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)

Annual Report 09

CONTENT

CORPORATE INFORMATION

DIRECTORS

Chairman and non-executive Director

Mr. Tsoi Tak

Executive Directors

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

Independent non-executive Directors

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

COMPANY SECRETARY

Mr. Yau Chung Hang, FCCA, CPA

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPLIANCE ADVISER

Optima Capital Limited

JOINT AUDITORS

CCIF CPA Limited
World Link CPA Limited

PRINCIPAL BANKERS

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

LEGAL ADVISERS

Cayman Islands:
Conyers Dill & Pearman
Hong Kong:
Michael Li & Co.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CORPORATE WEBSITE

www.ctprinting.com.hk

STOCK CODE

1008

LISTING DATE

30 March 2009

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of CT Holdings (International) Limited (the "Company") and its subsidiaries (together the "Group"), I am pleased to present the annual results for the year ended 31 December 2009 (the "year under review").

REVIEW

During the year under review, the Company achieved a turnover of HK$362.8 million, with profits attributable to equity shareholders amounting to HK$22.7 million and basic earnings per share at HK12 cents. The Board does not recommend the payment of a final dividend for the year under review.

The year under review was a difficult year as the unprecedented effects of the 2008 financial tsunami continued to prevail amongst different levels of the global economy, hence despite the injection of massive liquidity by governments around the world, uncertainty still lingers in the 2009 business environment. Publishers in general responded cautiously in managing their operations by slowing down new product developments, reducing order size and compressing order cycles to 3-4 weeks for the avoidance of undesirable stockpiling. However, amidst such efforts, several reputable publishing companies were unable to withstand the severe conditions and filed for bankruptcy.

In view of such adverse circumstances, the Group initiated measures to neutralize the impact of a sagging demand and heightening credit risks. The Company's established structure and scale gave us the capacity to offer competitive prices to clients during the difficult times thereby retaining clients as well as absorbing prospective clients from the closure of smaller competitors. In addition, the Group continued to participate in a number of international book fairs to explore new business opportunities and results were encouraging as some new orders have been obtained. In respect of managing credit risks, the Group exercised tight control over our client portfolio to avoid excessive and unnecessary exposure to doubtful accounts without stifling business growth. This strategy in return helped the Group in sustaining a healthy cash flow and proficient working capital management, allowing us better leverage on our resource allocations. Several strict cost control and stringent quality control initiations were implemented to lower our overhead costs and sustain internal efficiency.

The remarkable growth of the Chinese economy in recent years brought many changes to the economic landscape of China. With new job opportunities being created in provinces outside the Pearl River Delta and a rising wage policy supported by the government, manufacturing facilities in the region no longer enjoy an abundant supply of inexpensive labour. To maintain its competitiveness, the Group adjusted its product mix to reduce its reliance on manual labour and increase automated processes where possible. The Group successfully lowered labour costs by introducing several new machines to increase the output of machine-made books.

Amidst uncertainties, the Group remains positive about future prospects. In anticipation of forthcoming developments, book-related production facilities were successfully relocated to a neighboring site twice the gross floor area and hence production workflow was further streamlined thereby, saving time, cost whilst reducing wastage. In addition, the new site area is capable of encompassing future expansion plans.

Apart from the core business of book printing services to overseas publishers, the Group has extended its footprint into the packaging and decorative printing market in the PRC through the establishment of Shitian Paper Craft (Shenzhen) Company Limited ("CT Shenzhen"). The Group will explore this new segment in the PRC domestic market with products including, but not limited to, folding cartons and rigid boxes for consumer goods packaging. In addition, the opportunity to engage in the booming domestic market will generate stronger revenue flow. CT Shenzhen commenced trial production in May 2009 and thanks to the vast experience of our People's Republic of China ("PRC") sales team, CT Shenzhen has achieved a turnover of HK$29.3 million within its second half year of production in 2009.

CHAIRMAN'S STATEMENT

PROSPECTS

As two of the major market segments of the Group, Europe and US are slowly recovering, orders are expected to return to normal in the near future. On the other hand, labour and material costs will continue to rise hence the Group aims to further implement strict cost and quality control, exercise prudent credit control, optimize its product mix by maximizing machine utilization, seek new growth drivers and maintain a healthy client mix to boost profitability. In addition, the Group will look into developing and distributing our original brand products which entails product design, development and distribution and in return, yield better margin and supplement the current product mix.

The Group anticipates that 2010 will be no less challenging than the previous year but it will also bring opportunities for those who are prepared therefore we believe that the proactive stance of our existing business strategy will successfully pave way for impressive growth in 2010 and beyond.

APPRECIATION

I would like to thank all the Board, the management team and staff for their dedication and contribution to the Group's development. I would also like to thank all the shareholders, customers, suppliers and business partners for their continuous support and trust.

Tsoi Tak
Chairman

23 April, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

TURNOVER

For the year under review, the turnover of the Group was approximately HK$362.8 million (2008: HK$403.2 million), representing a decrease of approximately HK$40.4 million or 10.0% when compared with that of last year. Such fall in turnover for the year was mainly due to the impact of the financial crisis on the customers from the US and Europe respectively. However, the recent development of CT Shenzhen has been bringing the Group extra income from the PRC market.

Because of the downturn of the global economy, a few customers had filed for bankruptcy during the year, and which sales in 2008 amounted to HK$24.6 million. Besides, existing customers placed their orders with more caution and meanwhile, the Group had adopted a more prudent approach when accepting orders from new customers. Therefore, turnover generated from existing customers and new customers had dropped HK$30.0 million and HK$22.9 million respectively when comparing to that of 2008. In view of the declining overseas market, the management had put enormous effort in exploring the PRC market. As a result, the Group had successfully obtained sales amounted to HK$29.3 million from the PRC customers.

GROSS PROFIT

During the year under review, the Group attained a gross profit of approximately HK$91.4 million (2008: HK$99.1 million), which representing a decrease of approximately 7.7 million or 7.8% when compared with last year. Such reduction of gross profit was resulted from the downfall of sales. However, the gross profit margin had improved slightly to 25.2% (2008: 24.6%) by virtue of the higher profit margin product (28.0%) produced by CT Shenzhen.

OTHER REVENUE AND OTHER NET INCOME

The other revenue and other net income representing mainly the net proceed from the sale of scrap materials and bank interest income. During the year under review, such income decreased by HK$2.3 million.

SELLING EXPENSES

Selling expenses incurred for the year under review of HK$25.9 million (2008: HK$29.6 million) had decreased by approximately 12.5% when compared to that of 2008. The major reason for the saving is that the largest selling expenses item, freight and transportation costs, was less consumed in line with the drop of sales as well as the global fall in fuel price. Therefore, approximately HK$3.4 million of the freight charges was scrimped.

ADMINISTRATIVE EXPENSES

Administrative expenses had increased by around HK$6.5 million for the year under review as compared to the previous year. The maintenance of status as a newly listed company after the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 March 2009, gave rise to an extra HK$4.1 million increase in administrative expenses (mainly comprising the professional fees). In addition, CT Shenzhen commenced its operation during the year and thus, approximately HK$2.0 million of administrative expenses were occurred. Owing to the closing down of certain customers, an impairment loss of approximately HK$4.1 million was made to those doubtful account receivables. Apart from the aforementioned, the administrative expenses were kept at a reasonable level similar to previous year.

FINANCE COSTS

Finance costs decreased by approximately HK$3.7 million which was in line with the overall decrease in interest bearing borrowings.

NET PROFIT

As a result of the drop-off of the gross profit, other revenue and other income and together with the increase in administrative expenses, profit for the year attributable to owners of the Company was HK$22.7 million (2008: HK$31.8 million), representing a decrease of HK$9.1 million, despite the retrenchment of the selling expenses and finance costs.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. As at 31 December 2009, the Group had net current assets of HK$161.7 million (2008: HK$110.6 million), while the Group's cash and cash equivalents amounted to HK$56.3 million (2008: HK$14.5 million). The betterment of the cash position was mainly due to the funds raised from the Company's public offering during the year.

As at 31 December 2009, the Group had interest-bearing bank loans of HK$39.8 million (2008: HK$76.2 million) of which HK$37.0 million were repayable within one year and had interest bearing obligations under finance leases of approximately HK$33.5 million (2008: HK$56.1 million) of which about HK$15.0 million were repayable within one year (2008: HK$17.9 million). Carrying amount of property, plant and equipment and bank deposits pledged for securing these credit facilities amounted to about HK$87.7 million.

As at 31 December 2009, the Group's gearing ratio represented by the amount of interest bearing borrowings divided by shareholders equity was 26.3% (2008: 63.5%). The sound improvement in the gearing ratio was mainly due to the significant increase in shareholders equity and decrease in the interest bearing borrowings.

As at 31 December 2009, the Group had capital commitment of HK$2.3 million in respect of acquisition of property, plant and equipment which have been contracted but not provided for by the Group.

As at 31 December 2009, the Group had no material contingent liabilities.

As at 31 December 2009, the borrowings were mainly denominated in Hong Kong dollars, while the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars and Renminbi. All of the Group's borrowings was variable rate borrowings and no hedging has been employed by the Group during the year.

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

HUMAN RESOURCES

As at 31 December 2009, the Group had a total of 42 full-time staff based in Hong Kong and the PRC. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC. The Group has also adopted a share option scheme to provide incentive or reward to eligible persons for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive and non-executive Directors

Mr. TSOI Tak (蔡得), aged 56, is the chairman (the "Chairman") of the Board and was appointed as a non-executive Director on 11 November 2008. Mr. Tsoi has more than 26 years of business experience in the PRC, of which over 19 years is in the PRC packaging and printing industry. Mr. Tsoi founded the major operating subsidiary of the Group, CT Printing Limited ("CT Printing") in January 2001 and is currently a director of all wholly-owned subsidiaries of the Company. Mr. Tsoi entered into the printing industry in 1990 when he established a joint venture in the PRC to engage in the printing of packaging boxes. Prior to that, Mr. Tsoi was engaged in trading business in the PRC. Mr. Tsoi graduated in 1978 from South China Normal University majoring in Chinese. Mr. Tsoi is a member of the 5th Changde Committee of the Municipal Chinese People's Political Consultative Conference and a council member of Guang Dong Printing and Replicate Association. Mr. Tsoi is the father of Mr. Cai Xiao Ming David ("Mr. David Cai") and Mr. Cai Xiao Xing ("Mr. Tony Cai").

Ms. WU Sin Wah, Eva (胡倩華), aged 52, was appointed as an executive Director on 18 December 2008. She is also the chief executive officer (the "CEO") of the Company. Ms. Wu is responsible for the overall management of the Group, including sales and marketing, shipping and logistics, purchasing and administration of the Group. Ms. Wu is the general manager of CT Printing Limited and a director of CT Shenzhen. Ms. Wu has over 16 years of experience in industrial management, of which over 10 years is in the printing industry. Before joining the Group in October 2003, Ms. Wu was an executive manager of a printing company principally engaged in book printing and binding business with its own factory in Dongguan, the PRC, where she was responsible for its overall management including the production, purchasing, accounting, logistic and human resources functions.

Mr. CAI Xiao Ming, David (蔡曉明), aged 32, 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 Limited. 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 25, 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. He is also the member of the 12th Haikou Committee of the Municipal Chinese People's Political Consultative Conference. Mr. Tony Cai joined the Group in October 2008 and he is the son of Mr. Tsoi and the younger brother of Mr. David Cai.

Mr. KIONG Chung Yin, Yttox (姜仲賢), aged 43, was appointed as an executive Director on 18 December 2008. He is responsible for the marketing of the Group. Mr. Kiong is also the legal representative and a director of CT Shenzhen. Mr. Kiong has more than 19 years of experience in sales and customer service of various industries including banking, electronics and machinery trading, of which over 13 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.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. LAM Ying Hung, Andy (林英鴻), aged 46, was appointed as an independent non-executive Director on 4 March 2009. Mr. Lam has over 20 years of experience in accounting, banking and finance sectors. Mr. Lam is the managing consultant of Lontreprise Consulting Limited. Mr. Lam is an associate member of various professional organisations, namely The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Lam is also an independent non-executive director of Xingfa Aluminium Holdings Limited, a company listed on the Main Board of the Stock Exchange and Sino-Life Group Limited (8296), a company listed on the GEM Board of the Stock Exchange. Mr. Lam received his Master of Professional Accounting and Master of Science in E-commerce for Executives both from The Hong Kong Polytechnic University.

Mr. LUI Tin Nang (呂天能), aged 52. Mr. Lui has obtained a bachelor degree in science from the University of Leeds and a master degree in business administration from the University of Bradford in United Kingdom. Mr. Lui is a fellow member of The Institute of Chartered Accountants in England & Wales and the FCPA (Practicing) of Hong Kong Institute of Certified Public Accountants, member of the Chartered Institute of Management Accountant. He has years of experience in accounting, auditing, taxation and corporate finance. Mr. Lui was appointed as an independent non-executive director of the Company on 4 March 2009. He is currently the independent non-executive director of China Bio-Med Regeneration Technology Ltd, a company listed on the GEM Board of the Stock Exchange; and an independent non-executive director of both Vital Pharmaceutical Holdings Limited and National Investments Fund Limited, companies listed on the Main Board of Stock Exchange.

Mr. SIU Man Ho, Simon (蕭文豪), aged 37, was appointed as an independent non-executive Director on 4 March 2009. Mr. Siu is a practicing solicitor of the High Court of Hong Kong. Mr. Siu is a partner of Sit, Fung, Kwong & Shum, Solicitors and his areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu currently serves as an independent non-executive director of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. Siu received his Bachelor's degree in Laws from The University of Hong Kong in 1996.

SENIOR MANAGEMENT

Senior management of the Group

Mr. YAU Chung Hang (邱仲珩), aged 37, 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 14 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 42, 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 41, 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 16 years of experience in printing industry. Before joining the Group in August 2006, Mr. Foo had worked in the sales department and production department for various printing companies. Mr. Foo received his Diploma in Printing offered by the Vocational Training Council of Hong Kong in 1990.

COMPANY SECRETARY

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

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report together with the audited financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

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

ANALYSIS OF OPERATIONS

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

RESULTS AND DIVIDEND

The results of the Group are set out in the consolidated statement of comprehensive income on page 21. The Board did not recommend the payment of dividend for the year.

USE OF IPO PROCEEDS

Following the listing of the shares of the Company on the Stock Exchange on 30 March 2009 involving an initial public offering of 50,000,000 ordinary shares of the Company at an offer price of HK$1.25 per share, net proceeds of approximately HK$48.9 million were raised of which HK$27.6 million had been utilised up to the date of this report. The unutilised proceeds have been deposited in licensed banks in Hong Kong. As stated in the prospectus of the Company dated 18 March 2009, the Company plans to use the proceeds in the purchase of new machinery and equipment, business development of the domestic market of packaging and decorative printed products in the PRC, expansion of sales network and for general working capital purposes.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 34.0% of the Group's turnover and sales to the Group's largest customer was approximately 11.8% of the Group's total turnover.

During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 50.9% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 25.3% of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the share capital of the Company are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company are set out in the consolidated statement of changes in equity and note 28 to the consolidated financial statements respectively.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

REPORT OF THE DIRECTORS

FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the last five financial years and of its consolidated assets and liabilities as at the end of the last five financial years is set out on page 76.

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

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

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

(x) The Board is entitled at any time within 10 years between 30 March 2009 and 29 March 2019 to offer the grant of an option to any qualifying participants.

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

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSIDIARIES

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

RETIREMENT BENEFIT SCHEME

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

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

The employees of the Group's subsidiary established in the PRC is member of a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of this subsidiary with respect to the central pension scheme is to meet the required contributions under the scheme.

The Group's cost for the schemes charged to the consolidated statement of comprehensive income for the year ended 31 December 2009 amounted to approximately HK$415,000 (2008: HK$355,000).

DIRECTORS

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

Non-executive Director:

Mr. Tsoi Tak (Chairman)

Executive Directors:

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

Independent non-executive Directors:

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

REPORT OF THE DIRECTORS

According to article 84(1) of the Articles of Association of the Company, one-third of the Directors for the time being shall retire from office by rotation at the annual general meeting of the Company but shall then be eligible for re-election. Details of the Directors subject to rotation and re-election are contained in the circular despatched together with this annual report.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 7 to 8.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Wu Sin Wah, Eva, Mr. David Cai, Mr. Tony Cai and Mr. Kiong Chung Yin, Yttox has entered into a service agreement with the Company for an initial term of three years commencing from 30 March 2009, and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Each of Mr. Tsoi Tak, Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has been appointed for a fixed term of three years commencing from 30 March 2009.

Save as aforesaid, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the related party transactions entered into during the year were disclosed in note 29 to the consolidated financial statements. These related party transactions either did not constitute connected transactions under the Listing Rules or were discontinued prior to the listing of the Company's shares on the Stock Exchange. Save as the transactions aforementioned, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, and there were no contract of significance for the provision of services to the Group by the controlling shareholder of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

MANAGEMENT CONTRACTS

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

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

As at 31 December 2009, the following Directors or the chief executives of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules:

(i) The Company

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

Notes:

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

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

(ii) Associated corporation

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

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN AND/OR SHORT POSITIONS

So far as is known to the Directors and chief executives of the Company, as at 31 December 2009, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, would be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

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

Notes:

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

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

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 15 to 18.

PUBLIC FLOAT

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

AUDITORS

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

On behalf of the Board
CT Holdings (International) Limited

Tsoi Tak
Chairman

Hong Kong, 23 April 2010

CORPORATE GOVERNANCE REPORT

OVERVIEW

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, which have been adopted by the Group since its listing on 30 March 2009.

Since 30 March 2009 and up to 31 December 2009, the Company has complied in general with the Code except that the Chairman of the Board could not attend the annual general meeting of the Company held on 5 June 2009 due to business engagement in the PRC.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

THE BOARD OF DIRECTORS

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

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

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

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (collectively, the "Board Committees"). Further details of these committees are set out below on pages 16 to 17.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

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

The Company will adopt the practice to provide relevant materials to all the Directors relating to the matters brought before the meetings. All the Directors will be provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings. Details of individual attendance of Directors are set out in the table on page 17 of this annual report.

Appointments, Re-election and Removal of Directors

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

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

Chairman and Chief Executive Officer

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

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 4 March 2009 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and monitor the financial reporting process and internal control of the Group. The Audit Committee consists of all three independent non-executive Directors and Mr. Lui Tin Nang is the chairman of the Audit Committee. The Audit Committee has reviewed the Company's financial statements and the Group's combined financial statements for the year ended 31 December 2009, including the accounting principles and practices adopted by the Company and Group. The Board has not taken a different view from that of the Audit Committee regarding the selections, appointment, resignation or dismissal of the external auditors.

Remuneration Committee

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

Nomination Committee

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

Attendance of meetings

The attendance of each Director at Board meetings and Board Committees meetings during the year ended 31 December 2009 was as follows:

	Attendance out of number of meetings				
Name of director	**Board**	**Independent Board**	**Remuneration Committee**	**Nomination Committee**	**Audit Committee**
Chairman & Non-executive Director					
Tsok Tak	3/4	–	–	–	–
Executive Directors					
Wu Sin Wah, Eva	4/4	–	–	2/2	–
David Cai	3/4	–	–	–	–
Tony Cai	4/4	–	–	–	–
Kiong Chung Yin, Yttox	4/4	–	2/2	–	–
Independent non-executive Directors					
Lam Ying Hung, Andy	4/4	2/2	2/2	2/2	2/2
Lui Tin Nang	4/4	2/2	2/2	2/2	2/2
Siu Man Ho, Simon	4/4	2/2	2/2	2/2	2/2

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

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

External Auditors

During the year ended 31 December 2009, the fee paid/payable to the external auditors of the Company amounted to approximately HK$1.1 million of which approximately HK$0.9 million was incurred for statutory audit and approximately HK$0.2 million was incurred for non-audit services.

Internal controls

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

After the reviewing the Group's internal control system, the Board considers that the internal control system is effective and adequate for the Group as a whole. The Board further considers that (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided for the year ended 31 December 2009.

Directors' responsibility on the financial statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2009, which were prepared in accordance with applicable accounting standards.

The reporting responsibilities of the external auditors of the Company on the consolidated financial statements of the Company are set out in the independent auditors' report on pages 19 to 20.

NON-COMPETITION UNDERTAKINGS

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

GOING CONCERN

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

COMMUNICATION WITH SHAREHOLDERS

The Company aims to maintain regular, effective and fair communication with shareholders and is committed to conveying important and relevant information to shareholders on a timely basis. In compliance with the Listing Rules, at least 20 clear business days' notice will be given to the shareholders for annual general meeting and at least 10 clear business days' notice will be given for all other meetings. All general meetings of the Company have been conducted by way of poll and detailed procedures for conducting a poll were explained at the commencement of the meeting. Results on all general meetings will be published by way of an announcement immediately following the relevant general meeting.

INDEPENDENT AUDITORS' REPORT

CCIF CPA LIMITED
34/F The Lee Gardens
33 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

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

We have audited the consolidated financial statements of CT Holdings (International) Limited (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") set out on pages 21 to 75 which comprise the consolidated and Company's statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 23 April 2010

Kwok Cheuk Yuen
Practising Certificate Number P02412

World Link CPA Limited
Certified Public Accountants
Hong Kong, 23 April 2010

Fung Tze Wa
Practising Certificate Number P01138

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Turnover	*7*	**362,750**	403,188
Cost of sales		**(271,386)**	(304,076)
Gross profit		**91,364**	99,112
Other revenue and other net income	*8*	**2,621**	4,934
Selling expenses		**(25,912)**	(29,578)
Administrative expenses		**(35,562)**	(29,017)
Profit from operation		**32,511**	45,451
Listing expenses	*9(d)*	**(1,569)**	(2,194)
Finance costs	*9(a)*	**(4,966)**	(8,622)
Profit before taxation	*9*	**25,976**	34,635
Income tax charge	*10(a)*	**(3,243)**	(2,803)
Profit for the year attributable to the owners of the Company		**22,733**	31,832
Other comprehensive income:			
Change in fair value of available-for-sale financial assets		**–**	669
Reversal of fair value reserve in respect of the disposal of available-for-sale financial assets		**618**	–
Total other comprehensive income for the year		**618**	669
Total comprehensive income for the year attributable to the owners of the Company		**23,351**	32,501
Earnings per share			
– basic and diluted	*14*	**HK$0.12**	HK$0.21

The notes on pages 28 to 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	16	147,720	126,739
Available-for-sale financial assets	18	–	16,542
		147,720	143,281
Current assets			
Inventories	19	47,072	51,123
Trade and other receivables	20	148,070	164,037
Pledged bank deposits	21	25,306	15,117
Cash and cash equivalents	22	56,256	14,456
		276,704	244,733
Current liabilities			
Trade and other payables	23	59,471	37,921
Obligations under finance leases	24	15,006	17,923
Secured bank loans	25	36,982	76,189
Tax payable	26(a)	3,554	2,089
		115,013	134,122
Net current assets		161,691	110,611
Total assets less current liabilities		309,411	253,892
Non-current liabilities			
Obligations under finance leases	24	18,503	38,210
Secured bank loans	25	2,800	–
Deferred taxation	26(b)	9,161	7,433
		30,464	45,643
NET ASSETS		278,947	208,249

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
CAPITAL AND RESERVES			
Share capital	*27*	**2,000**	2
Reserves		**276,947**	208,247
TOTAL EQUITY		**278,947**	208,249

Approved and authorised for issue by the board of directors on 23 April 2010.

On behalf of the board

Tsoi Tak
Chairman

Wu Sin Wah, Eva
Chief Executive Officer

The notes on pages 28 to 75 form an integral part of these financial statements.

COMPANY'S STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Interest in a subsidiary	*17*	**211,210**	–
Current assets			
Prepayments	*20*	**191**	2,939
Amount due from a subsidiary	*20*	**38,807**	–
Cash and cash equivalents	*22*	**2,658**	–
		41,656	2,939
Current liabilities			
Accruals and other payables	*23*	**331**	–
Amount due to a subsidiary	*23*	**–**	5,133
		331	5,133
Net current assets/(liabilities)		**41,325**	(2,194)
Total assets less current liabilities		**252,535**	(2,194)
NET ASSETS/(LIABILITIES)		**252,535**	(2,194)
CAPITAL AND RESERVES			
Share capital	*27*	**2,000**	–
Reserves	*28(a)*	**250,535**	(2,194)
TOTAL EQUITY/(CAPITAL DEFICIENCY)		**252,535**	(2,194)

Approved and authorised for issue by the board of directors on 23 April 2010.

On behalf of the board

Tsoi Tak
Chairman

Wu Sin Wah, Eva
Chief Executive Officer

The notes on pages 28 to 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company					
	Share capital	Share premium *(note 28(c)(i))*	Fair value reserve *(note 28(c)(ii))*	Merger reserve *(note 28(c)(iii))*	Retained profits	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	10	–	(1,287)	–	68,207	66,930
Changes in equity for 2008:						
Issue of ordinary shares of CT Printing Limited for loan capitalisation (note 27(d))	10	108,807	–	–	–	108,817
Issue of 99 ordinary shares of CT Management Investments Limited (note 27(d))	1	–	–	–	–	1
Issue of 100 ordinary shares of CT Management Investments Limited pursuant to the Reorganisation (notes 1(b) and 27(d))	1	–	–	9	–	10
Issue of an ordinary share of CT Management Investments Limited pursuant to the Reorganisation (notes 1(b) and 27(d))	–	–	–	10	–	10
Elimination of share capital pursuant to the Reorganisation	(20)	–	–	–	–	(20)
Total comprehensive income for the year	–	–	669	–	31,832	32,501
At 31 December 2008 and 1 January 2009	2	108,807	(618)	19	100,039	208,249
Changes in equity for 2009:						
Elimination of share capital pursuant to the Reorganisation	(2)	–	–	–	–	(2)
Issue of 9,999,999 ordinary shares of the Company pursuant to the Reorganisation (note 27(f))	100	–	–	(98)	–	2
Issue of 140,000,000 ordinary shares of the Company pursuant to the capitalisation issue (note 27(g))	1,400	(1,400)	–	–	–	–
Issue of 50,000,000 ordinary shares of the Company for public offering (note 27(h))	500	62,000	–	–	–	62,500
Transaction costs directly attributable to the issue of new shares	–	(15,153)	–	–	–	(15,153)
Total comprehensive income for the year	–	–	618	–	22,733	23,351
At 31 December 2009	2,000	154,254	–	(79)	122,772	278,947

The notes on pages 28 to 75 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Operating activities			
Profit before taxation		**25,976**	34,635
Adjustments for:			
Depreciation	*16*	**15,877**	14,184
Interest income	*8*	**(40)**	(1,021)
Finance costs	*9(a)*	**4,966**	8,622
Uncollectible amounts of trade receivables written off	*20(b)*	**(294)**	(50)
Impairment loss of trade receivables	*20(b)*	**4,131**	341
Loss/(gain) on disposal of property, plant and equipment		**1**	(79)
Operating profit before changes in working capital		**50,617**	56,632
Decrease in inventories		**4,051**	12,750
Decrease/(increase) in trade and other receivables		**12,130**	(14,328)
Increase/(decrease) in trade and other payables		**21,550**	(8,833)
Decrease in amount due to a related party		**–**	(5,040)
Cash generated from operations		**88,348**	41,181
PRC Enterprise Income Tax paid	*26(a)*	**(50)**	–
Net cash generated from operating activities		**88,298**	41,181
Investing activities			
Purchase of property, plant and equipment	*16*	**(37,030)**	(5,654)
Proceeds on sale of property, plant and equipment		**171**	1,071
Repayment to a related party		**–**	(50,000)
Interest received	*8*	**40**	1,021
(Increase)/decrease in pledged bank deposits		**(10,189)**	34,883
Proceeds on disposal of available-for-sale financial assets		**17,160**	–
Net cash used in investing activities		**(29,848)**	(18,679)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Financing activities			
Proceeds from new bank loans		**239,282**	146,556
Repayment of bank loans		**(275,689)**	(169,786)
Interest element of finance lease payments	*9(a)*	**(1,733)**	(2,852)
Finance costs	*9(a)*	**(3,233)**	(5,770)
Capital element of finance lease payments		**(22,624)**	(16,253)
Advances from related parties		**–**	36,099
Repayments to related parties		**–**	(3,280)
Proceeds from issuance of ordinary shares for public offering		**62,500**	–
Transaction costs directly attributable to the issue of new shares		**(15,153)**	–
Net cash used in financing activities		**(16,650)**	(15,286)
Net increase in cash and cash equivalents		**41,800**	7,216
Cash and cash equivalents at beginning of year	*22*	**14,456**	7,240
Cash and cash equivalents at end of year	*22*	**56,256**	14,456

The notes on pages 28 to 75 form an integral part of these financial statements.

1. COMPANY BACKGROUND AND BASIS OF PRESENTATION

(a) Corporate information

The Company was incorporated and domiciled in the Cayman Islands under Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 11 November 2008. The Company has established a principal place of business in Hong Kong at Suites 2301-2, 23rd Floor Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong and has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance on 24 December 2008. Its issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 March 2009.

(b) Reorganisation

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

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

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

Particulars of the Company's subsidiaries are as follows:

Name of company	Place and date of incorporation and establishment/ operation	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Particulars of issued and paid up capital	Principal activities
CT Management Investments Limited	British Virgin Islands 24 October 2008	100%	100%	–	US$200	Investment holding
CT Printing Limited	Hong Kong 5 January 2001	100%	–	100%	HK$20,000	Provision of printing services
詩天紙藝製品(深圳)有限公司#	The People's Republic of China ("PRC") 15 August 2008	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

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

(b) Reorganisation *(continued)*

The Reorganisation of the Group that took place prior to its listing on the Stock Exchange on 30 March 2009. Since the Reorganisation was not fully completed until 4 March 2009, the effect of the full Reorganisation is not reflected in the Company's financial statements for the period from 11 November 2008 (date of incorporation) to 31 December 2008.

Since all entities which took part in the Reorganisation were under common control of Mr. Tsoi Tak (the "Controlling Shareholder") before and immediately after the Reorganisation and, consequently, there was a continuation of the risks and benefits to the Controlling Shareholder and therefore this is considered as a business combination under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" has been applied. These consolidated financial statements have been prepared by using the merger basis of accounting as if the Group had been in existence throughout the years presented. The net assets of the combining companies are combined using the existing book values from the Controlling Shareholder's perspective.

Accordingly, the consolidated statement of comprehensive income of the Group for the years ended 31 December 2008 and 2009 include the results of operations of the companies now comprising the Group for the years ended 31 December 2008 and 2009 respectively (or, where the companies were established/incorporated at a date later than 1 January 2008) as if the companies comprising the Group for the years ended 31 December 2008 and 2009 had been in existence throughout the respective year presented. The consolidated statement of financial position of the Group as at 31 December 2008 and 2009 have been prepared to present the state of affairs of the companies now comprising the Group as at that date as if the combined entities had been in existence as at that date.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

These consolidated financial statements also comply with the disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and Company. Note 3 provides information on any changes in the accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the available-for-sale financial assets are stated at their fair value as explained in the accounting policies set out in note 2(q). The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except where otherwise indicated.

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

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

(c) Business combinations under common control combinations

Business combinations under common control are accounted for in accordance with the merger accounting. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

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

The consolidated statement of comprehensive income 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 consolidated financial statements are presented as if the entities or business had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries

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

An investment in a subsidiary is consolidated into the consolidated 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 consolidated 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)).

(e) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(h)), if any.

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

Leasehold improvements	12 years
Plant and machinery	12 years
Plant and machinery (parts)	10 – 12 years
Furniture and equipment	3 – 5 years
Motor vehicles	4 – 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) Construction-in-progress

Construction-in-progress is stated at cost. Cost comprises all direct and indirect cost of construction. Construction-in-progress is transferred to property, plant and equipment and depreciation commences when construction is completed and the asset is put into use.

(g) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Leased assets *(continued)*

(i) Classification of assets leased to the Group

Assets that are 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.

(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(h). 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.

(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 charged to profit or loss in the accounting period in which they are incurred.

(h) Impairment of assets

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

Investments in equity securities (other than investments in subsidiaries (see note 2(h)(ii)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of the reporting period 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 into bankruptcy or other financial reorganisation;

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets *(continued)*

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

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

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

  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 in the fair value reserve is reclassified to 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 in other comprehensive income.

  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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets *(continued)*

(ii) Impairment of other assets

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

- property, plant and equipment; and
- investment in subsidiaries.

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

  An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Impairment of assets *(continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim reporting period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(h)(i) and (ii)).

Impairment losses recognised in an interim period in respect of available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increase in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(i) 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.

(j) 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(h)), 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.

(k) 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 consolidated statement of cash flows.

(l) 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(o)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) 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.

(n) 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 other comprehensive income, in which case they are recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, 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 the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Income tax *(continued)*

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period 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.

(o) 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(o)(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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(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.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided 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.

(q) 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 the end of the reporting period 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 fair value reserve and recognised in profit or loss (see note 2(h)).

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 the end of the reporting period subsequent to initial recognition (see note 2(h)).

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) 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.

(s) Translation of foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. 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.

(t) Related parties

For the purpose of these consolidated 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Employee benefits

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

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

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

(iii) Share-based payments

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

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

(iv) Termination benefits

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

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operation segments which are not individually material may be aggregated if they share a majority of these criteria.

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

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- HKAS 23 (revised 2007), Borrowing costs
- Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations

Amendments to HKAS 27, HKAS 23 and HKFRS 2 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. The impact of the remainder of these developments are as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in a change of the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in a change of the geographical information presented by continent of the country located instead of country (note 6). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated statement of comprehensive income, if they are recognised as part of profit or loss for the period. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to HKFRS 7, the financial statements are required to disclose the fair value measurement of the Group's financial instruments, categorising these fair value measurement into a three-level fair value hierarchy according to the extent to which they are based on observable market data. As at 31 December 2009, the Group did not have any financial instruments measured at fair value based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

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

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

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2009.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Classification of Rights Issues [4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 1 (Amendment)	Limited Exemption from Comparatives HKFRS 7 Disclosures for First-Time Adopter[7]
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions[5]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]
HK Interpretation 4 (Revised in December 2009)	Determination of the length of Lease Term in respect of Hong Kong Land Leases[5]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 January 2010.
[6] Effective for annual periods beginning on or after 1 January 2013.
[7] Effective for annual periods beginning on or after 1 July 2010.

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

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

The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(a) Financial risk factors

(i) Credit risk

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

(i) Trade and other receivables

The management has established a credit policy under which credit evaluations are performed periodically on all customers requiring credit. Trade receivables are normally due within 4 months from the date of billing. Debtors with balances that are more than 4 months are requested to settle all overdue balance before any further credit is granted. The Group has obtained cash deposits from certain customers as collateral in relation to the receivables that were past due but not impaired (note 20(c)).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 9% (2008: 13%) and 31% (2008: 36%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

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

(ii) Financial guarantees

Except for financial guarantees given by the Company and the Group as set out in note 31, the Company and the Group do not provide any other guarantees which would expose to credit risk. The maximum exposure to credit risk in respect of these financial guarantees in the consolidated financial statements is disclosed in note 31.

The financial guarantees given to the related company as set out in note 31(a) have been released during the year ended 31 December 2009.

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

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(iii) Deposits with financial institutions

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

As at 31 December 2009, the Group has certain concentration of credit risk on liquid funds as the total cash and cash equivalents and bank deposit of HK$81,562,000 (2008: HK$29,573,000) are placed at several financial institutions in Hong Kong and the PRC with high credit ratings.

(ii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2009, the Group has available un-utilised banking facilities of approximately HK$249,024,000 (2008: HK$217,183,000).

The following liquidity table sets out the remaining contractual maturities at the end of the reporting period 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 end of the reporting period) and the earliest date the Group can be required to pay:

The Group

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 December 2009					
Trade and other payables	58,643	–	–	58,643	58,643
Obligations under finance leases	16,043	12,468	6,640	35,151	33,509
Secured bank loans	37,386	1,790	1,329	40,505	39,782
	112,072	14,258	7,969	134,299	131,934

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

(a) Financial risk factors *(continued)*

(ii) Liquidity risk *(continued)*

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 December 2008					
Trade and other payables	37,617	–	–	37,617	37,617
Obligations under finance leases	19,824	17,504	22,655	59,983	56,133
Secured bank loans	77,115	–	–	77,115	76,189
	134,556	17,504	22,655	174,715	169,939
Financial guarantees issued:					
Maximum amount guaranteed *(note 31(a))*	81,999	–	–	81,999	–

The Company

	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**Total contractual undiscounted cash flow HK$'000**	**Carrying amount HK$'000**
At 31 December 2009					
Accrual and other payables	**331**	**–**	**–**	**331**	**331**
	331	**–**	**–**	**331**	**331**
Financial guarantees issued:					
Maximum amount guaranteed *(note 31(b))*	346,218	–	–	346,218	–

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 December 2008					
Amount due to a subsidiary	5,133	–	–	5,133	5,133
	5,133	–	–	5,133	5,133

The amount included above for financial guarantees issued are the maximum amounts the Group and the Company could be required to settle under the arrangement for the full guaranteed amounts if that amounts are claimed by the counterparty to the guarantees. No recognition was made in the years ended 31 December 2008 and 2009, because the fair value of the guarantees were insignificant and that the directors of the Group and the Company did not consider it probable that a claim would be made against the Group and the Company under the guarantees (note 31).

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

(a) Financial risk factors *(continued)*

(iii) Interest rate risk

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

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

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 25), obligations under finance leases (see note 24) and short-term deposits placed with banks (see note 22). 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. Variable-rate interest income is recognised in the profit or loss as incurred.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2009	2008
	HK$'000	HK$'000
Variable rate borrowings:		
Obligations under finance leases	**33,509**	56,133
Secured bank loans	**39,782**	76,189
Total borrowings	**73,291**	132,322

All variable rate borrowings bore interest at 1% to 2.25% per annum over the London Interbank Offered Rate or at Hong Kong Prime Rate.

(ii) Sensitivity analysis

At 31 December 2009, 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 have decreased/increased the Group's profit after tax and retained profits by approximately HK$732,900 (2008: HK$1,323,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period 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 end of the next annual reporting period. The analysis is performed on the same basis for 2008.

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of operation to which they relate.

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

(a) Financial risk factors *(continued)*

(iv) Currency risk

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period 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. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using spot rate at the year end.

The Group

	Exposure to foreign currencies (expressed in Hong Kong dollars)							
	2009				2008			
	Hong Kong dollars $'000	**Great British pound $'000**	**Euros $'000**	**Renminbi $'000**	Hong Kong dollars $'000	Great British pound $'000	Euros $'000	Renminbi $'000
Trade and other receivables	**2,357**	**3,320**	**1,133**	**621**	6,363	3,026	3,734	767
Cash and cash equivalents and pledged bank deposits	**39,755**	**219**	**392**	**2,256**	18,578	203	161	2,579
Trade and other payables	**(21,660)**	**–**	**–**	**(14,372)**	(12,197)	(109)	(75)	(18,013)
Secured bank loans	**(39,314)**	**(1)**	**–**	**–**	(33,313)	(16)	–	–
Overall net exposure	**(18,862)**	**3,538**	**1,525**	**(11,495)**	(20,569)	3,104	3,820	(14,667)

(ii) Sensitively analysis

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

	2009		2008	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits HK$'000
Great British pound	**9%**	**318**	9%	279
	(9%)	**(318)**	(9%)	(279)
Euros	**5%**	**76**	5%	191
	(5%)	**(76)**	(5%)	(191)
Renminbi	**5%**	**(575)**	5%	(733)
	(5%)	**575**	(5%)	733

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

(a) Financial risk factors *(continued)*

(iv) Currency risk *(continued)*

(ii) Sensitivity analysis *(continued)*

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period 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.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group's entities' profit after tax in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2008.

(v) Other price risk

(i) Exposure to other price risk

At 31 December 2008, the Group was exposed to investment fund price changes arising from investment fund classified as available-for-sale financial assets, all of which was unlisted (see note 18). The available-for-sale financial asset was matured on 15 June 2009 and thereafter the Group is not exposed to price risk arising from any financial instrument.

(ii) Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at 31 December 2008.

If the prices of the available-for-sale financial asset had been 5% higher/lower:

– fair value reserve as at 31 December 2008 would have increased/decreased by approximately HK$827,000 for the Group as a result of the changes in fair value of available-for-sale equity investment fund.

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

The sensitivity analysis above has been determined assuming that the reasonably possible changes in the price of the equity instrument had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date.

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

(b) Fair values

The fair values of cash and cash equivalents, bank deposits, trade and other receivables and trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

(c) Estimation of fair value

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold (note 16).

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

The Group maintains impairment allowances for doubtful accounts based on an assessment of the recoverability of trade receivables and other receivables. Impairment allowance are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed (note 20).

(c) Estimated net realisable value of inventories

The Group's management writes down for slow moving or obsolete inventories based on an assessment of the net realisable value of the inventories. Inventory will be written down where events or changes in circumstances indicate that the net realisable value is below cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the inventories and revision on the amount of inventories written down in the period in which such estimate has been changed (note 19).

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

(d) Current taxation and deferred taxation

Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred taxation relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred taxation in the periods in which such estimate is changed.

6. SEGMENT REPORTING

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009, HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The application of HKFRS 8 has resulted in a change of the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief reporting decision maker and has resulted in a change of the geographical information presented by continent of the country located instead of by country.

The Group is principally engaged in the provision of printing services in Hong Kong and overseas markets. The Group's chief operating decision maker regularly reviews the consolidated financial information to assess the performance of and makes resource allocation decisions for the Group's operation. There is only one operating segment for the Group.

(a) Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the good is delivered. The geographical location of the Group's segment assets and capital expenditure is based on the physical location of the assets.

6. SEGMENT REPORTING *(continued)*

(a) Geographical information *(continued)*

The Group comprises the following main geographical segments:

	Year ended 31 December 2009						
	Europe HK$'000	**Asia HK$'000**	**North America HK$'000**	**South America HK$'000**	**Oceania HK$'000**	**Africa HK$'000**	**Consolidated HK$'000**
Revenue from external customers	**234,577**	**79,144**	**34,190**	**1,093**	**8,017**	**5,729**	**362,750**
Segment result	**33,049**	**14,171**	**8,914**	**203**	**2,546**	**1,102**	**59,985**
Bank interest income							**40**
Other revenue and other net income							**2,581**
Central corporate expenses							**(30,095)**
Profit from operations							**32,511**
Finance costs							**(4,966)**
Listing expenses							**(1,569)**
Income tax							**(3,243)**
Profit after taxation							**22,733**
Depreciation for the year	**9,992**	**3,796**	**1,456**	**47**	**342**	**244**	**15,877**
Impairment loss on trade receivables	**3,787**	**327**	**16**	**–**	**1**	**–**	**4,131**

	Year ended 31 December 2008						
	Europe HK$'000	Asia HK$'000	North America HK$'000	South America HK$'000	Oceania HK$'000	Africa HK$'000	Consolidated HK$'000
Revenue from external customers	287,095	60,892	42,220	1,300	6,572	5,109	403,188
Segment result	52,970	8,802	8,065	240	1,982	1,491	73,550
Bank interest income							1,021
Other revenue and other net income							3,913
Central corporate expenses							(33,033)
Profit from operations							45,451
Finance costs							(8,622)
Listing expenses							(2,194)
Income tax							(2,803)
Profit after taxation							31,832
Depreciation for the year	9,511	2,844	1,399	43	218	169	14,184
Impairment loss on trade receivables	128	204	–	–	–	9	341

All 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. SEGMENT REPORTING *(continued)*

(b) Information about major customers

The Group has one external customer with whom attributing over 10% of the total revenue from the Group's sole operating activity of provision of printing services. During the year, the revenue from provision of printing services to this customer, amounted to approximately HK$40,947,000 (2008: HK$45,879,000).

7. TURNOVER

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

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

	2009 **HK$'000**	2008 HK$'000
Provision of printing services	**362,750**	403,188

8. OTHER REVENUE AND OTHER NET INCOME

	2009 **HK$'000**	2008 HK$'000
Other revenue		
Bank interest income *(note i)*	**40**	1,021
Management fee income	**–**	264
Sales of scrap materials	**2,504**	3,419
Sundry income	**77**	151
	2,621	4,855
Other net income		
Gain on disposal of property, plant and equipment	**–**	79
	2,621	4,934

Note:

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

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging :

		2009 HK$'000	2008 HK$'000
(a)	**Finance costs**		
	Interest on bank loans and other borrowings wholly repayable within five years	**3,233**	5,770
	Finance charges on obligations under finance leases	**1,733**	2,852
	Total interest expense on financial liabilities not at fair value through profit or loss	**4,966**	8,622
(b)	**Staff costs**		
	Salaries, wages and other benefits	**47,325**	42,673
	Contributions to defined contribution retirement plan	**415**	355
		47,740	43,028
(c)	**Other items**		
	Auditors' remuneration	**906**	900
	Cost of inventories sold *(note 19(b))*	**271,386**	304,076
	Depreciation		
	– owned assets	**9,267**	6,917
	– assets held under finance leases	**6,610**	7,267
	Impairment loss on trade receivables *(note 20(b))*	**4,131**	341
	Exchange loss, net	**1,176**	7,920
	Operating lease charges in respect of land and building	**5,196**	4,637
	Loss on disposal of property, plant and equipment	**1**	–

(d) Listing expenses

The amount represents professional fees and other expenses related to the listing of Company's shares on the Stock Exchange being recognised for the years ended 31 December 2008 and 2009. Pursuant to HKAS 32 Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs are recognised as an expense when incurred.

10. INCOME TAX

(a) Taxation in the consolidated statement of comprehensive income represents:

	2009 HK$'000	2008 HK$'000
Current tax – Hong Kong Profits Tax		
– Provision for the year	–	1,935
– Underprovision in prior years	–	154
	–	2,089
Current tax – PRC Enterprise Income Tax		
– Provision for the year	1,515	–
Deferred tax		
– Origination of temporary differences	1,728	1,098
– Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	(384)
	3,243	2,803

The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) based on the estimated assessable profit for the year.

The PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2008: 25%).

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

	2009 HK$'000	2008 HK$'000
Profit before taxation	25,976	34,635
Notional tax on profit before tax, calculated at the rates applicable to profit in the tax jurisdiction concerned	4,837	5,715
Tax effect of non-taxable income	(3)	(44)
Tax effect of non-deductible expenses	229	362
Tax effect of non-taxable net income relating to offshore operation	(1,990)	(3,049)
Tax effect of unused tax losses not recognised	404	49
Tax effect of utilisation of unused tax loss not recognised in prior years	(73)	–
Decrease in deferred taxation	(161)	–
Tax effect on deferred tax arising from change in tax rate	–	(384)
Underprovision in prior years	–	154
Actual tax expense	3,243	2,803

11. DIRECTORS' REMUNERATION

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

	Year ended 31 December 2009				
	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary or performance related bonus HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Chairman and non-executive director					
Tsoi Tak *(note i)*	–	151	–	–	151
Executive directors					
Cai Xiao Ming, David *(note i)*	–	378	–	8	386
Cai Xiao Xing *(note ii)*	–	227	–	8	235
Kiong Chung Yin, Yttox *(note ii)*	–	777	–	12	789
Wu Sin Wah, Eva *(note ii)*	–	803	–	12	815
Independent non-executive directors					
Lam Ying Hung, Andy *(note iii)*	38	–	–	–	38
Lui Tin Nang *(note iii)*	38	–	–	–	38
Siu Man Ho, Simon *(note iii)*	38	–	–	–	38
	114	2,336	–	40	2,490

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

11. DIRECTORS' REMUNERATION *(continued)*

Notes:

(i) Mr. Tsoi Tak and Mr. Cai Xiao Ming, David have been the directors of the Group during the years ended 31 December 2008 and 2009.

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

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

During the years ended 2008 and 2009, no director of the Company waived any emoluments and no emoluments were paid or payable by the Group as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2008: Nil) were directors of the Company whose emoluments are included in the disclosures in note 11 above. The emoluments of the remaining three (2008: five) individuals were as follows:

	2009	2008
	HK$'000	HK$'000
Salaries and allowances	**1,775**	2,512
Discretionary or performance related bonus	**–**	246
Contributions to retirement benefits scheme	**36**	58
	1,811	2,816

Their emoluments were all within HK$1,000,000.

During the years ended 2008 and 2009, no emolument was paid to any of the five highest paid individuals (including directors and other employees) as inducement to join or upon joining the Group or as compensation for loss of office.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company includes a loss of approximately HK$3,828,000 (2008: HK$2,194,000) which has been dealt with in the financial statements of the Company.

14. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

	2009 HK$'000	2008 HK$'000
Profit for the year attributable to the equity shareholders of the Company	**22,733**	31,832

Number of shares

	2009 No. of shares '000	2008 No. of shares '000
Issuance of shares upon Reorganisation *(note 27(f))*	**10,000**	10,000
Issuance of shares upon capitalisation issue *(note 27(g))*	**140,000**	140,000
Effect of share issued upon public offering on 30 March 2009 *(note 27(h))*	**37,808**	–
Weighted average number of ordinary shares in issue	**187,808**	150,000

The weighted average number of shares in issue during the years ended 31 December 2008 and 2009 is calculated on the assumption that the 150,000,000 ordinary shares issued upon the Reorganisation and capitalisation issue were in issue throughout the entire two years.

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive ordinary shares outstanding throughout the years ended 31 December 2008 and 2009.

15. STAFF RETIREMENT BENEFITS

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

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.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
As at 1 January 2008	876	1,348	1,268	160,427	–	163,919
Additions	287	1,482	444	9,253	–	11,466
Disposals	–	–	(27)	(2,091)	–	(2,118)
As at 31 December 2008 and 1 January 2009	1,163	2,830	1,685	167,589	–	173,267
Additions	424	–	1,026	23,122	12,458	37,030
Disposals	–	(545)	–	(375)	–	(920)
As at 31 December 2009	1,587	2,285	2,711	190,336	12,458	209,377
Accumulated depreciation						
As at 1 January 2008	233	728	723	31,786	–	33,470
Charge for the year	214	267	310	13,393	–	14,184
Written back on disposals	–	–	(25)	(1,101)	–	(1,126)
As at 31 December 2008 and 1 January 2009	447	995	1,008	44,078	–	46,528
Charge for the year	233	1,008	405	14,231	–	15,877
Written back on disposals	–	(545)	–	(203)	–	(748)
As at 31 December 2009	680	1,458	1,413	58,106	–	61,657
Carrying amount						
As at 31 December 2009	907	827	1,298	132,230	12,458	147,720
As at 31 December 2008	716	1,835	677	123,511	–	126,739

As at 31 December 2009, the carrying amount of the Group's plant and machinery includes an amount of HK$62,436,000 (2008: HK$77,547,000) of assets held under finance leases.

17. INTEREST IN A SUBSIDIARY

	The Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**211,210**	–

The following list contains the particular of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary shares otherwise stated:

		Proportion of ownership interest				
Name of company	**Place of incorporation/ operation**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Particulars of issued and paid up capital**	**Principal activities**
CT Management Investments Limited	British Virgin Islands/ Hong Kong	100%	100%	–	US$200	Investment holding
CT Printing Limited	Hong Kong	100%	–	100%	HK$20,000	Provision of printing services
詩天紙藝制品（深圳）有限公司 #	The PRC	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 decoration 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

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2009	2008
	HK$'000	HK$'000
Unlisted equity investment fund at fair value	**–**	16,542

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

During the year ended 31 December 2008, the investment was pledged to a bank to secure general banking facilities granted to the Group and a related company (see note 31(a)). The investment was matured on 15 June 2009 and the aforesaid pledge, granted to the Group and a related company, has been released thereafter.

19. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**26,938**	32,399
Work in progress	**12,799**	13,891
Finished goods	**7,335**	4,833
	47,072	51,123

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

	The Group	
	2009	2008
	HK$'000	HK$'000
Cost of inventories sold *(note 9(c))*	**271,386**	304,076

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**148,128**	156,880	**–**	–
Less: Allowance for doubtful debts *(note 20(b))*	**(5,150)**	(1,358)	**–**	–
	142,978	155,522	**–**	–
Other receivables	**–**	1,094	**–**	–
Amount due from a subsidiary	**–**	–	**38,807**	–
Loans and other receivables	**142,978**	156,616	**38,807**	–
Prepayments	**779**	4,005	**191**	2,939
Rental, utility and sundry deposits	**1,052**	1,383	**–**	–
Deposit paid for purchase of property, plant and equipment	**90**	1,755	**–**	–
Trade deposits paid	**3,023**	29	**–**	–
Staff advances	**148**	249	**–**	–
	5,092	7,421	**191**	2,939
	148,070	164,037	**38,998**	2,939

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

The Group normally grants credit terms of up to 90–120 days to its customers. The directors may from time to time approve extended credit periods for extra 30 to 60 days to certain wholesale customers during the year. Further details on the Group's credit policy are set out in note 4(a)(i).

The amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

(a) Ageing analysis

The ageing analysis of trade receivables (net of allowance for doubtful debts) presented based on the date of billing is as follows:

	2009	2008
	HK$'000	HK$'000
Within 1 month	**38,133**	31,515
More than 1 month but within 3 months	**45,727**	55,555
More than 3 months but within 6 months	**42,208**	62,615
More than 6 months but within 1 year	**11,487**	5,389
Over 1 year	**5,423**	448
	142,978	155,522

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

20. TRADE AND OTHER RECEIVABLES *(continued)*

(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 (see note 2(h)(i)).

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

	The Group	
	2009	2008
	HK$'000	HK$'000
At 1 January	**1,358**	1,067
Amounts recovered during the year	**(45)**	–
Uncollectible amounts written off	**(294)**	(50)
Impairment losses recognised*	**4,131**	341
At 31 December	**5,150**	1,358

* As at 31 December 2009, trade receivables amounting to approximately HK$4,131,000 (2008: HK$341,000) were individually impaired. The individually impaired receivables were outstanding for more than 1 year as at the end of the reporting period or were due from companies with financial difficulties or under liquidation. Consequently, specific allowances for doubtful debts of approximately HK$650,000 (2008: HK$341,000) and HK$3,481,000 (2008: Nil) were recognised respectively. The Group does not hold any collateral over these balances.

20. TRADE AND OTHER RECEIVABLES *(continued)*

(c) Trade receivables that are not impaired

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

	The Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**126,194**	148,704
Past due but not impaired		
3 to 6 months past due	**3,780**	5,308
Over 6 months	**13,004**	1,510
	16,784	6,818
	142,978	155,522

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group holds trade deposits of approximately HK$2,006,000 (2008: HK$686,000) as collateral over these balances as at 31 December 2009. The directors consider the carrying amount of the trade deposits held as collateral approximate to their fair values.

The amounts of approximately HK$85,230,000 (2008: HK$116,900,000) are factored to banks with recourse. These amounts are included in trade receivables as at 31 December 2009. 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, the Group has to pay back to the banks on the amount of the trade receivables factored.

The Group obtained bank loans of HK$12,000 (2008: HK$37,906,000) in respect of the above factored trade receivables as at 31 December 2009.

During the year ended 31 December 2009, the factoring loans were secured by unlimited corporate guarantees provided by the Company to the banks. For the year ended 31 December 2008, the factoring loans were secured by unlimited corporate guarantees from a related company and unlimited personal guarantees from certain directors of the Company. The aforesaid unlimited corporate guarantees provided by a related company and the unlimited personal guarantees from directors have been released during the year ended 31 December 2009.

21. PLEDGED BANK DEPOSITS

	The Group	
	2009	2008
	HK$'000	HK$'000
Pledged bank deposits	**25,306**	15,117

The amounts are pledged to the banks to secure general banking facilities granted to the Group as at 31 December 2008 and 2009.

22. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with banks	**10,000**	–	**–**	–
Cash at bank and on hand	**46,256**	14,456	**2,658**	–
Cash and cash equivalents in the statement of financial position and statement of cash flows	**56,256**	14,456	**2,658**	–

23. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**37,118**	19,293	**–**	–
Bills payable	**9,594**	–	**–**	–
Accrued salaries and bonuses	**5,265**	6,069	**87**	–
Trade deposits received	**2,748**	974	**–**	–
Accruals and other payables	**3,212**	6,267	**244**	–
Accruals and amount due to related party *(note 29(a))*	**706**	5,014	**–**	–
Amount due to a subsidiary	**–**	–	**–**	5,133
Financial liabilities measured at amortised cost	**58,643**	37,617	**331**	5,133
Other tax payable	**828**	304	**–**	–
	59,471	37,921	**331**	5,133

The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand.

23. TRADE AND OTHER PAYABLES *(continued)*

Ageing analysis

The ageing analysis of trade payables and bills payable presented based on date of billing is as follows:

	2009	2008
	HK$'000	HK$'000
Within 1 month	**27,310**	7,413
More than 1 month but within 2 months	**10,466**	6,600
More than 2 months but within 3 months	**7,140**	4,045
More than 3 months but within 1 year	**1,796**	1,235
	46,712	19,293

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

24. OBLIGATIONS UNDER FINANCE LEASES

As at the end of the reporting period, the Group had obligations under finance leases repayable as follows:

	The Group			
	2009		2008	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	HK$'000	**HK$'000**	HK$'000	HK$'000
Within 1 year	**15,006**	**16,043**	17,923	19,824
After 1 year but within 2 years	**11,979**	**12,468**	16,282	17,504
After 2 years but within 5 years	**6,524**	**6,640**	21,928	22,655
	18,503	**19,108**	38,210	40,159
	33,509	**35,151**	56,133	59,983
Less : Total future interest expenses		**(1,642)**		(3,850)
Present value of lease obligations		**33,509**		56,133

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

The obligations under finance leases bore interest at Hong Kong Prime Rate.

25. SECURED BANK LOANS

As at the end of the reporting period, the secured bank loans were repayable as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within 1 year or on demand	**36,982**	76,189
After 1 year but within 2 years	**1,600**	–
After 2 years but within 5 years	**1,200**	–
	39,782	76,189
Analysed for reporting purposes as:		
Current liabilities	**36,982**	76,189
Non-current liabilities	**2,800**	–
	39,782	76,189

Secured bank loans of the Group consisted of floating-rate borrowings. Floating-rate borrowings bore interest at 1% to 2.25% per annum over the London Interbank Offered Rate or at Hong Kong Prime Rate.

The Group's bank loans were secured by factored trade receivables (see note 20(c)) and pledged bank deposits (see note 21) held by the Group and corporate guarantees provided by the Company.

Certain banking facilities of the Group are subject to the fulfilment of covenants relating to maintain a certain amount of bank deposits to the banks, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 4(a)(ii). As at 31 December 2009, none of the covenants relating to drawn down facilities had been breached (2008: $nil).

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out in note 4(a)(iv).

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current tax payable in the consolidated statement of financial position represents:

	The Group	
	2009	2008
	HK$'000	HK$'000
As at 1 January	**2,089**	–
Provision for the year		
- Hong Kong Profits Tax	**–**	2,089
- PRC Enterprise Income Tax	**1,515**	–
Current tax paid in the PRC	**(50)**	–
As at 31 December	**3,554**	2,089

26. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	HK$'000	HK$'000
Deferred tax arising from:			
As at 1 January 2008	7,007	(288)	6,719
Charged to profit or loss	826	272	1,098
Effect of change in tax rate	(400)	16	(384)
As at 31 December 2008 and 1 January 2009	7,433	–	7,433
Charged to profit or loss	2,225	(497)	1,728
As at 31 December 2009	9,658	(497)	9,161

	The Group	
	2009	2008
	HK$'000	HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**9,161**	7,433

There were no significant unrecognised deferred tax liabilities as at the end of the reporting period.

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(n), the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK$2,443,000 (2008: HK$295,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

27. SHARE CAPITAL

	Note	**Number of ordinary shares**	**Nominal value of ordinary shares**
Authorised:			
Ordinary shares of HK$0.01 each upon incorporation on 11 November 2008 as of 31 December 2008 and 1 January 2009	*note (a)*	40,000,000	HK$400,000
Increase in authorised share capital, ordinary shares of HK$0.01 each	*note (c)*	960,000,000	HK$9,600,000
At 31 December 2009		1,000,000,000	HK$10,000,000
Issued and fully paid:			
At 1 January 2008		–	–
Issue of 1 ordinary share and nil paid	*note (b)*	1	–
At 31 December 2008 and 1 January 2009		1	–
Credit the 1 ordinary share in issue as fully paid on 4 March 2009		–	HK$0.01
Issue of ordinary shares pursuant to the Reorganisation	*note (f)*	9,999,999	HK$99,999.99
Issue of ordinary shares pursuant to the capitalisation issue	*note (g)*	140,000,000	HK$1,400,000
Issue of ordinary shares upon public offering	*note (h)*	50,000,000	HK$500,000
At 31 December 2009		200,000,000	HK$2,000,000

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

No share options were granted for the year ended 31 December 2009.

Share capital in the consolidated statement of financial position as at 31 December 2008 represented the share capital of CT Printing BVI which was the holding company of the companies comprising the Group as at 31 December 2008.

27. SHARE CAPITAL *(continued)*

Authorised share capital *(continued)*

Notes:

(a) 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.

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

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

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

(d) CT Printing BVI was incorporated in the British Virgin Islands on 24 October 2008 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each, 99 ordinary shares of which were allotted and issued to Mr. Tsoi Tak at par on 3 November 2008.

Pursuant to the Reorganisation, CT Printing BVI acquired the entire issued share capital of CT Printing of HK$10,000 divided into 10,000 ordinary shares of HK$1.00 each 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 Tak.

On 18 December 2008, CT Printing capitalised the indebtedness of approximately HK$108,817,000 owed by CT Printing to Mr. Tsoi Tak in consideration of the allotment and issue of a total 10,000 ordinary shares of HK$1.00 each in the share capital of CT Printing, all credited as fully paid, to CT Printing BVI at the direction of Mr. Tsoi Tak. On the same day CT Printing BVI allotted and issued one ordinary share of US$1.00 to Mr. Tsoi Tak in consideration of the issued 10,000 ordinary shares of HK$1.00 each by CT Printing at the direction of Mr. Tsoi Tak.

(e) The amount of HK$20,000 represents the authorised, issued and fully paid share capital of 20,000 ordinary shares of HK$1.00 each of CT Printing.

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

(g) Pursuant to the written resolution passed by all shareholders on 4 March 2009, 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 were authorised to capitalise an amount of HK$1,400,000 from such account and applying such sum in paying up in full as par a total of 140,000,000 shares of allotment and issued to the shareholders of the Company whose names appeared on the register of members of the Company at the close of business on 4 March 2009.

(h) On 30 March 2009, the Company was successfully listed on the Stock Exchange following the completion of its public offering of 50,000,000 shares at HK$1.25 each to the investors.

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

28. RESERVES AND DIVIDEND

(a) The movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity on page 25. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share premium *note 28(c)(i)* HK$'000	**Contributed surplus** *note 28(c)(iv)* HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
Issue of share on 11 November 2008 (date of incorporation)	–	–	–	–
Total comprehensive loss for the period	–	–	(2,194)	(2,194)
At 31 December 2008 and 1 January 2009	**–**	**–**	**(2,194)**	**(2,194)**
Changes in equity for 2009:				
Issue of 9,999,999 ordinary shares of the Company pursuant to the Reorganisation *(note 27(f))*	**–**	**211,110**	**–**	**211,110**
Issue of 140,000,000 ordinary shares of the Company pursuant to the capitalisation issue *(note 27(g))*	**(1,400)**	**–**	**–**	**(1,400)**
Issue of 50,000,000 ordinary shares of the Company for public offering *(note 27(h))*	**62,000**	**–**	**–**	**62,000**
Transaction costs directly attributable to the issue of new shares	**(15,153)**	**–**	**–**	**(15,153)**
Total comprehensive loss for the year	**–**	**–**	**(3,828)**	**(3,828)**
At 31 December 2009	**45,447**	**211,110**	**(6,022)**	**250,535**

The Company's reserves as at 31 December 2009 available for distribution to owners of the Company as calculated under the provision of the Companies Law of the Cayman Islands as set out in note 28(c)(i) are approximately HK$250,535,000. No reserves are available for distribution to the owners of the Company as at 31 December 2008 since the Company was incorporated on 11 November 2008 and did not carry on any business during the period from the date of incorporation to 31 December 2008.

(b) Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

28. RESERVES AND DIVIDEND *(continued)*

(c) Nature and purpose of reserves

(i) Share premium

– Share premium of the Group

The share premium account of the Group included the application of the share premium account governed by the Companies Law of the Cayman Islands and Section 48B of the Hong Kong Companies Ordinance.

Out of the total consolidated share premium account of HK$154,254,000, HK$108,807,000 is governed by Section 48B of the Hong Kong Companies Ordinance and it is not distributable to the owners of the Company.

On 18 December 2008, CT Printing capitalised the indebtedness of approximately HK$108,817,000 owed by CT Printing to Mr. Tsoi Tak in consideration of the allotment and issue of a total 10,000 ordinary shares of HK$1.00 each in the share capital of CT Printing, all credited as fully paid, to CT Printing BVI at the direction of Mr. Tsoi Tak.

– Share premium of the Company

The application of the share premium account of the Company is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Fair value reserve

Fair value reserve of the Group comprising the cumulative net changes in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(h)(i) and note 2(q).

(iii) Merger reserve

Merger reserve of the Group represents the difference between the nominal values of the ordinary shares issued by the Company and the share capital of subsidiaries acquired through an exchange of shares pursuant to the Reorganisation.

(iv) Contributed surplus

Contributed surplus of the Company represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Reorganisation.

28. RESERVES AND DIVIDEND *(continued)*

(d) 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.

During the year ended 31 December 2009, the Group's strategy, which was unchanged from 2008, was to monitor its capital structure on the basis of a gearing ratio, being the total of all interest bearing borrowings divided by shareholders' equity. As at 31 December 2009, the gearing ratio at 31 December 2009 and 2008 were as follows:

	2009 HK$'000	2008 HK$'000
Obligations under finance leases *(note 24)*	33,509	56,133
Secured bank loans *(note 25)*	39,782	76,189
	73,291	132,322
Total equity	278,947	208,249
Gearing ratio	26.3%	63.5%

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

29. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Material related party transactions

	The Group 2009 HK$'000	The Group 2008 HK$'000
(i) Shenzhen Kecai Printing Company Limited *(note i)*		
– Factory rental expenses	2,665	2,446
Year-end balance included in accrual and amount due to a related company arising from factory rental expenses and other reimbursement utility and messing expenses *(note 23)*	706	5,014
(ii) Mr. Tsoi Tak *(note 33)*		
– Cash advance from	–	36,099
– Cash repayment to	–	53,280
– Loan capitalisation *(note 27(d))*	–	108,817
There is no outstanding balance as at 31 December 2009 and 2008.		
(iii) Brilliant Circle Enterprise Development (Shenzhen) Company Limited *(note ii)*		
– Cash repayment to	–	5,040
There is no outstanding balance as at 31 December 2009 and 2008.		
(iv) Tiley Properties International Limited *(note iii)*		
– Management fee received	–	264
There is no outstanding balance as at 31 December 2009 and 2008.		

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

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

Notes:

(i) As at 31 December 2009, Shenzhen Kecai Printing Company Limited and Brilliant Circle Development Limited ("BC Development") are 2 indirect subsidiaries of Brilliant Circle Holdings International Limited ("Brilliant Circle") which was in turn an indirect subsidiary of AMVIG Holdings Limited, a company whose issued shares are listed on the Main Board of the Stock Exchange, of which Mr. Tsoi Tak, the ultimate controlling party of the Company, held a substantial issued capital. On 25 February 2010, Mr. Tsoi Tak acquired the entire issued share capital in Brilliant Circle and ceased to hold any shares in AMVIG Holdings Limited.

(ii) Brilliant Circle Enterprise Development (Shenzhen) Company Limited is a company wholly and beneficially owned by Mr. Tsoi Tak.

(iii) Tiley Properties International Limited is a company wholly and beneficially owned by Mr. Tsoi Tak.

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) Emoluments of directors and senior management of the Group

	2009	2008
	HK$'000	HK$'000
Salaries, allowances and other benefits	**4,832**	3,212
Contributions to defined retirement plan	**82**	66
	4,914	3,278

(c) Guarantee provided by a related company and directors

The banking facilities utilised by the Group to the extent of HK$132,322,000 as at 31 December 2008 were secured by unlimited corporate guarantees provided by BC Development, a related company as set out in note 29(a)(i) and directors', Mr. Tsoi Tak and Mr. Cai Xiao Ming, David, unlimited personal guarantees.

The unutilised amounts as at 31 December 2008 were approximately HK$217,183,000. The aforesaid unlimited corporate guarantees provided by a related company and directors' personal guarantees have been fully released during the year ended 31 December 2009.

(d) Corporate guarantees provided to a related company

As at 31 December 2008, the Group provided unlimited corporate guarantees to secured general banking facilities to BC Development, details of which are disclosed in note 31(a). The foresaid guarantees have been released during the year ended 31 December 2009.

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

(e) Operating lease commitments to a related party

As at the end of the reporting period, the Group had total future minimum lease payments to a related company, Shenzhen Kecai Printing Company Limited, under cancellable operating leases in respect of land and building falling due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**2,072**	520
In the second to fifth year, inclusive	**8,290**	–
More than five years	**16,579**	–
	26,941	520

Subsequent to the end of the reporting period, the Group's book-related production facilities were relocated to a new premises owned by the same related party. The Group has terminated and replaced the original operating leases with a temporary 3-month operating lease contracts on 28 February 2010. The Group intends to enter into a long term operating lease agreement by the end of the temporary operating lease contracts.

30. COMMITMENTS

(a) Operating lease commitments

As at the end of the reporting period, the Group had total future minimum lease payments, under both cancellable and non-cancellable operating leases in respect of land and building falling due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**4,713**	3,202
In the second to fifth year, inclusive	**10,655**	3,188
More than five years	**16,579**	–
	31,947	6,390

(b) Capital commitments

As at the end of the reporting period, the Group had the following commitments:

	2009 **HK$'000**	2008 HK$'000
Acquisition of property, plant and equipment contracted but not provided for	**2,279**	–

31. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(a) As at 31 December 2008, the Group provided unlimited corporate guarantees to BC Development for bank borrowings in Hong Kong and in return BC Development provided unlimited corporate guarantees to the Group for obtaining general banking facilities in Hong Kong. As at 31 December 2008, the aggregate amount that could be required to be paid if the guarantees were called upon in entirety amounted to HK$81,999,000, of which HK$28,647,000 has been utilised by BC Development. The maximum liability of the Group under the guarantees issued represents the amount of facilities drawn down by BC Development of HK$28,647,000 as at 31 December 2008. No recognition was made in the year ended 31 December 2008 because the fair value of the guarantees were insignificant and that the directors of the Company 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 to BC Development and the guarantees provided by the BC Development to the Group have been released during the year ended 31 December 2009.

(b) As at 31 December 2009, the Company has provided unlimited corporate guarantees to its subsidiary for bank borrowings and bills financing for obtaining general banking facilities and leasing facilities. As at 31 December 2009, the aggregate amount that could be required to be paid if the guarantees were called upon in entirety amounted to HK$346,218,000, of which HK$82,885,000 has been utilised by its subsidiary. The maximum liability of the Company under the guarantees issued represents the amount of facilities drawn down by its subsidiary of HK$82,885,000 as at 31 December 2009. No recognition was made in the year ended 31 December 2009 because the fair value of the guarantees are insignificant and that the directors of the Company did not consider it probable that a claim would be made against the Company under the guarantees.

32. MAJOR NON-CASH TRANSACTIONS

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

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

33. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The directors consider the ultimate controlling party of the Company as at 31 December 2009 to be Mr. Tsoi Tak.

The directors consider the immediate parent and ultimate holding company of the Group is Profitcharm Limited, a company incorporated in British Virgin Islands. Profitcharm Limited does not produce financial statements available for public use.

34. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2009

The consolidated results of the Group for the financial years 2005 to 2009 and the consolidated assets and liabilities of the Group as at 31 December 2005, 2006, 2007, 2008 and 2009 are as follows:

	Year ended 31 December				
Results	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	170,027	268,193	335,392	403,188	**362,750**
Profit before taxation	18,091	30,234	32,734	34,635	**25,976**
Income tax	(1,258)	(2,664)	(2,797)	(2,803)	**(3,243)**
Profit for the year	16,833	27,570	29,937	31,832	**22,733**
Attributable to:					
Owners of the Company	16,833	27,570	29,937	31,832	**22,733**

	At 31 December				
Assets and liabilities	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	174,250	298,255	417,435	388,014	**424,424**
Total liabilities	(166,183)	(261,931)	(350,505)	(179,765)	**(145,477)**
Total equity	8,067	36,324	66,930	208,249	**278,947**