from overseas sales and purchases from overseas suppliers, which are denominated in currencies other than US dollars and Hong Kong dollars, and the production and operating costs incurred in the PRC. During the Track Record Period, approximately 11.7%, 14.8%, 6.5% and 6.0% respectively of the Group's turnover were denominated in currencies other than US dollars and Hong Kong dollars. Since Hong Kong dollars are pegged with US dollars, no significant exposure is expected on US dollars transactions and balances.

The Group currently does not have a formal hedging policy and has not entered into any material foreign currency exchange contracts or derivatives transactions to hedge against its currency risk. The finance department of the Group closely monitors the exchange rates and communicates with the sales department to update the exchange rates when sales contracts are entered into. When material fluctuation in exchange rate of a currency is noted (for instance, in the second half of 2008), the Group will strive for using US dollars for sales transactions. The Group also monitors closely the exchange rate of Renminbi in its costing and budgeting such that the Renminbi impact on production cost, due to exchange rate fluctuation, is incorporated in its pricing.

Cash flow information

The table below sets out a summary of the cash flow information during the Track Record Period:

	For the year ended 31 December			For the nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*Unaudited*)	*HK$'000*
Net cash generated from/(used in) operating activities	5,204	(3,478)	11,710	(1,755)	17,489
Net cash used in investing activities	(5,121)	(36,061)	(49,613)	(34,644)	(29,531)
Net cash generated from financing activities	1,743	34,081	42,341	37,587	9,126
Cash and cash equivalents at end of year/period *(Note)*	8,260	2,802	7,240	3,990	4,324

Note: The balance as at 31 December 2006 excluded bank overdrafts of approximately HK$4,070,000 which was included as cash and cash equivalent in the combined balance sheets. The balances as at 31 December 2007, 30 September 2007 and 2008 excluded pledged fixed deposits of HK$50.0 million, HK$50.0 million and approximately HK$71.8 million respectively.

Operating activities

For the year ended 31 December 2005, net cash generated from operating activities amounted to approximately HK$5.2 million which was mainly attributable to the operating profit before changes in working capital and increase in trade and other payables of approximately HK$29.1 million and HK$4.8 million respectively, and offset by the increase in trade and other receivables, and inventories of approximately HK$20.9 million and HK$8.7 million respectively. The increases in trade and other payables, trade and other receivables, and inventories in year 2005 were mainly due to the growth in turnover during the year.

For the year ended 31 December 2006, net cash used in operating activities amounted to approximately HK$3.5 million with operating profit before changes in working capital amounted to approximately HK$45.0 million. The cash generated from operating profit before changes in working capital and the increase in trade and other payables of approximately HK$17.2 million were offset by the increase in trade and other receivables of approximately HK$51.5 million and inventories of approximately HK$13.2 million. The increases in trade and other receivables, inventories, and trade and other payables were in line with the growth in turnover of the Group.

For the year ended 31 December 2007, net cash generated from operating activities amounted to approximately HK$11.7 million. The net cash generated from operating activities primarily consisted of operating profit before changes in working capital of approximately HK$50.0 million and increase in trade and other payables approximately HK$6.9 million and was partially offset by the increase in inventories, and trade and other receivables of approximately HK$24.6 million and HK$20.6 million respectively. The growth in cash flow was principally owing to the stable profit before taxation.

For the nine months ended 30 September 2008, net cash generated from operating activities amounted to approximately HK$17.5 million. The amount was mainly comprised of operating profit before changes in working capital of approximately HK$44.6 million and increase in trade and other payables of approximately HK$7.1 million, and offset by the increase in trade and other receivables of approximately HK$20.9 million and the increase in inventories of approximately HK$13.0 million.

Investing activities

Net cash used in investing activities amounted to approximately HK$5.1 million, HK$36.1 million, HK$49.6 million and HK$29.5 million during the Track Record Period respectively. The cash used in investing activities during the Track Record Period were mainly related to the purchases of machineries and equipment amounted to approximately HK$5.2 million, HK$37.0 million, HK$57.6 million and HK$9.8 million respectively. Save for the aforesaid, for the year ended 31 December 2007, there was sales of property, plant and equipment which generated proceeds of approximately HK$6.9 million and the receipt of an advance from Mr. Tsoi of HK$50.0 million and increase in pledged fixed deposits of the same amount for certain bank borrowings for a related company of the Company. In 17 December 2008, such pledged fixed deposits were released and the entire sum was returned to Mr. Tsoi.

Financing activities

Net cash generated from financing activities amounted to approximately HK$1.7 million, HK$34.1 million, HK$42.3 million and HK$9.1 million during the Track Record Period respectively.

The net cash generated from financing activities for the year ended 31 December 2005 mainly represented the proceeds from new bank loans and other borrowings of approximately HK$116.4 million (mainly represented the proceeds from the inception of factoring loans and invoice financing loans) and the advances from related parties of approximately HK$13.5 million which were offset by the repayment of bank loans and other borrowings (which were mainly comprised of repayment of factoring loans and invoice financing loans) of approximately HK$113.3 million and repayments to related parties of approximately HK$13.1 million.

The net cash generated from financing activities for the year ended 31 December 2006 mainly represented the proceeds from new bank loans and other borrowings of approximately HK$162.0 million (which were mainly comprised of proceeds from the inception of factoring loans and invoice financing loans), inception of new finance leases of approximately HK$26.1 million and advances from related parties of approximately HK$5.1 million and partially offset by the repayment of bank loans and other borrowings of approximately HK$131.9 million (which were mainly comprised of repayment of factoring loans and invoice financing loans), repayments to related parties of approximately HK$16.9 million, capital element of finance lease payments of approximately HK$4.1 million and the finance costs of approximately HK$5.0 million.

The net cash generated from financing activities for the year ended 31 December 2007 mainly contributed by the proceeds from new bank loans and other borrowings (which were mainly comprised of proceeds from the inception of factoring loans and invoice financing loans) of approximately HK$247.1 million, inception of new finance leases of approximately HK$51.0 million and advances from related parties of approximately HK$6.6 million and partially offset by the repayment of bank loans and other borrowings of approximately HK$223.8 million (which were mainly comprised of repayment of factoring loans and invoice financing loans), repayment to related parties of approximately HK$17.5 million, capital element of finance lease payments of approximately HK$11.8 million and the finance costs of approximately HK$6.5 million.

The net cash generated from financing activities for the nine months ended 30 September 2008 mainly contributed by the proceeds from new bank loans and other borrowings of approximately HK$234.8 million (mainly represented the proceeds from the inception of factoring loans and invoice financing loans) and advances from related parties of approximately HK$17.6 million and partially offset by the repayment of bank loans and other borrowings (mainly represented the repayment of factoring loans and invoice financing loans) of approximately HK$228.0 million, finance costs of approximately HK$4.4 million and capital element of finance lease payments of approximately HK$11.4 million.

DISTRIBUTABLE RESERVE

As at 30 September 2008, the Company had not been incorporated. Accordingly, there was no reserve available for distribution to the Shareholders as at 30 September 2008 (being the date at which the latest audited financial statements of the Group were made up).

WORKING CAPITAL

The Directors are of the opinion that after taking into account the cashflow generated from the operating activities, the existing financial resources available to the Group including internally generated funds, the available banking facilities and the estimated net proceeds of the Share Offer, the Group has sufficient working capital for its present requirements for the next 12 months from the date of this prospectus.

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in the Group's financial or trading position since 30 September 2008 (being the date to which the Group's latest audited combined financial statements were prepared which was set out in the accountants' report in appendix I to this prospectus).

DIVIDENDS

The Group may declare dividends after taking into account, among other things, the results of the Group, cash flows and financial condition and position, operating and capital requirements. The amount of distributable profits is based on HKFRS, the memorandum and articles of association of the Company, the Companies Law, applicable laws and regulations and other factors that are relevant to the Group, including, but not limited to, the consent from certain banks which have credit lines with the Group.

The Group has not declared any dividend since incorporation and, currently, the Group has not formulated any dividend policy. Nevertheless, this should not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Group in the future.

PROPERTY INTERESTS

Property interests in Hong Kong

As at the Latest Practicable Date, the Group rented Suites 2301-2, 23rd Floor of Tower Two, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong as its principal office in Hong Kong.

The Group's principal office in Tsuen Wan comprises two adjoining office units of a 42-storey office building, which was completed in 2006. The property has a total lettable area of approximately 10,418 sq.ft. (equivalent to approximately 967.9 sq. m.) and was rented by the Group for a term of three years commencing from 1 September 2008 to 31 August 2011 at a monthly rent of HK$177,106 exclusive of management fee and air-conditioning charges with an option to renew for a further term of two years.

Property interests in the PRC

As at the Latest Practicable Date, the Group has leased a property in Shenzhen, the PRC, with a total lettable area of 2,639 sq. m. The property comprises various industrial and office space on Levels 1 and 3 of a 4-storey industrial complex, which was completed in 2004. The property was rented by the Group for a term of 14 years commencing from 1 January 2009 to 31 December 2022 at a monthly rent of RMB18,473 exclusive of water, electricity, hygiene and management charges. The property serves as the production base for CT Shenzhen.

Further details of the Group's property interests are set out in the valuation report issued by Castores Magi (Hong Kong) Limited, independent professional surveyors and valuers, the full text of which is contained in appendix IV to this prospectus.

Property interests of the Processing Factory

As at the Latest Practicable Date, the Processing Factory has leased properties in Shenzhen, the PRC with a total gross floor area of 19,072 sq. m. The properties comprise various industrial and office spaces in four blocks of 4 to 7-storey industrial complex, which was completed in 2004. The properties were rented by the Processing Factory for a term of 14 years commencing from 1 January 2009 to 31 December 2022 at a monthly rent of RMB133,504 exclusive of water, electricity, hygiene and management charges. The properties serve as the production base and office for the Processing Factory.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

At the Latest Practicable Date, the Directors confirm that there are no circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROFIT ESTIMATE

The Directors estimate that, on the bases as set out in appendix III to this prospectus and in the absence of unforeseen circumstances, the estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 will amount to not less than HK$30.0 million.

On the basis of the above and on the assumption that the Company had been listed since 1 January 2008 and no interest income had been derived from the net proceeds received therefrom, the estimated earnings per Share on a pro forma fully-diluted basis would be approximately HK15.0 cents, representing a pro forma fully-diluted price-to-earnings multiple of approximately 8.3 times based on an Offer Price of HK$1.25 per Offer Share.

The texts of the letters from CCIF CPA Limited and World Link CPA Limited, the joint reporting accountants of the Company, and the Sponsor respectively in respect of the estimated profit as mentioned above are set out in appendix III to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group which is based on the audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2008 as shown in the accountants' report, the text of which is set out in appendix I to this prospectus, adjusted as follows:

	Audited combined net tangible assets attributable to equity holders of the Company as at 30 September 2008	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company**	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company per Share**
	(Note 1)	*(Note 2)*	*(Note 3)*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on an Offer Price of HK$1.25 per Offer Share	93,979	48,900	142,879	0.71

Notes:

1. The audited combined net tangible assets attributable to equity holders of the Company as at 30 September 2008 is extracted from the accountant's report set out in appendix I to this prospectus, which is based on the audited combined net tangible assets attributable to equity holders of the Company as at 30 September 2008 of approximately HK$94.0 million.

2. The estimated net proceeds from the Share Offer is based on the Offer Price of HK$1.25 per Share, after deduction of the underwriting fees and related expenses payable by the Company and taking no account of any Shares which may be

allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or Shares which may be allotted and issued or purchased by the Company pursuant to the general mandate for the allotment and issue or purchase of Shares referred to in the paragraph headed "Written resolutions of all Shareholders passed on 4 March 2009" in appendix VI to this prospectus.

3. The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after making the adjustments referred to in this section and on the basis of a total of 200,000,000 Shares in issue immediately following completion of the Share Offer.

The purpose of this statement of unaudited pro forma adjusted net tangible assets is to illustrate the net tangible assets of the Group as a result of the Listing based on the audited combined net tangible assets of the Group as at 30 September 2008. Please note that the above statement of unaudited pro forma adjusted net tangible assets is prepared for illustrative purposes only, and that because of its nature, it may not give a true picture of the Company's financial position or results. Please refer to appendix II to this prospectus for the opinion of the reporting accountants in relation to the unaudited pro forma adjusted net tangible assets.

UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the year ended 31 December 2008 has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Share Offer, as if it had taken place on 1 January 2008. The unaudited pro forma estimated earnings per Share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Share Offer.

	Estimate for the year ended 31 December 2008
Estimated combined profit attributable to equity holders of the Company *(Note 1)*	not less than HK$30.0 million
Unaudited pro forma estimated earnings per Share *(Note 2)*	HK15.0 cents

Notes:

1. The bases on which the estimate combined profit attributable to equity holders of the Company for the year ended 31 December 2008 has been prepared are summarised in the section headed "Bases" of appendix III to this prospectus.

2. The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 and on the assumptions that the Company had been listed since 1 January 2008 and that a total number of 200,000,000 Shares were in issue during the year ended 31 December 2008. The estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 has not taken into account any interest income that would have been earned if the proceeds from the Share Offer had been received on 1 January 2008.

FUTURE PLANS AND PROSPECTS

It is the Group's strategy to further develop its sales and business opportunities in the printing industry. While leveraging on the Group's long term relationships with its major customers who are undergoing territorial and business expansion to expand both geographically and in terms of the range of product types, the Group will continue to explore new markets and customer segments. Taking into account the Group's experience in Europe and the US market, the Directors believe that the Group is well positioned to further expand its client network worldwide, while maintaining its competitive edge and cost-efficiency.

The Group will continue to dedicate resources 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.

Expand and enhance production facilities and technology

The production facilities in the Processing Factory have been approaching its full capacity and CT Shenzhen was established in August 2008 by the Group as part of its production base. In view of the increasing demand and in order to further expand the Group's operation, the Group plans to expand its production facilities for printed books in the Processing Factory and install new machinery in CT Shenzhen. In addition, the Group intends to install advanced printing machinery in CT Shenzhen to fulfill more diversified technical requirements by customers, for example, the making of three dimensional graphic contents for children's story books and the use of novel materials such as holographic films which carry stereoscopic images. The Directors believe that the continuous investments in production facilities and technology in the Processing Factory and CT Shenzhen will enhance the competitiveness and performance of the Group.

Explore and develop the domestic market for packaging and decorative printed products in the PRC

The Directors believe that the demand for packaging and decorative printed products will continue to grow as a result of the increasing importance placed on packaging design due to intensifying competition in the retail market. The Directors also believe that, in order to achieve cost effectiveness, there is a growing trend for manufacturers to source packaging products in the PRC. In view of this, CT Shenzhen which is licensed for, amongst others, the printing of packaging and decorative products for sale within the PRC, is well positioned to capture these business opportunities. In addition, given the experience in the printing industry and global customer base of the Group, the Directors believe that CT Shenzhen can leverage on the Group's resources to source competitive pricing from suppliers, to develop new designs and new products as well as to capture and keep abreast of market trends.

In addition, the Group intends to set up a new sales office in Shenzhen, the PRC, for the business development of packaging and decorative printed products in the PRC.

Expand customer base and strengthen sales and marketing force

In order to broaden the Group's sales network and customer base, the Group intends to expand and enhance its sales and marketing team by recruiting more high calibre sales personnel in the future. The Group will continue to strengthen existing business relationship with its customers and capture future business opportunities by coordinating closely with them to identify their needs.

The Group also aims to expand its geographical business coverage by exploring sales opportunities in other regions and countries including the Eastern Europe and Australia. The Group will continue to attend and participate in book conferences and trade shows organised by various publishing and printing associations worldwide and other conferences relating to the printing and book industry. By participating in these international events, the Group would be able to promote its business and image further, and strengthen its business contacts in order to obtain more sales contracts by referrals in the future.

USE OF PROCEEDS

Base on the Offer Price of HK$1.25 per Offer Share, the net proceeds of the Share Offer are estimated to be approximately HK$48.9 million. The Directors presently intend to use the net proceeds for the following purposes:

- approximately HK$38.9 million (being approximately 79.5% of the estimated net proceeds of the Share Offer) for the purchase of new machinery and equipment (including offset printing machines, hot stamping machines and die cutters);

- approximately HK$4.0 million (being approximately 8.2% of the estimated net proceeds of the Share Offer) for the business development of the domestic market of packaging and decorative printed products in the PRC, including setting up a new sales office in Shenzhen, the PRC;

- approximately HK$1.5 million (being approximately 3.1% of the estimated net proceeds of the Share Offer) for the expansion of the Group's sales network by participating in international book fairs and trade shows and expanding its sales and marketing team; and

- the balance of approximately HK$4.5 million (being approximately 9.2% of the estimated net proceeds of the Share Offer) for the general working capital of the Group.

UNDERWRITERS

Placing Underwriters

Sun Hung Kai International Limited
China Merchants Securities (HK) Co., Ltd
Evolution Watterson Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Shenyin Wanguo Capital (H.K.) Limited
Taishin Securities (Hong Kong) Company Limited

Public Offer Underwriters

Sun Hung Kai International Limited
China Merchants Securities (HK) Co., Ltd
Evolution Watterson Securities Limited
Guotai Junan Securities (Hong Kong) Limited
Shenyin Wanguo Capital (H.K.) Limited
Taishin Securities (Hong Kong) Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the Public Offer Shares under the Public Offer at the Offer Price for subscription by members of the public in Hong Kong on and subject to the terms and conditions set forth in this prospectus and the Application Forms relating thereto. The Company is also offering the Placing Shares under the Placing at the Offer Price for subscription by professional, institutional and/or other investors on and subject to the terms and conditions set forth in this prospectus.

Subject to, inter alia, the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on or before 17 April 2009, or such later date as the Company, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) may agree, (i) the Placing Underwriters have severally agreed to subscribe for or procure placees to subscribe for, subject to the terms and conditions of the Underwriting Agreement, the Placing Shares under the Placing; and (ii) the Public Offer Underwriters have severally agreed to subscribe for or procure applicants to subscribe for, on the terms and conditions set forth in this prospectus and the Application Forms, their respective applicable proportions of the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination

The obligations of the Underwriters to subscribe for, or procure subscribers to subscribe for, the Offer Shares are subject to termination. The Sponsor and the Lead Manager (for itself and on behalf of the Underwriters), on a jointly basis, may upon giving notice in writing to the Company prior to or at 8:00 a.m. (Hong Kong time) on the Listing Date to terminate the Underwriting Agreement at their sole and absolute discretion with immediate effect if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

(1) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of any relevant jurisdiction or any other similar event; or

(b) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation acts of Government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war or acts of God or accident); or

(c) any material change (whether or not permanent) in, or any event or series of events resulting in any material change (whether or not permanent) in local, national, international, financial, military, industrial, economic, currency, stock market or political conditions or prospects in Hong Kong, the Cayman Islands, the PRC or any other relevant jurisdiction; or

(d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange (whether due to exceptional financial circumstances or otherwise); or

(e) any change or development occurs involving a prospective change in taxation or exchange control (or implementation of any exchange control) in Hong Kong, the Cayman Islands, the PRC or any other jurisdiction relevant to the Group or affecting an investment in the Shares or the transfer or dividend payment in respect thereof; or

(f) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or

(g) any change (whether or not permanent) in the conditions of local, national, international equity securities or other financial markets; or

(h) any material adverse change or prospective material adverse change to the business or in the financial or trading position or prospects of the Group taken as a whole, which, in the sole and absolute opinion of the Sponsor or the Lead Manager (for itself and on behalf of the Underwriters):

(i) materially and adversely affects or will, or is likely to, materially and adversely affect the business, financial or other conditions or prospects of the Group taken as a whole; or

(ii) has or will have or is likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

(iii) makes it inadvisable or inexpedient to proceed with the Share Offer; or

(2) there comes to the knowledge of the Sponsor, the Lead Manager or any of the Underwriters any material breach of any of the warranties contained in the Underwriting Agreement (the "Warranties") or of any other provisions thereof, or of any matter which would constitute a material breach of such Warranties if they were repeated or which gives rise to a liability on the part of the persons giving such Warranties or the Sponsor, the Lead Manager or any of the Underwriters has cause to believe that any such material breach or matter has occurred; or

(3) there comes to the notice of the Sponsor, the Lead Manager or any of the Underwriters any matter or event showing any of the Warranties to be untrue or inaccurate in any material respect; or

(4) there comes to the notice of the Sponsor, the Lead Manager or any of the Underwriters that any of the parties to the Underwriting Agreement (other than the Sponsor, the Lead Manager and the Underwriters) commits any material breach of, or omits to observe in any material respect, any of the material obligations or material undertakings expressed to be assumed by them or it under the Underwriting Agreement.

UNDERTAKINGS

Each of Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise has undertaken to the Company, the Stock Exchange, the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) that:

(1) he/it shall not, and shall procure that his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it shall not, sell, transfer or otherwise dispose of (including without limitation the entering into agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of but save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan) any of the Shares or securities of the Company owned by him/it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by him/it which is directly or

indirectly the beneficial owner of any of the Shares or securities of the Company) immediately following completion of the Share Offer and the Capitalisation Issue (the "Relevant Securities") within the period commencing on the Latest Practicable Date and ending six months from the Listing Date (the "First Six-Month Period");

(2) he/it shall not, and shall procure that his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it shall not, within the period of a further six months immediately after the expiry of the First Six-Month Period, sell, transfer or otherwise dispose of (including without limitation, the entering into agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of but save pursuant to a pledge or charge as security in favour of an authorised institution (as defined is the Banking Ordinance) for a bona fide commercial loan) any of the Relevant Securities, if immediately following such sale, transfer or disposal, Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise, taken as a whole, would cease to be a controlling shareholder (within the meaning in the Listing Rules) of the Company or hold directly or indirectly a controlling interest (being an interest of over 30% or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) in the Company; and

(3) in the event of any such sale, transfer or disposal of Shares or any such interest referred to in (1) and (2) above, all reasonable steps shall be taken to ensure that such sale, transfer or disposal shall be effected in such a manner so as not to create a disorderly or false market for the Shares.

Each of Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise has also undertaken to the Company, the Stock Exchange, the Sponsor and the Lead Manager (for itself and on behalf the Underwriters) that, within the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date, he/it will:

(1) when he/it or the registered owner pledges or charges any securities or interests in the securities of the Company beneficially owned by him/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules immediately inform the Company, the Stock Exchange, the Sponsor and the Lead Manager in writing of such pledge or charge together with the number of securities so pledged or charged; and

(2) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be sold, transferred or disposed of, immediately inform the Company, the Stock Exchange, the Sponsor and the Lead Manager in writing of such indications.

The Company will inform the Stock Exchange as soon as practicable after it has been informed of the matters referred to in (1) or (2) above by Mr. Tsoi, Mr. David Cai, Profitcharm or Sinorise and disclose such matters by way of an announcement in compliance with the Listing Rules.

The Company has also undertaken with the Stock Exchange (pursuant to Rule 10.08 of the Listing Rules), the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) that no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for:

(1) the issue of Shares, the listing of which has been approved by the Stock Exchange, pursuant to the Share Option Scheme; and

(2) any capitalisation issue, capital reduction or consolidation or sub-division of Shares.

COMMISSIONS AND EXPENSES

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions. The Sponsor will also receive a financial advisory and documentation fee. On the basis of the Offer Price of HK$1.25 per Offer Share and the total subscription money, the established commissions and expenses relating to the Share Offer including the underwriting commission, the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees (including the fee of the Sponsor), printing, and other expenses relating to the Share Offer, amount to approximately HK$17.8 million in aggregate, of which approximately HK$4.2 million has been paid by the Company out of advances made by Mr. Tsoi to the Company subsequent to 30 September 2008 which amount has subsequently been capitalised as part of the Loan Capitalisation (please refer to the paragraph headed "Reorganisation" in appendix VI to this prospectus), and the remaining HK$13.6 million is payable by the Company, out of the proceeds of the Share Offer, thus making the estimated net proceeds of the Share Offer to be approximately HK$48.9 million.

UNDERWRITERS' AND SPONSOR'S INTEREST IN THE COMPANY

Save (i) as disclosed in this prospectus and (ii) for their obligations under the Underwriting Agreement, none of the Underwriters and the Sponsor has any shareholding in any member of the Group nor any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for or purchase securities in any member of the Group.

OFFER PRICE PAYABLE ON APPLICATION

Based on the Offer Price, plus 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee, one board lot of 2,000 Shares will amount to a total of HK$2,525.23.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional upon:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares (including any Shares which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Main Board; and

(ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by the Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise,

in each case on or before the dates and times specified in the Underwriting Agreement. If these conditions are not fulfilled, all application money will be returned, without interest, on the terms set forth in the section "How to apply for Public Offer Shares" of this prospectus. In the meantime, such application money will be held in a separate bank account with the receiving banker in Hong Kong.

OFFER MECHANISM — BASIS OF ALLOCATION OF SHARES

The Share Offer

The Share Offer consists of the Placing and the Public Offer. The number of the Offer Shares comprises the Placing Shares and the Public Offer Shares, both subject to re-allocation. The 50,000,000 Offer Shares will represent 25% of the enlarged number of Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme.

Initially 5,000,000 Shares, representing 10% of the number of the Offer Shares, are offered under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong. Out of the total 50,000,000 Offer Shares, 45,000,000 Shares, representing 90% of the number of the Offer Shares, will be placed with professional, institutional and other investors in Hong Kong and elsewhere under the Placing. The Placing Shares will be offered in Hong Kong and other jurisdiction outside the United States. The Placing Shares will be allocated prior to the Listing Date. The level of indications of interest in the

Placing and the level of applications of the Public Offer and the basis of allotment under the Public Offer are expected to be published in China Daily (in English) and in Hong Kong Economic Journal (in Chinese), the website of the Company at www.ctprinting.com.hk and the website of the Stock Exchange at www.hkex.com.hk on or before Friday, 27 March 2009.

The net proceeds from the Share Offer are estimated to be approximately HK$48.9 million.

The Public Offer

The Company is initially offering 5,000,000 Offer Shares (subject to re-allocation), representing 10% of the number of the Offer Shares, for subscription by way of the Public Offer. The allocation of the Offer Shares between the Placing and the Public Offer is subject to re-allocation.

If the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the initial number of the Public Offer Shares, additional Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of the Offer Shares available for subscription under the Public Offer will increase to 15,000,000 Shares, representing 30% of the number of the Offer Shares. If the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the initial number of the Public Offer Shares, additional Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of the Offer Shares available for subscription under the Public Offer will increase to 20,000,000 Shares, representing 40% of the number of the Offer Shares. If the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the initial number of the Public Offer Shares, additional Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of the Offer Shares available for subscription under the Public Offer will increase to 25,000,000 Shares, representing 50% of the number of the Offer Shares. If the Public Offer Shares are not fully subscribed, the Lead Manager, at its discretion, may re-allocate all or any unsubscribed Public Offer Shares to the Placing.

Sun Hung Kai is the bookrunner and the lead manager of the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters on and subject to the terms and conditions of the Underwriting Agreement.

Allocation of the Public Offer Shares to investors will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by applicants but, subject to that, will be made strictly on a pro-rata basis, even though this could, where appropriate, consist of balloting. Balloting would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares. The results of allocations in the Public Offer and basis of allocation of the Public Offer Shares are expected to be published on the website of the Company at www.ctprinting.com.hk and the Stock Exchange at www.hkex.com.hk on Friday, 27 March 2009.

The Placing

The Company is initially offering 45,000,000 Offer Shares (subject to re-allocation), representing 90% of the number of the Offer Shares, for subscription by way of the Placing. The Placing is fully underwritten by the Placing Underwriters on and subject to the terms and conditions of the Underwriting Agreement.

The Placing Underwriters are soliciting from prospective professional, institutional and other investors indications of interest in subscribing for the Placing Shares. Prospective professional, institutional and other investors will be required to specify the number of Placing Shares they would be prepared to subscribe for at the Offer Price. This process is known as "book building". In Hong Kong, retail investors should apply for the Public Offer Shares, as retail investors applying for the Placing Shares, including retail investors applying through banks and other institutions, are unlikely to be allocated any Placing Shares.

Allocation of the Placing Shares is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further and/or hold or sell its Shares after the Listing. Such allocation is generally intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a broad shareholder base to the benefit of the Company and the Shareholders as a whole.

The Placing Underwriters or selling agents nominated by the Placing Underwriters shall, on behalf of the Company, conditionally place the Placing Shares with professional, institutional and other investors in Hong Kong and other countries outside the United States. The Placing shall be subject to the Share Offer restrictions set forth in the section headed "Information about this prospectus and the Share Offer" of this prospectus.

The Placing is conditional on the same conditions as set forth in the paragraph headed "Conditions of the Share Offer" above. The total number of the Placing Shares to be allotted and issued may change as a result of the re-allocation of Offer Shares between the Public Offer and the Placing as referred to in the paragraph headed "The Public Offer" above and any re-allocation of unsubscribed Shares originally included in the Public Offer.

LISTING ON ANY OTHER STOCK EXCHANGE

The Directors are not considering any listing of the Company's securities on any other overseas stock exchange. The Company has not submitted any application nor obtained any approval for the listing of the Shares on any other overseas stock exchange.

METHODS TO APPLY FOR PUBLIC OFFER SHARES

To make an application for the Public Offer Shares, you may use a **WHITE** or **YELLOW** Application Form. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form.

WHICH APPLICATION METHOD YOU SHOULD USE

(a) Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

(b) Use a **YELLOW** Application Form if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Note: The Public Offer Shares are not available to the Directors or chief executive of the Company and its subsidiaries or existing beneficial owners of the Shares or any of their respective associates.

WHERE TO COLLECT THE PROSPECTUSES AND THE APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus from:

Any participant of the Stock Exchange

or

Optima Capital Limited
Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

or

Sun Hung Kai International Limited
12th Floor CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

or

China Merchants Securities (HK) Co., Ltd
48th Floor, One Exchange Square
Central
Hong Kong

or

Evolution Watterson Securities Limited
5th Floor, 8 Queen's Road Central
Hong Kong

or

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

or

Shenyin Wanguo Capital (H.K.) Limited
28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road, Central
Hong Kong

or

Taishin Securities (Hong Kong) Company Limited
Room 2803, 28th Floor
Tower I, Admiralty Centre
18 Harcourt Road
Hong Kong

or any one of the following branches of Standard Chartered Bank (Hong Kong) Limited:

Hong Kong Island

Branch name	***Address***
Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
88 Des Voeux Road Branch	88 Des Voeux Road Central, Central

Hennessy Road Branch	399 Hennessy Road, Wanchai
Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay

Kowloon

Branch name	***Address***
Kwun Tong Branch	1A Yue Man Square, Kwun Tong
Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan

New Territories

Branch name	***Address***
Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2-16 Wang Pok Street, Shatin
Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 18 March 2009 to 12:00 noon on Monday, 23 March 2009 from:

Depository Counter
Hong Kong Securities Clearing Company Limited
2nd Floor, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

or your stockbroker who may have the Application Forms and this prospectus available.

HOW TO COMPLETE THE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected.

If your application is made through a duly authorised attorney, the Company, the Sponsor, the Lead Manager (for itself and on behalf of the Public Offer Underwriters) or their respective agents may accept your application at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. The Sponsor and the Lead Manager (for itself and on behalf of the Underwriters) in their capacity as agents for the Company, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

HOW MANY APPLICATIONS YOU MAY MAKE

There is only one situation where you may make more than one application for the Public Offer Shares:

If you are a nominee, in which case you may lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominee(s)" you must include for each beneficial owner or, in the case of joint beneficial owners, for each of such beneficial owners:

- an account number; or
- some other identification code.

If you do not include this information, the application will be treated as being made for your benefit.

Multiple applications are not allowed

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) **warrant** that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form;
- (if you are an agent for another person) **warrant** that reasonable enquiries have been made with that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form, and that you are duly authorised to sign the Application Form as that other person's agent;

Multiple applications or suspected multiple applications will be rejected and all of your applications will be rejected as multiple applications if you, or you and your joint applicants together:

- make more than one application (whether individually or jointly with others) on a **WHITE** and/or **YELLOW** Application Form; or
- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form for more than 100% of the Public Offer Shares; or
- apply for, take up, indicate an interest (whether individually or jointly with others) for any Placing Shares or otherwise participate in the Placing; or
- both apply on one **WHITE** Application Form and one **YELLOW** Application Form.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit. If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company *means a company with no equity securities listed on the Stock Exchange.*

Statutory control in relation to a company *means you:*

- *control the composition of the board of directors of that company; or*
- *control more than half of the voting powers of that company; or*
- *hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).*

HOW MUCH TO PAY FOR THE PUBLIC OFFER SHARES

The Offer Price is HK$1.25 per Offer Share. You must also pay 1% brokerage, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy. The board lot for trading in the Shares is 2,000 Shares. This means that for every 2,000 Public Offer Shares, you will pay HK$2,525.23.

The Application Forms have tables showing the exact amount payable for certain multiples of Public Offer Shares being applied for.

Your payment must be made by one cheque or one banker's cashier order and must comply with the terms set forth in the Application Forms relating to the Public Offer. If your application is successful, brokerage is paid to participants of the Stock Exchange, the trading fee is paid to the Stock Exchange and the transaction levy is paid to the SFC.

MEMBERS OF THE PUBLIC IN HONG KONG — TIME FOR APPLYING FOR THE PUBLIC OFFER SHARES

WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Monday, 23 March 2009, or if the application lists do not open on that day, then by 12:00 noon on the next business day when the application lists open.

Your completed Application Form, with payment attached, should be deposited in any of the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited listed above at the following times:

Wednesday, 18 March 2009 — 9:00 a.m. to 5:00 p.m.
Thursday, 19 March 2009 — 9:00 a.m. to 5:00 p.m.
Friday, 20 March 2009 — 9:00 a.m. to 5:00 p.m.
Saturday, 21 March 2009 — 9:00 a.m. to 1:00 p.m.
Monday, 23 March 2009 — 9:00 a.m. to 12:00 noon

Application lists

The application lists will open from 11:45 a.m. to 12:00 noon on Monday, 23 March 2009. No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until after the closing of the application lists. No allocation of any of the Public Offer Shares will be made until the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or

- a "**BLACK**" rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 23 March 2009. Instead the application lists will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

Business day means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

Details of the circumstances in which you will not be allotted the Public Offer Shares are set out in the notes contained in the Application Forms, and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allotted to you:

If your application is revoked

By completing and lodging an Application Form, you agree that you cannot revoke your application on or before the expiration of the fifth day (excluding for this purpose a Saturday, Sunday and a public holiday in Hong Kong) after the opening of the application lists. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form. This collateral contract will be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person until after the expiration of the fifth day after closing of the application lists except by means of one of the procedures referred to in this prospectus.

Your application may only be revoked after the expiration of the fifth day (excluding for this purpose a Saturday, Sunday and a public holiday in Hong Kong) after the opening of the application lists if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been notified but have not withdrawn their applications in accordance with the procedure so notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application that has been made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application has been accepted, it cannot be revoked or withdrawn.

At the full discretion of the Company, the Sponsor, the Lead Manager (for itself and on behalf of the Public Offer Underwriters) or their respective agents, your application is rejected

The Company, the Sponsor and the Lead Manager (for itself and on behalf of the Public Offer Underwriters) or their respective agents and nominees as agents of the Company, have the full discretion to reject or accept any application, in whole or in part, without assigning any reason therefore.

If your application is rejected

Your application will be rejected if:

- it is a multiple or a suspected multiple application;
- your Application Form is not completed correctly;
- your payment is not made in the correct form or amount;
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation;
- your application is for more than 5,000,000 Public Offer Shares;
- you or the person(s) for whose benefit you are applying have applied for or taken up or indicated an interest for the Placing Shares; or
- the Company, the Sponsor, the Lead Manager (for itself and on behalf of the Public Offer Underwriters) or their respective agents or nominees believe that by accepting your application, it would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is, or is suspected to have been, completed and/or signed.

If your application is not accepted

Your application will not be accepted if:

- the Underwriting Agreement does not become unconditional in accordance with its terms; or
- the Underwriting Agreement is terminated in accordance with its terms.

If the allotment of the Public Offer Shares is void

Any allotment of the Public Offer Shares in respect of your application will be void if the Listing Committee does not grant the listing of and permission to deal in the Shares on the Main Board either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

PUBLICATION OF RESULTS

The announcement of (i) the level of indications of interest in the Placing; (ii) the level of applications in the Public Offer; (iii) the basis of allocation of the Public Offer Shares; and (iv) the number of Offer Shares re-allocated between the Public Offer and the Placing, if any, will be published in China Daily (in English), Hong Kong Economic Journal (in Chinese), the Company's website at *www.ctprinting.com.hk* and the Stock Exchange's website at *www.hkex.com.hk* on or before Friday, 27 March 2009.

The results of allocations of the Public Offer Shares, including applications made under **WHITE** or **YELLOW** Application Forms, which will include the Hong Kong identity card numbers/passport numbers/Hong Kong business registration certificate numbers of successful applicants and the number of the Public Offer Shares successfully applied for will be made available at the times and dates and in the manner specified below:

- Results of allocations will be available from the Company's website at *www.ctprinting.com.hk* and the Stock Exchange's website at *www.hkex.com.hk* on Friday, 27 March 2009;
- Results of allocations will also be available from the website of Tricor Investor Services Limited at *www.tricor.com.hk/ipo* on a 24-hour basis from 8:00 a.m. on Friday, 27 March 2009 to 12:00 midnight on Thursday, 2 April 2009. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its Application Form to search for his/her/its own allocation result;
- Results of allocations will be available from the Company's Public Offer allocation results telephone enquiry hotline. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 369-18-488 between 9:00 a.m. and 6:00 p.m. from Friday, 27 March 2009 to Wednesday, 1 April 2009 (excluding Saturday, Sunday and public holiday in Hong Kong); and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of the receiving bank branches and sub-branches from Friday, 27 March 2009 to Monday, 30 March 2009 at the addresses set forth under the paragraphs under "Where to collect the prospectuses and the Application Forms" in this section.

COLLECTION/POSTING OF SHARE CERTIFICATES/REFUND CHEQUES AND DEPOSIT OF SHARE CERTIFICATES INTO CCASS

The Company will not issue temporary documents of title. No receipt will be issued for application money paid

If you do not receive any Public Offer Shares for any of, but not limited to, the reasons set out in the above paragraph headed "Circumstances in which you will not be allotted the Public Offer Shares", the Company will refund your application money together with the brokerage, the Stock Exchange trading fee and the SFC transaction levy to you, without interest. If your application is accepted only in part, the Company will refund the appropriate portion of your application money, the brokerage, the Stock Exchange trading fee and the SFC transaction levy to you, without interest. All such interest accrued prior to the date of despatch of refund cheques will be retained for the benefit of the Company.

All refunds will be made by cheque(s) crossed "Account Payee Only", made out to you, or, if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number in the Application Form may lead to delay in encashment of or may invalidate your refund cheque.

WHITE Application Forms

If you have applied for 1,000,000 Public Offer Shares or more and have indicated on your Application Form that you wish to collect your share certificate (if any) and/or refund cheque (if any) in person, you may collect it/them in person from the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, between 9:00 a.m. and 1:00 p.m. on Friday, 27 March 2009 (Hong Kong time) or any other date notified by the Company by way of a newspaper announcement as the date of despatch of share certificates and refund cheques.

If you are an individual who opts for collection in person must not authorise any other person to make collection on your behalf. If you are a corporation applicant which opts for collection in person, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives of corporation, as the case may be, must produce at the time of collection evidence of authority and identity acceptable to Tricor Investor Services Limited.

If you have opted for collection in person but do not collect your share certificate (if any) and/or refund cheque(s) (if any) within the time specified for collection, it/they will be sent to the address (or in the case of joint applicants, the address of the first-named applicant) on your Application Form by ordinary post and at your own risk on or shortly after the date of despatch.

If you have applied for 1,000,000 Public Offer Shares or more and have not indicated on your Application Form that you intend to collect your share certificate (if any) and/or refund cheque (if any) in person, or if you have applied for less than 1,000,000 Public Offer Shares, then your share certificate (if any) and/or refund cheque (if any) will be sent to the address (or in the case of joint applicants, the address of the first-named applicant) on your Application Form by ordinary post and at your own risk on or shortly after the date of despatch.

Applicants will receive one share certificate for all the Public Offer Shares allotted.

YELLOW Application Forms

If you apply for the Public Offer Shares using a **YELLOW** Application Form, and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant's stock account or the stock account of your designated CCASS Participant as instructed by you at the close of business on Friday, 27 March 2009, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for the Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of the Public Offer Shares credited to your stock account. The Company expects to publish the application results of CCASS Investor Participants using **YELLOW** Application Form on Friday, 27 March 2009 as described in the paragraph headed "Publication of results" in this section. You should check the new account balance and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 27 March 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have applied for 1,000,000 Public Offer Shares or more and have indicated on your Application Form that you wish to collect your refund cheque (if any) in person, please follow the procedures as set out in the paragraph under "WHITE Application Forms" above. If you have applied for less than 1,000,000 Public Offer Shares, or if you have applied for 1,000,000 Public Offer Shares or more and have not indicated on your Application Form that you intend to collect your refund cheque in person, then your refund cheque, if any, will be sent to the address (or in the case of joint applicants, the address of the first-named applicant) on your Application Form by ordinary post and at your own risk on or shortly after the date of despatch.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence on Monday, 30 March 2009. Shares will be traded in board lots of 2,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Main Board and the compliance with the stock admission requirements of HKSCC by the Company, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on the Main Board or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporating in this prospectus, received from the joint reporting accountants of the Company, CCIF CPA Limited, Certified Public Accountants, Hong Kong and World Link CPA Limited, Certified Public Accountants, Hong Kong.

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong
General +852 2894 6888
Facsimile +852 2895 3752
E-mail info@ccifcpa.com.hk
www.ccifcpa.com.hk

World Link CPA Limited
5th Floor, Far East Consortium Building
121 Des Voeux Road, Central, Hong Kong
Email 電郵: info@worldlinkcpa.com
Website 網址: www.worldlinkcpa.com

18 March 2009

The Directors
CT Holdings (International) Limited
Optima Capital Limited

Dear Sirs,

We set out below our report on the financial information relating to CT Holdings (International) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), for each of the three years ended 31 December 2005, 2006 and 2007 and the nine months ended 30 September 2008 (the "Relevant Periods") for inclusion in the prospectus of the Company dated 18 March 2009 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands on 11 November 2008. Pursuant to a corporate reorganisation ("Reorganisation"), as more fully explained in the section headed "Reorganisation" in appendix VI to the Prospectus, the Company became the holding company of the companies comprising the Group on 4 March 2009.

Particulars of the Company's subsidiaries are as follows:

Name of the company	Place and date of incorporation/ establishment	Equity interest attributable to the Group as at 31 December 2005	2006	2007	30 September 2008	Date of this report Direct	Indirect	Issued and fully paid share capital/ registered capital at the date of this report	Principal activities
CT Management Investments Limited ("CT Printing BVI")	British Virgin Islands ("BVI") 24 October 2008	N/A	N/A	N/A	N/A	100%	—	US$200	Investment holding
CT Printing Limited ("CT Printing")	Hong Kong 5 January 2001	100%	100%	100%	100%	—	100%	HK$20,000	Provision of printing services
詩天紙藝製品(深圳)有限公司# ("CT Shenzhen")	The People's Republic of China ("PRC") 15 August 2008	N/A	N/A	N/A	100%	—	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

All of the subsidiaries are owned indirectly by the Company except for CT Printing BVI which is owned directly by the Company.

All the companies comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company and CT Printing BVI since their respective dates of incorporation as these companies have not carried on any business other than the Reorganisation.

No audited financial statements have been prepared for CT Shenzhen as it has not carried on any business since its date of establishment.

The statutory financial statements of CT Printing for the years ended 31 December 2005 and 2006 were audited by Cheer Link CPA Limited and for the year ended 31 December 2007 was audited by us.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group (the "Combined Financial Statements") for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). We have carried out an independent audit on the Combined Financial Statements for the Relevant Periods in accordance with the Hong Kong Standards on Auditing issued by HKICPA.

The financial information as set out in Sections A to E (the "Financial Information") has been prepared based on the Combined Financial Statements. We have examined the Financial Information and have carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. The directors of the companies comprising the Group, during the Relevant Periods, are responsible for preparing the financial statements of the respective companies which give a true and fair view. The directors of the Company are responsible for preparing the Combined Financial Statements which give a true and fair view. In preparing these financial statements, it is fundamental that appropriate accounting policies are selected and applied consistently.

We have also reviewed the combined financial information for the nine months ended 30 September 2007 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the combined financial information for the nine months ended 30 September 2007 based on our review. A review consists principally of making enquiries of the Group's management and applying analytical procedures to the financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the combined financial information for the nine months ended 30 September 2007.

The directors of the Company are responsible for the Financial Information. It is our responsibility to form an independent opinion, based on our examination and review, on the Financial Information and to report our opinion and conclusion.

In our opinion, the Financial Information, for the purpose of this report and prepared on the basis of preparation set out in section A below, all adjustments considered necessary have been made and the Financial Information gives a true and fair view of the state of affairs of the companies comprising the Group as at 31 December, 2005, 2006 and 2007 and 30 September 2008, and of the results and cash flows of the Group for the Relevant Periods.

Moreover, on the basis of our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the combined financial information for the nine months ended 30 September 2007 is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. FINANCIAL INFORMATION

Combined Income Statements

		Year ended 31 December			Nine months ended 30 September	
	Notes	**2005**	**2006**	**2007**	**2007**	**2008**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Turnover	6	170,027	268,193	335,392	246,037	306,441
Cost of sales		(120,245)	(196,705)	(251,023)	(181,266)	(233,116)
Gross profit		49,782	71,488	84,369	64,771	73,325
Other revenue and other net income	7	3,739	3,564	6,247	3,613	4,381
Selling expenses		(16,991)	(24,411)	(29,027)	(22,515)	(23,661)
Administrative expenses		(14,547)	(14,166)	(19,634)	(14,356)	(18,990)
Profit from operations		21,983	36,475	41,955	31,513	35,055
Finance costs	8(a)	(3,892)	(6,241)	(9,221)	(5,883)	(6,583)
Profit before taxation	8	18,091	30,234	32,734	25,630	28,472
Income tax	9	(1,258)	(2,664)	(2,797)	(2,222)	(1,972)
Profit for the year/period attributable to equity holders of the Company		16,833	27,570	29,937	23,408	26,500
Earnings per share attributable to equity holders of the Company — Basic and diluted (HK$)	12	0.11	0.18	0.20	0.16	0.18

Combined Balance Sheets

	Notes	As at 31 December 2005	As at 31 December 2006	As at 31 December 2007	As at 30 September 2008
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	14	45,628	101,929	130,449	128,894
Prepaid lease payments	15	—	5,151	—	—
Available-for-sale financial assets	16	14,517	15,204	15,873	16,422
		60,145	122,284	146,322	145,316
Current assets					
Inventories	17	27,034	39,247	63,873	76,858
Trade and other receivables	18	78,811	129,548	150,000	170,548
Prepaid lease payments	15	—	106	—	—
Amounts due from related parties	19	—	198	—	264
Pledged fixed deposits	20	—	—	50,000	71,803
Cash and cash equivalents	21	8,260	6,872	7,240	4,324
		114,105	175,971	271,113	323,797
Current liabilities					
Trade and other payables	22	22,736	39,900	46,754	53,807
Amounts due to related parties	23	7,313	24,735	56,364	54,935
Obligations under finance leases	24	1,523	6,235	15,507	18,641
Secured bank loans and other borrowings	25	45,460	80,135	99,419	106,199
Tax payable	26(a)	—	—	—	1,118
		77,032	151,005	218,044	234,700
Net current assets		37,073	24,966	53,069	89,097
Total assets less current liabilities		97,218	147,250	199,391	234,413

	Notes	As at 31 December 2005 HK$'000	As at 31 December 2006 HK$'000	As at 31 December 2007 HK$'000	As at 30 September 2008 HK$'000
Non-current liabilities					
Amounts due to related parties	23	83,411	85,736	74,675	90,563
Obligations under finance leases	24	3,882	21,183	51,067	42,298
Secured bank loans and other borrowings	25	600	85	—	—
Deferred taxation	26(b)	1,258	3,922	6,719	7,573
		89,151	110,926	132,461	140,434
NET ASSETS		8,067	36,324	66,930	93,979
CAPITAL AND RESERVES					
SHARE CAPITAL	27	10	10	10	10
RESERVES	28	8,057	36,314	66,920	93,969
TOTAL EQUITY		8,067	36,324	66,930	93,979

Combined Statements of Changes in Equity

	Share capital *HK$'000*	Fair value reserve *HK$'000*	Retained profits/ (Accumulated losses) *HK$'000*	Total *HK$'000*
At 1 January 2005	10	(927)	(6,133)	(7,050)
Fair value changes on available-for-sale financial assets taken to equity	—	(1,716)	—	(1,716)
Profit for the year	—	—	16,833	16,833
At 31 December 2005 and 1 January 2006	10	(2,643)	10,700	8,067
Fair value changes on available-for-sale financial assets taken to equity	—	687	—	687
Profit for the year	—	—	27,570	27,570
At 31 December 2006 and 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
Fair value changes on available-for-sale financial assets taken to equity	—	549	—	549
Profit for the period	—	—	26,500	26,500
At 30 September 2008	10	(738)	94,707	93,979
For the nine months ended 30 September 2007 (unaudited)				
At 1 January 2007	10	(1,956)	38,270	36,324
Fair value changes on available-for-sale financial assets taken to equity	—	480	—	480
Profit for the period	—	—	23,408	23,408
At 30 September 2007	10	(1,476)	61,678	60,212

Combined Cash Flow Statements

	Notes	Year ended 31 December			Nine months ended 30 September	
		2005	**2006**	**2007**	**2007**	**2008**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Operating activities						
Profit before taxation		18,091	30,234	32,734	25,630	28,472
Adjustments for:						
Depreciation		6,059	7,005	11,226	7,114	10,508
Amortisation of prepaid lease payments		—	62	98	80	—
Interest income		(9)	(33)	(1,025)	(484)	(1,139)
Finance costs		3,892	6,241	9,221	5,883	6,583
Allowance for doubtful debts		250	725	92	—	307
Loss/(gain) on disposal of property, plant and equipment		786	(251)	(2,160)	(740)	(86)
Gain on disposal of prepaid lease payments		—	—	(160)	—	—
Write down of inventories		—	970	—	—	—
Operating profit before changes in working capital		29,069	44,953	50,026	37,483	44,645
Increase in inventories		(8,712)	(13,183)	(24,626)	(30,730)	(12,985)
Increase in amount due from a related party		—	—	—	—	(264)
Increase in trade and other receivables		(20,858)	(51,462)	(20,544)	(29,464)	(20,855)
Increase in trade and other payables		4,821	17,164	6,854	20,956	7,053
Increase/(decrease) in amounts due to related parties		884	(950)	—	—	(105)
Net cash generated from/(used in) operating activities		5,204	(3,478)	11,710	(1,755)	17,489

	Notes	Year ended 31 December 2005 HK$'000	2006 HK$'000	2007 HK$'000	Nine months ended 30 September 2007 HK$'000 (unaudited)	2008 HK$'000
Investing activities						
Purchase of property, plant and equipment		(5,202)	(37,000)	(57,550)	(39,290)	(9,840)
Proceeds on sales of property, plant and equipment		72	906	6,912	4,162	973
Advance from a related party		—	—	50,000	50,000	—
Interest received		9	33	1,025	484	1,139
Increase in pledged fixed deposits		—	—	(50,000)	(50,000)	(21,803)
Net cash used in investing activities		(5,121)	(36,061)	(49,613)	(34,644)	(29,531)
Financing activities						
Proceeds from new bank loans and other borrowings		116,354	162,030	247,064	189,147	234,825
Repayment of bank loans and other borrowings		(113,315)	(131,940)	(223,795)	(161,091)	(228,045)
Interest element of finance lease payments		(219)	(1,202)	(2,761)	(1,806)	(2,233)
Finance costs		(3,673)	(5,039)	(6,460)	(4,077)	(4,350)
Capital element of finance lease payments		(1,326)	(4,057)	(11,801)	(7,672)	(11,447)
Inception of new finance leases		3,545	26,070	50,957	33,949	5,812
Advances from related parties		13,478	5,114	6,620	6,620	17,644
Repayments to related parties		(13,101)	(16,895)	(17,483)	(17,483)	(3,080)
Net cash generated from financing activities		1,743	34,081	42,341	37,587	9,126
Net increase/(decrease) in cash and cash equivalents		1,826	(5,458)	4,438	1,188	(2,916)
Cash and cash equivalents at beginning of year/period		6,434	8,260	2,802	2,802	7,240
Cash and cash equivalents at end of year/period	21	8,260	2,802	7,240	3,990	4,324

NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

CT Holdings (International) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the provision of printing services.

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.

For details of the reorganisation ("Reorganisation"), see the paragraph headed "Reorganisation" under the section headed "Further information about the Company and its subsidiaries" in appendix VI to this prospectus.

2. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention as modified for the revaluation of certain financial assets and liabilities at fair value. The preparation of Financial Information in conformity with Hong Kong Financial Reporting Standards ("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 values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The principal accounting policies adopted are as follows:

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with the principal accounting policies set out below. These accounting policies are in accordance with all applicable HKFRSs (which includes all applicable Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The Financial Information also complies with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(b) Basis of preparation

The combined income statements, combined statements of changes in equity and combined cash flow statements of the companies comprising the Group are presented as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where this is a shorter period. The combined balance sheets of the Group as at 31 December 2005, 2006 and 2007 and as at 30 September 2008 have been prepared to include the assets and liabilities of the companies comprising the Group as at each balance sheet date on the basis of the equity interest of the combining entities attributable to the Company on each of the balance sheet date. For the preparation of the Financial Information, the Group applied the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by HKICPA.

The functional currency of the subsidiary carrying on the principle activities of the Group is United States Dollars ("US$"). The directors of the Company consider that presentation of the Financial Information in Hong Kong Dollars ("HK$") will facilitate analysis of the Financial Information. The Financial Information are therefore presented in HK$ and all values are rounded to the nearest thousand except where otherwise indicated.

The Reorganisation involved companies under common control and the Company and its subsidiaries resulting from the Reorganisation are regarded as a continuing Group. Accordingly, this Financial Information has been prepared as if the Company had been the holding company of the Group from the beginning of the earliest period presented. The Financial Information presents the combined results, cash flows and financial position of the Group as if the Company had been in existence throughout the Relevant Periods and the current structure had been in place as of the earliest period presented, or since the effective dates of incorporation of the companies where they were not existed at those dates.

The HKICPA has issued the following standards and interpretations that are not yet effective. The Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 16 (Amendment)	Property, Plant and Equipment[1]
HKAS 19 (Amendment)	Employee Benefits[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 and HKAS 1 (Amendments)	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 36 (Amendment)	Impairment of Assets[1]
HKAS 39 and HKFRS 7 (Amendment)	Reclassification of Financial Asset[2]
HKFRS 2 (Amendment)	Share based payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]

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

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

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

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

(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 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 parties' 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.

(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.

(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. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

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.

Prepaid lease payments represent leasehold interests in land under operating lease arrangements and are amortised to profit or loss on a straight-line basis over the lease terms.

(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 each 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 each 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.

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

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

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 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.

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, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. 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 in respect of available-for-sale securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

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.

ii) ***Impairment of other assets***

Internal and external sources of information are reviewed at each 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 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 value 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.

(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 are 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 statements.

(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.

(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 each of 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.

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 each of the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each 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.

(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.

(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 each 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.

(r) Translation of foreign currencies

Foreign currency transactions during each of the year/period 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 each of 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 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;

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.

(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 each of the year/period 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 Group's subsidiary which operates 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.

(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, 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 combined 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 each of the year/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. 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, obligations 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 some collateral from particular customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. As at 31 December 2005, 2006, 2007 and 30 September 2008, the Group has certain concentrations of credit risk of 18%, 9%, 9% and 15% of the total trade and other receivables due from the Group's largest customer respectively and 49%, 34%, 36% and 35% of the total trade and other receivables due from the Group's five largest customers respectively.

The maximum exposure to credit risk represented by the carrying amount of each financial asset in the combined balance sheets 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 18.

(ii) *Financial guarantees*

Except for financial guarantees given by the Group as set out in note 31, 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 sheets is disclosed in note 31.

The aforesaid guarantees have been released prior to the date of this report.

(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 or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 December 2005, 2006, 2007 and 30 September 2008, the Group has certain concentration of credit risk as HK$8,260,000, HK$6,872,000, HK$57,240,000 and HK$76,127,000 respectively of total cash and cash equivalents and time deposits deposited at several financial institutions in the 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 long term. The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2005, 2006, 2007 and 30 September 2008, the Group has available un-utilised banking facilities of approximately HK$56,724,000, HK$131,271,000, HK$170,614,000 and HK$169,239,000 respectively.

The following liquidity table set out the remaining contractual maturities at each of 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	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash flow**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2005						
- Trade and other payables	22,736	—	—	—	22,736	22,736
- Amounts due to related parties	7,313	—	—	83,411	90,724	90,724
- Obligations under finance leases	1,867	1,861	2,376	—	6,104	5,405
- Secured bank loans and other borrowings	46,652	656	—	—	47,308	46,060
	78,568	2,517	2,376	83,411	166,872	164,925

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2006						
- Trade and other payables	39,900	—	—	—	39,900	39,900
- Amounts due to related parties	24,735	—	—	85,736	110,471	110,471
- Obligations under finance leases	7,943	8,759	14,007	—	30,709	27,418
- Secured bank loans and other borrowings	82,209	90	—	—	82,299	80,220
	154,787	8,849	14,007	85,736	263,379	258,009

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 September 2008						
- Trade and other payables	53,807	—	—	—	53,807	53,807
- Amounts due to related parties	54,935	—	—	90,563	145,498	145,498
- Obligations under finance leases	20,778	17,830	26,860	—	65,468	60,939
- Secured bank loans and other borrowings	108,809	—	—	—	108,809	106,199
	238,329	17,830	26,860	90,563	373,582	366,443

(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's cash flow interest rate risk in relation to borrowings and short-term deposits placed in 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 each of the balance sheet date:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Variable rate borrowings:				
Obligations under finance leases	5,405	27,418	66,574	60,939
Secured bank loans and other borrowings	46,060	80,220	99,419	106,199
Total borrowings	51,465	107,638	165,993	167,138

(ii) *Sensitivity analysis*

At 31 December 2005, 2006, 2007 and 30 September 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable rate borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK$515,000, HK$1,076,000, HK$1,700,000 and HK$1,671,000 respectively. 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 each of 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 each balance sheet date.

(iv) ***Currency risk***

(i) *Exposure to currency risk*

The following table details the Group's exposure at each 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

	As at 31 December												As at 30 September			
	2005				2006				2007				2008			
	HK$'000	*GBP'000*	*Euro'000*	*RMB'000*	*HK$'000*	*GBP'000*	*Euro'000*	*RMB'000*	*HK$'000*	*GBP'000*	*Euro'000*	*RMB'000*	*HK$'000*	*GPB'000*	*Euro'000*	*RMB'000*
Trade and other receivables	3,543	678	2	1,076	7,503	1,117	56	1,299	15,708	653	17	670	6,380	422	83	681
Cash and cash equivalents and pledged fixed deposits	1,244	5	—	269	1,700	—	—	766	54,346	—	23	737	74,238	—	1	1,263
Trade and other payables	(10,601)	(27)	—	(9,039)	(14,848)	(46)	(40)	(19,062)	(22,695)	(24)	—	(12,696)	(19,404)	(14)	(4)	(25,478)
Secured bank loans and other borrowings	(20,395)	(144)	—	—	(37,272)	(190)	—	—	(42,025)	(155)	—	—	(22,661)	(224)	—	—
Overall net exposure	(26,209)	512	2	(7,694)	(42,917)	881	16	(16,997)	5,334	474	40	(11,289)	38,553	184	80	(23,534)

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

	As at 31 December									As at 30 September		
	2005			2006			2007			2008		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits** *HK$'000*	**Effect on other components of equity** *HK$'000*	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits** *HK$'000*	**Effect on other components of equity** *HK$'000*	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits** *HK$'000*	**Effect on other components of equity** *HK$'000*	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits** *HK$'000*	**Effect on other components of equity** *HK$'000*
Great British Pound ("GBP")	2%	139	—	7%	876	—	9%	610	—	9%	258	—
Euro ("Euro")	2%	—	—	6%	9	—	10%	39	—	5%	43	—
Renminbi ("RMB")	2%	145	—	6%	959	—	7%	790	—	5%	1,271	—

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at each of 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 and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at each of the balance sheet date for presentation purposes. The analysis is performed on the same basis for each balance sheet date.

(v) ***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 16).

Sensitivity analysis

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

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

— fair value reserve as at 31 December 2005, 2006, 2007 and 30 September 2008 would increase/decrease by HK$726,000, HK$760,000, HK$794,000 and HK$821,000 respectively 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 Relevant Periods.

The sensitivity analysis above has been determined assuming that the reasonably possible changes in the price index had occurred at each of 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, debtors, 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.

4. 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 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 charged.

(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 less than 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 each 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 maybe different.

5. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Geographical segments 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

The Group comprises the following main geographical segments:

	Year ended 31 December 2005					
	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	139,111	23,594	3,645	498	3,179	170,027
Segment result	26,999	8,076	1,227	(106)	649	36,845
Unallocated operating income and expenses						(14,862)
Profit from operations						21,983
Finance costs						(3,892)
Income tax						(1,258)
Profit after taxation						16,833
Depreciation and amortisation for the year	4,623	1,194	121	16	105	6,059

	Year ended 31 December 2006					
	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	180,901	40,685	23,412	9,392	13,803	268,193
Segment result	32,978	10,996	4,475	791	1,755	50,995
Unallocated operating income and expenses						(14,520)
Profit from operations						36,475
Finance costs						(6,241)
Income tax						(2,664)
Profit after taxation						27,570
Depreciation and amortisation for the year	4,403	1,529	570	229	336	7,067

	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

	Nine months ended 30 September 2007 (unaudited)					
	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	155,404	45,081	22,888	9,975	12,689	246,037
Segment result	26,659	13,093	4,527	1,744	195	46,218
Unallocated operating income and expenses						(14,705)
Profit from operations						31,513
Finance costs						(5,883)
Income tax						(2,222)
Profit after taxation						23,408
Depreciation and amortisation for the period	4,343	1,577	640	279	355	7,194

	Nine months ended 30 September 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	160,837	41,918	26,526	55,892	21,268	306,441
Segment result	29,534	6,894	4,087	9,465	3,775	53,755
Unallocated operating income and expenses						(18,700)
Profit from operations						35,055
Finance costs						(6,583)
Income tax						(1,972)
Profit after taxation						26,500
Depreciation and amortisation for the period	5,233	1,901	863	1,819	692	10,508

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.

6. 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/period. An analysis of turnover is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Turnover					
Provision of printing services	170,027	268,193	335,392	246,037	306,441

7. OTHER REVENUE AND OTHER NET INCOME

	Year ended 31 December			Nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Other revenue					
Bank interest income *(note i)*	9	33	1,025	484	1,139
Investment income of available-for-sale financial assets	1,364	—	—	—	—
Management fee income	754	498	344	344	263
Sales of scrap materials	1,572	1,499	2,474	2,016	2,664
Sundry income	40	380	84	29	229
	3,739	2,410	3,927	2,873	4,295
Other net income					
Gain on disposal of property, plant and equipment	—	251	2,160	740	86
Gain on disposal of prepaid lease payments	—	—	160	—	—
Exchange gain, net	—	903	—	—	—
	—	1,154	2,320	740	86
	3,739	3,564	6,247	3,613	4,381

Note:

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

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December			Nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
a) Finance costs					
Interest on bank loans, overdrafts, and other borrowings wholly repayable within five years	3,673	5,039	6,460	4,077	4,350
Finance charges on obligations under finance leases	219	1,202	2,761	1,806	2,233
Total interest expense on financial liabilities not at fair value through profit or loss	3,892	6,241	9,221	5,883	6,583
b) Staff costs					
Salaries, wages and other benefits	20,060	26,832	38,654	28,497	29,695
Contributions to defined contribution retirement plan	150	198	285	193	258
	20,210	27,030	38,939	28,690	29,953
c) Other items					
Auditors' remuneration	55	45	353	262	303
Cost of inventories sold *(note 17(b))*	120,245	196,705	251,023	181,266	233,116
Depreciation					
- owned assets	4,902	5,445	6,765	4,244	4,880
- assets held under finance leases	1,157	1,560	4,461	2,870	5,628
Amortisation of prepaid lease payments	—	62	98	80	—
Allowance for doubtful debts	250	725	92	—	307
Exchange loss, net	1,636	—	979	86	4,362
Loss on disposal of property, plant and equipment	786	—	—	—	—
Operating lease charges in respect of lands and building	2,049	1,724	2,401	1,547	3,497
Operating lease charges in respect of equipment	159	—	—	—	—

9. INCOME TAX

a) Taxation in the combined income statements represents:

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Current tax - Hong Kong profits tax					
- Provision for the year/period	—	—	—	—	1,118
Deferred tax *(note 26(b))*	1,258	2,664	2,797	2,222	854
	1,258	2,664	2,797	2,222	1,972

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 years ended 31 December 2005, 2006 and 2007 and nine months ended 30 September 2007.

The Group has tax losses brought forward of HK$24,130,000, HK$13,464,000, HK$10,934,000 and HK$1,647,000 for the years ended 31 December 2005, 2006, 2007 and nine months ended 30 September 2008 respectively.

For the years ended 31 December 2005, 2006, 2007 and nine months ended 30 September 2008, the Group has recognised the tax losses of HK$10,666,000, HK$2,530,000, HK$9,287,000 and HK$1,647,000 respectively.

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

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Profit before taxation	18,091	30,234	32,734	25,630	28,472
Notional tax on profit before tax, calculated at the rates applicable to profit in the tax jurisdiction concerned	3,166	5,291	5,728	4,485	4,697
Tax effect of non-taxable income	(240)	(50)	(417)	(139)	(25)
Tax effect of non-deductible expenses	137	5	9	7	—
Tax effect of non-taxable net income relating to offshore operation	(1,469)	(2,582)	(2,523)	(2,131)	(2,316)
Tax effect on deferred tax arising from change in tax rate	—	—	—	—	(384)
Utilisation of previously unrecognised tax losses	(336)	—	—	—	—
Actual tax expense	1,258	2,664	2,797	2,222	1,972

10. DIRECTORS' REMUNERATION

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

	Year ended 31 December 2005			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement scheme contributions**	**Total**
	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)*	—	310	12	322
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)*	—	—	—	—
	—	310	12	322

	Year ended 31 December 2006			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement scheme contributions**	**Total**
	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)*	—	405	12	417
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)*	—	—	—	—
	—	405	12	417

	Year ended 31 December 2007			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement scheme contributions**	**Total**
	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

	Nine months ended 30 September 2007 (unaudited)			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement scheme contributions**	**Total**
	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)*	—	315	9	324
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)*	—	—	—	—
	—	315	9	324

	Nine months ended 30 September 2008			
	Fees	**Salaries, allowances and benefits in kind**	**Retirement scheme contributions**	**Total**
	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)*	—	—	—	—
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)*	—	—	—	—
	—	—	—	—

Note:

(i) Mr. Tsoi Tak and Mr. Cai Xiao Ming, David have been the directors of CT Printing Limited ("CT Printing") during the Relevant Periods.

(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.

(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 Relevant Periods, 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.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

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

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Salaries and allowances	2,435	3,163	3,537	2,774	1,806
Bonuses	228	565	316	199	128
Retirement scheme contributions	54	55	47	38	45
	2,717	3,783	3,900	3,011	1,979
Number of directors	1	1	—	—	—
Number of employees	4	4	5	5	5
	5	5	5	5	5

During the Relevant Periods, no emolument was paid to the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation of loss of office.

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

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
Number of individuals					
HK$Nil up to HK$1,000,000	3	3	4	4	5
HK$1,000,001 to HK$1,500,000	1	—	—	1	—
HK$1,500,001 to HK$2,000,000	—	1	1	—	—
	4	4	5	5	5

12. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS

The Company's weighted average number of shares in issue during the Relevant Periods 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 International Limited as a result of the Reorganisation had been in issue throughout the Relevant Periods.

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding for all periods presented.

13. STAFF RETIREMENT BENEFITS

The Group has implemented a provident fund scheme for its staff 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 percent 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.

14. PROPERTY, PLANT AND EQUIPMENT

	Building held for own use carried at cost	Motor vehicles	Leasehold improvement	Furniture and equipment	Plant and machinery	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
As at 1 January 2005	—	245	418	458	62,626	63,747
Additions	—	—	545	298	4,359	5,202
Disposals	—	—	—	(8)	(1,215)	(1,223)
As at 31 December 2005 and 1 January 2006	—	245	963	748	65,770	67,726
Additions	13,053	282	—	207	50,419	63,961
Disposals	—	(3)	—	(4)	(1,124)	(1,131)
As at 31 December 2006 and 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	89	389	9,075	9,840
Disposals	—	—	—	(27)	(1,953)	(1,980)
As at 30 September 2008	—	1,163	1,437	1,630	167,549	171,779

	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
Accumulated depreciation						
As at 1 January 2005	—	50	78	289	15,987	16,404
Charge for the year	—	49	233	127	5,650	6,059
Written back on disposals	—	—	—	(1)	(364)	(365)
As at 31 December 2005 and 1 January 2006	—	99	311	415	21,273	22,098
Charge for the year	153	54	332	154	6,312	7,005
Written back on disposals	—	(2)	—	(3)	(471)	(476)
As at 31 December 2006 and 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 period	—	155	150	232	9,971	10,508
Written back on disposals	—	—	—	(25)	(1,068)	(1,093)
As at 30 September 2008	—	388	878	930	40,689	42,885
Carrying value						
As at 31 December 2005	—	146	652	333	44,497	45,628
As at 31 December 2006	12,900	373	320	385	87,951	101,929
As at 31 December 2007	—	643	620	545	128,641	130,449
As at 30 September 2008	—	775	559	700	126,860	128,894

The carrying value of the Group's plant and machinery includes an amount of HK$12,143,000; HK$34,483,000; HK$81,273,000; and HK$82,100,000 in respect of assets held under finance leases as at 31 December 2005, 2006, 2007 and 30 September 2008 respectively.

The carrying value of property in the PRC under medium-term lease as at 31 December 2006 was HK$12,900,000. The property was disposed of during the year ended 31 December 2007 with carrying amount of HK$12,661,000.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments are for leasing two leasehold lands in the PRC. Both of the leasehold lands are under medium term leases and the prepaid lease payments are charged to profit or loss over the term of leases which will be expired in Year 2052 or Year 2056.

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	—	—	5,257	—
Additions	—	5,319	—	—
Amortisation for the year/period	—	(62)	(98)	—
Disposals	—	—	(5,159)	—
At the balance sheet date	—	5,257	—	—
Prepaid lease payments of the Group are analysed for reporting purpose as:				
Current asset	—	106	—	—
Non-current asset	—	5,151	—	—
	—	5,257	—	—

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity securities at fair value	14,517	15,204	15,873	16,422

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 31(b)). The aforesaid pledged granted to a related company has been released prior to the date of this report.

17. INVENTORIES

a) Inventories in the combined balance sheets comprise:

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	19,857	29,177	43,634	50,520
Work in progress	5,741	5,274	11,135	17,815
Finished goods	1,436	4,796	9,104	8,523
	27,034	39,247	63,873	76,858

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

	Year ended 31 December			Nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Carrying amount of inventories sold	120,245	195,735	251,023	181,266	233,116
Write down of inventories	—	970	—	—	—
Cost of inventories sold	120,245	196,705	251,023	181,266	233,116

18. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	77,461	128,860	149,118	167,792
Less: Allowance for doubtful debts	(250)	(975)	(1,067)	(1,324)
	77,211	127,885	148,051	166,468
Interest receivables	—	—	963	282
Other receivables	220	1,092	—	—
Trade and other receivables	77,431	128,977	149,014	166,750
Prepayments	64	62	278	638
Rental, utility and sundry deposits	1,210	402	490	2,343
Trade deposits paid	—	—	57	541
Staff advances	106	107	161	276
	1,380	571	986	3,798
	78,811	129,548	150,000	170,548

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 Relevant Periods.

a) Ageing analysis

The ageing analysis of trade receivables is as follows:

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	16,567	23,126	27,469	46,704
More than 1 month but within 3 months	23,808	38,051	55,507	73,976
More than 3 months but within 6 months	34,895	58,579	60,493	43,246
More than 6 months but within 1 year	1,869	8,453	3,009	917
Over 1 year	322	651	2,640	2,949
	77,461	128,860	149,118	167,792
Less: Allowance for doubtful debts	(250)	(975)	(1,067)	(1,324)
	77,211	127,885	148,051	166,468

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

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	'000	*'000*	*'000*	*'000*
GBP	678	1,117	653	422
Euro	2	56	16	82
HK$	2,959	7,121	14,346	3,409
RMB	—	97	97	—

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:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	—	250	975	1,067
Uncollectible amounts written off	—	—	—	(50)
Impairment loss recognised*	250	725	92	307
At 31 December/30 September	250	975	1,067	1,324

* The Group's trade receivables as at 31 December 2005, 2006, 2007 and 30 September 2008 of approximately HK$250,000; HK$725,000; HK$92,000 and HK$307,000 were individually impaired respectively. 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$250,000; HK$975,000; HK$1,067,000 and HK$1,324,000 were recognised respectively. The Group does not hold any collateral over these balances.

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:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	75,732	119,215	143,129	162,339
3 to 6 months past due	15	7,356	2,550	2,746
Over 6 months	1,464	1,314	2,372	1,383
	77,211	127,885	148,051	166,468

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 HK$14,000, HK$1,182,000, HK$241,000 and HK$1,909,000 as collateral over these balances as at 31 December 2005, 2006, 2007 and 30 September 2008 respectively.

The amounts of trade receivables factored to banks and other financial institutions with recourse are HK$37,614,000, HK$53,795,000, HK$123,789,000 and HK$143,861,000 as at 31 December 2005, 2006, 2007 and 30 September 2008 respectively. 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$25,297,000, HK$33,567,000, HK$56,755,000 and HK$62,317,000 in respect of the above factored trade receivables as at 31 December 2005, 2006, 2007 and 30 September 2008, respectively.

The factoring loans are further secured by unlimited corporate guarantees from a related company and unlimited personal guarantees from directors of the Company during the Relevant Periods. The aforsaid unlimited corporate guarantees provided by a related company have been released prior to the date of this report and the unlimited personal guarantees from directors will be released upon the listing of the Company's shares on the Stock Exchange.

19. AMOUNTS DUE FROM RELATED PARTIES

					Maximum amount outstanding during			
Name of related party	**As at 31 December**			**As at 30 September**	**Year ended 31 December**			**Nine months ended 30 September**
	2005	**2006**	**2007**	**2008**	**2005**	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from a director - Mr. Tsoi Tak	—	198	—	—	—	198	198	—
Amount due from a related company - Tiley Properties International Limited ("Tiley Properties") *(note i)*	—	—	—	264	—	—	—	264
	—	198	—	264				

Note:

(i) Tiley Properties is a company wholly and beneficially owned by Mr. Tsoi Tak and the amount was fully settled in December 2008.

The amounts are unsecured, interest free and have no fixed terms of repayment. The directors of the Company consider that the amounts due from related parties approximate their fair value, due to the short-term nature of these balances.

20. PLEDGED FIXED DEPOSITS

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Pledged fixed deposits	—	—	50,000	71,803

The fixed deposits of HK$50,000,000 and HK$56,755,000 are pledged to a bank to secure general banking facilities granted to a related company as at 31 December 2007 and 30 September 2008 respectively (note 31(a)).

The fixed deposits of HK$15,048,000 are pledged to the banks to secure general banking facilities granted to the Group as at 30 September 2008.

21. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents in the combined balance sheets	8,260	6,872	7,240	4,324
Bank overdrafts, secured *(note 25)*	—	(4,070)	—	—
Cash and cash equivalents in the combined cash flow statements	8,260	2,802	7,240	4,324

Include in the cash and cash equivalents are the following amounts denominated in a currency other than functional currency of the entity to which they relate:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	'000	*'000*	*'000*	*'000*
GBP	5	—	—	—
Euro	—	—	23	1
HK$	1,244	1,700	4,346	2,432
RMB	269	766	737	1,263

22. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	13,605	20,205	28,673	35,266
Bills payable	—	459	—	—
Accrued salaries and bonuses	4,587	5,486	7,177	4,059
Trade deposits received	14	1,182	302	2,610
Accruals and other payables	4,068	5,801	6,987	5,063
Accruals and other payables to related parties *(note 29)*	452	6,612	3,457	6,770
Other tax payable	10	155	158	39
	22,736	39,900	46,754	53,807

The ageing analysis of trade payables is as follows:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 month	4,324	6,932	13,713	16,341
More than 1 month but within 2 months	3,873	6,399	9,871	8,966
More than 2 months but within 3 months	3,125	2,945	3,495	7,731
More than 3 months but within 1 year	2,283	3,929	1,594	2,228
	13,605	20,205	28,673	35,266

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

Included in trade payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	'000	*'000*	*'000*	*'000*
HK$	9,516	13,564	20,341	17,492
RMB	3,424	6,079	2,114	15,138

23. AMOUNTS DUE TO RELATED PARTIES

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due to a director				
- Mr. Tsoi Tak *(note i)*	641	—	124,675	140,563
Amounts due to related companies				
- Brilliant Circle Development Limited ("Brilliant Circle") *(note ii)*	82,770	85,735	—	—
- Brilliant Circle Enterprise Development (Shenzhen) Company Limited ("BC Enterprise") *(note iii)*	6,364	6,364	6,364	4,935
- Shenzhen Guilian Printing Limited ("Shenzhen Guilian") *(note iv)*	—	13,700	—	—
- Shenzhen Kecai Printing Co., Ltd. ("Shenzhen Kecai") *(note v)*	949	4,672	—	—
	90,724	110,471	131,039	145,498
Analysis for reporting purposes as:				
Current liabilities	7,313	24,735	56,364	54,935
Non-current liabilities	83,411	85,736	74,675	90,563
	90,724	110,471	131,039	145,498

Notes:

(i) Subsequent to 30 September 2008, all the indebtedness due by the Group to Mr. Tsoi Tak had been capitalised save that HK$50 million had been returned to Mr. Tsoi Tak in cash in December 2008.

(ii) 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 Tak 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.

(iii) BC Enterprise is a company wholly and beneficially owned by Mr. Tsoi Tak. Subsequent to 30 September 2008, the entire amount has been settled.

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

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

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.

24. OBLIGATIONS UNDER FINANCE LEASES

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

	As at 31 December						As at 30 September	
	2005		2006		2007		2008	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	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*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	1,523	1,867	6,235	7,943	15,507	18,281	18,641	20,778
After 1 year but within 2 years	1,643	1,861	7,918	8,759	16,383	18,248	16,422	17,830
After 2 years but within 5 years	2,239	2,376	13,265	14,007	34,684	36,582	25,876	26,860
After 5 years	—	—	—	—	—	—	—	—
	3,882	4,237	21,183	22,766	51,067	54,830	42,298	44,690
	5,405	6,104	27,418	30,709	66,574	73,111	60,939	65,468
Less: total future interest expenses		(699)		(3,291)		(6,537)		(4,529)
Present value of lease obligations		5,405		27,418		66,574		60,939

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

25. SECURED BANK LOANS AND OTHER BORROWINGS

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

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year or on demand	45,460	80,135	99,419	106,199
After 1 year but within 2 years	600	85	—	—
Total	46,060	80,220	99,419	106,199

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

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured bank loans	20,763	43,166	58,729	70,434
Secured bank overdrafts *(note 21)*	—	4,070	—	—
Secured factoring loans from other financial institutions	25,297	32,984	40,690	35,765
	46,060	80,220	99,419	106,199

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.

Bank overdrafts of the Group bore interest rate at Hong Kong Prime rate for the Relevant Periods.

The Group's bank loans and other borrowings were secured by available-for-sale financial assets 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$4,015,000, HK$4,302,000, HK$5,449,000 and HK$5,162,000 as at 31 December 2005, 2006, 2007 and 30 September 2008. The aforesaid guarantees, except for the available-for-sale financial assets secured for the general banking facilities granted to the Group, have been released prior to the date of this report or will be released upon the listing of the shares of the Company on the Stock Exchange.

26. INCOME TAX IN THE COMBINED BALANCE SHEET

a) Tax payable in the combined balance sheets represents:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January	—	—	—	—
Provision for Hong Kong profit tax	—	—	—	1,118
As at balance sheet date	—	—	—	1,118

b) Deferred tax assets and liabilities recognised:

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

	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax arising from:			
As at 1 January 2005	3,886	(3,886)	—
Charged/(credited) to the profit or loss	(272)	1,530	1,258
As at 31 December 2005 and 1 January 2006	3,614	(2,356)	1,258
Charged to the profit or loss	2,221	443	2,664
As at 31 December 2006 and 1 January 2007	5,835	(1,913)	3,922
Charged to the 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 the profit or loss	966	272	1,238
Effect of change in tax rate	(400)	16	(384)
As at 30 September 2008	7,573	—	7,573

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net deferred tax liabilities recognised on the combined balance sheets	1,258	3,922	6,719	7,573

There were no significant unrecognised deferred tax assets and liabilities as at 31 December 2005, 2006 and 2007 and 30 September 2008.

27. SHARE CAPITAL

For the purpose of the preparation of the combined balance sheets, the amount of share capital at 31 December 2005, 2006 and 2007 and 30 September 2008 respectively, represent the aggregate amount of share capital of the following company:

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of company				
CT Printing *(Note i)*	10	10	10	10
	10	10	10	10

Notes:

(i) The amount of HK$10,000 represents the authorised, issued and fully paid share capital of 10,000 ordinary shares of HK$1 each of CT Printing.

(ii) 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 on the same date. As at 30 September 2008, the Company had no distributable reserve.

(iii) Pursuant to resolutions 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.

28. RESERVES

(a) The Group

	Fair value reserve	Retained profits/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2005	(927)	(6,133)	(7,060)
Fair value changes on available-for-sale financial assets taken to equity	(1,716)	—	(1,716)
Profit for the year	—	16,833	16,833
At 31 December 2005 and 1 January 2006	(2,643)	10,700	8,057
Fair value changes on available-for-sale financial assets taken to equity	687	—	687
Profit for the year	—	27,570	27,570
At 31 December 2006 and 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
Fair value changes on available-for-sale financial assets taken to equity	549	—	549
Profit for the period	—	26,500	26,500
At 30 September 2008	(738)	94,707	93,969
For the nine months ended 30 September 2007 (unaudited)			
At 1 January 2007	(1,956)	38,270	36,314
Fair value changes on available-for-sale financial assets taken to equity	480	—	480
Profit for the period	—	23,408	23,408
At 30 September 2007	(1,476)	61,678	60,202

(b) 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 2005, 2006, 2007 and 30 September 2008, the gearing ratios of the Group were 30%, 36%, 40% and 36%, respectively.

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

(c) Distributability of reserves

The Company was incorporated on 11 November 2008 and accordingly the Company had no reserves available for distribution to the shareholders up to 30 September 2008.

29. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

a) Material related party transactions:

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Recurring *(notes i and iii):*					
Factory rental to Shenzhen Kecai	—	—	309	—	1,835

	Year ended 31 December			Nine months ended 30 September	
	2005	2006	2007	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Discontinued *(notes ii and iii):*					
Advances to Tiley Properties	—	—	—	—	264
Advances from related parties					
- Mr. Tsoi Tak	—	3	50,000	50,000	17,644
- Brilliant Circle	13,478	5,111	6,620	6,620	—
- BC Enterprise	1,905	—	—	—	—
- Shenzhen Kecai	949	—	—	—	—
Repayments to related parties					
- Mr. Tsoi Tak	1,100	841	5,350	5,350	3,080
- Brilliant Circle	12,001	16,054	12,133	12,133	—
- BC Enterprise	1,970	—	—	—	105
- Shenzhen Kecai	—	950	—	—	—
Factory rental to Shenzhen Guilian	906	946	631	568	—
Equipment rental paid to Brilliant Circle	159	—	—	—	—
Management fee received from Brilliant Circle	754	498	344	344	263
Machinery purchased from Brilliant Circle	—	13,908	—	—	—
Lands and building purchased from/(disposed to):					
- Shenzhen Guilian	—	13,700	(13,700)	—	—
- Shenzhen Kecai	—	4,672	(4,672)	—	—

Notes:

(i) The directors of the Company confirmed that these transactions will continue in the future after the listing of the shares of the Company on the Stock Exchange.

(ii) The directors of the Company confirmed that these transactions will not continue in the future after the listing of the shares of the Company on the Stock Exchange.

(iii) For the relationship between the above related parties, refer to note 19 and note 23.

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.

b) Related party balances:

	As at 31 December			As at 30 September
	2005	**2006**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from a director *(note 19)*				
- Mr. Tsoi Tak	—	198	—	—
Amount due from a related company *(note 19)*				
- Tiley Properties	—	—	—	264
Amount due to a director *(note 23)*				
- Mr. Tsoi Tak	641	—	124,675	140,563
Amounts due to related companies *(note 23)*				
- Brilliant Circle	82,770	85,735	—	—
- BC Enterprise	6,364	6,364	6,364	4,935
- Shenzhen Guilian	—	13,700	—	—
- Shenzhen Kecai	949	4,672	—	—
	90,724	110,471	131,039	145,498
Accrual and other payables to *(note i):*				
- Shenzhen Kecai *(note ii)*	—	4,416	3,457	6,770
- Shenzhen Guilian	452	2,196	—	—
	452	6,612	3,457	6,770

Notes:

(i) The amounts are included in accrual and other payables of the Group as disclosed in note 22.

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

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

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Salaries, allowances and other benefits	1,095	1,724	2,652	1,602	2,320
Contributions to defined contribution retirement plan	26	32	53	34	50
	1,121	1,756	2,705	1,636	2,370

d) Guarantees provided by a related company and directors

The banking facilities utilised by the Group to the extent of HK$51,465,000, HK$108,097,000, HK$165,993,000, and HK$167,138,000 as at 31 December 2005, 2006 and 2007, and 30 September 2008 respectively are secured by unlimited corporate guarantees provided by a related company and directors' unlimited personal guarantees and personal properties with fair value of HK$4,015,000, HK$4,302,000, HK$5,449,000 and HK$5,162,000 respectively.

The unutilised amounts as at 31 December 2005, 2006, 2007, and 30 September 2008 are approximately HK$56,724,000, HK$131,271,000, HK$170,614,000 and HK$169,239,000, respectively. The aforesaid unlimited corporate guarantees provided by a related company and director personal properties have been released up to the date of this report. The aforesaid directors' unlimited personal guarantees will be released upon the listing of the shares of the Company on the Stock Exchange.

e) Guarantee provided to a related company

As at 31 December 2007 and 30 September 2008, the Group pledged a fixed deposit to secure general banking facilities granted to a related company, details of which are disclosed in note 31(a). The foresaid guarantee has been released on 17 December 2008.

f) Guarantees provided to a related company

During the Relevant Periods, the Group provided unlimited corporate guarantees to secure general banking facilities granted to a related company, details of which are disclosed in note 31(b). The foresaid guarantees have been released prior to the date of this report.

30. COMMITMENTS

a) Operating lease commitments

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

	Year ended 31 December			Nine months ended 30 September	
	2005	**2006**	**2007**	**2007**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Within one year	1,997	1,682	3,517	3,724	3,367
In the second to fifth years, inclusive	1,329	1,136	134	764	3,719
	3,326	2,818	3,651	4,488	7,086

b) Capital commitments

During the Relevant Periods, the Group had the following commitments:

	As at 31 December			As at 30 September
	2005	2006	2007	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Acquisition of property, plant and equipment				
- contracted but not provided for	15,502	—	750	—
- authorised but not contracted for	23,115	56,970	7,450	—
	38,617	56,970	8,200	—

31. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

a) As at 31 December 2007 and 30 September 2008, the Group pledged its fixed deposits with carrying value of HK$50,000,000 and HK$56,755,000 respectively to a bank to secure general banking facilities granted to a related company. As at 31 December 2007 and 30 September 2008, the facilities drawn down by the related company in respect of the guarantee provided by the Group amounting to the extent of approximately RMB43,000,000 and RMB43,000,000 respectively. 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 for the nine months ended 30 September 2008. No recognition was made in any of the year ended 31 December 2007 and for the nine months ended 30 September 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 2005, 2006, 2007 and 30 September 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 2005, 2006, 2007 and 30 September 2008, the facilities drawn down by that related company in respect of the guarantees provided by the Group amounting to the extent of approximately HK$106,295,000, HK$127,860,000, HK$132,605,000 and HK$79,004,000 respectively. The maximum liability of the Group under the guarantees issued represents the amount of facilities drawn down by the related company for each of the years ended 31 December 2005, 2006 and 2007 and for the nine months ended 30 September 2008. No recognition was made in any of the years ended 31 December 2005, 2006 and 2007 and nine months ended 30 September 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 prior to the date of this report.

32. MAJOR NON-CASH TRANSACTIONS

a) For the year ended 31 December 2006, the Group purchased lands and building from related companies in the amount of HK$18,372,000. During the year ended 31 December 2007, the Group disposed that lands and building and sold it back to the related companies for the same consideration. Such transactions were effected through the current accounts of the related companies and are non-cash transactions.

b) For the year ended 31 December 2006, the Group purchased machinery from a related company in the amount of HK$13,908,000. Such transactions were effected through the current accounts and are non-cash transactions.

B. DISTRIBUTABLE RESERVES

The Company was incorporated on 11 November 2008 and accordingly the Company had no reserves available for distribution to the shareholders as at 30 September 2008.

C. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

After the completion of the Reorganisation, the ultimate holding company of the companies comprising the Group is Profitcharm Limited, a company incorporate in British Virgin Islands. The controlling party of the Group is Mr. Tsoi Tak.

D. SUBSEQUENT EVENTS

1. Reorganisation

The Group underwent a reorganisation to rationalise its structure in preparation for the listing of the shares of the Company on the Stock Exchange, the details of which are set out in the paragraph headed "Reorganisation" under the section headed "Further information about the Company and its subsidiaries" in appendix VI to this prospectus.

On 11 November 2008, the Company was incorporated in the Cayman Islands and became the holding company of the Group on 4 March 2009.

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 nil paid 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 Tak 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 resolutions 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 International 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.

2. Capitalisation issue

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 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.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2008.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Hong Kong

Kwok Cheuk Yuen
Practising Certificate Number P02412

Yours faithfully,
World Link CPA Limited
Certified Public Accountants
Hong Kong

Fung Tze Wa
Practising Certificate Number P01138

The information set out in this appendix does not form part of the Accountants' Report received from CCIF CPA Limited and World Link CPA Limited, Certified Public Accountants, Hong Kong, the joint reporting accountants of the Company, as set out in appendix I to this prospectus, and is included herein for information only.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Share Offer on the combined net tangible assets attributable to equity holders of the Company as at 30 September 2008 as if they had taken place on that date. The statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Share Offer been completed as at 30 September 2008 or at any future date.

The unaudited pro forma adjusted net tangible assets is based on the audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2008 as shown in the Accountants' Report, the text of which is set out in appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets attributable to equity holders of the Company as at 30 September 2008 *(Note 1)* *HK$'000*	**Estimated net proceeds from the Share Offer** *(Note 2)* *HK$'000*	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company** *HK$'000*	**Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company per Share** *(Note 3)* *HK$*
Based on an Offer Price of HK$1.25 per Share	93,979	48,900	142,879	0.71

Notes:

1. The audited combined net tangible assets attributable to equity holders of the Company as at 30 September 2008 is extracted from the accountant's report set out in appendix I to this prospectus, which is based on the audited combined net tangible assets attributable to equity holders of the Company as at 30 September 2008 of approximately HK$94.0 million.

2. The estimated net proceeds from the Share Offer is based on the Offer Price of HK$1.25 per Share, after deduction of the underwriting fees and related expenses payable by the Company and taking no account of any Share which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or Share which may be allotted and issued or purchased by the Company pursuant to the general mandate for the allotment and issue or purchase of Share referred to in the paragraph headed "Written resolutions of all Shareholders passed on 4 March 2009" in appendix VI to this prospectus.

3. The unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company per Share has been arrived at after making the adjustments referred to in this section and on the basis of a total of 200,000,000 Shares in issue immediately following completion of the Share Offer.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the year ended 31 December 2008 has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Share Offer, as if it had taken place on 1 January 2008. The unaudited pro forma estimated earnings per Share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Share Offer.

	Estimates for the year ended 31 December 2008
Estimated combined profit attributable to equity holders of the Company *(Note 1)*	not less than HK$30.0 million
Unaudited pro forma estimated earnings per Share *(Note 2)*	HK15.0 cents

Notes:

1. The estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 is extracted from the profit estimates as set out in the subsection headed “Profit Estimate” in the section headed “Financial Information”. The bases on which the above estimated profit for the year ended 31 December 2008 has been prepared are summarised in Section A of appendix III to this prospectus.

2. The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 and on the assumptions that the Company had been listed since 1 January 2008 and that a total number of 200,000,000 Shares were in issue during the year ended 31 December 2008. The estimated combined profit attributable to the equity holders of the Company for the year ended 31 December 2008 has not taken into account any interest income that would have been earned if the proceeds from the Share Offer had been received on 1 January 2008.

C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from CCIF CPA Limited and World Link CPA Limited in connection with the unaudited pro forma financial information of the Group set out in the paragraphs headed "Unaudited pro forma adjusted net tangible assets" in the section headed "Financial information" of this prospectus and prepared for the purpose of inclusion in this prospectus.

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

World Link CPA Limited
5th Floor, Far East Consortium Building
121 Des Voeux Road, Central, Hong Kong
Email 電郵: info@worldlinkcpa.com
Website 網址: www.worldlinkcpa.com

18 March 2009

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF CT HOLDINGS (INTERNATIONAL) LIMITED

We report on the unaudited pro forma financial information of CT Holdings (International) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Share Offer might have affected the financial information presented, for inclusion in section A and B of appendix II to the prospectus of the Company dated 18 March 2009 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out in appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Group as at 30 September 2008 or any future date.

— the earnings per share of the Group for the year ended 31 December 2008 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
CCIF CPA Limited
Certified Public Accountants
Hong Kong

Kwok Cheuk Yuen
Practising Certificate Number P02412

Yours faithfully,
World Link CPA Limited
Certified Public Accountants
Hong Kong

Fung Tze Wa
Practising Certificate Number P01138

The estimated combined profit attributable to the equity holders of the Company for the year ended 31 December 2008 is set out in the paragraph headed "Profit estimate" in the section headed "Financial information" of this prospectus:

A. BASES

The Directors have prepared the estimated combined profit attributable to equity holders of the Company for the year ended 31 December 2008 based on the audited combined results of the Group for the nine months ended 30 September 2008 and the unaudited combined results as shown in the management accounts of the Group for the three months ended 31 December 2008. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the accountants' report, the text of which is set out in appendix I to this prospectus.

B. LETTERS

Set out below are texts of letters received by the Directors from CCIF CPA Limited and World Link CPA Limited, Certified Public Accountants, Hong Kong and Optima Capital Limited in connection with the profit estimate of the Group for the year ended 31 December 2008 and prepared for the purpose of inclusion in this prospectus:

i) Letter from joint reporting accountants

CCIF
CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay Hong Kong

World Link CPA Limited
5th Floor, Far East Consortium Building
121 Des Voeux Road, Central, Hong Kong
Email 電郵: info@worldlinkcpa.com
Website 網址: www.worldlinkcpa.com

18 March 2009

The Board of Directors
CT Holdings (International) Limited
Optima Capital Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the estimate of the combined profit attributable to the shareholders of CT Holdings (International) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2008 attributable to equity holders of the Company (the "Profit Estimate"), for which the directors of the Company are solely responsible, as set out in the prospectus dated 18 March 2009 (the "Prospectus") issued by the Company. The Profit Estimate is prepared based on the audited combined results of the Group for the nine months ended 30 September 2008 and the unaudited combined results shown in the unaudited management accounts of the Group for the three months ended 31 December 2008.

In our opinion the Profit Estimate, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in part A of appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 18 March 2009 on the financial information of the Group for the three years ended 31 December 2007 and nine months ended 30 September 2008 in appendix I to the Prospectus.

Yours faithfully,
for and on behalf of
CCIF CPA Limited

Kwok Cheuk Yuen
Director

Yours faithfully,
for and on behalf of
World Link CPA Limited

Fung Tze Wa
Director

ii) Letter from the Sponsor

OPTIMA CAPITAL LIMITED
Unit 3618, 36th Floor,
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

18 March 2009

The Board of Directors
CT Holdings (International) Limited

Dear Sirs,

We refer to the estimate of the combined profit attributable to the shareholders of CT Holdings (International) Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2008 (the "Profit Estimate") as set out in the paragraph headed "Profit Estimate" in the section headed "Financial information" of the prospectus of the Company dated 18 March 2009 (the "Prospectus").

The Profit Estimate, for which the directors of the Company (the "Directors") are solely responsible, has been prepared based on the audited combined results of the Group for the nine months ended 30 September 2008 and the unaudited combined results as shown in the unaudited management accounts of the Group for the three months ended 31 December 2008.

We have discussed with you the bases, as set forth in part A of appendix III to the Prospectus, upon which the Profit Estimate has been made. We have also considered the letter dated 18 March 2009 addressed to us from CCIF CPA Limited and World Link CPA Limited regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the foregoing, the bases, the accounting policies and calculations adopted by you and reviewed by CCIF CPA Limited and World Link CPA Limited, we are of the opinion that the Profit Estimate, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung
Chairman

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation of this prospectus received from Castores Magi (Hong Kong) Limited, an independent valuer, in connection with their valuations as at 28 February 2009 of the property interests of the Group:

嘉漫(香港)有限公司
CASTORES MAGI (HONG KONG) LIMITED
REGISTERED PROFESSIONAL SURVEYORS
REAL ESTATE, MINERALS, MACHINERY & EQUIPMENT AND BUSINESS VALUERS

CASTORES MAGI

Suite 211
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

18 March 2009

The Directors
CT Holdings (International) Limited
Suites 2301-02 on 23rd Floor
Tower Two
Nina Tower
No. 8 Yeung Uk Road
Tsuen Wan
New Territories
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which CT Holdings (International) Limited (the "Company") and its subsidiaries (together the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries, searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the relevant properties as at 28 February 2009 (the "date of valuation").

Our valuations of the property interests are our opinion of the Market Value which we would define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion." Market Value is understood as the value of an asset estimate without regard to costs of sale or purchase and without offset for any associated taxes.

Our valuations of the property interests have been made on the assumption that the owner sells the property on the market in their existing state without the benefit of a deferred term contracts, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the properties.

The property interests have been valued on a market value basis by reference to comparable market transactions. This approach rests on the wide acceptance of market price as the best indicator of value and pre-supposes that evidence of recent transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In valuing the property interests, we have adopted the basis of valuation and made the valuation assumptions in accordance with the Valuation of Property Assets — Guidance Notes (2nd Edition) published by the Hong Kong Institute of Surveyors in 2008.

In valuing the property interests in the PRC, we have complied with all the requirements contained in Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have not attributed any commercial value to the rented properties in this certificate due mainly to the prohibition against assignment or sub-letting or lack of substantial profit rents.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, letting, rentals, licences, site and floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. Based on our valuation experience of similar properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificate, in respect of which we have been provided with such information as we have required for the purpose of our valuation. However, no structural survey has been made, but in the course of our inspection we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, such as mortgage and debenture charged, restrictions and outgoings of an onerous nature which could affect their values.

We have been shown copies of various documents relating to the properties. However, we have not searched the original documents to verify any amendments which may not appear on the copies handed to us. Due to restrictions of the land restriction system in the PRC, we are unable to search the original documents to verify the existing title of the properties or any material encumbrances that might be attached to the properties. We are not in a position to advise on the title of the properties.

The scope of valuations has been determined with reference to the property list provided by the Group. All properties on the list have been included in this valuation certificate. The Group has confirmed to us that it has no property interests other than those specified on the list supplied to us.

We have had no reason to doubt the authenticity and accuracy of the information provided to us by the Group. We have also sought and received confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollar. The exchange rate adopted in our valuations of the property interests is the exchange rate prevailing as at the date of valuation being HK$1=RMB0.88 and there has been no significant fluctuation in the exchange rate between the date of valuation and the date of this letter.

The conclusion of values is based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgment in arriving at the valuation, you are urged to consider carefully the nature of such assumptions which are disclosed in this report and should exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interest in the Group or the value reported.

Yours faithfully,
For and on behalf of
CASTORES MAGI (HONG KONG) LIMITED
Deret Au Chi Chung
Member of China Institute of Real Estate Appraisers
Registered Business Valuer of Hong Kong Business Forum
BSc., MRICS, MHKIS, RPS, MCIArb, AHKIArb
Director

Note: Deret Au Chi Chung is a Registered Professional Surveyor and has over 16 years of experience in valuing properties in Hong Kong and the properties of private and state-owned enterprises in over 100 towns and cities in the PRC. He also possesses over 11 years of valuation experience in the Asia-Pacific Region. His name is included on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers set forth by the Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

Group I — Property rented by Group in Hong Kong

	Property	Capital value in existing state as at 28 February 2009 *(HK$)*
1.	Suites 2301-02 on 23rd Floor, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong.	No commercial value
	Total:	Nil

Group II — Property rented by Group in the PRC

	Property	Capital value in existing state as at 28 February 2009 *(HK$)*
1.	Portion of the Industrial Complex, Lanzhu Boulevard, Grand Industrial Zone, Longgang District, Shenzhen, Guangdong Province, The PRC.	No commercial value
	Total:	Nil
	Grand Total:	Nil

VALUATION CERTIFICATE

Group I — Property rented by the Group in Hong Kong

	Property	Description and occupancy	Particulars of tenancy	Capital value in exiting state as at 28 February 2009 *(HK$)*
1.	Suites 2301-02 on 23rd Floor, Tower Two, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong.	The property comprises two adjoining office units on 23rd Floor of a 42-storey office building. The building was completed in 2006. The property has a total lettable area of about 10,418 sq. ft. (967.9 sq. m.). The property is currently occupied by the Group for office purposes.	The property was rented by the Group for a term of 3 years commencing from 1 September 2008 to 31 August 2011 at a monthly rent of HK$177,106 exclusive of management fee and air-conditioning charges. .	No commercial value

Notes:

1. The tenant is CT Printing Limited, a wholly-owned subsidiary of the Company.

2. The tenancy is subject to an option to renew for a further term of two years.

VALUATION CERTIFICATE

Group II — Property rented by the Group in the PRC

	Property	Description and occupancy	Particulars of tenancy	Capital value in exiting state as at 28 February 2009 *(HK$)*
1.	Area A on Level 3 and Area C on Level 1 of Block 1, Lanzhu Boulevard, Grand Industrial Zone, Longgang District, Shenzhen, Guangdong Province, The PRC.	The property comprises various industrial and office space on Levels 1 and 3 of a 4-storey industrial complex. The industrial complex was completed in 2004. The property has a total lettable area of about 2,639 sq. m. The property is currently occupied by the Group for production, storage and office purposes.	The property was rented by the Group subject to a real estate lease contracts *(see Note 1)*.	No commercial value

Notes:

1. Pursuant to a Real Estate Lease Contract of Shenzhen City (深圳市房地產租賃合同書) dated 18 November, 2008 made between Shenzhen Kecai Printing Co., Ltd. (深圳市科彩印務有限公司) and Shitian Paper Craft (Shenzhen) Company Limited (詩天紙藝制品(深圳)有限公司) a wholly-owned subsidiary of the Company, portion of the workshop (Area A on Level 3 and Area C on Level 1 of Block 1) having a total lettable area of 2,639 sq.m. was leased to the latter party for a term of 14 years commencing from 1 January 2009 to 31 December 2022 at a monthly rent of RMB18,473 exclusive of water, electricity, hygiene and management charges.

2. It is stated in the legal opinion given by the Company's PRC legal advisers, inter alia that:

   (a) pursuant to a Realty Title Certificate — Shen Fang Di Zi No.6000310201 (房地產權証 — 深房地字第6000310201號) dated 12 September 2008 issued by State Resources and Real Estate Administration Bureau of Longgang Sub-Bureau, Shenzhen City (深圳市國土資源和房產管理局龍崗分局), the landlord, a realty right holder of the property, is entitled to lease out the property;

   (b) the aforesaid lease contract is lawful and legal binding to both contractual parties; and

   (c) pursuant to the relevant rules and regulations of the PRC laws, the contractual parties of the lease contracts are required to register and file the lease contracts at the relevant real estate administration authorities. Both the landlord and tenant entering the lease contract have already made the relevant lease registration.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 November 2008 under the Companies Law. The memorandum of association of the Company (the "Memorandum") and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 4 March 2009. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the

Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed 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. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) **Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) **Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days, specifying the intention to propose the resolution as a special resolution, has been duly given.

Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) **Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) **Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten(10) clear business days. All other extraordinary general meeting shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, if permitted by the Designated Stock Exchange (as defined in the Articles) it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) **Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) **Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) **Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) **Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) **Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) **Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) **Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) **Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) **Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 2 December 2008.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) **Winding up**

A company may be wound up by either an order of the Court or by a special resolution of its members. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidator; and the Court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting shall be called by Public Notice (as defined in the Companies Law) or otherwise as the Registrar of Companies of the Cayman Islands may direct.

(o) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) **Compulsory acquisition**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 November 2008.

The Company has established its principal place of business in Hong Kong at Suites 2301-2, 23rd Floor of Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong and was registered with the Registrar of Companies in Hong Kong as an oversea company under Part XI of the Companies Ordinance on 24 December 2008. Mr. Tsoi has been appointed as the authorised representative of the Company for acceptance of service of process in Hong Kong. As the Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands laws and its constitutive documents comprising a memorandum of association and the Articles of Association. A summary of certain parts of its constitution and relevant aspects of the Cayman Islands company law is set out in appendix V to this prospectus.

2. Changes in share capital of the Company

The authorised share capital of the Company as at the date of its incorporation was HK$400,000 divided into 40,000,000 Shares. The following alterations in the share capital of the Company have taken place since its incorporation:

(a) on 11 November 2008, one Share was allotted and issued nil paid to Codan Trust Company (Cayman) Limited as the initial subscriber, which was then transferred by Codan Trust Company (Cayman) Limited to Mr. Tsoi on the same date;

(b) on 4 March 2009, Mr. Tsoi transferred the one nil paid Share to Profitcharm;

(c) on 4 March 2009, in consideration of the acquisition by the Company of the entire issued share capital of CT Printing BVI, a total of 6,999,999 Shares and 3,000,000 Shares were allotted and issued by the Company at the direction of Mr. Tsoi and Mr. David Cai, all credited as fully paid, to Profitcharm and Sinorise respectively and the one nil paid Share held by Profitcharm was credited as fully paid at par; and

(d) pursuant to the written resolutions of all Shareholders passed 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. Immediately following completion of the Share Offer and the Capitalisation Issue becoming unconditional and the issue of Shares as mentioned herein being made, the authorised share capital of the Company will be HK$10,000,000 divided into 1,000,000,000 Shares and the issued share capital will be HK$2,000,000 divided into 200,000,000 Shares, all fully paid or credited as fully paid and 800,000,000 Shares will remain unissued. Other than pursuant to the exercise of options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of the Company and, without the prior approval of the members in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as aforesaid, there has been no alteration in the share capital of the Company since its incorporation.

3. Written resolutions of all Shareholders passed on 4 March 2009

Pursuant to the written resolutions of all Shareholders passed on 4 March 2009:

(a) the Company approved and adopted the Articles of Association;

(b) the authorised share capital of the Company was increased from HK$400,000 to HK$10,000,000 by the creation of additional 960,000,000 Shares;

(c) conditional on the same conditions as stated in the paragraph headed "Conditions of the Share Offer" in the section headed "Structure and conditions of the Share Offer" of this prospectus:

(i) the Share Offer was approved and the Directors were authorised to allot and issue the Offer Shares;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in this appendix, were approved and adopted and the Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation to: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirement of the Listing Rules; (3) granting options under the Share Option Scheme and issuing and allotting from time to time any Shares pursuant to the exercise of the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of the Company in issue on the Listing Date; and (4) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme;

(iii) conditional also on the share premium account being credited as a result of the Share Offer, an amount of HK$1,400,000 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 140,000,000 Shares for allotment and issue to holders of Shares whose names shall appear on the register of members of the Company at the close of business on 4 March 2009 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings and the Directors were authorised to give effect to the Capitalisation Issue and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank pari passu in all respects with all existing Shares;

(iv) a general unconditional mandate was given to the Directors to allot, issue and deal with (otherwise than by way of rights, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any option which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue) Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue and as enlarged immediately following completion of the Capitalisation Issue and the Share Offer (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever is the earliest;

(v) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever is the earliest; and

(vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the share capital of the Company in issue immediately following completion of the Capitalisation Issue and the Share Offer (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

4. Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on the Stock Exchange. The Reorganisation involved the following:

(a) incorporation of CT Printing BVI on 24 October 2008 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each, 99 ordinary shares of which were allotted and issued to Mr. Tsoi at par on 3 November 2008;

(b) incorporation of the Company on 11 November 2008 in the Cayman Islands as described in the paragraph headed "Changes in share capital of the Company" above and transfer of one nil paid Share from Codan Trust Company (Cayman) Limited to Mr. Tsoi at par on the same date;

(c) increase in the authorised share capital of CT Printing from HK$10,000 to HK$50,000 by the creation of additional 40,000 ordinary shares of HK$1.00 each on 9 December 2008;

(d) acquisition of the entire issued share capital of CT Printing by CT Printing BVI from Mr. Tsoi on 10 December 2008 in consideration of the allotment and issue of a total of 100 ordinary shares of US$1.00 each in the share capital of CT Printing BVI, all credited as fully paid, to Mr. Tsoi;

(e) capitalisation of the indebtedness of approximately HK$108.8 million owed by CT Printing to Mr. Tsoi on 18 December 2008 in consideration of the allotment and issue of a total of 10,000 ordinary shares of HK$1.00 each in the share capital of CT Printing, all credited as fully paid, to CT Printing BVI at the direction of Mr. Tsoi;

(f) allotment and issue of one ordinary share of US$1.00 in the share capital of CT Printing BVI to Mr. Tsoi on 18 December 2008 in consideration of the issue of a total of 10,000 ordinary shares of HK$1.00 each by CT Printing at the direction of Mr. Tsoi;

(g) transfer of the one nil paid Share from Mr. Tsoi to Profitcharm on 4 March 2009;

(h) transfer of 60 ordinary shares in CT Printing BVI from Mr. Tsoi to Mr. David Cai on 4 March 2009; and

(i) acquisition of the entire issued share capital of CT Printing BVI by the Company from Mr. Tsoi and Mr. David Cai on 4 March 2009 in consideration of the allotment and issue of a total of 6,999,999 Shares and 3,000,000 Shares, all credited as fully paid, to Profitcharm and Sinorise respectively at the direction of Mr. Tsoi and Mr. David Cai, and the crediting the one nil paid Share held by Profitcharm as fully paid at par.

5. Changes in the share capital of subsidiaries of the Company

The subsidiaries of the Company are listed in the accountants' report set out in appendix I to this prospectus. In addition to the alterations described in paragraph headed "Reorganisation" above, CT Shenzhen was established under the laws of the PRC as a wholly foreign owned enterprise with limited liability on 15 August 2008 with a total investment of US$8.56 million and registered capital of US$4.28 million.

Save as disclosed herein and in the paragraph headed "Reorganisation" above, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of the Company's own securities

A general unconditional mandate was granted to the Directors pursuant to the written resolutions passed by the Shareholders on 4 March 2009 authorising them to exercise all powers of the Company to purchase Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding Shares which may fall to be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever is the earliest.

The following paragraphs include information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities:

(a) ***Source of funds***

Any repurchases must be funded out of funds legally available for the purpose in accordance with the memorandum and articles of association of the Company, the Listing Rules and the applicable laws of the Cayman Islands. Under the Cayman Islands laws, any repurchase by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or subject to the provisions of the Companies Law, out of capital. Any premium payable on repurchases over the par value of the Shares to be purchased must be provided for out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or subject to the provisions of the Companies Law, out of capital.

(b) ***Reasons for repurchases***

The Directors believe that it is in the best interest of the Company and its Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

(c) ***Funding of repurchases***

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of associations, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the Directors consider that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the repurchase mandate, on the basis of 200,000,000 Shares in issue immediately after the Listing, would result in up to 20,000,000 Shares being repurchased by the Company during the period in which the repurchase mandate remains in force.

(d) ***General***

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not presently aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the repurchase mandate immediately after the Listing.

The Directors will not exercise the repurchase mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) the sale and purchase agreement dated 10 December 2008 and entered into between Mr. Tsoi and CT Printing BVI relating to the sale of the entire issued share capital in CT Printing from Mr. Tsoi 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;

(b) the loan capitalisation agreement dated 18 December 2008 (as supplemented on 13 January 2009) and entered into between Mr. Tsoi and CT Printing relating to the capitalisation of the indebtedness of approximately HK$108.8 million owed by CT Printing to Mr. Tsoi in consideration of which CT Printing allotted and issued a total of 10,000 ordinary shares of HK$1.00 each to CT Printing BVI;

(c) the sale and purchase agreement dated 4 March 2009 and entered into between the Company, Mr. Tsoi and Mr. David Cai relating to the sale of the entire issued share capital in CT Printing BVI from Mr. Tsoi and Mr. David Cai to the Company in consideration of which the Company allotted and issued a total of 6,999,999 Shares and 3,000,000 Shares, all credited as fully paid, to Profitcharm and Sinorise respectively at the direction of Mr. Tsoi and Mr. David Cai, and the one nil paid Share held by Profitcharm was credited as fully paid at par;

(d) the deed of non-competition undertaking dated 4 March 2009 and executed by Mr. Tsoi in favour of the Company, the particulars of which are set out in the paragraph headed "Non-competition undertaking and possible conflict of interest" in the section headed "Business" of this prospectus;

(e) the deed of indemnity dated 4 March 2009 and executed by Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise in favour of the Group; and

(f) the Underwriting Agreement.

2. Intellectual property rights of the Group

As at the Latest Practicable Date, the Group has applied for registration of the following trademarks and the applications are still in process:

Trademark	Place of registration	Class	Date of application	Application number
	Hong Kong	16, 39, 40 and 42	20 September 2008	301209906
	Hong Kong	16, 39, 40 and 42	30 December 2008	301265265
	Hong Kong	16, 39, 40 and 42	29 January 2009	301278973
	PRC	16, 39, 40 and 42	31 December 2008	7142942, 7142916, 7142915 and 7142936
	PRC	16, 40 and 42	31 December 2008	7142937, 7142938 and 7142939
		39	6 February 2009	7190075
	PRC	16, 39, 40 and 42	5 February 2009	7188605, 7188604, 7188603 and 7188602

3. Information about the Group's PRC establishments

The Group has interests in the registered capital of CT Shenzhen, a summary of the corporate information of which is set out as follows:

Economic nature:	wholly foreign owned enterprise
Total investment:	US$8.56 million
Total registered capital:	US$4.28 million
Equity holder:	CT Printing
Term:	from 15 August 2008 to 15 August 2038
Date of establishment:	15 August 2008

Attributable interest to the Group:	100%
Principal activities:	printing of packaging and decorative matters, research and development on printing technology, wholesale, import and export of packaging products, and other related services.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Disclosure of interests

(a) ***Disclosure of interests***

(i) During the two years immediately preceding the date of this prospectus, the Group had engaged in dealings with certain Directors and their associates as described in Note 29 to the accountants' report set out in appendix I to this prospectus; and

(ii) Certain Directors are interested in the Reorganisation referred to under the paragraph headed "Reorganisation" of this appendix.

(b) ***Particulars of service contracts***

Each of Mr. David Cai, Mr. Tony Cai, Ms. Wu Sin Wah, Eva and Mr. Kiong Chung Yin, Yttox, being all the executive Directors, has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of these Directors is entitled to a basic annual salary as follows:

	HK$
Ms. Wu Sin Wah, Eva	730,000
Mr. David Cai	500,000
Mr. Tony Cai	300,000
Mr. Kiong Chung Yin, Yttox	764,400

Each of the executive Directors shall also be entitled to a management bonus and participate in any bonus scheme that may be introduced by the Company provided that such entitlement and participation, including the basis for calculating any payments, shall be determined at the sole discretion of the Board based on the recommendation from the remuneration committee of the Company.

Mr. Tsoi (being the Chairman of the Company and a non-executive Director), and each of the independent non-executive Directors are appointed for an initial term of 3 years commencing from the Listing Date. The annual fee payable to each of them is as follows:

	HK$
Mr. Tsoi	200,000
Mr. Lam Ying Hung, Andy	50,000
Mr. Lui Tin Nang	50,000
Mr. Siu Man Ho, Simon	50,000

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Each of the above remunerations is determined by the Company with reference to duties and level of responsibilities of each Director and the remuneration policy of the Company and the prevailing market conditions.

(c) ***Directors' remuneration***

(i) During each of the three years ended 31 December 2007 and the nine months ended 30 September 2008, the aggregate remuneration paid and benefits in kind granted by the Group to the Directors amounted to approximately HK$322,000, HK$417,000, HK$396,000 and nil respectively.

(ii) During the Track Record Period, there were two directors in CT Printing, namely Mr. Tsoi and Mr. David Cai. Mr. David Cai's salary has been disclosed in Note 10 to the accountants' report set out in appendix I to this prospectus. In light of Mr. Tsoi's non-executive role while being the controlling shareholder of CT Printing and there has been no agreement made between CT Printing and Mr. Tsoi for the payment of any director remuneration, Mr. Tsoi did not receive any remuneration during the Track Record Period.

Ms. Wu Sin Wah, Eva was appointed as a Director on 18 December 2008. Prior to this, her salary was accounted for by the Group as staff cost during the Track Record Period. Her salary amounted to HK$377,000, HK$652,000, HK$528,000 and HK$359,000 during each of the three years ended 31 December 2007 and the nine months ended 30 September 2008 respectively.

Mr. Kiong Chung Yin, Yttox was appointed as a Director on 18 December 2008. Prior to this, he was assigned by Brilliant Circle (being the former holding company of CT Printing) to work for CT Printing during the Track Record Period, and his salary was paid by the Group (as staff cost) and Brilliant Circle in aggregate amounted to HK$500,000, HK$539,000, HK$674,000 and HK$422,000 during each of the three years ended 31 December 2007 and the nine months ended 30 September 2008 respectively.

Mr. Tony Cai joined the Group in October 2008 and therefore no salary had been paid to him by the Group during the Track Record Period.

(iii) Under the arrangements currently in force, the aggregate emoluments payable by the Group to and benefits in kind receivable by the Directors (excluding any discretionary management bonus payable by the Group) for the year ending 31 December 2009 will be approximately HK$2,644,400.

(iv) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31 December 2007 and the nine months ended 30 September 2008 (1) as an inducement to join or upon joining the Company or (2) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

(v) There has been no arrangement under which a Director, including Mr. Tsoi, who is not entitled to any remuneration under any agreement during the Track Record Period, has waived or agreed to waive any emoluments for each of the three years ended 31 December 2007 and the nine months ended 30 September 2008.

(vi) Each of the Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by the Group from time to time or in discharge of his/her duties to the Group under their respective service contracts/appointment letters.

(d) ***Personal guarantees***

Mr. Tsoi and Mr. David Cai have provided personal guarantees in favour of certain banks for debts and liabilities due by CT Printing. The relevant banks have agreed that such personal guarantees will be released and replaced by guarantees from the Company or other members of the Group following the Listing.

(e) ***Interests and short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations***

Immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of Shares which may be taken up under the Share Offer), the Directors will have the following interests and short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange, once the Shares are listed:

(i) *The Company*

Interests in Shares

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

Notes:

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

2. These Shares are held by Sinorise, 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.

(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%

(f) ***Agency fees or commissions***

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.

(g) ***Related party transactions***

During the two years immediately preceding the date of this prospectus, the Group had engaged in material related party transactions as described in Note 29 to the accountants' report set out in appendix I to this prospectus.

(h) ***Disclaimers***

Save as disclosed in this prospectus:

(i) and taking no account of any Shares which may be taken up or acquired under the Share Offer or upon the exercise of any options which may be granted under the Share Option Scheme, the Directors are not aware of any person who immediately following the completion of the Share Offer will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either 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 member of the Group;

(ii) none of the Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed on the Stock Exchange;

(iii) none of the Directors or the experts named in paragraph headed "Consents and qualifications of experts" of this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of the Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of the Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(iv) no Director is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole; and

(v) none of the experts named in paragraph headed "Consents and qualifications of experts" of this appendix has any shareholding in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any company in the Group.

2. Interests and/or short positions discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account Shares which may be taken up under the Share Offer), the following persons (not being a Director or chief executive of the Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will 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 Shareholders	Capacity	Position	Number of Shares	Percentage of shareholding
Profitcharm *(Note 1)*	Beneficial owner	Long	105,000,000	52.5%
Sinorise *(Note 2)*	Beneficial owner	Long	45,000,000	22.5%

Notes:

1. Profitcharm is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Tsoi.

2. Sinorise is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. David Cai.

3. Share Option Scheme

(a) ***Summary of terms of the Share Option Scheme***

(i) *Purpose of the Share Option Scheme*

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 ("Invested Entity").

(ii) *Who may join*

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons:

(1) any employee (whether full time or part time employee, including any executive director but not the non-executive directors) of the Company, its subsidiaries and any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity; and

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity.

(iii) *Maximum number of Shares*

(1) Notwithstanding anything to the contrary herein, 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.

(2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 20,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless the Company obtains the approval of the Shareholders in general meeting for refreshing the 10% limit ("Scheme Mandate Limit") under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

(3) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Mandate Limit provided that options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as "refreshed".

For the purpose of seeking the approval of the Shareholders, a circular containing the information as required under the Listing Rules must be sent to the Shareholders.

(4) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders, the Company must send a circular to the Shareholders containing a generic description

of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the Listing Rules.

(iv) *Maximum entitlement of each eligible person*

No option shall be granted to any eligible person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue, unless:

(1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the eligible person and his associates shall abstain from voting;

(2) a circular regarding the further grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the eligible person, the number and terms of the options to be granted and options previously granted to such eligible person); and

(3) the number and terms (including the subscription price) of such option are fixed before the general meeting of the Company at which the same are approved.

(v) *Grant of options to connected persons*

(1) The grant of options to a Director, chief executive or substantial shareholder of the Company ("Connected Person") or any of their respective associates requires the approval of all the independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

(2) Where an option is to be granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (1) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and (2) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK$5 million, such grant shall not be valid unless: (3) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a

recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee of the option) to the independent Shareholders as to voting); and (4) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which all Connected Persons of the Company shall abstain from voting in favour of the grant.

(3) Where any change is to be made to the terms of any option granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the Shareholders by way of poll in general meeting.

(vi) *Time of acceptance and exercise 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 upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten years after the date of adoption of the Share Option Scheme.

A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his legal personal representatives) at anytime before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vii) *Performance targets*

There is no performance target that has to be achieved before the exercise of any option.

(viii) *Subscription price for Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board and notified to an eligible person, and shall be at least the highest of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day on which the Board passes a resolution approving the making of an offer of grant of an option to an eligible employee; (2) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of the offer letter of the option; and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than 5 business days after the listing of the Shares on the Stock Exchange, the offer price shall be taken to be the closing price for any business day before the Listing.

(ix) *Ranking of Shares*

The Shares to be issued and allotted upon the exercise of an option shall be subject to the Company's constitutional documents for the time being in force and shall rank pari passu in all respects with the fully-paid Shares in issue of the Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(x) *Restrictions on the time of grant of options*

No option shall be granted after a price sensitive development concerning the Company or any subsidiary has occurred or a price sensitive matter concerning the Company or any subsidiary has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (1) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option shall be granted.

(xi) *Period of the Share Option Scheme*

Subject to earlier termination by the Company in general meeting or by the Board, 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.

(xii) *Rights on cessation of employment*

Where the grantee of an outstanding option ceases to be an employee of the Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xxi)(5), the grantee may exercise the option up to his entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) within the period of 1 month following the date of such cessation. The date of such cessation shall be his last actual working day at his work place with the Company or any Subsidiary whether salary is paid in lieu of notice or not.

(xiii) *Rights on death*

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within 12 months of the date of death.

(xiv) *Rights on a general offer*

In the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option within 14 days after the date on which the offer becomes or is declared unconditional.

(xv) *Rights on winding-up*

In the event that a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees (together with a notice of existence of this provision) and thereupon, each grantee (or his legal representative(s)) shall be entitled to exercise all or any of his options (to the extent which has become exercisable and not already exercised) at any time not later than 2 business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.

(xvi) *Rights on compromise or arrangement between the Company and its creditors*

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his option (to the extent which has become exercisable and not already exercised), but the exercise of the option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his option so as to place the grantee in the same position as nearly as possible as would have been the case had such Shares been subject to such compromise or arrangement.

(xvii) *Reorganisation of capital structure*

In the event of any alteration in the capital structure of the Company whilst any option has been granted and remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction), the Company shall (if applicable) make corresponding alterations (if any), in accordance with the Listing Rules and any applicable guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplementary guidance issued on 5 September 2005) to:

(1) the number and/or nominal amount of Shares subject to the options already granted so far as they remain exercisable; and/or

(2) the subscription price; and/or

(3) the maximum number of Shares referred to in paragraphs (iii) and (iv) above provided that:

(aa) no such alteration shall be made in respect of an issue of Shares or other securities by the Company as consideration in a transaction;

(bb) any such alterations must be made so that each grantee is given the same proportion of the equity capital of the Company as that to which he was previously entitled;

(cc) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value; and

(dd) any such alterations, save those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors as satisfying the requirements of provisos paragraphs (bb) and (cc) above.

(xviii) *Cancellation of options*

The Company may cancel an option granted but not exercised with the approval of the Board. Any options cancelled by approval of the Board cannot be re-granted to the same eligible person.

(xix) *Termination of the Share Option Scheme*

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provision of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xx) *Rights are personal to grantee*

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option.

(xxi) *Lapse of option*

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

(1) the expiry of the period to be determined and notified by the Board to the grantee;

(2) the expiry of the periods referred to in sub-paragraphs (xii) or (xiii);

(3) the date on which the offer referred to in sub-paragraph (xiv) closes;

(4) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);

(5) the date on which the grantee ceases to be an eligible person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an eligible person, on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;

(6) subject to sub-paragraph (xv), the date of the commencement of the winding-up of the Company;

(7) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purport to do any of the foregoing in breach of the Share Option Scheme; and

(8) the date on which the Directors shall at their absolute discretion determine that the grantee (other than an eligible employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally. In such event, his options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(xxii) *Alterations to the Share Option Scheme*

(1) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the Listing Rules by resolution of the Board except that the following alteration must be approved by a resolution of the Shareholders in general meeting:

(aa) any changes to the definitions of eligible person, grantee and option period;

(bb) any changes to the terms and conditions of the Share Option Scheme to the advantage of the grantees of the options;

(cc) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature;

(dd) any change to the terms of options granted; and

(ee) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that: (aa) the amended terms of the Share Option Scheme or the options must comply with Chapter 17 of the Listing Rules; and (bb) no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the option granted under the Share Option Scheme.

(2) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be amended or altered in any respect by resolution of the Board without the approval of the Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(3) The Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(xxiii) *Conditions*

(1) The Share Option Scheme is conditional on:

(aa) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of any option;

(bb) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise; and

(cc) the commencement of dealings in the Shares on the Stock Exchange.

(b) ***Present status of the Share Option Scheme***

(i) *Approval and adoption of the rules of the Share Option Scheme*

The rules of the Share Option Scheme were approved and adopted by the Shareholders on 4 March 2009.

(ii) *Approval of the Listing Committee required*

The Share Option Scheme is conditional, among other matters, on the Listing Committee granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) *Application for approval*

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 20,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless the Company obtains the approval of the Shareholders in general meeting for refreshing the said 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of this scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit above mentioned.

(iv) *Grant of option*

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Share Option Scheme.

(v) *Value of options*

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

D. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Mr. Tsoi, Mr. David Cai, Profitcharm and Sinorise (together the "Indemnifiers") have entered into a deed of indemnity in favour of the Group (being the material contract referred to in the paragraph headed "Summary of material contracts" of this appendix) to provide indemnities, on a joint and several basis, in respect of, among other matters, any taxation which might be payable by any member of the Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Share Offer becomes unconditional (the "Relevant Date").

The deed of indemnity does not cover any claim (and the Indemnifiers shall be under no liability under the deed of indemnity):

(a) to the extent that adequate provision has been made for such taxation in the audited accounts of the Group for the three years ended 31 December 2007 and the nine months ended 30 September 2008;

(b) to the extent that such taxation or liability falling on any of the members of the Group would not have arisen but for any act or omission of, or transaction voluntarily carried out or effected by, any of such members without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction carried out in the ordinary course of business or carried out, made or entered pursuant to a legally binding commitment created on or before the Relevant Date;

(c) for which any member of the Group is primarily liable as a result of any events occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring or disposing of capital assets after the Relevant Date;

(d) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or tax authorities of the PRC or any other relevant authority coming into force after the Relevant Date or to the extent such claim arises or is increased by an increase in rates of taxation after the Relevant Date with retrospective effect; and

(e) to the extent that any provision or reserve made for taxation in the audited accounts of the Group for the three years ended 31 December 2007 and the nine months ended 30 September 2008 which is finally established to be an over-provision or excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this item (e) to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the deed of indemnity, the Indemnifiers have also provided indemnities in favour of the Group, on a joint and several basis, in respect of any costs, expenses, claims, liabilities, penalties, losses and damages incurred or suffered by any member of the Group in respect of or arising from the labour dispute cases set forth in the paragraph headed "Litigation" below.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands, the BVI and the PRC.

2. Litigation

In 2008, there were three cases of labour disputes brought by three staffs of the Processing Factory in relation to wages and economic compensation in the aggregate amount of approximately RMB372,000. The People's Court of Longgang District, Shenzhen City (深圳市龍崗區人民法院) rejected parts of the staffs' claims and held that the Processing Factory and CT Printing shall only be liable to pay the subject staff an aggregate amount of approximately RMB92,000. As at the Latest Practicable Date, the cases were brought to the Intermediate People's Court of Shenzhen City (深圳市中級人民法院) for appeal. If the outcomes are not in favour of CT Printing, the maximum amount of compensation payable by CT Printing may be equivalent to the entire amount claimed by the staff, i.e. approximately RMB372,000. In this regard, the Indemnifiers have given an indemnity in favour of the Group that they shall indemnify the Group against any loss and damages suffered in connection with these labour dispute cases.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

3. Application for listing of Shares

The Sponsor has made an application on behalf of the Company to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Stock Exchange.

4. Preliminary expenses

The estimated preliminary expenses of the Company are approximately HK$30,000 and are payable by the Company.

5. Promoter

(a) The promoter of the Company is Mr. Tsoi.

(b) Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter named above in connection with the Share Offer or the related transactions described in this prospectus.

6. Consents and qualifications of experts

The following are the names and qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Optima Capital	a licensed corporation under the SFO permitted to engage in type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
CCIF CPA Limited	certified public accountants
World Link CPA Limited	certified public accountants
Castores Magi (Hong Kong) Limited	valuers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
GFE Law Office	legal advisers on the PRC laws

Each of Optima Capital, CCIF CPA Limited, World Link CPA Limited, Castores Magi (Hong Kong) Limited, Conyers Dill & Pearman and GFE Law Office has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or legal opinion (as the case may be) and the references to its name included in the form and context in which they are respectively included.

None of Optima Capital, CCIF CPA Limited, World Link CPA Limited, Castores Magi (Hong Kong) Limited, Conyers Dill & Pearman and GFE Law Office is interested beneficially or non-beneficially in any shares in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

Optima Capital has confirmed that it satisfies the independence test under Rule 3A.07 of the Listing Rules.

7. Waiver and exemption in relation to accountants' report

The Company has made an application to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Companies Ordinance in relation to the inclusion of the accountants' report for the full year ended 31 December 2008 in this prospectus on the ground that it would be unduly burdensome for the Company to do so and a certificate of exemption has been granted by the SFC under section 342A(1) of the Companies Ordinance. The Company has also made an application to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on condition that the Listing Date will not be more than three months after the latest financial year-end, i.e., by 31 March 2009. Please refer to the section headed "Waivers from strict compliance with the Listing Rules and the Companies Ordinance" of this prospectus for details of such waiver and exemption.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Share registrar

The Company's branch register of members will be maintained in Hong Kong by its share registrar and transfer office, Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title to shares must be lodged for registration with and registered by the share registrar in Hong Kong.

10. Taxation of holders of Shares

(a) ***Hong Kong***

Dealings in the Shares registered on the Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) ***The Cayman Islands***

Under present Cayman Islands law, transfers and other dispositions of the Shares are exempt from Cayman Islands stamp duty.

(c) ***Consultation with professional advisers***

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of the Company, the Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

11. Miscellaneous

Save as disclosed in this prospectus:

(a) within two years immediately preceding the date of this prospectus, no share or loan capital of the Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share, warrant or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) the Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 30 September 2008 (being the date to which the latest audited combined financial statements of the Group were made up); and

(e) all necessary arrangements have been made enabling the Shares to be admitted into CCASS.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE** and **YELLOW** Application Forms, the written consents referred to in the paragraph headed "Consents and qualifications of experts" in the section headed "Other information" of appendix VI to this prospectus, the statement of adjustments prepared by CCIF CPA Limited and World Link CPA Limited and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Michael Li & Co. at 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the memorandum and articles of association of the Company;

(b) the accountants' report prepared by CCIF CPA Limited and World Link CPA Limited, the text of which is set out in appendix I to this prospectus and the related statement of adjustments;

(c) the letter report on unaudited pro forma financial information of the Group prepared by CCIF CPA Limited and World Link CPA Limited, the text of which is set out in appendix II to this prospectus;

(d) the letters from Optima Capital, and CCIF CPA Limited and World Link CPA Limited in relation to the estimate of the net profit of the Group for the year ended 31 December 2008, the texts of which are set out in appendix III to this prospectus;

(e) the audited accounts of companies comprising the Group for each of the three years ended 31 December 2007, except for those companies that were incorporated after 31 December 2007 and those companies for which there are no statutory audit requirements in their jurisdiction of incorporation;

(f) the letter, summary of valuations and valuation certificate relating to the property interests of the Group prepared by Castores Magi (Hong Kong) Limited, the texts of which are set out in appendix IV to this prospectus;

(g) the PRC legal opinion issued by GFE Law Office;

(h) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in appendix V to this prospectus;

(i) the Companies Law;

(j) the rules of Share Option Scheme;

(k) the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of appendix VI to this prospectus;

(l) the written consents referred to in the paragraph headed "Consents and qualifications of experts" in the section headed "Other information" of appendix VI to this prospectus; and

(m) the service contracts and letters of appointment referred to in the paragraph headed "Particulars of service contracts" in the section headed "Further information about Directors, management, staff and experts" of appendix VI to this prospectus.