BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
貴聯控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1008

ANNUAL REPORT 2011

CONTENT

CORPORATE INFORMATION

DIRECTORS

Executive Directors
Mr. Tsoi Tak *(Chairman)*
Mr. Cai Xiao Ming, David *(Chief Executive Officer)*
Mr. Tang Jian Xin
Mr. Qin Song
Mr. Kiong Chung Yin, Yttox

Non-executive Director
Mr. Sean Xing He

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
Mr. Sean Xing He

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

NOMINATION COMMITTEE
Mr. Siu Man Ho, Simon
(chairman of the nomination committee)
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Tang Jian Xin
Mr. Sean Xing He

AUTHORISED REPRESENTATIVES
Mr. Kiong Chung Yin, Yttox
Mr. Yau Chung Hang

AUDITOR
Deloitte Touche Tohmatsu

PRINCIPAL BANKERS
Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfiled 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
18th Floor, No. 111
Leighton Road,
Causeway Bay
Hong Kong

CORPORATE WEBSITE
www.bcghk.cn

STOCK CODE
1008

LISTING DATE
30 March 2009

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Brilliant Circle Holdings International Limited (the "Company") and its subsidiaries (together the "Group"), I present the annual results for the year ended 31 December 2011.

During the year, the Company achieved a turnover of approximately HK$1,690 million with profits attributable to owners amounting to approximately HK$388 million and the basic earnings per share being approximately HK55 cents. The Board recommended the payment of final dividend for the year of HK$117.0 million, or HK15.97 cents per share.

The Company underwent considerable transformation during the year. With the successful acquisition of the cigarette packaging business, completed in April of 2011, the Group has become one of the largest cigarette package printing suppliers in the People's Republic of China ("PRC"). To reflect this transformative shift, we have changed our name to "Brilliant Circle Holdings International Limited" from the previous "CT Holdings (International) Limited".

The post-acquisition integration of these two entities has been seamless, as would be expected from two businesses that both originated from the same founder and shared the same management practices for much of their existence. Fundamentally, we view this acquisition as a sort of "family reunion" and we look forward to the successful growth of this family in the decades to come.

BUSINESS REVIEW

Cigarette Package Printing

The Company's cigarette package printing business continued its positive growth rate, both in the top line and the bottom line. Though the industry is facing pressures from a newly introduced tendering process as well as worldwide anti-smoking campaigns, the Company has managed to achieve sustainable growth rates through a product mix shift and more efficient operations. We are proud to say that our factories are among the most efficient in the industry, with less than 2% wastage overall. The management of our cigarette package printing subsidiaries implemented group-wide negotiations with suppliers, giving us greater pricing power and driving down costs.

Other Printing Services

Our book printing business in current year faced same challenges as others in our peer group. Industry consolidation and decreasing physical retail space made publishers revamp their business strategies with respect to print books. In light of the unfavorable market conditions, CT Printing Limited ("CTPL"), a subsidiary of the Company, implemented strict cost control measures to offset escalating costs including the appreciation of Renminbi ("RMB") and the mandatory increase of minimum wage in the PRC. With its book printing business under consolidation, CTPL ventured into the more lucrative consumer packaging markets, seeking new drivers to revenue growth. The results of Shitian Paper Craft (Shenzhen) Company Limited ("CT Shenzhen"), a subsidiary of CTPL in the PRC, have so far been encouraging, showing that CTPL is heading in the right direction.

CHAIRMAN'S STATEMENT

OUTLOOK

The mandatory tendering system introduced in late 2010 has given the Chinese cigarette packaging industry a unique set of challenges. In the face of every challenge, there is opportunity. Most significantly, we see the opportunity to compete for contracts that were previously unavailable. While we are aware of pressure on the top line for existing contracts, we feel that these new contracts can help to make up for any shortfall. We are also on the lookout for acquisition opportunities among our smaller competitors that find it safer to be part of a larger group than face the tendering process alone.

We have also observed a consolidation in the Chinese cigarette industry, most notably in the number of brands. The China National Tobacco Corporation has set a policy target to encourage a limited number of players to become dominant national brands. Our Group and its associates currently supply some of the most recognized brands, such as Fu Rong Wang (芙蓉王), Huang Shan (黃山), Hong Jin Long (紅金龍) and Baisha (白沙). We believe the growth of these brands at the expense of others will help us to sustain the strong and stable growth rates that our investors have come to expect from us.

The book printing business will continue exploring opportunities in new product areas as the business seeks to diversify its revenue streams. The processing plant of CTPL is scheduled for conversion into a wholly foreign owned enterprise in 2012. The transformation will facilitate the expansion of CTPL in the promising PRC consumer packaging market.

The Group is optimistic towards the PRC's consumer package printing growth, both in the cigarette and non-cigarette product areas. We believe that the strong brand name of our business and over 20 years of solid operating record will help us achieve long term, sustainable growth in the future.

Tsoi Tak
Chairman

30 March 2012

MANAGEMENT DISCUSSION AND ANALYSIS

TURNOVER

During the year, the turnover of the Group was approximately HK$1,689.5 million, which represents an increase of approximately HK$186.3 million or 12.4% when compared with 2010. The Group is engaged in three business activities: printing of cigarette packages, manufacturing of laminated papers and provision of printing services. Their turnover during the year were approximately HK$1,372.5 million (2010: HK$1,099.8 million), HK$33.8 million (2010: HK$33.3 million) and HK$283.2 million (2010: HK$370.0 million) respectively.

Benefitting from the continuous consolidation of the tobacco industry in the PRC, turnover from printing of cigarette packages increased by approximately HK$272.7 million, or 24.8%. Such growth in turnover was achieved by winning more orders through the tendering system, new orders with higher printing value services, as well as additional orders for new products. During the year, 2.0 million master cases of cigarette was printed by the Group (2010: 1.7 million master cases) and 1.4 million master cases of cigarette was printed by our associated company, Changde Goldroc Printing Co., Limited ("Changde Goldroc") (2010: 1.2 million cases).

The turnover from manufacturing of laminated papers was rather stable during the year and recorded only a slight increase of approximately HK$0.5 million, or 1.5%. On the other hand, as the economy in Europe, which is the region that the Group has the largest exposure in the book printing business, was still uncertain, further conservative measures in receiving orders and accepting new customers were adopted. Such measures resulted in a drop in turnover of provision of printing services by approximately HK$86.8 million, or 23.4%.

GROSS PROFIT

During the year, gross profit increased by approximately HK$73.1 million, or 16.5% to HK$515.1 million as compared with 2010. As income generated from cigarette package printing, which generated a higher gross profit margin as compared with other sectors, accounted for a larger portion of the Group's total revenue during the year when compared with 2010, the overall gross profit margin slightly improved from 29.4% to 30.5%.

OTHER INCOME

Other income mainly represents interest income, income from sales of scrap materials and other miscellaneous income. During the year, such income increased by approximately HK$2.2 million as compared with 2010.

OTHER GAINS AND LOSSES

Other gains and losses mainly represent net foreign exchange gains and gain on disposal of property, plant and equipment. During the year, such income increased by approximately HK$2.6 million. This was largely attributable to an increase in gains due to exchange.

SELLING AND DISTRIBUTION EXPENSES

Despite an increase in turnover, the selling and distribution expenses during the year under review decreased by approximately HK$12.5 million or 20.9% to HK$47.2 million (2010: HK$59.7 million) when compared with 2010. The decrease was mainly due to the decrease in commission fees paid to agents for soliciting sales orders and reduction in freight and transportation costs for shipment to overseas customers.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

Administrative expenses and other expenses during the year amounted to approximately HK$97.9 million and HK$20.8 million respectively, which represents an increase of approximately HK$15.2 million and HK$12.4 million or 18.3% and 54% respectively as compared with 2010. Such increase was mainly attributable to the increase in depreciation and legal and professional fee paid for the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COST

Finance cost increased by approximately HK$6.1 million during the year, which was mainly attributable to the promissory note interest amounted to approximately HK$7.6 million. This was partly offset by a decrease in interest on borrowings as a result of repayment during the year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the year, profit attributable to the owners of the Company was approximately HK$387.6 million, representing an increase of approximately HK$192.8 million when compared with 2010. Such substantial growth was mainly a result of recognition of a loss of approximately HK$114.9 million arising from the disposal of partial interest in an associate in 2010. Apart from this recognition and following the acquisition of the entire equity interest in Champion League Investment Holdings Limited ("Champion League"), which holds indirectly 47.36% of the equity interest in Bengbu Jinhuangshan Rotogravure Printing Co., Ltd ("BB Jinhuangshan"), the profit attributable to the non-controlling shareholders during the year decreased by approximately HK$39.0 million as compared with 2010. Furthermore, the increase in turnover as well as the gross profit also contributed to the increase in profit attributable to the owners of the Company.

PROFIT UNDERTAKING BY MR. TSOI TAK AND PROFITCHARM LIMITED

Reference is made to the sale and purchase agreement (the "Placing Down Agreement") entered into among Mr. Tsoi Tak, Profitcharm Limited and Ares BCH Holdings, L.P. dated 29 December 2010 (as supplemented) in connection with the acquisition by the Group of the entire issued share capital of Brilliant Circle Group Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) in which a profit undertaking was given by Profitcharm Limited and Mr. Tsoi Tak as a commercial terms that the net profit after tax of the Group (subject to certain adjustments) for the year ending 31 December 2011 (the "Guaranteed Profit") shall not be less than HK$410 million. The Guaranteed Profit has been determined and the parties to the Placing Down Agreement are satisfied that the Guaranteed Profit has been achieved.

SEGMENT INFORMATION

During the year, the earnings form the printing of cigarette packages, manufacturing of laminated papers and provision of other printing services were approximately HK$432.1 million (2010: HK$340.7 million), HK$8.1 million (2010: HK$7.9 million) and HK$35.7 million (2010: HK$41.8 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 90.8% of the total segment earnings before unallocated items. The earnings from printing of cigarette packages and manufacturing of laminated papers increased by approximately 26.8% and 2.8% respectively, while the earnings from provision of printing services decreased by approximately 14.6%.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 31 December 2011, the Group had net current assets of approximately HK$347.0 million, while the Group's cash and cash equivalents amounted to approximately HK$353.7 million.

As at 31 December 2011, the interest-bearing bank loans of the Group amounted to approximately HK$245.1 million which were repayable within one year. The interest-bearing obligations under finance leases amounted to approximately HK$6.5 million and were repayable within one year. The interest-bearing promissory note amounted to approximately HK$346.1 million was repayable after one year. Carrying amount of trade receivables, prepaid lease payments, property, plant and equipment and bank deposits pledged for securing these credit facilities amounted to approximately HK$32.2 million, HK$21.1 million, HK$243.2 million and HK$49.3 million respectively.

As at 31 December 2011, the Group's gearing ratio represented by the amount of interest-bearing borrowings divided by shareholders equity was 30.4% (as at 31 December 2010: 18.1%). The increase in the gearing ratio was mainly attributable to the issuance of promissory note to finance the acquisition of Champion League during the year. As at 31 December 2011, capital commitment of the Group for purchase of property, plant and equipment amounted to HK$12.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS

During the year, the Group has successfully acquired the entire issued share capital of Brilliant Circle, in consideration of which 480,000,000 new shares of the Company were issued at HK$5 each. In July 2011, the Group has also completed the acquisition of the entire equity interest in Champion League at a consideration of HK$631.9 million. The consideration was satisfied by the payment of HK$244.2 million in cash with the remaining consideration to be satisfied by issue of a promissory note. Upon the completion of the acquisition, BB Jinhuangshan has become an indirectly wholly-owned subsidiary of the Company.

CAPITAL STRUCTURE

During the year, the Group's operation was mainly financed by funds generated from its operation and borrowings. As at 31 December 2011, the borrowings were mainly denominated in Hong Kong dollars, Renminbi and United States dollars ("US dollars"), while the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group's turnover is mainly denominated in Renminbi, US dollars, Pounds Sterling, Euros and Hong Kong dollars, while its costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. As the Board considers that the risk exposure to foreign exchange rate fluctuations is not significant, the Group does not have a formal hedging policy and has not entered into any material foreign currency exchange contracts or derivative transactions to hedge against its currency risks.

SHARE CAPITAL

On 15 April 2011, 480,000,000 new shares were issued at HK$5 each as consideration for acquiring the entire issued share capital of Brilliant Circle. Accordingly, the number of shares of the Company increased from 200,000,000 shares to 680,000,000. On 18 May 2011 and 15 July 2011, further 7,500,000 new shares and 45,000,000 new shares were issued by placement at HK$8 each and HK$6.5 each respectively, which set the total number of issued shares to 732,500,000 as at 31 December 2011.

HUMAN RESOURCES

As at 31 December 2011, the Group had 49 and 1,309 full-time staff based in Hong Kong and the PRC respectively. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC, The Group has also adopted a share option scheme to provide incentive or reward to eligible high-calibre employees and attract similar high quality personnel that are valuable to the Group.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. TSOI Tak (蔡得), aged 58, is the Chairman of the Board and was appointed as a non-executive Director on 11 November 2008 and was re-designated as an executive Director with effect from 14 April 2011. Mr. Tsoi has more than 27 years of business experience in the PRC, of which over 20 years is in the PRC packaging and printing industry. Mr. Tsoi is the founder of the Group and is currently a director of most of the 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"), who is an executive Director.

Mr. CAI Xiao Ming, David (蔡曉明), aged 34, was appointed as an executive Director on 18 December 2008. He was also appointed as a Chief Executive Officer on 3 May 2011 and is responsible for the overall management of the Group. Mr. David Cai was a member of the 6th Maoming Committee of the Municipal Chinese People's Political Consultative Conference. Mr. David Cai has more than 8 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 son of Mr. Tsoi Tak.

Mr. TANG Jian Xin (唐建新), aged 41, is the Chief Operating Officer of the Company and has served this role since October 2011. Mr. Tang has more than 10 years of experience in the cigarette package industry and had acted, among other positions, as the deputy director of technology center and standing vice general manager of Changde Goldroc and Auss Printing (Guilin) Co., Ltd. respectively. Mr. Tang joined the Group since August 2006 and served as the standing vice general manger of BB Jinhuangshan from January 2007 to December 2007 and the standing vice general manager and subsequently the general manager of Shenzhen Kecai Printing Co., Ltd. from January 2008 to October 2011. The aforementioned two companies are subsidiaries of the Company. In 2009, Mr. Tang received an award of Outstanding Management of Enterprises in Guangdong Province 2009 (2009年度廣東省企業優秀管理人材*). Mr. Tang graduated from the Beijing Printing College with a diploma in Packaging and Printing.

Mr. QIN Song (欽松), aged 39, is the vice president of the Company. Mr. Qin joined the Group in May 2002, and worked, among other positions, as the office administrator of the Group and general manager of various subsidiaries of the Company. Since September 2005, Mr. Qin serves as the deputy director of the market committee of the Company and since February 2006, the vice president of the Company. From May 2010 to October 2011, he also served as the general manager of BB Jinhuangshan in addition to his then existing duties. Mr. Qin holds a bachelor's degree in economics and management administration.

Mr. KIONG Chung Yin, Yttox (姜仲賢), aged 45, 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 20 years of experience in sales and customer service of various industries including banking, electronics and machinery trading, of which over 14 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

Non-executive Director

Mr. Sean Xing HE (何欣), aged 47, was appointed as a non-executive Director with effect from 14 April 2011. He has over 10 years experience in investment management. Mr. He is the Head of Ares Asia and sits on the Investment Committee of the Fund. Mr. He joined Ares Management (Cayman), Ltd. in March 2010 from The Carlyle Group, where he had been since 2000, is a managing director, global partner and the head of China growth capital. Ares Management (Cayman), Ltd. is the general partner of ACOF Asia Management, L.P. which is the general partner of Ares BCH Holdings, L.P., a substantial Shareholder. He is a director of Ares Management (Cayman), Ltd. Mr. He was a director of Honghua Group Limited, a company listed on the Main Board of the Stock Exchange, from 18 January 2008 to 14 April 2010. Mr. He graduated from Zhejiang University in 1985, with a Bachelor's degree in structural engineering, and in 1991 he received a Master's degree in engineering from Carleton University (Canada). In 1994, he earned an MBA from the Schulich School of Business, York University (Canada). In 1997, Mr. He qualified as an American Chartered Financial Analyst (CFA).

Independent non-executive Directors

Mr. LAM Ying Hung, Andy (林英鴻), aged 48, was appointed as an independent non-executive Director on 4 March 2009. Mr. Lam has over 21 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, a company listed on the Growth Enterprise Market ("GEM") 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 54, was appointed as an independent non-executive Director on 4 March 2009. 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. He is a fellow member of the HKICPA (Practicing) and the Institute of Chartered Accountants in England & Wales, member of the Chartered Institute of Management Accountant. He has years of experience in accounting, auditing, taxation and corporate finance. Mr. Lui is an independent non-executive director of China Bio-Med Regeneration Technology Ltd, a company listed on the GEM.

Mr. SIU Man Ho, Simon (蕭文豪), aged 39, 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.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. WU Jie (吳杰), aged 52, is the general manager of Xiangfan Jinfeihuan Colour Packing Company Limited. She holds a university degree with a major in economics and business administration. She joined the Group in June 1992. She served as the general manager of Dongguan Guilian Packing Material Co., Ltd and Changde Jinfurong Aluminium Foil Packaging Materials Co., Ltd. She left the Group in March 2005 and rejoined in June 2006. Between May 2010 and September 2011, she served as the general manager of Hainan Impression Culture & Tourism Development Co., Ltd. Beginning in October 2011, she served as the general manager of Xiangfan Jinfeihuan Colour Packing Company Limited.

Mr. ZHANG Yong Ping (張永平), aged 55, is the general manager of BB Jinhuangshan. He holds a university degree majoring in automation. He joined the Group in May 1996. He served as the vice general manager of Changde Goldroc and standing vice general manager of BB Jinhuangshan. Between March 2002 and April 2003, he served as standing vice general manager of the Group. Between April 2003 and October 2010, he served as vice general manager of Changde Goldroc. Between November 2010 and October 2011, he served as standing vice general manager of BB Jinhuangshan. Beginning in November 2011, he served as the general manager of BB Jinhuangshan.

Mr. JIANG Xiang Yu (蔣祥瑜), aged 56, is the general manager of Xiangfan Jinfeihuan Colour Package Co., Ltd, a subsidiary of the Company. He joined the Group in 1999 and has over 11 years of experience in cigarette package industry.

Mr. ZHENG Chao (鄭超), aged 49, is the general manager of Zhaotong Antong Package Material Co., Ltd., a subsidiary of the Company. He joined the Group in 1999 and has over 11 years of experience in laminated paper manufacturing industry. Mr. Zheng holds a college degree.

Mr. Mark BANNER, aged 34, is the director of Corporate Finance of the Company. Mr. Banner joined the Group in January 2012. Prior to working with the Group, Mr. Banner worked as the Director of Private Equity at Sunwah International Asset Management and Asia Portfolio Manager at Pegasus Global Macro. Previously, he worked in the Investment Banking Division of Goldman Sachs, with a focus on Financial Sponsors. Mr. Banner holds a bachelor's degree from Dartmouth College in the United States, with dual degrees in Computer Science and Philosophy.

Mr. YAU Chung Hang (邱仲珩), aged 39, 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 15 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 44, 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 43, is the senior sales manager of CT Printing. He is responsible for the sales, marketing and customer service function of the Group. Mr. Foo has more than 17 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 2011.

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 45 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 business segments and geographical segments are set out in note 9 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 26. The Board has proposed a final dividend of HK15.97 cents per share for the year (2010: Nil) to the shareholders of the Company whose name appear on the register of members of the Company at the close of business on 6 June 2012. Subject to the approval of shareholders at the annual general meeting of the Company (the "2012 AGM") to be held on 30 May 2012, the final dividend will be paid on or about 11 June 2012.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2012 AGM, the register of members of the Company will be closed from 25 May 2012 to 29 May 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2012 AGM, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 24 May 2012.

For determining the entitlement to receive the proposed final dividend, the register of members of the Company will be closed from 5 June 2012 to 6 June 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the proposed final dividend, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 4 June 2012.

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$28.4 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.

PLACING OF NEW SHARES

On 11 May 2011, the Company entered into a placing agreement for the placing of up to 7,500,000 new shares at a placing price of HK$8.00 per share (or HK$7.92 per share net of expenses), representing a discount of approximately 6.65% to the closing price of HK$8.57 per share on 11 May 2011, to not less than six independent investors. The placing was completed on 18 May 2011 and approximately HK$59.4 million was raised and applied for the acquisition of Champion League.

On 15 July 2011, the Company entered into another placing agreement for the placing of 45,000,000 new shares at a placing price of HK$6.5 per Share (or HK$6.36 per Share net of expenses), representing a discount of approximately 11.44% to the closing price of HK$7.34 per share on 15 July 2011, to Atlantis Investment Management (Hong Kong) Limited which is an investment company beneficially owned by Madam Liu Yang. The placing was completed on 20 July 2011 and approximately HK$286.15 million was raised and intended to be applied for the proposed acquisition of a controlling stake in a company engaging in cigarette package printing business with its production facilities located in Shenzhen, the PRC, or as general working capital if the said acquisition is not proceeded with.

Both placings represented opportunity to raise additional funds for the Company while broadening the shareholder and capital base of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 65.3% of the Group's turnover and sales to the Group's largest customer was approximately 44.1% of the Group's total turnover.

During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 54.0% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 29.0% 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 19 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 35 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.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

FINANCIAL SUMMARY

A summary of the 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 90.

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

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 2011.

SHARE OPTION SCHEME

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

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

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

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

REPORT OF THE DIRECTORS

SUBSIDIARIES

Details of the Company's subsidiaries as at the date of this report are set out in note 45 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 are members 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 2011 amounted to approximately HK$4,425,000 (2010: HK$3,784,000).

DIRECTORS

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

Executive Directors:

Mr. Tsoi Tak *(Chairman) (redesignated from non-executive Director on 14 April 2011)*
Mr. Cai Xiao Ming, David *(Chief Executive Officer)*
Mr. Tang Jian Xin *(appointed on 30 March 2012)*
Mr. Qin Song *(appointed on 30 March 2012)*
Mr. Kiong Chung Yin, Yttox
Ms. Wu Sin Wah, Eva *(resigned as executive Director on 30 March 2012)*
Mr. Cai Xiao Xing *(resigned as executive Director on 30 March 2012)*

Non-executive Director:

Mr. Tsoi Tak *(Chairman)* *(redesignated as executive Director on 14 April 2011)*
Mr. Sean Xing He *(appointed on 14 April 2011)*

Independent non-executive Directors:

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

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. According to article 83(3) of the Articles of Association of the Company, any Director appointed as an addition to the Board shall hold office only until the next following annual general meeting of the Company and 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 with 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 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 8 to 10.

DIRECTORS' SERVICE CONTRACTS

Mr. Tsoi Tak has entered into an appointment letter with the Company dated 14 April 2011 and his term of appointment shall continue unless terminated by either party serving three months' written notice. 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. David Cai, Mr. Tang Jian Xin and Mr. Qin Song has entered into a service agreement with the Company for a term of three years commencing from 30 March 2012 and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Mr. Sean Xing He has been appointed for a fixed term of three years commencing from 14 April 2011. Each of Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has renewed their appointment for a fixed term of three years commencing from 30 March 2012.

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 44 to the consolidated financial statements. Furthermore, on 29 December 2010, the Company, CT Management Investments Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Mr. Tsoi Tak, the Chairman of the Board, who was then also a non-executive Director and the controlling shareholder of the Company, for the acquisition of 100% equity interest in Brilliant Circle Holdings International Limited at a consideration of HK$2.4 billion. The proposed acquisition constitutes a very substantial acquisition and connected transaction of the Company under the Listing Rules. Details of which are set out in the announcements of the Company dated 1 February 2011 and 14 April 2011 and the circular of the Company dated 28 March 2011 respectively. Save as the aforesaid and those disclosed under the paragraph headed "Continuing Connected Transactions" below, these related party transactions either did not constitute connected transactions under the Listing Rules or were exempted connected transactions under the Listing Rules. 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 2011, 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	135,000,000 *(Note 1)*	Long	18.4%
	Beneficial owner	239,016,000	Long	32.6%
		374,016,000		51.0%
Mr. Cai Xiao Ming, David	Interest of controlled corporation	45,000,000 *(Note 2)*	Long	6.1%

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 135,000,000 shares held by Profitcharm Limited. 30,000,000 shares were deposited with Ares BCH Holdings L.P. pursuant to the escrow agreement entered into among Mr. Tsoi Tak, Profitcharm Limited and Ares BCH Holdings L.P. dated 14 April 2011.

2. These shares are held by Sinorise International Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Cai Xiao Ming, David. By virtue of the SFO, Mr. Cai Xiao Ming, David, 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%

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 2011, 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	135,000,000	Long	18.43%
Sinorise International Limited *(Note 2)*	Beneficial owner	45,000,000	Long	6.14%
ACOF Asia Management, L.P.	Interest of controlled corporation	120,074,160	Long	16.39%
Ares BCH Holdings, L.P.	Beneficial owner	120,074,160	Long	16.39%
Ares Management (Cayman), Ltd.	Interest of controlled corporation	120,074,160	Long	16.39%
Partners Group Holding AG	Interest of controlled corporation	50,961,240	Long	6.96%
Atlantis Capital Holdings Limited	Interest of controlled corporation	45,200,000	Long	6.17%
Liu Yang	Interest of controlled corporation	45,200,000	Long	6.17%

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. 30,000,000 shares were deposited with Ares BCH Holdings L.P. pursuant to the escrow agreement entered into among Mr. Tsoi Tak, Profitcharm Limited and Ares BCH Holdings, L.P. dated 14 April 2011.

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.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2011, the Group had the following continuing connected transactions:

A. Lease of premises from 深圳市科彩印務有限公司 (Shenzhen Kecai Printing Co., Ltd.) ("Kecai")

On 22 June 2010, each of CT Shenzhen and 深圳市詩天紙藝製品廠 (Shenzhen Shitian Printing Factory) (the "Processing Factory"), the processing factory of the Group, entered into a lease agreement (the "Group Lease Agreement" and the "Factory Lease Agreement" respectively) with Kecai, pursuant to which, CT Shenzhen and the Processing Factory have rented certain premises in the Grand Industrial Zone located in Shenzhen, the PRC from Kecai for a term of three years commencing from 1 June 2010 as their respective production sites. The terms of the Factory Lease Agreement and the Group Lease Agreement were arrived at after arm's length negotiations between the Processing Factory and CT Shenzhen, and Kecai with reference to the market rate. The annual caps on the aggregate rent payable under the Factory Lease Agreement and the Group Lease Agreement were set at HK$4,000,000, HK$7,000,000 and HK$7,000,000 for each of the three financial years of the Company ending 31 December 2012 respectively.

At that time, Kecai was a company ultimately and beneficially owned as to approximately 99% by Mr. Tsoi, being a director and the controlling shareholder then interested in 52.5% of the shareholding of the Company. Kecai was thus a connected person to the Company within the meaning of the Listing Rules. Given the relationship of Mr. Tsoi and Kecai, and the contractual requirement of CTPL to reimburse the rental payable by the Processing Factory to Kecai under the terms of the processing agreement between CTPL and the Processing Factory, the transactions under each of the Group Lease Agreement and the Factory Lease Agreement constituted continuing connected transactions on the part of the Company under the Listing Rules. Details of the transactions were set out in the announcement of the Company dated 22 June 2010.

After completion of the acquisition (the "Acquisition") by the Company of the entire issued share capital of Brilliant Circle Group Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) in April 2011, Kecai has become a member of the Group, and each of the Factory Lease Agreement and the Group Lease Agreement has ceased to be continuing connected transactions of the Company under the Listing Rules.

B. Sales of cigarette packages and related services to 襄樊捲煙廠 (Xiangfan Cigarette Factory)

On 28 December 2010, Xiangfan Jinfeihuan Colour Package Co., Ltd. ("Xiangfan Jinfeihuan"), which is a member of the Group after the Acquisition, entered into a master sales agreement (the "Master Sales Agreement") with 襄樊捲煙廠 (Xiangfan Cigarette Factory) pursuant to which Xiangfan Jinfeihuan shall sell (or shall procure the Group to sell) and 襄樊捲煙廠 (Xiangfan Cigarette Factory) shall buy (or shall procure its subsidiary(ies), fellow subsidiary(ies) and/or holding company(ies) (together the "Wuhan Tobacco Group") to buy) the cigarette packages and related services (the "Package Products") for a term of three years. The annual caps of the Package Products to be supplied by the Group to the Wuhan Tobacco Group under the Master Sales Agreement for each of the three years ending 31 December 2013 are RMB230 million, RMB250 million and RMB300 million respectively.

Pursuant to the Master Sales Agreement, the selling price of the Package Products shall be agreed upon between the parties and shall be determined based on normal commercial terms through arm's length negotiation or on terms no less favourable than the terms available to independent third parties.

Given that 襄樊捲煙廠 (Xiangfan Cigarette Factory) is a substantial shareholder of Xiangfan Jinfeihuan interested in 20.6% of its share capital, 襄樊捲煙廠 (Xiangfan Cigarette Factory) is a connected person to the Company within the meaning of the Listing Rules and the transactions under the Master Sales Agreement therefore constituted continuing connected transactions on the part of the Company under the Listing Rules. Details of the Master Sales Agreement were set out in the announcement and the circular of the Company dated 1 February 2011 and 28 March 2011 respectively.

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that each of the continuing connected transactions was entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and

(c) in accordance with their respective agreements on terms that are fair and reasonable and in the interests of shareholders of the Company as a whole.

In addition, the Company has engaged its auditor to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued unqualified letters containing the conclusions in respect of the continuing connected transactions set out above which are in compliance with the Rule 14A.38 of the Listing Rules.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 20 to 23.

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.

AUDITOR

During the year, Messrs. CCIF CPA Limited and World Link CPA Limited, who jointly acted as auditor of the Company for the past two years, resigned and Messrs. Deloitte Touche Tohmatsu was appointed as auditor of the Company. A resolution will be proposed at the 2012 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board
Brilliant Circle Holdings International Limited

Tsoi Tak
Chairman

Hong Kong, 30 March 2012

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.

The Company has adopted the Code on Corporate Governance Practice (the "Code") contained in Appendix 14 of the Listing Rules since the listing of its issued shares on the Stock Exchange on 30 March 2009. For the year ended 31 December 2011, 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 31 May 2011 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 for the year ended 31 December 2011.

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 CEO. The Directors have the responsibility to act objectively in the interests of the Company.

Currently, the Board comprises nine Directors, including five executive Directors namely Mr. Tsoi Tak, Mr. David Cai, Mr. Tang Jian Xin, Mr. Qin Song and Mr. Kiong Chung Yin, Yttox, one non-executive Director namely Mr. Sean Xing He, 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, both being executive Directors 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 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 21 to 22.

BOARD MEETINGS

Four board meetings were held during the year ended 31 December 2011. 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 was 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.

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been 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 22 of this annual report.

Appointments, Re-election and Removal of Directors

Except Mr. Tsoi Tak, each of the executive Directors has entered into a service contract with the Company for a specific term of three years. All of their appointments are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. On 14 April 2011, a new non-executive Director was appointed.

All of the independent non-executive Directors and the non-executive Director were appointed for a term of three years, 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. During the year ended 31 December 2011, Mr. Tsoi Tak is the Chairman and was a non-executive Director who provides leadership to the Board but he would not be involved in the day-to-day management of the Group's business. Since 14 April 2011 (being the date of completion of the Acquisition), Mr. Tsoi Tak has been re-designated as executive Director. Mr. David Cai, was appointed as the CEO of the Company and his 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. During the year ended 31 December 2011, the Audit Committee consisted of the three independent non-executive Directors and one non-executive Director 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 2011, including the accounting principles and practices adopted by the Company and the 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. During the year ended 31 December 2011, the Remuneration Committee consisted of five members (including the three independent non-executive Directors, one non-executive Director and Mr. Kiong Chung Yin, Yttox, an executive Director) and Mr. Kiong Chung Yin, Yttox was 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. During the year ended 31 December 2011, the Nomination Committee consisted of five members (including the three independent non-executive Directors, one non-executive Director and Ms. Wu Sin Wah, Eva, an executive Director) and Ms. Wu Sin Wah, Eva was 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.

During the year, two independent committees of the Board comprising all the independent non-executive Directors were formed to consider and approve the connected transactions relating to the acquisition of Brilliant Circle Group Holdings Limited as announced on 1 February 2011 and the acquisition of Champion League as announced on 30 May 2011.

Attendance of meetings

The attendance of each Director at Board meetings and Board Committees meetings during the year ended 31 December 2011 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					
Executive Directors					
Tsoi Tak (Chairman)	3/4	–	–	–	–
Wu Sin Wah, Eva *(Note 1)*	4/4	–	–	2/2	–
Cai Xiao Ming, David	3/4	–	–	–	–
Cai Xiao Xing *(Note 1)*	3/4	–	–	–	–
Kiong Chung Yin, Yttox	4/4	–	2/2	–	–
Non-executive Director					
Sean Xing He	4/4	–	2/2	2/2	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

Note 1: Ms. Wu Sin Wah, Eva and Mr. Cai Xiao Xing resigned on 30 March 2012.

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 2011, the fee paid/payable to the external auditors of the Company amounted to approximately HK$9.3 million of which approximately HK$4.7 million was incurred for statutory audit and approximately HK$4.6 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 2011.

Directors' responsibility on the financial statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2011, which were prepared in accordance with applicable accounting standards.

The reporting responsibilities of the external auditor of the Company on the consolidated financial statements of the Company are set out in the independent auditor's report on pages 24 to 25.

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 AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF BRILLIANT CIRCLE HOLDINGS INTERNATIONAL LIMITED
貴聯控股國際有限公司
(FORMERLY KNOWN AS CT HOLDINGS (INTERNATIONAL) LIMITED
詩天控股(國際)有限公司)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Brilliant Circle Holdings International Limited 貴聯控股國際有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 89, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011, 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.

Other Matter

The comparative figures in these consolidated financial statements have been restated as a result of the Combination as defined and explained in note 2 to the consolidated financial statements. Prior to the Combination, the consolidated financial statements for the year ended 31 December 2010 have been jointly audited by other auditors who expressed an unmodified opinion on those statements on 31 March 2011.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000 (Restated)
Revenue	8	1,689,537	1,503,238
Cost of sales		(1,174,476)	(1,061,252)
Gross profit		515,061	441,986
Other income	10	14,726	12,486
Other gains and losses	11	8,226	5,673
Selling and distribution expenses		(47,228)	(59,671)
Administrative expenses		(97,862)	(82,709)
Other expenses		(20,812)	(8,431)
Finance costs	12	(29,035)	(22,902)
Loss on disposal of partial interest in an associate	23	–	(114,866)
Share of profit of an associate	23	156,424	150,672
Profit before taxation		499,500	322,238
Taxation	13	(81,150)	(57,614)
Profit for the year	14	418,350	264,624
Exchange differences arising on translation		69,987	78,846
Total comprehensive income for the year		488,337	343,470
Profit for the year attributable to:			
Owners of the Company		387,572	194,786
Non-controlling interests		30,778	69,838
		418,350	264,624
Total comprehensive income attributable to:			
Owners of the Company		453,666	269,132
Non-controlling interests		34,671	74,338
		488,337	343,470
		HK$	HK$
Earnings per share	18		
Basic		0.55	0.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	19	711,307	743,006	745,951
Prepaid lease payments	20	20,195	20,142	20,160
Goodwill	21	602,896	577,998	560,081
Intangible assets	22	68,935	73,382	78,381
Interest in an associate	23	615,022	560,899	657,166
Deposits for property, plant and equipment		11,930	14,241	–
		2,030,285	1,989,668	2,061,739
Current assets				
Inventories	24	188,155	231,767	185,827
Prepaid lease payments	20	815	781	753
Trade and bills receivables	25	560,434	439,904	344,437
Other receivables, prepayments and deposits	26	28,220	68,760	68,769
Amount due from a Controlling Shareholder	27	–	–	329,447
Amounts due from non-controlling interests	27	–	–	109,018
Tax recoverable		2,012	1,007	1,007
Pledged bank deposits	28	49,313	42,538	70,509
Bank balances and cash	28	353,743	226,493	153,703
		1,182,692	1,011,250	1,263,470
Current liabilities				
Trade and bills payables	29	233,328	275,739	286,447
Other payables and accruals	30	102,069	90,985	283,064
Amount due to a Controlling Shareholder	27	193,749	47,405	–
Amounts due to non-controlling interests	27	15,330	2,875	–
Bank borrowings	31	245,125	366,578	367,033
Obligations under finance leases	32	6,524	12,010	16,950
Income tax payable		39,559	19,410	17,156
		835,684	815,002	970,650
Net current assets		347,008	196,248	292,820
Total assets less current liabilities		2,377,293	2,185,916	2,354,559

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Non-current liabilities				
Obligations under finance leases	32	–	6,524	18,534
Promissory note	33	346,140	–	–
Deferred tax liabilities	34	61,805	51,262	50,607
		407,945	57,786	69,141
Net assets		1,969,348	2,128,130	2,285,418
Capital and reserves				
Share capital	35	7,325	2,000	2,000
Share premium and reserves		1,906,753	1,959,699	2,151,557
Equity attributable to owners of the Company		1,914,078	1,961,699	2,153,557
Non-controlling interests		55,270	166,431	131,861
		1,969,348	2,128,130	2,285,418

The consolidated financial statements on pages 26 to 89 were approved and authorised for issue by the Board of Directors on 30 March 2012 and are signed on its behalf by:

Tsoi Tak
DIRECTOR

Cai Xiao Ming, David
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000 (Note a)	Other reserves HK$'000 (Note b)	Dividend reserve HK$'000	Exchange reserve HK$'000	Retained profits (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010, as originally stated	2,000	154,254	–	(79)	–	–	122,772	278,947	–	278,947
Adjustments for business combination under common control (Note d)	–	–	–	–	–	–	92,793	92,793	18,574	111,367
Deemed contribution from Controlling Shareholder	–	–	–	1,781,817	–	–	–	1,781,817	113,287	1,895,104
At 1 January 2010, as restated	2,000	154,254	–	1,781,738	–	–	215,565	2,153,557	131,861	2,285,418
Profit for the year	–	–	–	–	–	–	194,786	194,786	69,838	264,624
Other comprehensive income for the year	–	–	–	–	–	74,346	–	74,346	4,500	78,846
Total comprehensive income for the year	–	–	–	–	–	74,346	194,786	269,132	74,338	343,470
Deemed distribution to controlling shareholder (Note c)	–	–	–	–	–	–	(460,990)	(460,990)	–	(460,990)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(39,768)	(39,768)
Transfer	–	–	35,767	–	–	–	(35,767)	–	–	–
At 31 December 2010, as restated	2,000	154,254	35,767	1,781,738	–	74,346	(86,406)	1,961,699	166,431	2,128,130
Profit for the year	–	–	–	–	–	–	387,572	387,572	30,778	418,350
Other comprehensive income for the year	–	–	–	–	–	66,094	–	66,094	3,893	69,987
Total comprehensive income for the year	–	–	–	–	–	66,094	387,572	453,666	34,671	488,337
Issue of shares in exchange of entire interest in Brilliant Circle Group Holdings Limited	4,800	4,262,400	–	(4,267,200)	–	–	–	–	–	–
Proceeds from issue of shares upon placement	525	351,975	–	–	–	–	–	352,500	–	352,500
Transaction costs attributable to issue of shares	–	(6,726)	–	–	–	–	–	(6,726)	–	(6,726)
Acquisition of remaining equity interest in a subsidiary (Note b)	–	–	–	(516,437)	–	7,393	–	(509,044)	(73,773)	(582,817)
Deemed distribution to Controlling Shareholder (Note c)	–	–	–	–	–	–	(300,000)	(300,000)	–	(300,000)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(72,059)	(72,059)
Interim dividend paid for 2011	–	–	–	–	–	–	(38,017)	(38,017)	–	(38,017)
Final dividend for 2011 proposed	–	–	–	–	117,011	–	(117,011)	–	–	–
Transfer	–	–	22,116	–	–	–	(22,116)	–	–	–
At 31 December 2011	7,325	4,761,903	57,883	(3,001,899)	117,011	147,833	(175,978)	1,914,078	55,270	1,969,348

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

Notes:

(a) As stipulated by the relevant laws and regulations for enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain statutory reserves. Appropriation to such reserve is made out of profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by its board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the PRC subsidiaries' registered capital. The statutory reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

(b) Other reserves comprised (i) the merger reserve of HK$79,000 which arose from the difference between the nominal value and premium of shares of subsidiaries acquired over the nominal value of the shares issued by the Company in exchange thereof; (ii) issue of 480,000,000 shares of the Company with fair value of HK$4,267,200,000 at 14 April 2011 to the Controlling Shareholder of the Company (defined in note 1) in exchange of its entire equity interests in Brilliant Circle Group Holdings Limited (formerly known as Brilliant Circle Holdings International Limited) (together with its subsidiaries, collectively referred to as "Brilliant Circle") which were acquired by that Controlling Shareholder (defined in note 1) at 10 September 2009 (the "Combination") using cash and certain listed shares held by him with fair value of HK$1,781,817,000 in aggregate; and (iii) an amount of HK$516,437,000 resulting from the acquisition of additional equity interests in Bengbu Jinhuangshan Rotogravure Printing Company Limited ("BB Jinhuangshan"), a non-wholly owned subsidiary of the Company. Details of the acquisition are set out in note 36.

(c) The amount of HK$460,990,000 and HK$300,000,000 represented the distribution paid to the Controlling Shareholder (defined in note 1) of Brilliant Circle prior to the Combination.

(d) The adjustments represented the profit earned by Brilliant Circle from 10 September 2009, the date the Company's Controlling Shareholder (defined in note 1) acquired Brilliant Circle from an independent third party, to 31 December 2009, as if the Group and Brilliant Circle had been combined from 10 September 2009 using merger accounting.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000 (Restated)
OPERATING ACTIVITIES		
Profit before taxation	499,500	322,238
Adjustments for:		
Share of profit of an associate	(156,424)	(150,672)
Finance costs	29,035	22,902
Depreciation of property, plant and equipment	84,386	73,306
Amortisation of intangible assets	8,040	8,040
Release of prepaid lease payments	799	761
Interest income	(2,873)	(3,105)
Loss on disposal of partial interest in an associate	–	114,866
Gain on disposal of property, plant and equipment	(532)	(1,232)
Recognition (reversal) of write-down on obsolete inventories	1,270	(965)
Recognition (reversal) of impairment on trade receivables	869	(991)
Written off long aged trade payables	–	(3,589)
Operating cash flows before movements in working capital	464,070	381,559
Decrease (increase) in inventories	42,342	(44,975)
Increase in trade and bills receivables	(121,399)	(94,476)
Increase (decrease) in other receivables, prepayments and deposits	(311)	40,860
Decrease in trade and bills payables	(42,411)	(7,119)
Increase in other payables and accruals	14,514	22,465
Cash generated from operations	356,805	298,314
Income taxes paid	(51,947)	(51,639)
Purchase of tax reserve certificate	(2,012)	–
Interest paid	(25,029)	(22,902)
NET CASH FROM OPERATING ACTIVITIES	277,817	223,773

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2011

	NOTE	2011 HK$'000	2010 HK$'000 (Restated)
INVESTING ACTIVITIES			
Interest received		2,873	3,105
Repayment of amounts due from non-controlling interests		–	69,250
Deposit paid for and purchases of property, plant and equipment		(24,796)	(73,566)
Dividend received from an associate		126,529	114,721
Settlement of consideration for disposal of partial interest in an associate in prior year		40,851	–
Proceeds from disposal of property, plant and equipment		1,187	12,408
Repayment of advance to the Controlling Shareholder		–	114,903
Withdrawal of pledged bank deposits		42,538	70,509
Placement of pledged bank deposits		(49,313)	(42,538)
NET CASH FROM INVESTING ACTIVITIES		139,869	268,792
FINANCING ACTIVITIES			
Proceeds from issue of shares by placement		352,500	–
Expenses on issue of shares		(6,726)	–
New bank loans raised		476,964	861,667
Repayment of bank borrowings		(610,711)	(874,192)
Repayment to the Controlling Shareholder		(99,874)	(356,519)
Advance from the Controlling Shareholder		52,469	302,519
Distribution to the Controlling Shareholder		(106,251)	(359,585)
Repayment of obligations under finance leases		(12,010)	(16,950)
Acquisition of equity interests in subsidiaries	36	(244,222)	–
Repayment to non-controlling interests		–	(1,253)
Advance from non-controlling interests		–	4,128
Dividends paid to non-controlling interests		(60,551)	–
Dividends paid		(38,017)	–
NET CASH USED IN FINANCING ACTIVITIES		(296,429)	(440,185)
NET INCREASE IN CASH AND CASH EQUIVALENTS		121,257	52,380
CASH AND CASH EQUIVALENTS AT 1 JANUARY		226,493	153,703
Effect of foreign exchange rate changes		5,993	20,410
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		353,743	226,493

1. GENERAL

The Company was incorporated in the Cayman Islands on 11 November 2008 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate controlling party is Mr. Tsoi Tak (the "Controlling Shareholder"). Pursuant to the shareholders' resolution dated 27 May 2011, the name of the Company was changed from "CT Holdings (International) Limited (詩天控股(國際)有限公司)" to "Brilliant Circle Holdings International Limited (貴聯控股國際有限公司)". The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 18th Floor, No. 111, Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are engaged in provision of the printing of package and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services. After combination of the entire equity interest in Brilliant Circle Group Holdings Limited (together with its subsidiaries, collectively referred to as "Brilliant Circle") as detailed in note 2, the Group is also engaged in printing of cigarette packages and manufacturing of laminated papers.

Upon completion of combination, the directors of the Company reassessed the Company's functional currency and considered that the functional currency of the Company is changed from Hong Kong dollars ("HK$") to Renminbi ("RMB") as RMB has become the currency that mainly influences the operation of the Group's significant entities after combination of Brilliant Circle. For the convenience of the users of the consolidated financial statements, the consolidated financial statements continue to be presented in HK$, as the Company's shares are listed on the Stock Exchange.

2. BASIS OF PREPARATION

Combination of the entire equity interest in Brilliant Circle Group Holdings Limited

Pursuant to the sale and purchase agreement entered between CT Management Investments Limited ("CT Management"), a wholly-owned subsidiary of the Company, and Mr. Tsoi Tak, the Controlling Shareholder of the Company and Brilliant Circle, on 29 December 2010, CT Management conditionally agreed to acquire the entire equity interest in Brilliant Circle Group Holdings Limited at a consideration of HK$2,400,000,000 to be satisfied by the allotment and issue of 480,000,000 new ordinary shares of the Company of HK$0.01 each at an issue price of HK$5 per share, a discount of approximately 29.78% to the closing price of the share on 29 December 2010 (the "Combination"). Brilliant Circle is engaged in the printing of cigarette packages and manufacturing of laminated papers in the PRC. The Combination was completed on 14 April 2011. At the date of completion, the fair value of shares issued by the Company, determined based on the quoted market price on 14 April 2011, amounted to HK$4,267,200,000.

Since the Group and Brilliant Circle are both under the common control of Mr. Tsoi Tak prior to and after the Combination, the Combination of Brilliant Circle was considered as a business combination under common control, which has been accounted for using merger accounting with reference to the Accounting Guideline 5 "Merger Accounting For Common Control Combinations" ("AG5") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as if the Combination had occurred from 10 September 2009, the date when Brilliant Circle was acquired by Mr. Tsoi Tak from an independent third party at a consideration of HK$2,048,000,000 and thereby the Group and Brilliant Circle first came under common control of Mr. Tsoi Tak. Accordingly, the consolidated financial statements have been prepared in accordance with the principles of merger accounting. The combined assets and liabilities of Brilliant Circle are included in the consolidated financial statements since 10 September 2009 as if Brilliant Circle had been combined from the date when Brilliant Circle first came under the control of the controlling party of the Group and Brilliant Circle. As a result, the comparative figures in the consolidated financial statements have been restated accordingly. The application of AG5 is consistent with the Group's previous common control combinations in previous financial years. The consideration was satisfied by cash and certain listed shares held by Mr. Tsoi Tak with fair value amounting to HK$1,781,817,000 in aggregate at 10 September 2009.

2. BASIS OF PREPARATION (CONTINUED)

Combination of the entire equity interest in Brilliant Circle Group Holdings Limited (continued)

The effects of the combination of Brilliant Circle on the results of the Group for the year ended 31 December 2010 and the financial position of the Group at 1 January and 31 December 2010 are summarised below.

	For the year ended 31 December 2010 HK$'000 (Originally stated)	Brilliant Circle for the year ended 31 December 2010 HK$'000	For the year ended 31 December 2010 HK$'000 (Restated)
Revenue	370,031	1,133,207	1,503,238
Cost of sales	(296,251)	(765,001)	(1,061,252)
Gross profit	73,780	368,206	441,986
Other income	4,754	7,732	12,486
Other gains and losses	–	5,673	5,673
Selling and distribution expenses	(31,947)	(27,724)	(59,671)
Administrative expenses	(33,870)	(48,839)	(82,709)
Other expenses	–	(8,431)	(8,431)
Finance costs	(3,976)	(18,926)	(22,902)
Loss on disposal of partial interest in an associate	–	(114,866)	(114,866)
Share of profit of an associate	–	150,672	150,672
Profit before taxation	8,741	313,497	322,238
Taxation	(1,008)	(56,606)	(57,614)
Profit for the year	7,733	256,891	264,624
Exchange differences arising on translation	1,214	77,632	78,846
Total comprehensive income for the year	8,947	334,523	343,470

2. BASIS OF PREPARATION (CONTINUED)

Combination of the entire equity interest in Brilliant Circle Group Holdings Limited (continued)

	For the year ended 31 December 2010 HK$'000 (Originally stated)	Brilliant Circle for the year ended 31 December 2010 HK$'000	For the year ended 31 December 2010 HK$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company	7,733	187,053	194,786
Non-controlling interests	–	69,838	69,838
	7,733	256,891	264,624
Total comprehensive income attributable to:			
Owners of the Company	8,947	260,185	269,132
Non-controlling interests	–	74,338	74,338
	8,947	334,523	343,470

	At 31 December 2010 HK$'000 (Originally stated)	Brilliant Circle as at 31 December 2010 HK$'000	At 31 December 2010 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	121,002	622,004	743,006
Prepaid lease payments	–	20,142	20,142
Goodwill	–	577,998	577,998
Intangible assets	–	73,382	73,382
Interest in an associate	–	560,899	560,899
Deposits for property, plant and equipment	–	14,241	14,241
	121,002	1,868,666	1,989,668
Current assets			
Inventories	53,143	178,624	231,767
Prepaid lease payments	–	781	781
Trade and bills receivables	101,260	338,644	439,904
Other receivables, prepayments and deposits	11,909	56,851	68,760
Tax recoverable	–	1,007	1,007
Pledged bank deposits	25,082	17,456	42,538
Bank balances and cash	75,579	150,914	226,493
	266,973	744,277	1,011,250

2. BASIS OF PREPARATION (CONTINUED)

Combination of the entire equity interest in Brilliant Circle Group Holdings Limited (continued)

	At 31 December 2010 HK$'000 (Originally stated)	Brilliant Circle as at 31 December 2010 HK$'000	At 31 December 2010 HK$'000 (Restated)
Current liabilities			
Trade and bills payables	25,543	250,196	275,739
Other payables and accruals	7,230	83,755	90,985
Amount due to a Controlling Shareholder	–	47,405	47,405
Amounts due to non-controlling interests	–	2,875	2,875
Bank borrowings	36,557	330,021	366,578
Obligations under finance leases	11,979	31	12,010
Income tax payable	3,482	15,928	19,410
	84,791	730,211	815,002
Net current assets	182,182	14,066	196,248
Total assets less current liabilities	303,184	1,882,732	2,185,916
Non-current liabilities			
Obligations under finance leases	6,524	–	6,524
Deferred tax liabilities	8,767	42,495	51,262
	15,291	42,495	57,786
Net assets	287,893	1,840,237	2,128,130

	At 1 January 2010 HK$'000 (Originally stated)	Brilliant Circle as at 1 January 2010 HK$'000	At 1 January 2010 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	147,720	598,231	745,951
Prepaid lease payments	–	20,160	20,160
Goodwill	–	560,081	560,081
Intangible assets	–	78,381	78,381
Interest in an associate	–	657,166	657,166
	147,720	1,914,019	2,061,739

2. BASIS OF PREPARATION (CONTINUED)

Combination of the entire equity interest in Brilliant Circle Group Holdings Limited (continued)

	At 1 January 2010 HK$'000 (Originally stated)	Brilliant Circle as at 1 January 2010 HK$'000	At 1 January 2010 HK$'000 (Restated)
Current assets			
Inventories	47,072	138,755	185,827
Prepaid lease payments	–	753	753
Trade and bills receivables	142,978	201,459	344,437
Other receivables, prepayments and deposits	5,092	63,677	68,769
Amount due from a Controlling Shareholder	–	329,447	329,447
Amounts due from non-controlling interests	–	109,018	109,018
Tax recoverable	–	1,007	1,007
Pledged bank deposits	25,306	45,203	70,509
Bank balances and cash	56,256	97,447	153,703
	276,704	986,766	1,263,470
Current liabilities			
Trade and bills payables	46,712	239,735	286,447
Other payables and accruals	12,759	270,305	283,064
Bank borrowings	39,782	327,251	367,033
Obligations under finance leases	15,006	1,944	16,950
Income tax payable	3,554	13,602	17,156
	117,813	852,837	970,650
Net current assets	158,891	133,929	292,820
Total assets less current liabilities	306,611	2,047,948	2,354,559
Non-current liabilities			
Obligations under finance leases	18,503	31	18,534
Deferred tax liabilities	9,161	41,446	50,607
	27,664	41,477	69,141
Net assets	278,947	2,006,471	2,285,418

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities at 31 December 2011, the directors anticipate that the application of HKFRS 9 is unlikely to have a material impact on the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including scenarios. The directors anticipate that the application of these five standards is unlikely to have significant impact on amounts reported in the consolidated financial statements.

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

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard is unlikely to have material impact on the amounts reported in the consolidated financial statements nor result in extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than described above, the directors of the Company anticipate that the application of the new or revised standards may not have material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance (effective from 1 January 2010 onwards).

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of the net assets attributable to the change in interests by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost 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 includes 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 the common control combination.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Interest in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest in an associate (continued)

For the partial disposal of interest in an associate, the difference between the carrying amount of the interest in an associate and fair value of consideration received has been recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment).

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of cigarette packages and manufacture of laminated papers is recognised when the goods are delivered and titles have passed.

Revenue from printing services is recognised when the printing services are rendered and printed materials are delivered.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Functional currency of a group entity is changed only if there is a change to the underlying transactions, events and conditions relevant to the entity. The entity applied the translation procedures applicable to the new functional currency prospectively. At the date of the change, the entity translates all items into the new functional currency using the prevailing exchange rate at that date and the resulting translated amounts for non-monetary items are treated as their historical cost.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e.HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and other state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are generally classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, amount due from a Controlling Shareholder, amounts due from non-controlling interests, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is 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.

The carrying amount loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and bills payables, other payables, amount due to a Controlling Shareholder, amounts due to non-controlling interests, bank borrowings and promissory note are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, using straight-line method, at the rates ranging from 5% to 33% per annum. The estimated useful lives that the Group depreciates the property, plant and equipment reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation and impairment losses in future years.

As at 31 December 2011, the carrying amount of property, plant and equipment is HK$711,307,000 (2010 Restated: HK$743,006,000). Details of the useful lives of the property, plant and equipment are disclosed in note 19.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

As at 31 December 2011, the carrying amount of goodwill is HK$602,896,000 (2010 Restated: HK$577,998,000) and no impairment loss was recognised during the years ended 31 December 2011 and 2010. Details of the recoverable amount calculated in note 21.

Estimated impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of trade receivable is HK$535,168,000 (net of allowance for doubtful debts of HK$4,241,000) (2010 Restated: carrying amount of HK$431,633,000, net of allowance for doubtful debts of HK$7,397,000).

Estimated write-down of inventory

The Group writes down inventories for obsolescence based on an assessment of the net realisable value of inventories. Write-downs are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgment and estimates on the conditions and usefulness of the inventories. The amount of write-down would be changed as a result of the changes in current market conditions subsequently.

The carrying amount of inventories at 31 December 2011 is approximately HK$188,155,000 (net of write-down due to inventories obsolescence of HK$3,822,000) (2010 Restated: HK$231,767,000, net of write-down due to inventories obsolescence of HK$2,552,000).

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings and promissory note, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Financial assets			
Loans and receivables			
(including cash and cash equivalents)	965,349	710,403	1,008,314
Financial liabilities			
Amortised cost	1,071,453	747,523	920,694
Obligations under finance leases	6,524	18,534	35,484
	1,077,977	766,057	956,178

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, pledged bank deposits, bank balances, trade and bills payables, other payables, amount due from (to) a Controlling Shareholder, amounts due from (to) non-controlling interests, bank borrowings, obligations under finance leases and promissory note. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity 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.

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The functional currencies of the Group's principal subsidiaries are either HK$ or RMB. While most of the Group's operations are transacted in the functional currency of the respective group entities, the Group undertakes certain transactions denominated in foreign currencies. The Group currently does not have hedging policy in respect of the foreign currency risk. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
Assets		
HK$	165,571	72,856
United States dollars ("US$")	134,564	159,150
Liabilities		
HK$	414,774	76,257
US$	5,920	17,256

Sensitivity analysis

The Group is mainly exposed to the currency of US$ or HK$.

The following table details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in the RMB against US$ and HK$, respectively. 5% (2010: 5%) sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2010: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, receivables or payables, bank borrowings, obligations under finance leases and promissory note. A positive number below indicates an increase in post-tax profit where RMB strengthens against HK$ while decrease in post-tax profit where RMB strengthens against US$. For a 5% (2010: 5%) weakening of RMB against the US$ and HK$, there would be an equal and opposite impact on the profit.

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

	2011 HK$'000	2010 HK$'000 (Restated)
Profit for the year		
HK$	9,345	127
US$	(4,824)	(5,321)

Note: This is mainly attributable to the net exposure to outstanding bank balances, receivables, payables, bank borrowings, obligations under finance leases and promissory note in US$ or HK$ at end of the reporting period.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 28 and 31 respectively). It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's HK$ denominated bank borrowings.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate pledged bank deposits, fixed-rate bank borrowings, obligations under finance leases and the promissory note, amounting to HK$49,313,000 (2010: HK$42,538,000), HK$nil (2010: HK$47,264,000), HK$6,524,000 (2010: HK$18,534,000) and HK$346,140,000 (2010: HK$nil), respectively. The management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. As the management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of bank interest rate, bank balances are excluded from sensitivity analysis. A 100 basis points (2010: 100 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2010: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would decrease/increase by HK$1,838,000 (2010: decrease/increase by HK$2,395,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position. As at 31 December 2010, the Group's maximum exposure to credit risk also arose form the amount of contingent liabilities in relation to the financial guarantee issued by the Group as disclosed in note 39. The financial guarantee was released in August 2011.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks located in the PRC.

The Group has concentration of credit risk as 31% (2010: 27%) and 63% (2010: 57%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the printing of cigarettes packages segment. The Group is also exposed to the concentration on geographic segment of the PRC. At 31 December 2011, approximately 86% (2010: 79%) of the Group's trade and other receivables are arising from counterparties whose principal place of operations is the PRC.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2011, the Group has available unutilised bank borrowings facilities of approximately HK$565,331,000 (2010: HK$351,730,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1–2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2011					
Trade and bills payables	–	233,328	–	233,328	233,328
Other payables	–	37,781	–	37,781	37,781
Amount due to a Controlling Shareholder	–	193,749	–	193,749	193,749
Amounts due to non-controlling interests	–	15,330	–	15,330	15,330
Bank borrowings – floating rate	6.73	254,457	–	254,457	245,125
Obligations under finance leases	3.86	6,640	–	6,640	6,524
Promissory note – fixed rate	8.51	–	399,085	399,085	346,140
		741,285	399,085	1,140,370	1,077,977

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1–2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2010					
Trade and bills payables	–	275,739	–	275,739	275,739
Other payables	–	54,926	–	54,926	54,926
Amount due to a Controlling Shareholder	–	47,405	–	47,405	47,405
Amounts due to non-controlling interests	–	2,875	–	2,875	2,875
Bank borrowings – fixed rate	5.21	47,745	–	47,745	47,264
Bank borrowings – floating rate	4.92	325,663	–	325,663	319,314
Obligations under finance leases	4.36	12,506	6,640	19,146	18,534
Financial guarantee contracts	–	313,000	–	313,000	–
		1,079,859	6,640	1,086,499	766,057

7. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. REVENUE

Revenue represents revenue arising on sale of cigarette packages and laminated papers and provision of printing services for the year. An analysis of the Group's revenue for the year is as follows:

	2011 HK$'000	2010 HK$'000 (Restated)
Printing of cigarette packages	1,372,529	1,099,858
Provision of printing services	283,252	370,031
Manufacturing of laminated papers	33,756	33,349
	1,689,537	1,503,238

9. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Before the Combination (defined in note 2), there was only one operating segment in the internal reporting to the CODM, which is related to provision of printing services in Hong Kong and overseas markets. After the Combination, the CODM also reviews each of the operating results of printing of cigarette packages and manufacturing of laminated papers.

Accordingly, the Group's operating and reportable segments currently are (i) provision of printing services (ii) printing of cigarette packages and (iii) manufacturing of laminated papers. The CODM considered the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised. The comparative figures have been restated as a result of the Combination.

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2011

	Printing of cigarette packages HK$'000	Provision of printing services HK$'000	Manufacturing of laminated papers HK$'000	Total HK$'000
Segment revenue	1,372,529	283,252	33,756	1,689,537
Segment profit	432,055	35,733	8,085	475,873
Unallocated income and gains				22,952
Unallocated expenses				(126,714)
Finance costs				(29,035)
Share of profit of an associate				156,424
Profit before taxation				499,500

For the year ended 31 December 2010

	Printing of cigarette packages HK$'000 (Restated)	Provision of printing services HK$'000 (Restated)	Manufacturing of laminated papers HK$'000 (Restated)	Total HK$'000 (Restated)
Segment revenue	1,099,858	370,031	33,349	1,503,238
Segment profit	340,658	41,833	7,864	390,355
Unallocated income and gains				18,159
Unallocated expenses				(99,180)
Finance costs				(22,902)
Loss on disposal of partial interest in an associate				(114,866)
Share of profit of an associate				150,672
Profit before taxation				322,238

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4.

9. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profit of an associate, finance costs, loss on disposal of partial interest in an associate, unallocated income, gains and expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Printing of cigarette packages	1,190,975	1,095,204	898,499
Provision of printing services	222,556	278,407	337,770
Manufacturing of laminated papers	22,595	22,584	20,048
Total segment assets	1,436,126	1,396,195	1,256,317
Unallocated property, plant and equipment	23,770	18,482	19,898
Prepaid lease payments	21,010	20,923	20,913
Goodwill	602,896	577,998	560,081
Intangible assets	68,935	73,382	78,381
Interest in an associate	615,022	560,899	657,166
Deposits for property, plant and equipment	11,930	14,241	–
Other receivables, prepayments and deposits	28,220	68,760	68,769
Amount due from a Controlling Shareholder	–	–	329,447
Amounts due from non-controlling interests	–	–	109,018
Tax recoverable	2,012	1,007	1,007
Pledged bank deposits	49,313	42,538	70,509
Bank balances and cash	353,743	226,493	153,703
Consolidated assets	3,212,977	3,000,918	3,325,209

9. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

Segment liabilities

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Printing of cigarette packages	213,761	248,294	237,433
Provision of printing services	17,746	25,543	46,712
Manufacturing of laminated papers	1,821	1,902	2,302
Total segment liabilities	233,328	275,739	286,447
Other payables and accruals	102,069	90,985	283,064
Amount due to a Controlling Shareholder	193,749	47,405	–
Amounts due to non-controlling interests	15,330	2,875	–
Bank borrowings	245,125	366,578	367,033
Obligations under finance leases	6,524	18,534	35,484
Income tax payable	39,559	19,410	17,156
Promissory note	346,140	–	–
Deferred tax liabilities	61,805	51,262	50,607
Consolidated liabilities	1,243,629	872,788	1,039,791

Segment assets represent certain property, plant and equipment, trade and bills receivables and inventories which are directly attributable to the relevant operating and reportable segment. Segment liabilities represent trade and bills payables which are directly attributable to the relevant operating and reportable segment. These are the measures reported to the CODM for the purpose of resource allocation and assessment of segment performance.

9. SEGMENT INFORMATION (CONTINUED)

Other segment information

2011

	Printing of cigarette packages HK$'000	Provision of printing services HK$'000	Manufacturing of laminated papers HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss or and segment assets:						
Addition to non-current assets (Note)	22,206	938	547	23,691	3,479	27,170
Depreciation and amortisation	61,909	16,650	484	79,043	14,182	93,225
(Reversal) recognition of impairment on trade receivables	(2,507)	3,376	–	869	–	869
Gain on disposal of property, plant and equipment	(424)	–	–	(424)	(108)	(532)
Write-down on obsolete inventories	1,270	–	–	1,270	–	1,270
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Interest income	(1,890)	(590)	(227)	(2,707)	(166)	(2,873)
Interest expense	18,812	10,216	–	29,028	7	29,035
Taxation	60,555	920	1,140	62,615	18,535	81,150

9. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

2010

	Printing of cigarette packages HK$'000 (Restated)	Provision of printing services HK$'000 (Restated)	Manufacturing of laminated papers HK$'000 (Restated)	Segment total HK$'000 (Restated)	Unallocated HK$'000 (Restated)	Total HK$'000 (Restated)
Amounts included in the measurement of segment profit or loss or and segment assets:						
Addition to non-current assets (Note)	55,523	2,044	593	58,160	1,165	59,325
Depreciation and amortisation	55,343	17,165	619	73,127	8,980	82,107
(Reversal) recognition of impairment on trade receivables	(1,004)	13	–	(991)	–	(991)
(Gain) loss on disposal of property, plant and equipment	(365)	348	(205)	(222)	(1,010)	(1,232)
Reversal of write-down on obsolete inventories	(965)	–	–	(965)	–	(965)

Note: The amounts represent additions of property, plant and equipment during the year.

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:

Interest income	(1,363)	(135)	(129)	(1,627)	(1,478)	(3,105)
Interest expense	18,815	3,976	–	22,791	111	22,902
Taxation	44,498	1,008	1,063	46,569	11,045	57,614

Revenue from major products and services

An analysis of the Group's revenue from its major products and services is set out in note 8.

9. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group principally operates in Hong Kong, the PRC (country of domicile), Europe, Asia, North America, Oceania and Africa.

Information about the Group's revenue from external customers is presented based on the geographical market irrespective of the origin of goods/services. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note a)	
	2011	2010	31.12.2011	31.12.2010
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
PRC	1,408,473	1,144,753	1,294,762	1,293,318
Hong Kong	–	–	108,571	121,210
Europe (Note b)	205,768	268,272	–	–
Asia (Note c)	46,432	43,673	–	–
North America (Note d)	23,099	36,475	–	–
Oceania (Note e)	3,347	7,921	–	–
Africa	2,418	2,144	–	–
	1,689,537	1,503,238	1,403,333	1,414,528

Notes:

(a) Non-current assets excluded interest in an associate and deposits for property, plant and equipment.

(b) Europe included primarily Germany, Italy, Netherlands, Russia, France, Hungry, Poland, Spain, Sweden and United Kingdom which individually contributed less than 2% of the Group's revenue.

(c) Asia included primarily Japan and Singapore.

(d) North America included primarily Canada and United States of America.

(e) Oceania included primarily Australia and New Zealand.

Information about major customers

One customer contributed over 10% of the total revenue of the Group for both years, which was derived from revenue from printing of cigarette packages amounting to approximately HK$745,804,000 (2010 Restated: HK$570,362,000).

10. OTHER INCOME

	2011 HK$'000	2010 HK$'000 (Restated)
Interest on bank deposits	2,873	3,105
Sales of scrap materials	4,246	6,952
Government grants (Note)	1,976	–
Sundry income	5,631	2,429
	14,726	12,486

Note: Government grants were received from the government of the PRC mainly as incentives granted by local authority for encouragement of its business development. These grants are accounted for as financial support with no future related costs expected to be incurred nor related to any assets.

11. OTHER GAINS AND LOSSES

	2011 HK$'000	2010 HK$'000 (Restated)
Net foreign exchange gain	7,694	4,441
Gain on disposal of property, plant and equipment	532	1,232
	8,226	5,673

12. FINANCE COSTS

	2011 HK$'000	2010 HK$'000 (Restated)
Interest on:		
Bank borrowings wholly repayable within five years	20,944	21,823
Finance lease	474	1,079
Promissory note	7,617	–
	29,035	22,902

13. TAXATION

	2011 HK$'000	2010 HK$'000 (Restated)
Current tax:		
Hong Kong Profits Tax	920	1,393
The PRC Enterprise Income Tax ("EIT")	65,670	46,432
Withholding tax	7,957	6,929
	74,547	54,754
Under (over) provision in prior years:		
Hong Kong Profits Tax	–	9
EIT	(1,445)	(872)
	(1,445)	(863)
Deferred tax (note 34):		
Current year	8,048	3,723
	81,150	57,614

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for both years.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2010: 15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being a High-Tech Enterprise, were entitled to a reduced EIT rate of 15% for the years from 2010 to 2012.

Upon the New Tax Law and Implementation Regulations, PRC withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or lower tax rate, as applicable. Under the relevant tax treaty, withholding tax rate on distribution to Hong Kong resident companies is 5%. Deferred taxation has been provided on undistributed earnings of all subsidiaries and an associate.

13. TAXATION (CONTINUED)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000 (Restated)
Profit before taxation	499,500	322,238
Tax at the applicable the rate of 25% (2010: 25%) (Note)	124,875	80,559
Tax effect of share of profit of an associate	(39,106)	(37,668)
Tax effect of expenses not deductible for tax purpose	13,297	30,770
Tax effect of income not taxable for tax purpose	(2,649)	(192)
Overprovision in respect of prior years	(1,445)	(863)
Tax effect of tax losses not recognised	–	1,114
Utilisation of tax losses previously not recognised	(187)	–
Tax effect of non-taxable net income relating to offshore operation	(920)	(1,170)
Tax effect of deductible temporary differences not recognised	(149)	(147)
Income tax on concessionary rate	(33,987)	(31,355)
Effect of different tax rates of subsidiaries operating in Hong Kong	1,438	1,540
Deferred tax on undistributed earnings of PRC subsidiaries/associate	19,983	15,026
Tax charge for the year	81,150	57,614

Note: The applicable tax rate of 25% represents the applicable income tax rate of the subsidiaries in Shenzhen in the PRC which constitute the substantial part of the Group's operation for the years ended 31 December 2011 and 2010.

14. PROFIT FOR THE YEAR

	2011 HK$'000	2010 HK$'000 (Restated)
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	2,354	2,807
Other staff costs		
Salaries and other benefits	146,987	126,014
Contributions to retirement benefits schemes	4,425	3,784
	153,766	132,605
Auditors' remuneration	4,735	1,680
Release of prepaid lease payments	799	761
Amortisation of intangible assets (included in cost of sales)	8,040	8,040
Depreciation of property, plant and equipment	84,386	73,306
Operating lease rentals in respect of rented premises	4,638	5,739
Recognition (reversal) of impairment on trade receivables	869	(991)
Recognition (reversal) of write-down on obsolete inventories	1,270	(965)
Research and development costs recognised as an expense (included in other expenses)	2,507	5,345
Written off long aged trade payables	–	(3,589)
Legal and professional fee relating to Combination (included in other expenses)	13,548	–
Share of taxation of an associate	28,595	27,688

15. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2010: 8) directors were as follows:

For the year ended 31 December 2011

		Other emoluments		
	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive directors				
Mr. Tsoi Tak	–	360	12	372
Mr. Cai Xiao Ming, David	–	60	3	63
Mr. Cai Xiao Xing	–	60	3	63
Mr. Kiong Chung Yin, Yttox	–	855	19	874
Ms. Wu Sin Wah, Eva	–	820	12	832
Non-executive director				
Mr. Sean Xing He	–	–	–	–
Independent non-executive directors				
Mr. Lam Ying Hung, Andy	50	–	–	50
Mr. Lui Tin Nang	50	–	–	50
Mr. Siu Man Ho, Simon	50	–	–	50
	150	2,155	49	2,354

15. DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2010

		Other emoluments		
	Fees HK$'000 (Restated)	Salaries and other benefits HK$'000 (Restated)	Contributions to retirement benefits scheme HK$'000 (Restated)	Total emoluments HK$'000 (Restated)
Chairman and non-executive director				
Mr. Tsoi Tak	–	450	12	462
Executive directors				
Mr. Cai Xiao Ming, David	–	375	9	384
Mr. Cai Xiao Xing	–	225	9	234
Mr. Kiong Chung Yin, Yttox	–	818	17	835
Ms. Wu Sin Wah, Eva	–	730	12	742
Independent non-executive directors				
Mr. Lam Ying Hung, Andy	50	–	–	50
Mr. Lui Tin Nang	50	–	–	50
Mr. Siu Man Ho, Simon	50	–	–	50
	150	2,598	59	2,807

During the years ended 31 December 2011 and 2010, no emoluments have been paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during the years ended 31 December 2011 and 2010.

16. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2010: two) were directors of the Company whose emoluments are included in the disclosures in note 15 above. The emoluments of the remaining three (2010: three) individuals were as follows:

	2011 HK$'000	2010 HK$'000 (Restated)
Salaries and other benefits	2,111	1,964
Contributions to retirement benefits schemes	26	49
	2,137	2,013

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

No emoluments have been paid by the Group to any of the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2011 and 2010.

17. DIVIDENDS

	2011 HK$'000	2010 HK$'000
Dividends recognised as distribution during the year:		
2011 Interim – HK5.19 cents (2010: HK$nil) per share	38,017	–

The final dividend of HK15.97 cents in respect of the year ended 31 December 2011 (2010: HK$nil) per share, amounting to approximately HK$117,011,000 (2010: HK$nil), has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

18. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000 (Restated)
Earnings for the purpose of basic earnings per share	387,572	194,786

	2011 '000	2010 '000 (Restated)
Weighted average number of shares for the purpose of basic earnings per share	705,313	680,000

The weighted average number of shares for the purpose of basic earnings per share for the years ended 31 December 2011 and 2010 had taken into account the issue of 480,000,000 new shares in exchange of the entire equity interest in Brilliant Circle Group Holdings Limited as if they had been issued upon the Combination on 10 September 2009 (as explained in note 2).

No dilutive earnings per share is presented as the Group did not have any potential ordinary shares during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Plant and machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 January 2010, as restated	246,179	2,285	663,216	31,029	12,383	82,473	1,037,565
Exchange adjustments	11,831	–	18,225	1,176	485	475	32,192
Additions	36,801	362	7,853	5,956	4,234	4,119	59,325
Transfer	62,674	2,882	5,657	972	–	(72,185)	–
Disposals	(1,127)	(889)	(21,101)	(487)	(957)	–	(24,561)
At 31 December 2010	356,358	4,640	673,850	38,646	16,145	14,882	1,104,521
Exchange adjustments	15,266	–	21,790	1,430	627	275	39,388
Additions	941	746	8,465	1,347	4,063	11,608	27,170
Transfer	5,711	–	1,341	412	–	(7,464)	–
Disposals	–	–	(2,661)	(70)	(442)	–	(3,173)
At 31 December 2011	378,276	5,386	702,785	41,765	20,393	19,301	1,167,906
DEPRECIATION							
At 1 January 2010, as restated	30,008	1,458	237,628	16,165	6,355	–	291,614
Exchange adjustments	1,348	–	7,831	564	237	–	9,980
Provided for the year	8,798	749	56,940	4,405	2,414	–	73,306
Eliminated on disposals	(981)	–	(11,197)	(346)	(861)	–	(13,385)
At 31 December 2010	39,173	2,207	291,202	20,788	8,145	–	361,515
Exchange adjustments	2,040	–	9,984	853	339	–	13,216
Provided for the year	16,800	354	59,676	4,904	2,652	–	84,386
Eliminated on disposals	–	–	(2,033)	(65)	(420)	–	(2,518)
At 31 December 2011	58,013	2,561	358,829	26,480	10,716	–	456,599
CARRYING VALUES							
At 31 December 2011	320,263	2,825	343,956	15,285	9,677	19,301	711,307
At 31 December 2010 (Restated)	317,185	2,433	382,648	17,858	8,000	14,882	743,006
At 1 January 2010 (Restated)	216,171	827	425,588	14,864	6,028	82,473	745,951

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account of their residual values, at the following useful lives:

Buildings	Over the shorter of the term of lease or 20 years
Leasehold improvement	12 years
Plant and machinery	5–12 years
Furniture and office equipment	3–5 years
Motor vehicles	4–5 years

The buildings are situated on the leasehold land held under medium-term leases in the PRC.

At the end of the reporting period, the carrying value of plant and machinery of the Group includes an amount of HK$26,789,000 (2010 Restated: HK$46,495,000) in respect of assets held under finance leases.

20. PREPAID LEASE PAYMENTS

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Analysed for reporting purposes as:			
Current asset	815	781	753
Non-current asset	20,195	20,142	20,160
	21,010	20,923	20,913

The Group's prepaid lease payments represent payments for land use rights in the PRC which are held under medium-term leases.

21. GOODWILL

	2011 HK$'000	2010 HK$'000 (Restated)
At 1 January, as restated	577,998	560,081
Exchange adjustments	24,898	17,917
At 31 December	602,896	577,998

21. GOODWILL (CONTINUED)

For the purpose of impairment testing, goodwill has been allocated to cash generating units ("CGUs"), comprising three subsidiaries in printing of cigarette packages segment and one subsidiary in the manufacturing of laminated paper segment. The carrying amounts of goodwill as at 31 December 2011 allocated to these units are as follows:

	2011 HK$'000	2010 HK$'000 (Restated)
Printing of cigarette packages:		
CGU-1	417,307	400,073
CGU-2	138,431	132,714
CGU-3	46,758	44,827
	602,496	577,614
Manufacturing of laminated paper:		
CGU-4	400	384
At 31 December	602,896	577,998

The recoverable amounts of the CGUs arising from printing of cigarette packages and manufacturing of laminated paper were determined individually based on value in use calculations. The value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 15.5% (2010: 16.6%), determined based on the weighted average cost of capital ("WACC"). Cash flows beyond five-year period is extrapolated using a steady 15% growth rate. Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins were determined based on past performance and the management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed the recoverable amounts of respective CGUs.

During the years ended 31 December 2011 and 2010, management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

22. INTANGIBLE ASSETS

	Customer relationship HK$'000
COST	
At 1 January 2010	80,391
Exchange adjustments	3,041
At 31 December 2010	83,432
Exchange adjustments	3,593
At 31 December 2011	87,025
AMORTISATION	
At 1 January 2010	2,010
Charge for the year	8,040
At 31 December 2010	10,050
Charge for the year	8,040
At 31 December 2011	18,090
CARRYING VALUES	
At 31 December 2011	68,935
At 31 December 2010 (Restated)	73,382
At 1 January 2010 (Restated)	78,381

Intangible assets represent customer relationship in Brilliant Circle acquired in a business combination during the year 2009. Brilliant Circle has long and close business relationship with the major customers. The acquisition of the customer base has allowed the Group to stabilise the revenue base from packaging and printing business. Amortisation is provided to write off the cost of the customer relationship using the straight-line method over the estimated life of the customer relationship of 10 years.

23. INTEREST IN AN ASSOCIATE

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Cost of investment, unlisted	345,164	333,511	446,206
Share of post-acquisition profits net of dividends received	269,858	227,388	210,960
	615,022	560,899	657,166

As at 31 December 2011 and 2010, the Group had interests in the following associate:

Name of entity	Percentage of registered capital directly held by the Group	Place of establishment/ operation	Registered capital	Principal activity
常德金鵬凹版印制有限公司 (Changde Goldroc Rotogravure Printing Co., Ltd.)	35%	PRC	RMB163,052,000	Provision for cigarette printing package services

The financial information of the Group's associate is prepared using uniform accounting policies in conformity with the accounting policies adopted by the Group. The summarised financial information in respect of the Group's associate is set out below:

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
Total assets	2,071,593	1,808,782
Total liabilities	(348,838)	(283,036)
Net assets	1,722,755	1,525,746
Group's share of net assets of the associate	615,022	560,899
Revenue	1,769,782	1,447,255
Profit for the year	446,926	388,105
Group's share of profits of the associate for the year	156,424	150,672

23. INTEREST IN AN ASSOCIATE (CONTINUED)

During the year ended 31 December 2010, the Group disposed of 13.85% equity interest in an associate to an independent third party at a consideration of approximately HK$40,851,000 and resulted in a loss on disposal of partial interest in an associate of approximately HK$114,866,000. The consideration was settled in current year. For the purpose of impairment testing, the recoverable amount of the associate has been determined based on a value in use calculation. In determining the value in use of the investment, the Group estimated its share of the present value of the estimated future cash flows expected to be generated by the associate, comprising the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment. The directors of the Company considered there is no impairment of interest in an associate.

24. INVENTORIES

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Raw materials	110,848	123,773	100,500
Work in progress	27,055	51,164	35,808
Finished goods	50,252	56,830	49,519
	188,155	231,767	185,827

25. TRADE AND BILLS RECEIVABLES

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Trade receivables	539,409	439,030	350,514
Less: allowance for doubtful debts	(4,241)	(7,397)	(8,789)
	535,168	431,633	341,725
Bills receivables	25,266	8,271	2,712
	560,434	439,904	344,437

The Group allows a credit period of 90 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
0–90 days	485,704	347,528
91–180 days	70,594	64,479
181–365 days	2,524	14,109
Over 365 days	1,612	13,788
	560,434	439,904

25. TRADE AND BILLS RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Limits attributed to customers are reviewed once a year. The trade and bills receivables that are neither past due nor impaired have the best credit quality assessed by the Group.

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$74,730,000 (2010 Restated: HK$92,376,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
91–180 days	70,594	64,479
181–365 days	2,524	14,109
Over 365 days	1,612	13,788
Total	74,730	92,376

At 31 December 2010, trade receivables with aggregate carrying amount of approximately HK$17,535,000 were indemnified by Mr. Tsoi Tak, the director and Controlling Shareholder of the Company, for any default of payment. The balance was settled by the debtor in 2011.

Movement in the allowance for doubtful debts

	2011 HK$'000	2010 HK$'000 (Restated)
1 January	7,397	8,789
Impairment losses recognised on receivables	3,376	121
Amounts written off as uncollectible	(4,090)	(401)
Impairment losses reversed	(2,507)	(1,112)
Exchange difference	65	–
31 December	4,241	7,397

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$4,241,000 (2010 Restated: HK$7,397,000) of which the debtors were in financial difficulties.

26. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Trade deposits to suppliers	21,232	8,558	64,385
Consideration receivable from disposal of partial interest in an associate	–	40,851	–
Prepayment for material purchase	5,129	17,883	3,184
Rental, utility and sundry deposits	1,745	1,184	1,052
Staff advances	114	284	148
	28,220	68,760	68,769

27. AMOUNT(S) DUE FROM/TO A CONTROLLING SHAREHOLDER/NON-CONTROLLING INTERESTS

The amounts are unsecured, interest-free and are repayable on demand.

28. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.001% to 2% (2010: 0.001% to 1.4%) per annum.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits carry fixed interest rate of 0.001% to 0.14% (2010: 0.001% to 0.07%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

The Group's pledged bank deposits, bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are stated below:

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
HK$	162,882	69,342
US$	52,325	56,260

29. TRADE AND BILLS PAYABLES

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Trade payables	210,268	232,052	232,527
Bills payables	23,060	43,687	53,920
	233,328	275,739	286,447

29. TRADE AND BILLS PAYABLES (CONTINUED)

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
0–30 days	159,618	193,997
31–90 days	62,244	70,401
91–180 days	11,329	11,089
181–365 days	12	237
Over 365 days	125	15
	233,328	275,739

The credit period on purchases of goods ranges from 30 days to 180 days. The Group monitors and maintains a level of cash and cash equivalents sufficient to ensure that all payables are within the credit timeframe.

30. OTHER PAYABLES AND ACCRUALS

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Other payables and accruals	12,482	30,141	24,225
Salary payables	25,299	24,785	28,445
Other tax payables	35,375	18,908	9,360
Deposits received from suppliers	27,567	17,042	6,490
Advanced from customers	1,346	109	–
Amount due to former holding company of Brilliant Circle (Note)	–	–	214,544
	102,069	90,985	283,064

Note: The amount was unsecured, non-interest bearing and settled by the Controlling Shareholder right after the acquisition of Brilliant Circle by the Controlling Shareholder. Accordingly, the amount was set off against the amount due from the Controlling Shareholder in 2010.

31. BANK BORROWINGS

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Bank borrowings comprise:			
Secured	201,988	342,946	310,108
Unsecured	43,137	23,632	56,925
	245,125	366,578	367,033

Note: In respect of bank borrowings with carrying amounts of HK$367,033,000 as at 1 January 2010, an amount of HK$2,800,000 were not repayable within one year from the end of the reporting period but contain a repayment on demand clause and therefore is shown under current liabilities.

31. BANK BORROWINGS (CONTINUED)

Breakdown of the bank borrowings:

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
Fixed-rate borrowings	–	47,264
Floating-rate borrowings	245,125	319,314
	245,125	366,578

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	31.12.2011	31.12.2010 (Restated)
Fixed-rate borrowings	N/A	5.1% to 5.8%
Floating-rate borrowings	3.3% to 7.5%	3.0% to 5.8%

The Group's bank borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
HK$	690	29,125
US$	1,009	7,408

32. OBLIGATIONS UNDER FINANCE LEASES

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	1.1.2010 HK$'000 (Restated)
Analysed for reporting purposes as:			
Current liabilities	6,524	12,010	16,950
Non-current liabilities	–	6,524	18,534
	6,524	18,534	35,484

32. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

It is the Group's policy to lease certain of its plant and machinery under finance leases. The lease term is 1 year (2010: 1 to 2 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.75% to 4.05% (2010: 3.75% to 7.5%) per annum.

	Minimum Lease payments		Present value of minimum lease payments	
	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
Amounts payable under finance leases				
Within one year	6,640	12,506	6,524	12,010
In more than one year but not more than two years	–	6,640	–	6,524
	6,640	19,146	6,524	18,534
Less: future finance charges	(116)	(612)	–	–
Present value of lease obligations	6,524	18,534	6,524	18,534
Less: Amount due for settlement within 12 months (shown under current liabilities)			(6,524)	(12,010)
Amount due for settlement after 12 months			–	6,524

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets and are denominated in HK$.

33. PROMISSORY NOTE

On 13 July 2011, the Company issued a promissory note ("Promissory Note") with an aggregate principal amount of HK$387,680,000 as part of the consideration for the acquisition of the entire equity interest in Champion League Investment Holdings Limited and its subsidiary, Sanbond Investment Limited (collectively referred to as "Champion Group"), which is indirectly beneficially interested in 47.36% equity interest of Bengbu Jinhuangshan Rotogravure Printing Company Limited ("BB Jinhuangshan") as disclosed in note 36. BB Jinhuangshan was a non-wholly owned subsidiary of the Company. Upon completion of acquisition, BB Jinhuangshan became an indirect wholly-owned subsidiary of the Company. The Promissory Note is unsecured, bearing interest at fixed rate of 2% per annum and are repayable at principal amount of HK$387,680,000 in two years from the date of issue. The Company may, at its absolute discretion, pay all or any part of the outstanding principal amount of the Promissory Note at any time before maturity at principal amount. The fair value of the redemption option is insignificant on initial recognition and as at 31 December 2011. The Promissory Note is denominated in HK$.

On initial recognition, the fair value of the promissory note of HK$338,595,000 is determined based on the present value of the contractual stream of future cash flows (including both coupon payments and redemption amount) discounted at 8.51% per annum, being the market rate of interest that would have applied to an instrument of comparable credit quality with substantially the same cash flows and on the same terms.

34. DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Intangible asset HK$'000	Undistributable profits of subsidiaries/ associate HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2010, as restated	12,058	14,962	24,084	(497)	50,607
(Credit) charge to profit or loss	(1,808)	15,026	(3,063)	497	10,652
Reversal upon payment	–	(6,929)	–	–	(6,929)
Exchange differences	(1,306)	842	(2,604)	–	(3,068)
At 31 December 2010, as restated	8,944	23,901	18,417	–	51,262
(Credit) charge to profit or loss	(1,807)	19,983	(2,171)	–	16,005
Reversal upon payment	–	(7,957)	–	–	(7,957)
Exchange differences	385	1,693	417	–	2,495
At 31 December 2011	7,522	37,620	16,663	–	61,805

At the end of the reporting period, the Group has unused tax losses of HK$6,481,000 (2010 Restated: HK$7,232,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$2,714,000 (2010 Restated: HK$3,465,000) that will expire within 5 years from the year of origination up to 2015. Other losses may be carried forward indefinitely.

35. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2010, 31 December 2010 and 31 December 2011	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2010, 31 December 2010 and 1 January 2011	200,000,000	2,000
Issued as consideration for combination of Brilliant Circle	480,000,000	4,800
Issued on placement	52,500,000	525
At 31 December 2011	732,500,000	7,325

Note: Pursuant to the placement agreements dated 11 May 2011 and 15 July 2011, 7,500,000 shares and 45,000,000 shares of HK$0.01 each were placed to independent third parties at a price of HK$8.0 and HK$6.5 per share respectively. All shares issued during the year ranked pari passu with other shares in issue in all respects.

36. ACQUISITION OF SUBSIDIARIES

In July 2011, the Group completed the acquisition of the entire equity interest in Champion Group, which is indirectly beneficially interested in 47.36% equity interest of BB Jinhuangshan. The consideration was satisfied by the Group as to HK$244,222,000 in cash and as to principal amount of HK$387,680,000 by way of the issue of promissory note with aggregate fair value of HK$582,817,000. Upon completion of acquisition, Champion Group and BB Jinhuangshan became an indirect wholly-owned subsidiaries of the Company. The difference between the fair value of consideration paid for the acquisition of additional equity interests in BB Jinhuangshan and the carrying amount of non-controlling interests acquired amounting to HK$509,044,000 is charged to other reserves. In addition, the proportionate share of the cumulative amount of the exchange differences in BB Jinhuangshan amounting to HK$7,393,000 was re-attributed to exchange reserve of owners of the Company. Details of the transactions are set out in the announcement and the circular of the Company dated 30 May 2011 and 24 June 2011 respectively.

37. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2011, the consideration for acquisition of 100% equity interest in Champion Group was partly settled by the Promissory Note at principal amount of HK$387,680,000 as detailed in note 36.

During the year ended 31 December 2010, the Group had the following major non-cash transactions:

(a) An amount due to the former holding company of Brilliant Circle amounting to HK$214,544,000 was set off against the amount due from the Controlling Shareholder in 2010. Details are set out in note 30.

(b) Dividend declared to non-controlling interests of approximately HK$39,768,000 was settled through the amount due from non-controlling interests.

38. RETIREMENT BENEFIT PLAN

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK$1,000 per person to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

39. CONTINGENT LIABILITIES

In July 2010, a subsidiary of the Company has issued a corporate guarantee of RMB260,000,000 (equivalent to HK$313,000,000) to a bank to secure the banking facilities granted to a related company which is wholly-owned and controlled by Mr. Tsoi Tak, the Controlling Shareholder of the Company, and the amount of RMB245,000,000 (equivalent to HK$295,000,000) was utilised by the related company. The fair value of the financial guarantee is insignificant on initial recognition. Provision for financial guarantee has not been made in the consolidated financial statements as the default risk of the related company is considered as low. The corporate guarantee provided by the subsidiary of the Company has been released in August 2011 in accordance with the supplementary bank borrowing agreement.

40. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011 HK$'000	2010 HK$'000 (Restated)
Within one year	2,079	2,694
In the second to fifth year inclusive	3,500	2,229
After five years	860	1,393
	6,439	6,316

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of 2 to 15 years and rentals are fixed over relevant lease term.

41. CAPITAL COMMITMENTS

	2011 HK$'000	2010 HK$'000 (Restated)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	12,563	2,479

42. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 4 March 2009 for the primary purpose of providing incentives to directors, employees, 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 members (the "Eligible Participants"), and will expire on 4 March 2019. Under the Scheme, the directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the total maximum number of the shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

42. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme of the Company (continued)

Options granted must be taken up within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options must be at least the highest of (i) the nominal value of an ordinary share on the date of grant; (ii) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the share options; and (iii) the average closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of the offer.

For the years ended 31 December 2011 and 2010, no share options had been granted and the Company had no share options outstanding at 31 December 2011 and 2010.

43. PLEDGE OF ASSETS

At the end of the reporting period, the carrying amounts of the assets pledged by the Group to secure the bank borrowings granted to the Group are as follow:

	31.12.2011 HK$'000	31.12.2010 HK$'000 (Restated)
Property, plant and equipment	**243,250**	229,651
Prepaid lease payments	**21,010**	20,923
Trade receivables	**32,176**	31,892
Bank deposits	**49,313**	42,538

44. RELATED PARTY TRANSACTIONS

(a) Transactions with related company

The Group had the following significant related party transaction during the year with non-controlling interests:

	2011 HK$'000	2010 HK$'000 (Restated)
Sales of cigarette packages	103,970	127,896

(b) Balances with related parties are disclosed in the consolidated statement of financial position respectively.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011 HK$'000	2010 HK$'000 (Restated)
Short-term benefits	4,911	5,143
Contribution to retirement benefits schemes	102	113
	5,013	5,256

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(d) At 31 December 2010, a subsidiary of the Company has issued a corporate guarantee of RMB260,000,000 (equivalent to HK$313,000,000) to a bank to secure the banking facilities granted to a related Company which is wholly-owned and controlled by Mr. Tsoi Tak, the director and Controlling Shareholder of the Company.

(e) At 31 December 2010, trade receivables with aggregate carrying amount of approximately HK$17,535,000 were indemnified by Mr. Tsoi Tak, the director and Controlling Shareholder of the Company, for any default of payment.

(f) As detailed in note 2, the Group acquired the entire equity interest in Brilliant Circle from Mr. Tsoi Tak, the Controlling Shareholder at a consideration of HK$2,400,000,000 satisfied by the allotment and issue of 480,000,000 new ordinary shares of the Company of HK$0.01 each at an issue price of HK$5 per share on 29 December 2010.

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 December 2011 and 2010 are as follows:

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/issued share capital/equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2011 %	2010 %	2011 %	2010 %		
CT Management Investments Limited (詩天管理投資有限公司)	British Virgin Islands	100	100	–	–	US$200	Investment holding
Brilliant Circle Group Holdings Limited (貴聯集團控股有限公司)	British Virgin Islands	–	–	100	100	US$1	Investment holding
Brilliant Circle Printing & Packaging Limited (貴聯印刷包裝有限公司)	British Virgin Islands	–	–	100	100	US$10,000	Investment holding
Union Virtue International Limited (同德國際有限公司)	British Virgin Islands	–	–	100	100	US$1	Investment holding
Brilliant Circle Development Limited (貴聯發展有限公司)	Hong Kong	–	–	100	100	HK$2,000,000	Investment holding
Champion League Investment Holdings Limited (冠連投資控股有限公司)#	British Virgin Islands	–	–	100	–	US$100	Investment holding
Sanbond Investment Limited (協寶投資有限公司)#	Hong Kong	–	–	100	–	HK$100	Investment holding
蚌埠金黃山凹版印刷有限公司 (Bengbu Jinhuangshan Rotogravure Printing Co., Ltd.)	PRC	–	–	100	52.64	US$7,622,800	Printing of cigarette packages
深圳貴聯印刷有限公司## (Shenzhen Guilian Printing Limited)	PRC	–	–	100	100	HK$9,600,000	Investment holding

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/issued share capital/equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2011 %	2010 %	2011 %	2010 %		
深圳市科彩印刷有限公司* (Shenzhen Kecai Printing Co., Ltd.)	PRC	–	–	99.31	99.31	RMB144,870,000	Printing of cigarette packages
襄陽金飛環彩色包裝有限公司* (Xiangfan Jinfeihuan Colour Packing Co., Ltd.)	PRC	–	–	79.6	79.6	US$3,000,000	Printing of cigarette packages
昭通安通包裝材料有限公司* (Zhaotong Antong Package Material Co., Ltd.)	PRC	–	–	80	80	US$1,000,000	Manufacturing of laminated paper
CT Printing Limited (詩天紙藝製品有限公司)	Hong Kong	–	–	100	100	HK$20,000	Provision of printing services
詩天紙藝製品(深圳)有限公司 (Shitian Paper Craft (Shenzhen) Co., Ltd.)	PRC	–	–	100	100	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

* Company incorporated as a sino-foreign equity.

Company established as foreign invested limited liability company.

Company newly acquired during the year ended 31 December 2011.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

FIVE YEAR FINANCIAL SUMMARY

(A) RESULTS

	For the year ended 31 December				
	2007 HK$'000 (Originally stated)	2008 HK$'000 (Originally stated)	2009 HK$'000 (Restated)	2010 HK$'000 (Restated)	**2011** **HK$'000**
Revenue	335,392	403,188	656,527	1,503,238	**1,689,537**
Operating profit	32,734	34,635	137,499	171,566	**343,076**
Share of profit of an associate	–	–	35,299	150,672	**156,424**
Profit before taxation	32,734	34,635	172,798	322,238	**499,500**
Taxation	(2,797)	(2,803)	(18,511)	(57,614)	**(81,150)**
Profit for the year	29,937	31,832	154,287	264,624	**418,350**
Attributable to:					
Owners of the Company	29,937	31,832	135,714	194,786	**387,572**
Non-controlling interests	–	–	18,573	69,838	**30,778**
	29,937	31,832	154,287	264,624	**418,350**

(B) ASSETS AND LIABILITIES

	At 31 December				
	2007 HK$'000 (Originally stated)	2008 HK$'000 (Originally stated)	2009 HK$'000 (Restated)	2010 HK$'000 (Restated)	**2011** **HK$'000**
TOTAL ASSETS	417,435	388,014	3,325,209	3,000,918	**3,212,977**
TOTAL LIABILITIES	(350,505)	(179,765)	(1,039,791)	(872,788)	**(1,243,629)**
	66,930	208,249	2,285,418	2,128,130	**1,969,348**
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	66,930	208,249	2,153,557	1,961,699	**1,914,078**
Non-controlling interests	–	–	131,861	166,431	**55,270**
	66,930	208,249	2,285,418	2,128,130	**1,969,348**

Note: Certain comparative figures have been restated as a result of the Combination as set out in note 2 to the consolidated financial statements and reclassified to conform with the current year's presentation.