CHINA PRINT

CHINA PRINT POWER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM REPORT **2011**

WWW.POWERPRINTING.COM.HK

HONG KONG STOCK CODE: 6828
SINGAPORE STOCK CODE : B3C

CONTENTS

CORPORATE INFORMATION

BOARD

Executive Directors

Mr. Sze Chun Lee
(Chief Executive Officer)
Mr. Chan Wai Ming
Mr. Kwan Wing Hang
Mr. Lam Shek Kin

Independent Non-executive Directors

Mr. Lim Siang Kai
(Chairman of the Board)
Mr. Leong Ka Yew
Mr. Wee Piew

COMMITTEE MEMBERS

Audit Committee

Mr. Wee Piew *(Chairman)*
Mr. Lim Siang Kai
Mr. Leong Ka Yew

Remuneration Committee

Mr. Lim Siang Kai *(Chairman)*
Mr. Leong Ka Yew
Mr. Wee Piew

Nomination Committee

Mr. Leong Ka Yew *(Chairman)*
Mr. Lim Siang Kai
Mr. Wee Piew

AUTHORISED REPRESENTATIVES

Mr. Sze Chun Lee
Mr. Ng Sui Yin

JOINT COMPANY SECRETARIES

Mr. Ng Sui Yin *(CPA)*
Ms. Gn Jong Yuh Gwendolyn

COMPLIANCE ADVISOR

VC Capital Limited

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Hong Kong and Shanghai Banking Corporation
DBS Bank (Hong Kong) Limited
Nanyang Commercial Bank Limited
Hang Seng Bank Ltd
China Construction Bank (Asia) Corporation Ltd.

CORPORATE INFORMATION

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS AND PRINCIPAL EXECUTIVE OFFICE

Flat 2, 13th Floor
Kodak House II
39 Healthy Street East
North Point
Hong Kong

BERMUDA SHARE REGISTRAR

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

HONG KONG BRANCH SHARE REGISTRAR

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

COMPANY WEBSITE

www.powerprinting.com.hk

STOCK CODES

Hong Kong: 6828
Singapore: B3C

The board (the "Board") of Directors (the "Directors") of China Print Power Group Limited (the "Company") is pleased to present the unaudited consolidated interim statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 ("HY2011") together with the comparative figures for 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Revenue	6	**97,702**	85,024
Cost of sales		**(72,687)**	(60,446)
Gross profit		**25,015**	24,578
Other income	6	**748**	280
Selling and distribution costs		**(4,925)**	(4,047)
Administrative expenses		**(12,917)**	(12,476)
Other operating expenses		**(923)**	(503)
Finance costs	7	**(747)**	(1,155)
Profit before income tax	8	**6,251**	6,677
Income tax expense	9	**(1,055)**	(1,012)
Profit for the period and attributable to owners of the Company		**5,196**	5,665
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**1,724**	207
Other comprehensive income for the period, net of tax		**1,724**	207
Total comprehensive income for the period and attributable to owners of the Company		**6,920**	5,872
Earnings per share for profit attributable to owners of the Company during the period	11		
– Basic *(HK cents)*		**4.25**	4.64

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	**30 June 2011 (Unaudited)** ***HK$'000***	31 December 2010 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**5,561**	5,474
Property, plant and equipment	12	**124,260**	118,294
Other non-current assets		**645**	690
		130,466	124,458
Current assets			
Inventories		**37,491**	21,319
Trade and other receivables	13	**77,240**	71,414
Deferred expenses		**4,479**	–
Cash and cash equivalents		**21,949**	28,831
		141,159	121,564
Current liabilities			
Trade and other payables	14	**38,885**	26,130
Bank borrowings, secured	15	**49,557**	34,682
Obligations under finance leases	16	**4,870**	10,834
Income tax payable		**1,525**	108
		94,837	71,754
Net current assets		**46,322**	49,810
Total assets less current liabilities		**176,788**	174,268
Non-current liabilities			
Deferred tax liabilities		**3,624**	3,624
		3,624	3,624
Net assets		**173,164**	170,644
EQUITY ATTRIBUTABLE TO COMPANY'S OWNERS			
Share capital	17	**67,215**	67,215
Reserves		**105,949**	103,429
Total equity		**173,164**	170,644

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Proposed final dividend** *HK$'000*	**Retained profits** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2010	67,215	12,177	(43,048)	13,227	2,884	98,228	150,683
2009 final dividend approved	–	–	–	–	(2,884)	–	(2,884)
Transaction with owners	–	–	–	–	(2,884)	–	(2,884)
Profit for the period	–	–	–	–	–	5,665	5,665
Other comprehensive income – Exchange gain on translation of financial statements of foreign operations	–	–	–	207	–	–	207
Total comprehensive income for the period	–	–	–	207	–	5,665	5,872
Balance at 30 June 2010	67,215	12,177	(43,048)	13,434	–	103,893	153,671
Balance at 1 January 2011	**67,215**	**12,177**	**(43,048)**	**14,060**	**4,400**	**115,840**	**170,644**
2010 final dividend approved	**–**	**–**	**–**	**–**	**(4,400)**	**–**	**(4,400)**
Transaction with owners	**–**	**–**	**–**	**–**	**(4,400)**	**–**	**(4,400)**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**5,196**	**5,196**
Other comprehensive income – Exchange gain on translation of financial statements of foreign operations	**–**	**–**	**–**	**1,724**	**–**	**–**	**1,724**
Total comprehensive income for the period	**–**	**–**	**–**	**1,724**	**–**	**5,196**	**6,920**
Balance at 30 June 2011	**67,215**	**12,177**	**(43,048)**	**15,784**	**–**	**121,036**	**173,164**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash (used in)/from operating activities	**(1,144)**	22,688
Net cash used in investing activities	**(10,285)**	(1,123)
Net cash from/(used in) financing activities	**4,511**	(20,082)
Net (decrease)/increase in cash and cash equivalents	**(6,918)**	1,483
Cash and cash equivalents at beginning of period	**28,831**	25,966
Effect of foreign exchange rate changes	**36**	–
Cash and cash equivalents at end of period	**21,949**	27,449

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's shares are dual primary listed on The Stock Exchange of Hong Kong Limited ("SEHK") and the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the printing business and sales of paper and leather products. There were no significant changes in the nature of the Group's principal activities during the period under review and the Group's operations are based in The People's Republic of China (the "PRC"), including Hong Kong. The Company's ultimate parent company is China Print Power Limited, a company incorporated in the British Virgin Islands.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosures requirements of Appendix 16 of the Rules Governing the Listing of Securities on SEHK. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2010.

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2010, except for the adoption of the following new or amended International Financial Reporting Standards ("IFRSs") issued by the IASB and the International Financial Reporting Interpretation Committee of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011.

- IAS 24 (Revised) – Related Party Disclosures; and
- Improvements to IFRSs (2010)

3. ACCOUNTING POLICIES *(Continued)*

IAS 24 (Revised) introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. The amendments do not have any financial impact on the Group for the current period.

The Improvements to IFRSs (2010) comprise a number of amendments to IFRSs, primarily with a view to remove inconsistencies and clarifying wordings. Of these, amendments to IAS 34 – Interim Financial Reporting requires the update of relevant information related to significant events and transactions in the most recent annual financial report. It also specifies events and transactions for which disclosures are required, and guidance has been added covering the application of the requirements for financial instruments.

At the date of authorisation of this report, certain new and amended IFRSs have been issued but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended IFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES *(Continued)*

IFRS 7 (Amendment) "Disclosures – Transfers of Financial Assets"

The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted and introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liability. The disclosures must be presented by type of ongoing involvement.

IFRS 9 "Financial Instruments"

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors of the Company are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

3. ACCOUNTING POLICIES *(Continued)*

In November 2010, the IASB issued additions to IFRS 9 to address financial liabilities. The changes resulting from the amendments only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value changes in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other requirements under IAS 39 in respect of liabilities are carried forward into IFRS 9.

4. SEASONALITY OF OPERATIONS

Seasonal fluctuation exists in our printing services and in the overall industry. The demand is generally higher in the second half of the year when our customers will normally place more orders to us so as to meet their greater sales demand during Christmas and New Year holidays.

Seasonal fluctuations may pose negative effect on our production costs and the overall utilisation rate of the production facilities in our He Yuan Factory. Our interim results for the first half of the year may not serve as an indication of our result of operation for the entire financial year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. SEGMENT REPORTING

The Group has identified the following reportable segments:

– Book products – provision of full suite of services from pre-press to printing to finishing/binding services; and

– Specialised products – production of custom-made and value-added printing products.

Each of these operating segments is managed separately as each of the product lines requires different resources as well as marketing approaches. For the six months ended 30 June 2011, there have been no change in the measurement policies used for reporting segment results.

5. SEGMENT REPORTING *(Continued)*

Segment revenue below represents revenue from external customers. There were no inter-segment sales for the six months ended 30 June 2011 and 2010. The segment revenue and results for the six months ended 30 June 2011 and 2010 and the segment assets as at 30 June 2011 and 31 December 2010 are as follows:

	Segment revenue		Segment profit		Segment assets	
	Six months ended 30 June		Six months ended 30 June		30 June	31 December
	2011	2010	**2011**	2010	**2011**	2010
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Book products	**60,152**	43,796	**13,913**	11,667	**124,549**	121,494
Specialised products	**37,550**	41,228	**11,102**	12,911	**35,164**	23,596
Segment total	**97,702**	85,024	**25,015**	24,578	**159,713**	145,090

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. SEGMENT REPORTING *(Continued)*

The total presented for the Group's operating segment results are reconciled to the profit before income tax as presented in the condensed consolidated statement of comprehensive income as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Reportable segment profit	**25,015**	24,578
Unallocated corporate income	**748**	280
Unallocated corporate expenses	**(18,765)**	(17,026)
Finance costs	**(747)**	(1,155)
Profit before income tax	**6,251**	6,677

6. REVENUE AND OTHER INCOME

An analysis of the revenue, which is also the Group's turnover and other income is as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**97,702**	85,024
Other income		
Interest income on financial assets stated at amortised cost	**6**	6
Reversal of impairment loss on trade receivables	**226**	–
Sundry income	**516**	274
	748	280

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest charges on:		
Bank borrowings	**188**	356
Finance charges on obligations under finance lease	**559**	799
Total finance costs	**747**	1,155

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of leasehold land and land use rights	**56**	61
Depreciation of property, plant and equipment	**5,849**	6,605
Reversal of impairment losses on trade receivables	**(226)**	–
Net loss on disposals of property, plant and equipment	**127**	–
Operating lease charges	**198**	192

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2010: 16.5%) on the estimated assessable profits arising for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**1,055**	1,012
Elsewhere	**–**	–
Total income tax expense	**1,055**	1,012

9. INCOME TAX EXPENSE *(Continued)*

Pursuant to the Departmental Interpretation and Practice Note No. 21 issued by the Hong Kong Inland Revenue Department, Power Printing Products Limited, a wholly-owned subsidiary of the Company, having manufacturing facilities in the PRC are entitled to deduct 50% of its estimated assessable profits for Hong Kong tax reporting purposes and thus 50% of the estimated assessable profits are subject to Hong Kong profits tax. Power Printing Products Limited has been submitting its tax return based on the above income tax treatment since it made assessable profits. So far, the Hong Kong Inland Revenue Department did not raise any objections to these tax returns.

10. DIVIDEND

The Board did not recommend a payment of interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$5,196,000 (six months ended 30 June 2010: approximately HK$5,665,000) and on the weighted average number of 122,209,373 (six months ended 30 June 2010: 122,209,373) ordinary shares in issue during the period.

Diluted earnings per share for the periods ended 30 June 2011 and 2010 are not presented as there is no dilutive potential ordinary share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment with a cost of approximately HK$10,391,000 (six months ended 30 June 2010: approximately HK$1,129,000).

Property, plant and equipment with net book value of approximately HK$227,000 were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

13. TRADE AND OTHER RECEIVABLES

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Trade receivables	**70,225**	72,077
Less: Provision for impairment loss	**(3,470)**	(3,696)
Trade receivables – net	**66,755**	68,381
Deposits, prepayments and other receivables	**10,485**	3,033
	77,240	71,414

13. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group generally allows a credit period of 30 to 120 days to its trade customers. Based on invoice dates, aging analysis of trade receivables (net of provision for impairment loss) is as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
0 – 90 days	**47,084**	43,936
91 – 120 days	**7,580**	11,698
121 – 180 days	**6,873**	7,246
181 – 365 days	**1,880**	2,496
Over 365 days	**3,338**	3,005
	66,755	68,381

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Trade payables	**28,976**	17,770
Accrued charges and other creditors	**8,667**	7,661
Trade deposits received	**1,242**	699
	38,885	26,130

Based on invoice dates, the aging analysis of trade payables is as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
0 – 90 days	**23,715**	12,497
91 – 180 days	**4,940**	3,257
181 – 365 days	**58**	1,030
Over 365 days	**263**	986
	28,976	17,770

15. BANK BORROWINGS, SECURED

The Group's bank borrowings bear interest at floating rates and are denominated in HK$. Based on the scheduled repayment dates set out in the loan agreements, the Group's bank borrowings were repayable as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Within one year	**32,715**	23,259
In the second year	**6,294**	4,325
In the third to fifth year	**10,548**	7,098
	49,557	34,682

The Group's bank loan agreements contain clauses which give the banks the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations. Accordingly, the amounts due for repayment after one year containing a repayment on demand clause are classified as current liabilities.

The Group's bank borrowings are secured by:

(i) the pledge of certain property, plant and equipment;

(ii) a charge over certain of the Group's trade receivables;

(iii) letters of undertaking issued by subsidiaries, namely Power Printing Products Limited, Carta & Cuoio Company Limited and Power Printing (He Yuan) Co., Ltd; and

(iv) corporate guarantee issued by the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. OBLIGATIONS UNDER FINANCE LEASES

The Group's obligations under finance leases bear interest at floating rate and are denominated in HK$. Based on the scheduled repayment dates set out in the leases agreements, the Group's obligations under finance leases were repayable as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Within one year	**3,857**	5,593
In the second year	**1,013**	5,241
	4,870	10,834

The Group's finance lease arrangements contain clauses which give the lessors the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations. Accordingly, the amounts due for repayment after one year containing a repayment on demand clause are classified as current liabilities.

Finance lease liabilities are secured by the underlying assets where the lessor had the rights to revert in the events of default in repayment by the Group.

17. SHARE CAPITAL

	Number of ordinary shares of HK$0.55 each	*HK$'000*
Authorised:		
At 1 January 2010, 30 June 2010, 1 January 2011 and 30 June 2011	909,090,909	500,000
Issued and fully paid:		
At 1 January 2010, 30 June 2010, 1 January 2011 and 30 June 2011	122,209,373	67,215

18. CAPITAL COMMITMENTS

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Contracted but not provided for in respect of:		
– property, plant and equipment	**23,166**	668
– intangible assets	**270**	270
	23,436	938

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. RELATED PARTY TRANSACTIONS

In addition to the transactions or information disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with connected and related parties during the period:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Key management personnel:		
Short-term employee benefits	**2,881**	2,596
Post employment benefits	**36**	36
Key management personnel remuneration	**2,917**	2,632
A company in which certain directors of the Company have equity interest:		
Rental expenses	**168**	168
A company in which a member of key management personnel of the Company have significant influence:		
Sales of goods	**1,126**	1,404

20. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure bank borrowings utilised by the Group:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Property, plant and equipment	**–**	5,387
Trade receivables	**3,760**	4,930
	3,760	10,317

In addition to the above, the Group's obligations under finance leases (note 16) are secured by plant and machinery with net carrying amount of HK$13,500,000 (31 December 2010: HK$16,109,000) as at 30 June 2011.

In addition, certain of the Group's property, plant and equipment with net carrying amount of Nil (31 December 2010: HK$54,062,000) and leasehold land and land use rights with net carrying amount of HK$5,561,000 (31 December 2010: HK$5,474,000) as at 30 June 2011 have been pledged as securities. These assets are pledged for the banking facilities granted, which are not utilised by the Group.

21. EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 June 2011, the Company's shares were dual primarily listed on SGX-ST and SEHK and 30,000,000 new shares were issued since then.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's shares were successfully listed on the Main Board of the SEHK on 12 July 2011.

Being one of the leading books and specialised products printing groups serving international markets across Europe, North America and Asia, the Group is principally engaged in (i) printing of books; and (ii) manufacturing of quality specialised products such as pop-up children's books, board books and leather and fabric-bound diaries, etc. We provide a full suite of services including pre-printing, printing and post-printing. Strategically located in He Yuan, Guangdong Province, the PRC, our production plant operates a site with approximately 104,349 sq. m. utilising twelve printing presses.

For the six months ended 30 June 2011, the Group's turnover grew approximately 14.9% to approximately HK$97.7 million (six months ended 30 June 2010: approximately HK$85.0 million), mainly driven by the increase in sales orders and average selling prices of the Group's products. As compared with the same period of last year, market demand increased as a result of better global economic conditions and gradually improving momentum.

Book Products Segment

During the six months ended 30 June 2011, thanks to the recovery of the overall economy and hence a stronger demand for the Group's book products, the book products segment continued to be the major revenue contributor and achieved a turnover of approximately HK$60.2 million (six months ended 30 June 2010: approximately HK$43.8 million). This has led to a year-on-year segmental growth of approximately 37.3%, accounting for approximately 61.6% of the Group's total turnover.

Specialised Products Segment

The specialised products segment remains to be an important business arm of the Group during the period under review and generated a turnover of approximately HK$37.6 million (six months ended 30 June 2010: approximately HK$41.2 million), accounting for approximately 38.4% of the Group's total turnover. Due to the limited space of production facility, the Group intends to apply 86% of the net proceeds from listing on the SEHK for the expansion of our production capacity. Two four-storey workshops with a gross floor areas of approximately 20,000 sq. m. are now under construction. Enjoying a higher profit margin, the specialised products such as children pop-up books, touch-and-feel books and board books present tremendous market potential, especially against the increasing awareness of the parents nowadays to the early childhood education. The Group intended to focus on the development of these value-added children products.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 14.9% from approximately HK$85.0 million for HY2010 to approximately HK$97.7 million for HY2011. The increase in revenue was due to increase in sales orders and average selling prices.

Gross Profit Margin

Overall gross profit margin decreased from approximately 28.9% in HY2010 to approximately 25.6% in HY2011 which was mainly due to an increase in labour cost as a result of increase in number of workers and average wages.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income increased by approximately 167.1% from approximately HK$0.3 million in HY2010 to approximately HK$0.7 million in HY2011. The increase was mainly due to proceeds of approximately HK$0.2 million on sales of scraps and the net effect of reversal of impairment loss on trade receivables of approximately HK$0.2 million.

Operating Expenses

(a) Selling and distribution costs

The selling and distribution costs increased by approximately 21.7% from approximately HK$4.0 million in HY2010 to approximately HK$4.9 million in HY2011. This was mainly due to the increase of approximately HK$0.8 million in transportation and freight charges as a result of increase in sales orders.

(b) Administrative expenses

The administrative expenses slightly increased by approximately 3.5% from approximately HK$12.5 million in HY2010 to approximately HK$12.9 million in HY2011. This was mainly due to an increase in (i) computer expenses of approximately HK$0.1 million, (ii) courier charges of approximately HK$0.1 million and (iii) sundry expenses of approximately HK$0.1 million.

(c) Other operating expenses

Other operating expenses increased by approximately 83.5% from approximately HK$0.5 million in HY2010 to approximately HK$0.9 million in HY2011 was mainly due to an increase in (i) bank charges of approximately HK$0.2 million, and (ii) net loss on disposals of plant and equipment of approximately HK$0.1 million.

(d) *Finance costs*

Finance costs decreased by approximately HK$0.4 million or approximately 35.3% from approximately HK$1.2 million in HY2010 to approximately HK$0.7 million in HY2011, which was mainly due to the repayment of obligations under finance leases despite the increase in bank borrowings.

(e) *Income tax expense*

Income tax expense increased by approximately 4.2% from approximately HK$1.0 million in HY2010 to approximately HK$1.1 million in HY2011. The increase was mainly due to less tax allowances given to a subsidiary in Hong Kong for its acquisition of plant and equipment in previous years despite there are approximately HK$10.2 million of acquisition on plant and equipment in the PRC operation.

As a result of the above, profit for the period attributable to owners of the Company decreased by approximately 8.3% from approximately HK$5.7 million for HY2010 to approximately HK$5.2 million for HY2011. However, the Group achieved a higher currency translation gain of approximately HK$1.7 million in HY2011 compared to approximately HK$0.2 million in HY2010 resulting in the total comprehensive income attributable to owners increased by approximately 17.8% to approximately HK$6.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF FINANCIAL POSITION

Assets

As at 30 June 2011, non-current assets amounted to approximately HK$130.5 million or represented approximately 48.0% of our total assets, an increase of approximately HK$6.0 million as compared to approximately HK$124.5 million as at 31 December 2010. This was mainly due to the acquisition of plant and equipment in He Yuan.

As at 30 June 2011, current assets amounted to approximately HK$141.2 million, comprised mainly of the followings:

(a) Inventories of approximately HK$37.5 million; an increase of approximately HK$16.2 million as compared to HK$21.3 million as at 31 December 2010 which was mainly due to the upcoming delivery of orders to customers at period end;

(b) Trade and other receivables of approximately HK$77.2 million; an increase of approximately HK$5.8 million from approximately HK$71.4 million as at 31 December 2010 which was attributable to higher period-end sales in HY2011;

(c) Deferred expense of approximately HK$4.5 million which are related to dual listing of the Company's shares on SEHK and to be charged to profit or loss or deducted from equity in the second half of the financial year 2011; and

(d) Cash and cash equivalents of approximately HK$21.9 million; a decrease of approximately HK$6.9 million from approximately HK$28.8 million as at 31 December 2010.

Liabilities

As at 30 June 2011, our current liabilities amounted to approximately HK$94.8 million and comprised mainly of the followings:

(a) Trade and other payables of approximately HK$38.9 million; an increase of approximately HK$12.8 million from approximately HK$26.1 million as at 31 December 2010. This was mainly due to an increase in trade payables of approximately HK$11.2 million resulting from better credit terms from its suppliers and increase in purchases at period end;

(b) Bank borrowings of approximately HK$49.6 million; an increase of approximately HK$14.9 million from approximately HK$34.7 million as at 31 December 2010. This was mainly due to new bank borrowings of approximately HK$19.5 million obtained and increase in trust receipt loans of approximately HK$6.7 million which was partly offset by the repayment of approximately HK$11.3 million; and

(c) Obligations under finance leases of approximately HK$4.9 million; a decrease of approximately HK$5.9 million from approximately HK$10.8 million as at 31 December 2010.

Equity

As at 30 June 2011, total equity stood at approximately HK$173.2 million as compared to approximately HK$170.6 million as at 31 December 2010. The increase of approximately HK$2.5 million was mainly due to the profit attributable to owners of the Company for HY2011 of approximately HK$5.2 million and the exchange gain on translation of financial statements of foreign operations of approximately HK$1.7 million offset by payment of final dividend for FY2010 of approximately HK$4.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE DEVELOPMENT AND PROSPECTS

Looking ahead, we will leverage on the Group's dedicated strength in printing and production expertise and experience in specialised products to enhance our market position and increase our market share. The Group intends to focus on the development of children's booklets and the stationery market where more specialised skills and techniques are required and hence enjoy a higher profit margin. The Group will endeavour to market value-added children's products by participating in international and domestic trade fairs.

Along with sustained economic growth, rising average disposable incomes and higher living standards in the PRC, the Group believes that increasing demand in the PRC for high-end premium products presents tremendous opportunities for our future development. Thus, we plan to set up sales offices/showrooms for specialised products in major cities in the PRC to identify potential customers, and strive to seek new business opportunities.

The strong business relationships with our existing customers in Hong Kong, Europe and North America continue to be one of the key assets of the Group. To secure more sales orders from them and expand our customer base, we will strengthen and enlarge our sales and marketing team.

Given the current debt and financial conditions in the United States and Europe, the Group expects business conditions to be challenging in the second half of FY2011.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING

The Group maintained a healthy statement of financial position as at 30 June 2011.

Cash and cash equivalents of approximately HK$21.9 million; a decrease of approximately HK$6.9 million from approximately HK$28.8 million as at 31 December 2010.

The Group's total bank borrowings and obligations under finance leases amounted to approximately HK$54.4 million which, bear interest at floating rate, were secured by assets pledged as set out in note 20 to the condensed consolidated interim financial statements, corporate guarantee issued by the Company and undertakings from its subsidiaries.

Equity attributable to owners of the Company was approximately HK$173.2 million, approximately 1.5% higher than the approximately HK$170.6 million as at 31 December 2010.

The Group's current ratio, calculating by dividing current assets with current liabilities as at the end of the period is approximately 1.49. Net gearing ratio, defined as total loans and borrowings less cash and cash equivalents to equity attributable to owners of the Company, was approximately 0.19 times as at 30 June 2011.

CAPITAL STRUCTURE

There was no change in the Company's share capital during the six months ended 30 June 2011.

Subsequent to 30 June 2011, the Company's shares were dual primarily listed on SEHK on 12 July 2011 and 30,000,000 new shares were issued since then.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and He Yuan, Guangdong Province, the PRC. As at 30 June 2011, there were 175 (30 June 2010: 125) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

Salaries of and allowances for the Group's employees for the six months ended 30 June 2011 were approximately HK$6.7 million (six months ended 30 June 2010: approximately HK$5.3 million).

Employees of He Yuan Factory

The workers working at He Yuan Factory are employed by the He Yuan Factory pursuant to the He Yuan Processing Arrangement and as at 30 June 2011, there were 1,225 (30 June 2010: 800) employees in the He Yuan Factory.

MANAGEMENT DISCUSSION AND ANALYSIS

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's borrowings are denominated in HK$. As its revenue is mainly denominated in US$ and HK$, and HK$ is pegged to US$, the Group exposure to fluctuations in exchange rate in relation to the Group's revenue is relatively low.

The Group is also exposed to foreign exchange risks as the Group's production is mainly in the PRC. The continuing appreciation of Renminbi ("RMB") may lead to an increase of our cost of production. The Group will keep on reviewing and monitoring the exchange fluctuation between RMB and HK$, and considered to enter into hedging arrangement as and when appropriate.

CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no material contingent liabilities (31 December 2010: Nil).

CHARGES ON GROUP ASSETS

Details of the Group's assets pledged are set out in note 20 to the unaudited condensed consolidated interim financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS

Except for the future plans as disclosed in pages 153-155 of the prospectus of the Company dated 28 June 2011, the Group had no other future plans for material investments or capital assets as at 30 June 2011.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2011, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

MATERIAL LITIGATION AND ARBITRATION

As at 30 June 2011, the Group was not involved in any material litigation or arbitration.

DUAL LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED

The Company's shares were dual primarily listed on the SEHK on 12 July 2011.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OR ANY ASSOCIATED CORPORATION

As at 30 June 2011, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in the Rules Governing the Listing of Securities on SEHK ("Listing Rules") were as follows:

(i) Interest in the Company

Name of Director	Nature of Interest	Number of Shares	Approximate percentage of shareholding
Sze Chun Lee	Beneficial owner	180,000	0.15%
	Interest of controlled corporation *(note)*	90,060,848	73.69%
Lam Shek Kin	Beneficial owner	100,000	0.08%

Note: China Print Power Limited holds 90,060,848 Shares and is beneficially owned by Sze Chun Lee, Chan Wai Ming, Kwan Wing Hang and Lam Shek Kin, all being executives Directors, as to 35%, 30%, 20% and 15%, respectively.

OTHER INFORMATION

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Number of Shares	Percentage of shareholding
Sze Chun Lee	China Print Power Limited	3,500	35%
Chan Wai Ming	China Print Power Limited	3,000	30%
Kwan Wing Hang	China Print Power Limited	2,000	20%
Lam Shek Kin	China Print Power Limited	1,500	15%

Save as disclosed above, as at 30 June 2011, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company or the SEHK pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, persons/corporations (other than the directors and chief executive of the Company) which had interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Capacity	Number of Shares	Percentage of shareholding
China Print Power Limited	Beneficial owner	90,060,848	73.69%
Book Partners China Limited	Beneficial owner	10,032,000	8.20%

Other than disclosed above, the Company has not been notified of any persons/corporations (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 30 June 2011, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

OTHER INFORMATION

SHARE OPTION SCHEME

During the six months ended 30 June 2011, no share options have been granted nor outstanding pursuant to the Share Option Scheme which was adopted at a special general meeting held on 26 May 2011.

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

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and The Singapore Code of Corporate Governance 2005 throughout the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, during the six months ended 30 June 2011, all Directors have complied with the required standards of the Model Code.

OTHER INFORMATION

AUDIT OR REVIEW OF THE INTERIM FINANCIAL RESULTS

The interim financial results have not been audited or reviewed by the Group's external auditors.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results of the Group for the six months ended 30 June 2011.

By order of the Board
China Print Power Group Limited
Sze Chun Lee
Chief Executive Officer & Executive Director

Hong Kong, 14 August 2011