CHINA PRINT

CHINA PRINT POWER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

HONG KONG STOCK CODE : 6828
SINGAPORE STOCK CODE : B3C

2012
Annual Report

CONTENTS

FINANCIAL CONTENTS

CORPORATE PROFILE

One-stop shop for customers sourcing for unique products that require a high-level of customisation.

We are a leading books & specialised products printing group serving the international market. We specialise in the printing of books, as well as the design and manufacturing of quality specialised products such as leather and fabric-bound diaries, journals and greeting cards. Our integrated services include pre-press, printing to finishing/binding services. We are able to combine special printing skills with leather manufacturing technologies to produce high-value added composite products for our customers. Through our full suite of integrated services at our 74,398 sqm production facilities in He Yuan, Guangdong Province, PRC, we are a convenient one-stop shop for customers sourcing for unique products that require a high-level of customisation.

Today we serve a blue-chip base of customers that includes major international publishers and retail stores across Europe, North America and Asia, such as Barnes & Noble Distribution in the US, Parragon Books Ltd. in the UK, Phoenix Offset Productions and World Print Limited in Hong Kong.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

On behalf of Board of Directors, I present to you our annual results for the year ended 31 December 2012 ("FY2012").

Over a year since the Group dual listed on The Stock Exchange of Hong Kong Limited ("SEHK"), the Group is dedicated to attract a wider range of private and institutional investors despite a cautious investment stance they took in face of macroeconomic uncertainties. In order to fill our existing and potential investors with greater confidence in the Group, we devoted unwavering efforts to further forwarding our business by diversifying our product portfolio as well as customer base.

Macroeconomic uncertainties affected our financial performance

However, during FY2012, the Group is suffering from the challenges faced by the entire printing industry. Accordingly, the Group delivered a below-par financial performance, mainly due to weak sales performance and growing cost pressure. According to World Economic Situation and Prospects 2013, a growing number of developed economies have fallen into a double-dip recession during the past twelve months, which partly results in a fall in orders from customers in export markets. On the other hand, although the National Bureau of Statistics reported that China's Consumer Index opened door to easing in 2012, the run-up in labour and raw material expenses in mainland China, coupled with RMB appreciation, still affected our profitability adversely. In addition, the increasing popularity of digital printing and e-books fueled the intensity in rivalry with traditional printing industry.

Facing all these challenges, the Group took strategic moves to explore more revenue sources and improve cost efficiency. In FY2012, the Group recorded a rental income of HK$0.8 million from the lease of one of the two newly completed four-storey factory workshops. As you are aware, our business is driven by two engines, printing books and manufacturing specialized products, which accounted for 56.5% and 43.5% of the total revenue, respectively. The Group, now seeing an increasing demand for high value-added products, has reallocated resources to optimize workforce structure and streamline production process. Besides the initiatives mentioned above, the Group also strived to extend its geographical market coverage as an approach to gain bigger presence in the industry. While deepening its business root in the Greater China market through increased marketing activities, the Group has reached out to a global base of customers with its cost-effective and quality-guaranteed services. The US and Europe markets contributed 10.5% and 34.2% respectively to the Group's total revenue.

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

As far as we are concerned, in response to challenging external operating environment and intensified internal competition, the printing industry is expected to undergo consolidation in the coming years. The Group, leveraging on its reputation in delivering one-stop quality services, is well positioned to maximize its brand value and claim a larger market share. Also, to address the challenges brought by the prevailing technological revolution, the Group is actively seeking new business opportunities to upgrade its business structure and maintain sustainable development.

In conclusion, on behalf of the Board, I would like to thank all our employees and pay tribute to their contribution, dedication and their loyalty to the Group. They are a valuable source of assets that support the Group's sustainable development. I also want to thank all our business partners, valued customers, and especially you, our fellow shareholders, for giving us your trust and staying with us along our growth path. Collectively, we can make the difference.

Yours faithfully,
Sze Chun Lee
Chief Executive Officer
China Print Power Group Limited

The Group will manage the business in a prudent manner and seek new business opportunities to enhance Shareholders' return

OVERVIEW

Over the past twelve months, the macro conditions for export markets remained challenging with a slow economic recovery in the United States and weak economy in Eurozone. Revenue generated from China market was dwarfed by generally weak demand for the specialized products. On the other side, the Group's revenue were also adversely affected by weak economic conditions in the US and Europe resulting in a fall in orders from overseas customers. The Group saw difficulties in raising the average selling price and therefore had to take up most of the increased cost burden laid by inflationary environment of the production base in China. RMB appreciation also put additional pressure on the Group's Hong Kong and export markets. Looking forward, the Group maintains a cautious view on the business conditions for the year ending 31 December 2013 ("FY2013") and will manage the business in a prudent manner. While the Group continues to expand and refine its sales efforts to generate more revenues, the Group will also proactively seek new business opportunities to enhance shareholders' return.

BUSINESS REVIEW

As one of the leading printing service providers, the Group is engaged in its core business of printing books and manufacturing specialized products. It provides a full suite of services from pre-press to printing to finishing/binding services, as well as producing custom-made and value-added printing products such as pop-up children's books, photo albums and stationery.

For the twelve months ended 31 December 2012, the Group recorded a decrease in its total revenue by approximately 25.6% to approximately HK$191.9 million from approximately HK$257.9 million in the previous financial year. This is mainly due to the fact that certain European customers failed to pass the Group's credit approval and average selling price increase was restrained in order to retain existing customers and attract new ones.

During the year under review, approximately 56.5% of total revenue was contributed by the book products segment amounting to approximately HK$108.5 million (2011: approximately HK$152.3 million). The increasing popularity of digital printing and e-books have a possible negative impact on the traditional printing market. Specialized products, the Group's another important revenue source, accounted for the remaining approximately 43.5%, totaling approximately HK$83.4 million (2011: approximately HK$105.5 million). This segment's deteriorating performance was mainly due to US and European customers' reluctance in placing orders as their local economy remained rather weak.

As a strategy to maintain competitiveness in such a challenging operating environment, the Group continue to extend its geographical reach of customers during the year under review. Revenues were generated from areas such as the PRC (including Hong Kong), the United Kingdom, the United States and Germany, representing 52%, 26%, 11% and 6%, respectively.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately 25.6% from approximately HK$257.9 million for the year ended 31 December 2011 ("FY2011") to approximately HK$191.9 million for the year ended 31 December 2012 ("FY2012"). This was mainly due to persistent uncertainty over the global economy which had affected sales.

Gross profit margin

Overall gross profit margin decreased from approximately 21.8% in FY2011 to approximately 15.4% in FY2012. This was mainly due to increase in labour and material costs which could not be transferred to customers.

Other income

Other income decreased by approximately 16.6% from approximately HK$1.8 million in FY2011 to approximately HK$1.5 million in FY2012. The decrease was mainly due to absence of gain from write back of other payables of approximately HK$0.6 million and bad debts recovery of approximately HK$0.7 million in FY2011 which was not repeated in FY2012. The decrease was partly offset by the rental income of HK$0.8 million from the lease of one of the two newly completed four-storey factory workshops.

Operating expenses

(a) *Selling and distribution costs*

Distribution costs decreased by approximately 19.2% from approximately HK$12.5 million in FY2011 to approximately HK$10.1 million in FY2012. This was mainly due to decrease of approximately HK$2.5 million in transportation and freight charges resulting from decreased sales volume.

(b) *Administrative expenses*

Administrative expenses decreased slightly by approximately 4.0% from approximately HK$27.4 million in FY2011 to approximately HK$26.3 million in FY2012.

(c) *Listing expenses*

The Company's shares were dual listed on SEHK on 12 July 2011. A one-off listing expense of approximately HK$8.9 million was incurred in FY2011.

(d) *Other operating expenses*

Other operating expenses increased by approximately 134.8% from approximately HK$2.9 million in FY2011 to approximately HK$6.9 million in FY2012. This was mainly due to an increase in (i) professional fees of approximately HK$1.1 million after the dual listing of the Company on SEHK; (ii) net loss on disposals of plant and equipment of approximately HK$2.0 million; and (iii) provision of doubtful trade receivables of approximately HK$1.3 million.

(e) *Finance costs*

Finance costs decreased by approximately 10.8% from approximately HK$1.6 million in FY2011 to approximately HK$1.4 million in FY2012. This was mainly due to the lower utilisation of trade financing during the year.

(f) *Income tax expense*

There was approximately HK$0.9 million income tax expense even though the Group had a loss before income tax of HK$13.8 million. It was mainly due to Hong Kong profits tax provided pursuant to the Hong Kong Inland Revenue Ordinance in relation to plant and machinery for which tax allowance was previously entitled.

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising for the year. Tax on overseas profits has been calculated on the estimated assessable profits for the year at the rates of tax prevailing in the countries in which the Group operates.

Loss for the year and attributable to owners of the Company

As a result of the above factors, loss for the year attributable to owners of the Company stood at approximately HK$14.7 million. The profit attributable to owners for FY2011 amounted to approximately HK$1.1 million.

FUTURE DEVELOPMENT AND PROSPECTS

Operating conditions in major markets that the Group operates in remain challenging. With gloom lingering over both the US and European economies, our customers may continue to be conservative in placing orders. Overall, the printing industry also suffered from growing production cost pressure as the structural labour shortage in China led to higher labour costs. Raw material expenses also rose along with RMB appreciation. The Group will continue to improve operating efficiency by streamlining the binding and packaging processes and reducing certain redundant workers. The Group will seek new businesses through increased marketing in various markets. In anticipation of continued uncertainties in the operating environment, the Group will strengthen financial management with certain recovery of doubtful debts provided over the past twelve months. The Group expects business conditions to remain weak for FY2013.

At the same time, the Group will also cautiously explore viable investment and acquisition opportunities that can enhance shareholders' value.

On 7 February 2013, a wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition of a wholly-owned subsidiary of New Times Corporation Limited (stock code: 00166.HK). For more details, please refer to the Company's announcement dated 8 February 2013.

On 19 March 2013, the Company issued, by way of placing, 34,840,000 ordinary shares of HK$0.55 each at HK$0.98. All shares issued rank pari passu with the existing shares of the Company in all respects.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with shareholders' equity, cash generated from operations and bank borrowings.

The Group maintained bank deposits, bank balances and cash amounting to approximately HK$23.7 million as at 31 December 2012 (2011: approximately HK$46.3 million), decreased by approximately 48.8% as compared with that as at 31 December 2011.

The Group had total bank borrowings and obligations under finance leases of approximately HK$35.5 million as at 31 December 2012 (2011: approximately HK$65.3 million). The Group's gearing ratio, which is total bank borrowings and obligations under finance leases divided by the total assets was approximately 12.7% (2011: approximately 20.4%).

As at 31 December 2012 and 2011, the Group's bank borrowings were secured by (i) corporate guarantee provided by the Company and certain of its subsidiaries, namely, Carta & Cuoio Company Limited and Power Printing (He Yuan) Co., Ltd.; (ii) letters of undertaking from the Company and one of its subsidiaries, namely, Power Printing Products Limited ("Power Printing (HK)"); and (iii) pledging of certain trade receivables. In addition, obligations under finance leases as at 31 December 2011 were secured by certain plant and machinery.

The Group's non-current assets increased to approximately HK$177.3 million (2011: approximately HK$149.7 million), primarily due to factory construction and acquisition of property, plant and equipment.

As at 31 December 2012, the Group's current assets amounted to approximately HK$102.1 million (2011: approximately HK$169.7 million), mainly comprised of inventories of approximately HK$27.4 million (2011: approximately HK$33.4 million), trade and other receivables of approximately HK$49.4 million (2011: approximately HK$89.7 million) and cash and bank balances of approximately HK$23.7 million (2011: approximately HK$46.3 million). The Group's current liabilities amounted to approximately HK$60.1 million (2011: approximately HK$105.8 million), mainly comprised of trade and other payables of approximately HK$23.8 million (2011: approximately HK$39.4 million), bank borrowings of approximately HK$35.5 million (2011: approximately HK$63.3 million) and obligations under finance leases of nil (2011: approximately HK$2.0 million).

As at 31 December 2012, the net current assets of the Group decreased by approximately HK$22.0 million or approximately 34.4% to approximately HK$41.9 million (2011: approximately HK$63.9 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at approximately 1.7 as at 31 December 2012 (2011: approximately 1.6).

During FY2012, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. We would implement a balanced financing plan to support the expanding production capacity and operation of our bookprinting and specialized products manufacturing businesses.

CHARGES ON GROUP ASSETS

Details of the Group's assets pledged are set out in note 33 to the financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

The Group is also exposed to foreign exchange risks as the Group's production is mainly in the PRC. The continuing appreciation of Renminbi ("RMB") may lead to an increase of our cost of production. During 2012, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. The Group will keep on reviewing and monitoring the exchange fluctuation between RMB and HK$, and will consider entering into hedging arrangement as and when appropriate.

CAPITAL EXPENDITURE

During the year, the Group had acquired property, plant and equipment at approximately HK$40.1 million (2011: HK$34.7 million). The purchase is financed by internal resources and proceeds generated from the listing.

CAPITAL COMMITMENTS

Save as disclosed in note 29 to the financial statements, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group had no material contingent liabilities.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING AND PLACEMENT

On 12 July 2011, the Company's shares were dual listed on SEHK and 30,000,000 new shares of HK$0.55 each were issued at HK$1.48. The net proceeds from the HK IPO was approximately HK$30.7 million after payment of transaction costs and listing expenses. As at the date of this report, the IPO net proceeds was fully utilised.

On 3 May 2012, the Company issued 22,000,000 new ordinary shares of HK$0.55 each at HK$0.95 per share by way of Placing. The net proceeds from the issue of new shares under the Placement, after deducting related transaction costs, were HK$20.3 million. As at the date of this report, HK$19.2 million has been used for the repayment of short term bank loans and settlement of trade and other payables. The remaining HK$1.1 million is being used for general working capital.

On 19 March 2013, the Company issued 34,840,000 new ordinary shares of HK$0.55 each at HK$0.98 per share by way of Placing. The net proceeds from the issue of new shares under the Placement after deducting related transaction costs, were HK$32.7 million. As at the date of this report, the Group has not utilised any proceeds.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2012, the Group had not made any significant acquisition or disposal of subsidiaries or associated companies.

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and He Yuan, Guangdong Province, the PRC. As at 31 December 2012, there were 157 (2011: 126) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses or share options to eligible staff based on their performance and contributions to the Group.

Employees of He Yuan Factory

The workers working at He Yuan Factory are employed by the He Yuan Factory pursuant to the He Yuan Processing Arrangement and as at 31 December 2012, there were 592 (2011: 849) employees in the He Yuan Factory.

EXECUTIVE DIRECTORS

Mr. Sze Chun Lee ("Mr. Sze"), aged 44, has been an executive Director and the chief executive officer ("CEO") of the Company since 19 December 2006. He is one of the founders of the Group. Mr. Sze oversees our overall management and operations and is responsible for the strategic plans and future direction of the Group. Mr. Sze also oversees the general administration, finance, sales and marketing operations of the Group, including managing our relationships with our customers. Prior to joining the Group in 2001, Mr. Sze was a director of another printing company from 1993 to 2001, where he was responsible for the sales, finance and marketing operations. Mr. Sze is the brother-in-law of another executive Director, Mr. Kwan Wing Hang. Mr. Sze is personally interested in 180,000 Shares and is beneficially interested in 35% of the share capital of China Print Power Limited, which holds 81,060,848 Shares.

Mr. Chan Wai Ming ("Mr. Chan"), aged 49, has been an executive Director and chief operations officer of the Company since 19 December 2006. He is one of the founders of the Group. Mr. Chan is in charge of the daily management and operations of the Group. Prior to joining the Group in 2001, between 1993 and 2001, Mr. Chan was the production director of another printing company where he was in charge of the procurement, management and control department. Mr. Chan is beneficially interested in 30% of the share capital of China Print Power Limited, which holds 81,060,848 Shares.

Mr. Kwan Wing Hang ("Mr. Kwan"), aged 51, has been an executive Director and production director in-charge of the specialised products business since 19 December 2006. He is one of the founders of the Group. Between 1979 and 1986, Mr. Kwan was the head of sales department in a manufacturing company where he was responsible for overseeing the sales of leather manufacturing machinery. Prior to joining the Group in 2000, Mr. Kwan was a director at another manufacturing company from 1986 to 2000 where he was responsible for overseeing a team of sales personnel in charge of the sales of leather manufacturing machinery. Mr. Kwan is the brother-in-law of another executive Director, Mr. Sze Chun Lee. Mr. Kwan is beneficially interested in 20% of the share capital of China Print Power Limited, which holds 81,060,848 Shares.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam Shek Kin ("Mr. Lam"), aged 42, has been an executive Director and production director in-charge of the printing business since 19 December 2006. He is one of the founders of the Group. Between 1987 and 1993, Mr. Lam was the supervisor of a printing company, where he was responsible for the supervision of a printing team. Prior to joining the Group in 2001, Mr. Lam was a department head in another printing company, from 1993 to 2000, where he was in charge of supervising the printing department. Mr. Lam is personally interested in 100,000 Shares and is beneficially interested in 15% of the share capital of China Print Power Limited, which holds 81,060,848 Shares.

Ms. Chung Oi Ling, Stella ("Ms. Chung"), aged 51, has been an executive Director since 1 October 2011. She holds a bachelor's degree in accounting and banking from Chu Hai College, Hong Kong. She has more than 18 years of extensive experience in administration, personnel and sales and marketing. Ms. Chung is also well versed in corporate governance and operations of listed companies. Ms. Chung was an executive director of Sustainable Forest Holdings Limited (stock code: 723) from August 2007 to November 2009 and an executive director of International Resources Enterprise Limited (stock code: 1229) from June 2007 to April 2008. Both companies are listed on the main board of the SEHK. Ms. Chung is deemed to be interested in 5,634,000 Shares (representing 2.7% of the issued share capital of the Company) by virtue of her 100% control in Flame Capital Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Siang Kai ("Mr. Lim"), aged 56, has been the chairman and an independent non-executive Director since 26 March 2007. Prior to joining the Group, Mr. Lim held various positions in banks, financial services companies and a fund management company and has over 28 years of experience in the securities, private and investment banking and fund management industries. Mr. Lim is also the chairman and independent director of ISDN Holdings Ltd and an independent director of Natural Cool Holdings Ltd, Foreland Fabrictech Holdings Ltd, Texchem-Pack Holdings (S) Ltd and Joyas International Holdings Ltd, all of which are companies listed in Singapore. Mr. Lim holds a bachelor of arts degree from the University of Singapore, a bachelor of social sciences (honours) degree from the National University of Singapore and a master of arts degree in economics from the University of Canterbury, New Zealand.

Mr. Wee Piew ("Mr. Wee"), aged 49, has been an independent non-executive Director since 26 March 2007. He was formerly the chief executive officer and an executive director of HG Metal Manufacturing Limited, a public listed company in Singapore. Prior to joining HG Metal Manufacturing Limited, Mr. Wee held various positions in various banks. Mr. Wee is currently a non-executive independent director of Hosen Group Ltd, a public listed company in Singapore. He graduated from the National University of Singapore with a bachelor of accountancy degree in 1988 and is a fellow of the Institute of Certified Public Accountants of Singapore. He is also a member of the Singapore Institute of Directors.

Mr. Liu Kwong Chi, Nelson ("Mr. Liu"), aged 45, has been an independent non-executive Director since 3 January 2012. He holds a bachelor degree of social science (hons) from the University of Hong Kong, a bachelor of law (hons) degree from the Manchester Metropolitan University, the United Kingdom and a master degree of laws in chinese & comparative law from the City University of Hong Kong. Mr. Liu was admitted as a solicitor of the High Court of Hong Kong Special Administrative Region in August 2001. He is a co-founder and a senior partner of Messrs. Cheung & Liu Solicitors with extensive experiences in commercial and corporate legal matters. Mr. Liu is a visiting lecturer in intellectual property in the Hong Kong Polytechnic University and a vice president of the Hong Kong Institute of Patent Attorneys.

Ms. Wong Fei Tat ("Ms. Wong"), aged 38, has been an independent non-executive Director since 3 January 2012. She holds a bachelor degree in commerce from the University of Sydney, and a postgraduate diploma in corporate administration and a master degree in corporate governance from the Hong Kong Polytechnic University. Ms. Wong is an associate member of the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and is a certified practising accountant of CPA Australia. Ms. Wong has over 17 years of experience in the accounting field. She has been an independent non-executive director of China Motion Telecom International Limited (Stock Code: 989), a company listed on the main board of the SEHK, since 2006.

SENIOR MANAGEMENT

Mr. Ng Sui Yin ("Mr. Ng"), aged 44, is the financial controller of the Group, where he is in charge of the accounting, finance and administrative matters. Prior to joining the Group, Mr. Ng was an assistant manager in an audit firm where he advised clients in areas of finance, audit, tax, and bankruptcy. Mr. Ng graduated from the Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in accounting in 1998. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a certified tax adviser of the Taxation Institute of Hong Kong.

Mr. Chan Yee Yeung ("Mr. YY Chan"), aged 39, is the production manager of the Group where he is in charge of the printing operations of the Group. Mr. YY Chan began his career as the production controller of a printing company. Prior to joining the Group, he was the production coordinator in a manufacturing company from 2000 to 2001.

Mr. Tsui Kan Chun ("Mr. Tsui"), aged 40, is the joint company secretary of the Company. Mr. Tsui is an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the Certified Practising Accountants in Australia and an associate member of the Hong Kong Institute of Chartered Secretaries. He holds a Bachelor degree in Accountancy from the University of Wollongong in Australia and a Master degree in Corporate Governance from the Hong Kong Polytechnic University. He has more than 15 years of experience in auditing, finance and accounting. Mr. Tsui was the company secretary, authorised representative and group financial controller of Shanghai Tonva Petrochemical Co. Ltd. (SEHK stock code: 1103) from June 2007 to July 2012.

BOARD OF DIRECTORS

Executive Directors

Mr. Sze Chun Lee
(Chief Executive Officer)
Mr. Chan Wai Ming
Mr. Kwan Wing Hang
Mr. Lam Shek Kin
Ms. Chung Oi Ling, Stella

Independent Non-executive Directors

Mr. Lim Siang Kai
(Chairman of the Board)
Mr. Leong Ka Yew
(Resigned on 31 May 2012)
Mr. Wee Piew
Mr. Liu Kwong Chi, Nelson
(Appointed on 3 January 2012)
Ms. Wong Fei Tat
(Appointed on 3 January 2012)

COMMITTEE MEMBERS

Audit Committee

Mr. Wee Piew *(Chairman)*
Mr. Lim Siang Kai
Mr. Leong Ka Yew
(Resigned on 31 May 2012)
Mr. Liu Kwong Chi, Nelson
Ms. Wong Fei Tat

Remuneration Committee

Mr. Lim Siang Kai *(Chairman)*
Mr. Leong Ka Yew
(Resigned on 31 May 2012)
Mr. Wee Piew
Mr. Liu Kwong Chi, Nelson
Ms. Wong Fei Tat

Nominating Committee

Mr. Liu Kwong Chi, Nelson
(Chairman with effect from 31 May 2012)
Mr. Leong Ka Yew
(Chairman until resigned on 31 May 2012)
Mr. Lim Siang Kai
Mr. Wee Piew
Ms. Wong Fei Tat

AUTHORISED REPRESENTATIVES

Mr. Sze Chun Lee
Mr. Tsui Kan Chun

JOINT COMPANY SECRETARIES

Mr. Tsui Kan Chun
Ms. Gn Jong Yuh Gwendolyn

COMPLIANCE ADVISOR

VC Capital Limited

CORPORATE INFORMATION

JOINT AUDITORS

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

Engagement Director:
Mr. Au Yiu Kwan
(commencing from financial year
31 December 2010)

BDO LLP
Public Accountants and
Certified Public Accountants
21 Merchant Road
#05-01, Royal Merukh S.E.A. Building
Singapore 058267

Engagement Partner:
Mr. Chay Yiowmin
(commencing from financial year
31 December 2012)

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS AND PRINCIPAL EXECUTIVE OFFICE

Flat 2, 13th Floor
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North Point
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BERMUDA SHARE REGISTRAR

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Clarendon House
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Hamilton HM 11
Bermuda

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
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HONG KONG BRANCH SHARE REGISTRAR

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COMPANY WEBSITE

www.powerprinting.com.hk

STOCK CODES

Hong Kong: 6828
Singapore: B3C

(LOSS)/EARNINGS PER SHARE (HK CENTS)

(Loss)/Earnings per ordinary share based on (loss)/profit attributable to owners of the Company:	Group FY2012	FY2011
(i) Based on the weighted average number of ordinary shares in issue	**– HK 8.8 cents**	HK 0.8 cents
(ii) On a fully diluted basis	**Not applicable**	Not applicable

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK$14,734,000 (2011: profit of approximately HK$1,142,000) and on the weighted average number of 167,272,959 (2011: 136,510,742) ordinary shares in issue during the year.

Diluted (loss)/earnings per share for the years ended 31 December 2012 and 2011 are not presented as there is no dilutive potential ordinary share.

REVENUE (HK$'000)

	Year ended 31 December				
	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	264,205	212,962	201,677	257,859	191,874

FINANCIAL HIGHLIGHTS

NET PROFIT/(LOSS) FOR THE YEAR (HK$'000)

	Year ended 31 December				
	FY2008	**FY2009**	**FY2010**	**FY2011**	**FY2012**
Profit/(loss) for the year attributable to owners of the Company	17,659	19,220	22,012	1,142	(14,734)

NET ASSETS VALUE PER SHARE (HK CENTS)

Net asset value per ordinary share based on issued share capital	**As at 31/12/2012**	**As at 31/12/2011**
Group	HK 124.76 cents	HK 138.10 cents
Company	HK 71.45 cents	HK 71.05 cents

Net asset value attributable to the equity holders of the Company per ordinary share was calculated based on:

1. the equity of the Group/Company attributable to the owners of the Company as at 31 December 2012 and 31 December 2011; and

2. 174,209,373 and 152,209,373 ordinary shares in issue as at 31 December 2012 and 31 December 2011, respectively.

China Print Power Group Limited (the "Company") is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

The Group has adopted practices which meet the Code on Corporate Governance Practices (effective until 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) during the period from 1 April 2012 to 31 December 2012 (collectively the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations, if any. For proper reference, the relevant principles of the Singapore Code of Corporate Governance 2005 are also discussed below.

In line with the Code, the board of Directors (the "Board") hereby confirms that the Company has adhered to the principles and guidelines of the Code and all deviations from the Code are disclosed and explained.

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

The Company is effectively headed by the Board to lead and control it. Apart from its statutory duties and responsibilities, the Board is collectively responsible for the success of the Company and its subsidiaries (the "Group") and it works with management to achieve this. The management remains accountable to the Board. The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the executive Directors. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
2. establishing a framework of prudent and effective controls which enables risk to be assessed and managed;
3. reviewing management performance;
4. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met;
5. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and its internal code of conduct;
6. ensuring the Group's compliance with good corporate governance practices; and
7. approving half-year and full-year result announcements.

The Company has adopted internal guidelines setting forth matters that require Board approval, examples of which include corporate plans and budgets, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders. All Directors objectively make decisions in the interests of the Company. The Board also delegates certain of its functions to the Audit, Nominating and Remuneration Committees and these functions are described separately under the various sections of each Committee below. Each Committee has its own defined terms of reference and operating procedures.

The Board is scheduled to meet at least 4 times a year and as and when warranted by circumstances. The Company's bye-laws ("Bye-laws") allow a board meeting to be conducted by way of a telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

The number of meetings held in respect of the financial year 2012 and the attendance of the Directors are set out in the table below:

Directors' attendance at Board and Board Committee Meetings

	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
Number of Meetings held	9	2	1	1
Name of Director	**Number of Meetings Attended**			
Mr. Lim Siang Kai	9	2	1	1
Mr. Sze Chun Lee	9	N.A.	N.A.	N.A.
Mr. Chan Wai Ming	7	N.A.	N.A.	N.A.
Mr. Kwan Wing Hang	5	N.A.	N.A.	N.A.
Mr. Lam Shek Kin	7	N.A.	N.A.	N.A.
Mr. Leong Ka Yew(1)	4	1	1	1
Mr. Wee Piew	8	2	1	1
Ms. Chung Oi Ling, Stella	9	N.A.	N.A.	N.A.
Mr. Liu Kwong Chi, Nelson(2)	8	2	1	1
Ms. Wong Fei Tat(3)	7	2	1	1

Notes:

(1) Mr. Leong Ka Yew resigned as an Independent Director of the Company with effect from 31 May 2012. Accordingly, he also ceased to be a member of the Audit and Remuneration Committees and the Chairman of the Nominating Committee with effect from 31 May 2012.

(2) Mr. Liu Kwong Chi, Nelson was appointed as a member of the Audit, Nominating and Remuneration Committees with effect from 3 January 2012. Subsequent to Mr. Leong resignation, Mr. Liu was appointed as the Chairman of the Nominating Committee with effect from 31 May 2012.

(3) Ms. Wong Fei Tat was appointed as a member of the Audit, Nominating and Remuneration Committees with effect from 3 January 2012.

When new Directors are appointed, the Company will provide a formal letter to the new Directors setting out their duties and obligations. In addition, the new Directors will undergo an orientation programme where the CEO will brief them on the Group's business, policies and governance practices to ensure that they are familiar with them. Directors and key executives undergo relevant training to enhance their skills and knowledge, particularly on new laws, regulations and changing risks affecting the Group's operations. Other forms of training include governance practices and training in accounting, legal and industry-specific knowledge.

Principle 2: Board Composition and Guidance

The Board comprises:

Executive Directors
Mr. Sze Chun Lee *(CEO)*
Mr. Chan Wai Ming
Mr. Kwan Wing Hang
Mr. Lam Shek Kin
Ms. Chung Oi Ling, Stella

Independent Non-executive Directors
Mr. Lim Siang Kai *(Chairman of the Board)*
Mr. Leong Ka Yew *(resigned on 31 May 2012)*
Mr. Wee Piew
Mr. Liu Kwong Chi, Nelson *(appointed on 3 January 2012)*
Ms. Wong Fei Tat *(appointed on 3 January 2012)*

The Board, taking into account the nature and scope of the Group's operations and the impact of the number of Directors upon effectiveness in decision making, is of the view that the current board size of nine Directors, with at least one-third of the Directors being independent, is appropriate. The Board exercises judgment on corporate affairs objectively and independently, in particular, from management and no individual or small group of individuals dominates the Board's decision making.

The independent non-executive Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary and these competencies include accounting, finance and business management. None of the independent non-executive Directors have any relationship with the Company, its related companies or its officers that could interfere, or be perceived to interfere with the exercise of their independent business judgment in the best interests of the Company.

The independent non-executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They meet regularly on their own without the presence of management.

The composition of the Board and independence of each independent non-executive Director are and will be reviewed annually by the Nominating Committee.

The independent non-executive Directors Mr. Lim Siang Kai and Mr. Wee Piew have been appointed pursuant to their respective appointment letter pursuant to which the current term of the appointment shall be up to 31 May 2013 and the term of appointment shall be automatically renewed annually for such annual period thereafter, and may be terminated by not less than three months' notice in writing served by the Company. The independent non-executive Directors Mr. Liu Kwong Chi, Nelson and Ms. Wong Fei Tat have not been appointed for a specific term and may be terminated by not less than three months' notice in writing served by the Company. All the independent non-executive Directors will be subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws.

Principle 3: Role of Chairman and Chief Executive Officer

The Company keeps the positions of Chairman and chief executive officer ("CEO") separate, thus ensuring an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman of the Company is Mr. Lim Siang Kai and the CEO is Mr. Sze Chun Lee. The division of responsibilities between the Chairman and the CEO has been clearly established, set out in writing and agreed by the Board. The Chairman and the CEO are not related to each other. The CEO is primarily responsible for the overall management, strategic planning and business development of the Group, while the Chairman is responsible for the effective working of the Board. The responsibilities of the Chairman include:

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
2. ensuring that the Directors receive accurate, timely and clear information;
3. ensuring effective communication and preserving harmonious relations with the shareholders;
4. encouraging constructive relations between the Board and management and between the executive Directors and non-executive Directors;
5. facilitating the effective contribution of the non-executive Directors in particular;
6. ensuring the Group's compliance with the Code;
7. acting in the best interest of the Group and the shareholders; and
8. promoting high standards of corporate governance.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions, which shall include, without limitation, the following:

- to develop and review the Company's corporate governance policies and practices;

- to review and monitor the training and continuous professional development of the Directors and senior management;

- to review and monitor the Company's policies and practices in relation to compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct applicable to the Directors and employees of the Group; and

- to review the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as required under the Listing Rules.

BOARD COMMITTEES

Nominating Committee

Principle 4: Board Membership

Principle 5: Board Performance

The members of the Nominating Committee ("NC") are as follows:

Mr. Liu Kwong Chi, Nelson	*(Chairman with effect from 31 May 2012)*
Mr. Leong Ka Yew	*(Chairman until resignation on 31 May 2012)*
Mr. Wee Piew	*(Member)*
Mr. Lim Siang Kai	*(Member)*
Ms. Wong Fei Tat	*(Member)*

The NC is made up of four independent non-executive Directors. The NC is scheduled to meet at least once a year. For the financial year 2012, the NC met once on 25 February 2012. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. making recommendations to the Board on all Board appointments;
2. the re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an independent non-executive Director;
3. determining annually whether or not a Director is independent; and
4. deciding whether or not a Director is able to carry out and has adequately carried out his duties as a director.

In the selection and nomination of new Directors, the NC identifies the key attributes that an incoming Director should have, based on attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the Directors' personal contacts for recommendations of potential candidates. Executive recruitment agencies may also be appointed to assist in the search process where necessary. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made.

New Directors are appointed by way of a board resolution, after the NC has approved their nominations. Such new Directors submit themselves for re-election at the next annual general meeting ("AGM") of the Company. Pursuant to the Bye-laws, all Directors are required to submit themselves for re-election at least once every three years. Profiles of the Directors are set out on pages 12 to 16 of this annual report. The Directors who are retiring and who, being eligible, will offer themselves for re-appointment or re-election at the forthcoming AGM are named below:

Name of Director	Date of appointment	Due for re-appointment	Due for re-election
Mr. Lim Siang Kai	26/03/2007		
Mr. Sze Chun Lee	19/12/2006		
Mr. Chan Wai Ming	19/12/2006		√
Mr. Kwan Wing Hang	19/12/2006		√
Mr. Leong Ka Yew *(Note)*	26/03/2007		
Mr. Lam Shek Kin	19/12/2006		√
Mr. Wee Piew	26/03/2007		
Ms. Chung Oi Ling, Stella	01/10/2011		
Mr. Liu Kwong Chi, Nelson	03/01/2012		
Ms. Wong Fei Tat	03/01/2012		

Note: *Mr. Leong Ka Yew resigned as an Independent Director of the Company with effect from 31 May 2012. Accordingly, he also ceased to be a member of the Audit and Remuneration Committees and the Chairman of the Nominating Committee with effect from 31 May 2012.*

The NC chairman is not, and is not directly associated with, a substantial shareholder with interest of 5% or more in the voting shares of the Company.

Although some of the independent non-executive Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective. The Company has adopted internal guidelines to address the competing time commitments faced by these Directors serving on multiple boards.

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual Directors. The appraisal process focuses on a set of performance criteria which includes the evaluation of the Board composition and size, the Board process, the Board effectiveness and training, the provision of information to the Board, the Board standards of conduct and financial performance indicators. Such performance criteria are approved by the Board and they address how the Board has enhanced long term shareholders' value. The performance criteria do not change unless circumstances deem it necessary and a decision to change them would be justified by the Board.

The Chairman acts on the results of the performance evaluation, and where appropriate, proposes new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC.

Auditors' remuneration

The fees in relation to the audit service provided by BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Certified Public Accountants, Singapore, the external auditors of the Company, for the year ended 31 December 2012 amounted to HK$400,000, the details of which are set out on note 8 to the financial statements. No non-audit service was provided by the external auditors for the financial year ended 31 December 2012.

AUDIT COMMITTEE

Principle 11: Audit Committee

Principle 12: Internal Controls

Principle 13: Internal Audit

The Audit Committee ("AC") comprises the following Directors:

Mr. Wee Piew	*(Chairman)*
Mr. Lim Siang Kai	*(Member)*
Mr. Leong Ka Yew	*(Member) (resigned on 31 May 2012)*
Mr. Liu Kwong Chi, Nelson	*(Member)*
Ms. Wong Fei Tat	*(Member)*

The AC comprises entirely independent non-executive Directors. The AC is scheduled to meet at least twice a year. For the financial year 2012, the AC met twice with external auditors on 25 February 2012 and 9 August 2012 respectively. The AC is regulated by a written set of terms of reference and performs the following functions:

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;
2. reviewing the audit plans of the Company's external and internal auditors and the results of their examination and their cost effectiveness;
3. reviewing the co-operation given by the Group's officers to the external and internal auditors;
4. reviewing adequacy and effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
5. reviewing the effectiveness of the Group's internal audit function;
6. nominating or recommending the nomination of the external auditors for appointment, re-appointment or removal;
7. approving the remuneration and terms of engagement of the external auditors;
8. reviewing the independence and objectivity of the external auditors at least annually; and
9. reviewing interested person transactions.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or key executive to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the chairman of AC, have accounting or related financial management expertise and experience.

The external and internal auditors have full access to the AC. The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Group may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence to the AC. This arrangement facilitates independent investigation of such matters for appropriate resolution. The AC has express power to commission investigations into any matters, which has or is likely to have material impact on the Group's operating results or financial results.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year 2012, has kept the nature and extent of such services under review, has balanced the maintenance of objectivity and value for money and is satisfied that the provision of such services has not in the AC's opinion affected the independence of the external auditors.

The Board ensures that the management maintains a robust and effective system of internal controls to safeguard the shareholders' investment and the Group's assets. Certain internal accounting control weaknesses that the external auditors became aware of during their audit for the financial year ended 31 December 2012 have been communicated to the AC. Management will follow up on the external auditors' recommendations in an effort to strengthen the Group's internal control systems.

The Company has outsourced the internal control reviews to an independent audit firm, RSM Nelson Wheeler, to review key internal matters and report its findings together with recommendation to the AC. The work completed by the AC during the year under review and in the course of review of the Group's half-yearly and annual results included consideration of the following matters:

- the integrity and accuracy of the 2011 annual and 2012 quarterly financial statements to ensure that the information presents a true and balanced assessment of the financial position of the Group;
- the Group's compliance with statutory and regulatory requirements;
- developments in accounting standards and the effect on the Group;
- the Group's financial and accounting policies and practices;
- the Group's financial controls, internal control and risk management systems to ensure that management has discharged its duty to have an effective internal control system;
- monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discussing with the external auditors the nature and scope of the audit and reporting obligations;

- the audit fees payable to external auditors, the scope and timetable of the audit for year 2012; and

- recommendations to the Board, for the approval by shareholders, for the reappointment of the external auditors.

The Board and the AC have reviewed the adequacy of the Group's internal controls and believe that, in the absence of any evidence to the contrary, existing internal controls, including financial, operational and compliance controls and risk management systems that are in place, are adequate to meet the needs of the Group in its current business environment. The Company will review the adequacy and effectiveness of its internal controls on an on-going basis and address any specific issues or risks whenever necessary.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Remuneration Committee ("RC") comprises the following Directors:

Mr. Lim Siang Kai	*(Chairman)*
Mr. Wee Piew	*(Member)*
Mr. Leong Ka Yew	*(Member) (resigned on 31 May 2012)*
Mr. Liu Kwong Chi, Nelson	*(Member)*
Ms. Wong Fei Tat	*(Member)*

The RC is made up of entirely independent non-executive Directors so as to minimise the risk of any potential conflict.

The RC is scheduled to meet at least once a year and held a meeting on 25 February 2012. The RC is regulated by a set of terms of reference and has access to professional advice inside the Company and independent external sources, if necessary, in respect of the remuneration of all Directors and key executives.

The RC's main duties are:

1. to review and recommend to the Board for its decision a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Directors and key executives, including those employees related to the Executive Directors and controlling shareholders of the Group, if any, bearing in mind the need for a cautious comparison (in order to prevent the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance) of pay and employment conditions of comparable companies in the same or similar industries, and to submit such recommendations for endorsement by the entire Board; and

2. to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

1. all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered;

2. the remuneration packages of Directors and key executives are comparable to companies in same or similar industries and that for executive Directors, a significant proportion of such remuneration packages include performance-related elements;

3. the performance-related elements mentioned above are designed to align interests of executive Directors with those of shareholders, that they link rewards to corporate and individual performance and that there are appropriate and meaningful measures for the purpose of assessing such performance-related elements in respect of executive Directors;

4. the level of remuneration of non-executive Directors are appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors, but also bearing in mind that non-executive Directors are not over-compensated to the extent that their independence may be compromised;

5. the level of remuneration is appropriate to attract, retain and motivate the Directors needed to run the Group successfully without such levels being more than is necessary for this purpose; and

6. the remuneration package of employees related to executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The Company adopts a formal and transparent procedure for developing policy on key executive remuneration and for fixing remuneration packages of individual Directors. No Director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group's relative performance and the performance of individual Director or key executive.

Executive Directors do not receive directors' fees. The remuneration policy for Executive Directors and key executives consists of two components, that is fixed cash and annual variable. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance based bonus which, for Executive Directors, forms a significant proportion of their total remuneration package and is payable on the achievement of corporate and individual performance targets. The Company's share option scheme (the "Scheme") was put in place on 26 May 2011. However, we have not granted any share options pursuant to the Scheme.

The independent non-executive Directors have not entered into any service agreements with the Company. They are paid a basic fee and additional fees for serving on any of the Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. The Board recommends payment of such fees to be approved by shareholders as a lump sum payment at the AGM of the Company.

The executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses. The executive Directors or the Company may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the executive Director's last drawn salary. A breakdown, showing the level and mix of each individual Director's remuneration for the financial year 2012 is as follows:

Name of Director	Remuneration Band S$	Salary and Fees %	Performance Bonus %	Other Benefits %	Total Remuneration %
Executive Directors					
Mr. Sze Chun Lee	< 250,000	84.4	14.3	1.3	100
Mr. Chan Wai Ming	< 250,000	84.1	14.3	1.6	100
Mr. Kwan Wing Hang	< 250,000	84.0	14.0	2.0	100
Mr. Lam Shek Kin	< 250,000	83.7	14.2	2.1	100
Ms. Chung Oi Ling, Stella	< 250,000	97.2	–	2.8	100
Independent Non-executive Directors					
Mr. Lim Siang Kai	< 250,000	100	–	–	100
Mr. Wee Piew	< 250,000	100	–	–	100
Mr. Leong Ka Yew	< 250,000	100	–	–	100
Mr. Liu Kwong Chi, Nelson	< 250,000	100	–	–	100
Ms. Wong Fei Tat	< 250,000	100	–	–	100

Disclosure of top personnels' remuneration in bands of S$250,000 for the financial year 2012 is as follows:

Name of Top Personnel	Remuneration Band S$	Salary %	Performance Bonus %	Other Benefits %	Total Remuneration %
Mr. Ng Sui Yin	< 250,000	83.6	14.3	2.1	100
Mr. Chan Yee Yeung	< 250,000	88.7	7.7	3.6	100
Mr. Tsui Kan Chun	< 250,000	98.6	–	1.4	100

There are no employees in the Company who are immediate family members of a Director, CEO or substantial Shareholders whose remuneration exceeded S$150,000 during the financial year 2012.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with monthly management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. The Board, either individually or as a group, also has separate and independent access to the senior management staff. A quarterly report of the Group's activities is also provided to the Directors.

The Board, either individually or as a group, in the discharge of its duties, has access to independent professional advice, if necessary, at the Company's expense.

The Board members have separate and independent access to the company secretary. Under the direction of the Chairman, the company secretary ensures good information flow within the Board and its committees and between management and non-executive Directors, as well as facilitates orientation and assists with professional development as required. The company secretary attends all Board meetings and AC meetings. The company secretary assists the Board to ensure that the Board procedures and relevant rules and regulations are complied with. The appointment and removal of the company secretary is a matter for the Board as a whole.

COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company recognises the need to communicate regularly, effectively and fairly with its shareholders on all material matters affecting the Group and does not practice selective disclosure. In this respect, the Board presents a balanced and understandable assessment of the Group's performance, position and prospects and such responsibility extends to price sensitive announcements, including half-year and full-year results and reports to regulators, if any, all of which are released through SEHK's website at www.hkexnews.hk, SGX-ST's website at SGXNET (www.sgx.com) and the Company's website at www.powerprinting.com.hk. All press releases are announced through SGXNET before they are published. Where there is inadvertent disclosure made to a selected group, the Company ensures that the same is disclosed publicly to all others as soon as practicable. To date, there have never been such inadvertent disclosures.

The Company may also hold media meetings on significant events.

All shareholders of the Company receive the annual report and notice of the upcoming AGM. At AGMs, shareholders are encouraged to participate and are given the opportunity to air their views and ask questions regarding the Group and its businesses. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders. In addition, the chairman of the AC, NC and RC are present to address questions at AGM.

Apart from AGMs, the Company also regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. In disclosing information, the Company strives to be as descriptive, detailed and forthcoming as possible.

The management also provides all members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a monthly basis.

The Bye-laws allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company records minutes of all AGMs and questions and comments from shareholders together with the respective responses are also recorded. These are available to shareholders upon request.

DEALINGS IN SECURITIES

The Company has adopted its own code of best practices on securities transactions by the Company and its officers with respect to dealings in securities by directors and officers of the Group ("Best Practices Code"). The Best Practices Code is in line with the requirements of the SGX-ST Listing Manual and is no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry with all the Directors and all of them confirmed their compliance with the required standard as set out in the Best Practices Code and the Model Code throughout the year ended 31 December 2012.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director will be given an induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates on the business development of the Group. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the Listing Rules, companies ordinance and corporate governance practices organised by professional bodies or chambers in Hong Kong. All Directors are requested to provide the Company with their respective training records pursuant to the Code.

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development was completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related research which are relevant to the business or directors duties.

JOINT COMPANY SECRETARIES

Mr. Tusi Kan Chun, a member of The Hong Kong Institute of Certified Public Accountants, was appointed as one of our joint company secretaries on 14 September 2012. As an employee of the Company, the company secretary assists the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. He has taken not less than 15 hours of relevant professional training in 2012.

Ms. Gn Jong Yuh Gwendolyn was appointed as one of our company secretaries on 12 August 2009. Ms. Gn is a practising solicitor in Singapore and a partner of Shook Lin & Bok LLP.

SHAREHOLDERS' RIGHTS

(i) Procedures for members to convene a special general meeting ("SGM")

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda and its principal place of business in Hong Kong, for the attention of the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the shareholders concerned themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act, but any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

The written requisition must state the purposes of the general meeting, signed by the shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

The notice period to be given to all the registered Members for consideration of the proposal raised by the shareholders concerned at a SGM varies according to the nature of the proposal, as follows:

– at least twenty-one clear days' and not less than ten clear business days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

– at least fourteen clear days' and not less than ten clear business days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

(ii) Procedures for a member to propose a person for election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section of the Company's website at www.powerprinting.com.hk

(iii) Procedures for directing Shareholders' enquires to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

(iv) Procedures for putting forward proposals at a general meeting

Shareholders holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the shareholders concern and deposited at the Company's registered office in Bermuda and its principal place of business in Hong Kong for the attention of the company secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholders concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered members. On the contrary, if the requisition is invalid or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

RISK MANAGEMENT

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Details of related party and connected transactions of the Group for the year ended 31 December 2012 which fall under Chapter 14A of the Listing Rules are set out in note 30 to the financial statements.

REPORT OF THE DIRECTORS

The directors (the "Directors") of China Print Power Group Limited (the "Company") present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the printing business and sales of paper and leather products. There were no significant changes in the nature of the Group's principal activities during the period under review and the Group's operations are based in the People's Republic of China (the "PRC"), including Hong Kong. The principal activities of the subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2012 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 51 to 108.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2012 (2011: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the financial statements, is set out on page 111 of this annual report.

FIXED ASSETS

Details of movements in the leasehold land and land use rights, property, plant and equipment and investment properties of the Group during the year are set out in notes 14, 15 and 16 to the financial statements.

SHARE CAPITAL

Details of movements of the Company's share capital are set out in note 26 to the financial statements.

CHARITABLE DONATION

During the year, the total charitable contribution made by the Group amounted to HK$774,900.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF SHARES

Neither the Company, nor its subsidiary purchased, redeemed or sold its equity securities during the year.

RESERVES

Share premium

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be distributed in the form of fully paid bonus shares.

Merger reserve

This arose from the restructuring exercise and represents the difference between the nominal value of the Company's shares issued in exchange for the then consolidated net assets of the subsidiaries acquired as at 26 March 2007.

Details of movements in the reserves of the Group and the Company are set out in statements of changes in equity.

DISTRIBUTABLE RESERVES

At 31 December 2012 the Company did not have any reserves available for distribution to equity shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 47.6% of the total sales for the year and sales to the largest customer included therein amounted to 15.8%. Purchases from the Group's five largest suppliers accounted for 27.3% of the total purchases for the year. None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company are listed on page 17 of this annual report.

In accordance with Bye-law 86 of the Bye-laws, Mr. Chan Wai Ming, Mr. Kwan Wing Hang and Mr. Lam Shek Kin shall retire at the forthcoming annual general meeting of the Company ("Annual General Meeting"). All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and still considers them to be independent.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2012, none of the Directors have entered into any service agreement with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remuneration is subject to approval by the RC with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the Directors' remuneration are set out in note 13 to the financial statements.

HIGHEST PAID INDIVIDUALS

During the year, the five individuals with the highest remuneration in the Group are all Directors and senior management of the Company. Details of the highest paid individuals are set out in note 13 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 30 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or its subsidiaries was a party subsisting during or at the end of the year under review.

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

As at 31 December 2012, the interests or short positions of the Directors and the chief executive of the Company in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the SEHK pursuant to the Model Code contained in the Rules Governing the Listing of Securities on SEHK ("Listing Rules") were as follows:

(i) Interest in the Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of shareholding at 31/12/2012	Approximate percentage of shareholding at 19/3/2013 (note 1)
Mr. Sze Chun Lee	Beneficial owner	180,000	0.10%	0.09%
	Interest of controlled corporation (note 2)	81,060,848	46.53%	38.77%
Mr. Lam Shek Kin	Beneficial owner	100,000	0.06%	0.05%
Ms. Chung Oi Ling, Stella	Interest of controlled corporation (note 3)	5,634,000	3.23%	2.70%

Notes:

1. On 19 March 2013, Company issued 34,840,000 new ordinary shares of HK$0.55 each at HK$0.98 per share by way of Placing. Up to the date of this report, the number of shares held by Directors remains unchanged.

2. China Print Power Limited holds 81,060,848 Shares and is beneficially owned by Mr. Sze Chun Lee, Mr. Chan Wai Ming, Mr. Kwan Wing Hang and Mr. Lam Shek Kin, all being executives Directors, as to 35%, 30%, 20% and 15%, respectively.

3. Ms. Chung Oi Ling, Stella is deemed to be interested in 5,634,000 Shares by virtue of her 100% control in Flame Capital Limited.

(ii) Interest in associated corporations

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

Save as disclosed above, as at 31 December 2012, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company or the SEHK pursuant to the Model Code.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year and up to the date of this annual report, none of the Directors has any interest in a business which competes or may compete with the business of the Group under the Listing Rules.

SHARE OPTIONS

At the special general meeting of the Company held on 26 May 2011, the terms of the share option scheme was adopted by providing incentive to eligible participants to work better for the interests of the Group, under which the Board may, at its discretion, offer to grant options to any full-time or part-time employee and directors of the Company or any of its subsidiaries. Details of the share option scheme are set out on note 28 to the financial statements.

No share options under the share option scheme were granted or exercised during the year nor remained outstanding as at 31 December 2012.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2012, persons/corporations (other than the Directors and chief executive of the Company) which had interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Capacity	Number of shares	Approximate percentage of shareholding at 31/12/2012	Approximate percentage of shareholding at 19/3/2013 (note)
China Print Power Limited	Beneficial owner	81,060,848	46.53%	38.77%

Note: On 19 March 2013, the Company issued 34,840,000 new ordinary shares of HK$0.55 each at HK$0.98 per share by way of Placing.

Other than disclosed above, the Company has not been notified of any persons/corporations (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 31 December 2012, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

MATERIAL CONTRACTS

The following contract (not being contracts in the ordinary course of business) was entered into by the Company during the year, which are or may be material:

- On 5 April 2012, the Company and Get Nice Securities Limited (as placing agent) entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, to not less than six independent placees for up to 22,000,000 new shares at a price of HK$0.95 per placing share. The placing was completed on 3 May 2012.

Save as disclosed, no other material contract (not being contract entered into in the ordinary course of business) was entered into by any member of the Group during the year.

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

MATERIAL LITIGATION AND ARBITRATION

Power Printing (HK), as plaintiff, issued a claim and amended claim in August 2012 and February 2013 respectively against (a) Good Linkage Ltd. and (b) Mr. Wong Wing Kwong, Stephen (collectively as "Defendants") for a sum of EUR175,504 ("Indebtedness") together with the interest thereon and cost to the High Court of Hong Kong under High court Action No. 1515/2012 for repudiation of a settlement agreement signed on February 2011 and March 2011 among the Group, the Defendants and two other overseas independent third parties ("Settlement Agreement"). The Settlement Agreement was entered into in relation to the payment problem with those two independent third parties for goods sold where the Defendants are jointly and severally liable for the Indebtedness.

In addition, another claim was made against the Defendants for a sum of US$64,761 together with interest thereon and cost from defrauding the Group to produce and deliver goods to a receiver who was unknown ("Unknown Receiver") and received payments from the Unknown Receiver for goods shipped.

After consultation with the solicitors of Power Printing (HK), the directors are of the view that claims made by Power Printing (HK) are valid and the Group would not incur a material outflow of resources as a result of the above matters. The case is still in progress and no date has been fixed for trial.

CONNECTED TRANSACTIONS

During the year, our Company had entered into a car rental agreement to rent a cross-border car from (Hong Kong) Power Printing Limited ("HKPPL") and the rental fee paid to HKPPL amounted to approximately HK$336,000 for the year ended 31 December 2012.

As HKPPL is wholly owned by Sze Chun Lee, our executive Director, HKPPL is a connected person of our Company within the meaning of the Listing Rules. The transactions contemplated under the car rental agreement will constitute continuing connected transactions for our Company.

Our directors have reviewed the car rental agreement and confirmed that the rental service provided by HKPPL was entered into in our ordinary and usual course of business and was conducted on normal commercial terms, and the terms of such transaction was arrived at arm's length negotiation, and was fair and reasonable and in the interests of our Group and the Shareholders as a whole.

Given that each of the percentage ratios (other than the profit ratio) on an annual basis is less than 5% and the annual consideration is less than HK$1 million, the transactions contemplated under the car rental agreement would fall within the scope of de minimis transaction pursuant to Rule 14A.33(3) of the Listing Rules and is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other related party transactions

Other related party transactions are set out in note 30 to the financial statements, which either fall under the definition of "Continuing Connected Transactions" and are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules or does not fall into the definition of "connected transaction" or "continuing connected transaction".

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

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30 April 2013. A notice convening the Annual General Meeting will be issued to the shareholders of the Company together with this annual report, which will also be available on the SEHK's website at www.hkexnews.hk, SGX-ST's website at www.sgx.com and the Company's website at www.powerprinting.com.hk.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 36 of this annual report. The Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and The Singapore Code of Corporate Governance 2005 throughout the year ended 31 December 2012 except the deviations as disclosed in the Corporate Governance Report.

SUBSIDIARIES

Details of the Company's subsidiaries are set out in note 18 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

ACCOUNTABILITY

The Board aims to ensure that the interim and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2012.

AUDIT COMMITTEE

The AC comprises four members, namely, Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Liu Kwong Chi, Nelson and Ms. Wong Fei Tat, all being independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The AC has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2012.

The AC has recommended to the Board the nomination of the following appointment of external auditors at the forthcoming Annual General Meeting:

(a) To reappoint BDO Limited, Certified Public Accountants, Hong Kong to satisfy the Listing Rules; and

(b) To reappoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Certified Public Accountants, Singapore as joint auditors to satisfy the Listing Manual of the Singapore Exchange Securities Trading Limited.

AUDITORS

Due to a merger of the businesses of Grant Thornton ("GTHK"), now known as JBPB & Co., and BDO Limited ("BDO") to practice in the name of BDO as announced on 26 November 2010, GTHK resigned and BDO was appointed as auditor of the Company effective from 29 November 2010. BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP ("BDO LLP"), Public Accountants and Certified Public Accountants, Singapore was appointed on 27 April 2012 as joint auditors to satisfy the Listing Manual of the Singapore Exchange Securities Trading Limited. Save as disclosed herein, there was no other change in the auditors of the Company in any of the preceding three years.

BDO and BDO LLP retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to the appointment of auditors of the Company for the ensuing year until the next annual general meeting in 2014.

On behalf of the Board of Directors

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

20 March 2013

STATEMENT BY DIRECTORS

We, Mr. Sze Chun Lee and Mr. Chan Wai Ming, being two of the Directors of China Print Power Group Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012, and of the financial performance and cash flows of the Group for the year then ended.

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

20 March 2013

INDEPENDENT JOINT AUDITORS' REPORT

The following is the text of the joint auditors' report on the financial statements for the year ended 31 December 2012 received from the Company's joint auditors in respect of the Company's listing on the Singapore Exchange Securities Trading Limited. The Company's joint auditors are BDO LLP, Singapore and BDO Limited, Hong Kong.

To the Shareholders of China Print Power Group Limited
(incorporated in Bermuda with limited liability)

We have audited the financial statements of China Print Power Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 51 to 108, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the 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 directors, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT JOINT AUDITORS' REPORT

OPINION

In our opinion, the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

OTHER MATTERS

1. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. Our responsibility, as the joint auditors, is set out in the "Auditors' Responsibility" section of this report. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

2. The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2011 were audited solely by BDO Limited who expressed an unmodified opinion on those statements on 19 March 2012.

BDO LLP
Public Accountants and
Certified Public Accountants
21 Merchant Road
#05-01, Royal Merukh S.E.A. Building
Singapore 058267

20 March 2013

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

20 March 2013

The following is the text of the auditor's report on the Company's financial statements for the year ended 31 December 2012 received from the Company's auditor in Hong Kong, BDO Limited, in respect of the Company's listing on The Stock Exchange of Hong Kong Limited.

BDO

To the Shareholders of China Print Power Group Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Print Power Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 51 to 108, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as 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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 International Standards on Auditing. 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 judgement, 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 the 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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012, and of the Group's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Au Yiu Kwan
Practising Certificate Number: P05018

20 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	6	**191,874**	257,859
Cost of sales		**(162,413)**	(201,707)
Gross profit		**29,461**	56,152
Other income	6	**1,485**	1,781
Selling and distribution costs		**(10,060)**	(12,450)
Administrative expenses		**(26,318)**	(27,427)
Listing expenses		**–**	(8,890)
Other operating expenses		**(6,919)**	(2,947)
Finance costs	7	**(1,443)**	(1,617)
(Loss)/Profit before income tax	8	**(13,794)**	4,602
Income tax expense	9	**(940)**	(3,460)
(Loss)/Profit for the year and attributable to owners of the Company	10	**(14,734)**	1,142
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**1,585**	3,268
Other comprehensive income for the year		**1,585**	3,268
Total comprehensive income for the year and attributable to owners of the Company		**(13,149)**	4,410
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company for the year	12		
– Basic (HK cents)		**(8.8)**	0.8
– Diluted (HK cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights	14	**5,590**	5,629
Property, plant and equipment	15	**140,833**	143,506
Investment properties	16	**29,834**	–
Intangible assets	17	**527**	–
Other non-current assets		**512**	601
		177,296	149,736
Current assets			
Inventories	19	**27,436**	33,440
Trade and other receivables	20	**49,367**	89,672
Current tax assets		**1,590**	337
Cash and bank balances	21	**23,688**	46,300
		102,081	169,749
Current liabilities			
Trade and other payables	22	**23,843**	39,423
Bank borrowings, secured	23	**35,486**	63,270
Obligations under finance leases	24	**–**	2,024
Current tax liabilities		**812**	1,110
		60,141	105,827
Net current assets		**41,940**	63,922
Total assets less current liabilities		**219,236**	213,658
Non-current liabilities			
Deferred tax liabilities	25	**1,885**	3,442
Net assets		**217,351**	210,216
EQUITY ATTRIBUTABLE TO COMPANY'S OWNERS			
Share capital	26	**95,815**	83,715
Reserves		**121,536**	126,501
Total equity		**217,351**	210,216

On behalf of the Board

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

STATEMENT OF FINANCIAL POSITION

as at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	**46,078**	46,078
Current assets			
Other receivables	20	**70,691**	52,122
Dividend receivables from a subsidiary		**7,043**	7,043
Cash and bank balances	21	**657**	2,907
		78,391	62,072
Net assets		**124,469**	108,150
EQUITY			
Share capital	26	**95,815**	83,715
Reserves		**28,654**	24,435
Total equity		**124,469**	108,150

On behalf of the Board

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(13,794)**	4,602
Adjustments for:			
Amortisation of leasehold land and land use rights	8	**133**	129
Depreciation of property, plant and equipment	8	**11,307**	13,039
Depreciation of investment properties	8	**770**	–
Impairment losses on trade receivables	8	**1,757**	419
Interest income	6	**(120)**	(50)
Interest expenses	7	**1,443**	1,617
Net losses on disposals of property, plant and equipment	8	**2,103**	128
Other payables written back	6	**–**	(604)
Reversal of impairment losses on trade receivables	6	**(2)**	(656)
Operating profit before working capital changes		**3,597**	18,624
Decrease/(Increase) in inventories		**6,038**	(12,067)
Decrease/(Increase) in trade and other receivables		**38,157**	(18,205)
(Decrease)/Increase in trade and other payables		**(15,021)**	8,216
Cash generated from/(used in) operations		**32,771**	(3,432)
Income taxes refunded		**–**	362
Income taxes paid		**(4,048)**	(3,339)
Interest paid		**(1,443)**	(1,617)
Net cash from/(used in) operating activities		**27,280**	(8,026)
Cash flows from investing activities			
Interest received		**120**	50
Purchases of property, plant and equipment		**(40,796)**	(29,651)
Proceeds from disposals of property, plant and equipment		**302**	100
Increase in time deposits		**(6,150)**	–
Net cash used in investing activities		**(46,524)**	(29,501)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**20,900**	44,400
Payment of transaction costs on issue of ordinary shares		**(616)**	(4,838)
Dividends paid		**–**	(4,400)
(Decrease)/Increase in trust receipt loans and collateralised borrowings		**(14,506)**	13,931
Proceeds from new bank borrowings		**–**	33,750
Repayments of bank borrowings		**(13,278)**	(19,093)
Repayments of obligations under finance leases		**(2,024)**	(8,810)
Net cash (used in)/from financing activities		**(9,524)**	54,940
Net (decrease)/increase in cash and cash equivalents		**(28,768)**	17,413
Cash and cash equivalents at 1 January		**46,300**	28,831
Effect of foreign exchange rate changes, on cash held		**6**	56
Cash and cash equivalents at 31 December	21	**17,538**	46,300

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Attributable to owners of the Company						
	Share capital HK$'000 (note 26)	Share premium* HK$'000 (note 27)	Merger reserve* HK$'000 (note 27)	Translation reserve* HK$'000	Proposed final dividend* HK$'000	Retained profits* HK$'000	Total equity HK$'000
Balance at 1 January 2011	67,215	12,177	(43,048)	14,060	4,400	115,840	170,644
2010 final dividend approved	–	–	–	–	(4,400)	–	(4,400)
Issue of ordinary shares	16,500	27,900	–	–	–	–	44,400
Transaction costs on issue of ordinary shares	–	(4,838)	–	–	–	–	(4,838)
Transaction with owners	16,500	23,062	–	–	(4,400)	–	35,162
Profit for the year	–	–	–	–	–	1,142	1,142
Other comprehensive income – exchange gain on translation of financial statements of foreign operations	–	–	–	3,268	–	–	3,268
Total comprehensive income for the year	–	–	–	3,268	–	1,142	4,410
Balance at 31 December 2011 and 1 January 2012	**83,715**	**35,239**	**(43,048)**	**17,328**	**–**	**116,982**	**210,216**
Issue of ordinary shares	12,100	8,800	–	–	–	–	20,900
Transaction costs on issue of ordinary shares	–	(616)	–	–	–	–	(616)
Transaction with owners	**12,100**	**8,184**	**–**	**–**	**–**	**–**	**20,284**
Loss for the year	–	–	–	–	–	(14,734)	(14,734)
Other comprehensive income – exchange gain on translation of financial statements of foreign operations	–	–	–	1,585	–	–	1,585
Total comprehensive income for the year	**–**	**–**	**–**	**1,585**	**–**	**(14,734)**	**(13,149)**
Balance at 31 December 2012	**95,815**	**43,423**	**(43,048)**	**18,913**	**–**	**102,248**	**217,351**

* Total of these reserve accounts as at 31 December 2012 amounted to HK$121,536,000 (2011: HK$126,501,000).

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	Share capital HK$'000 (note 26)	Share premium** HK$'000 (note 27)	Proposed final dividend** HK$'000	Retained profits/ (Accumulated losses)** HK$'000	Total equity HK$'000
Balance at 1 January 2011	67,215	12,177	4,400	406	84,198
2010 final dividend approved	–	–	(4,400)	–	(4,400)
Issue of ordinary shares	16,500	27,900	–	–	44,400
Transaction costs on issue of ordinary shares	–	(4,838)	–	–	(4,838)
Transaction with owners	16,500	23,062	(4,400)	–	35,162
Loss for the year	–	–	–	(11,210)	(11,210)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(11,210)	(11,210)
Balance at 31 December 2011 and 1 January 2012	**83,715**	**35,239**	**–**	**(10,804)**	**108,150**
Issue of ordinary shares	12,100	8,800	–	–	20,900
Transaction costs on issue of ordinary shares	–	(616)	–	–	(616)
Transaction with owners	**12,100**	**8,184**	**–**	**–**	**20,284**
Loss for the year	–	–	–	(3,965)	(3,965)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**(3,965)**	**(3,965)**
Balance at 31 December 2012	**95,815**	**43,423**	**–**	**(14,769)**	**124,469**

** Total of these reserve accounts as at 31 December 2012 amounted to HK$28,654,000 (2011: HK$24,435,000).

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 18 to the financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter. There were no significant changes in the nature of the Group's principal activities during the year and the Group's operations are based in The People's Republic of China (the "PRC"), including Hong Kong. The Company's ultimate parent company is China Print Power Limited, a company incorporated in the British Virgin Islands.

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

The financial statements for the year ended 31 December 2012 were approved for issue by the board of directors ("Board") on 20 March 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 51 to 108 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended IFRSs and the impact on the Group's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under historical cost convention. The measurement bases are fully described in the accounting policies below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 2.3) made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

When a foreign operation is sold such that control is lost, the cumulative exchange differences related to that foreign operation are reclassified from equity to profit or loss as part of the gain or loss on sale.

2.5 Property, plant and equipment

Property plant and equipment, other than construction-in-progress ("CIP"), are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Depreciation is provided to write off the cost less their estimated residual value over their estimated useful lives, at the following rates per annum:

<u>On straight-line method</u>	
Buildings held for own use	3-1/3%
<u>On reducing balance method</u>	
Plant and machinery	15%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

The asset's estimated residual value, depreciation methods and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

Gain or loss arising on retirement or disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss in the year in which they are incurred.

CIP represents buildings under construction for production or supply of goods or for administrative purposes. These are carried at cost less any impairment losses and are not depreciated. Cost comprises direct costs, such as cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use incurred during the periods of construction. CIP is reclassified as buildings and depreciation commences when the construction work is completed and the asset is ready for their intended use.

Assets held under finance leases (see note 2.14) are depreciated over the term of the relevant lease or where it is likely that the Group will obtain the ownership of the asset, their expected useful lives on the same basis as owned assets.

2.6 Leasehold land and land use rights

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 2.14. Amortisation is calculated on straight-line method over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

2.7 Investment properties

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided so as to write off the cost of investment property less their estimated residual value using straight-line method over the lease term. The asset's estimated residual value, depreciation method and estimated useful live are reviewed, and adjusted if appropriate, at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties (Continued)

Transfer from property, plant and equipment to investment property shall be made when, and only when, there is a change in use, evidenced by the end of owner-occupation. The transfers between owner-occupied property and investment property which are measured at cost less accumulated depreciation and impairment losses do not change the carrying amount of the property transferred and the cost of that property on transfer.

2.8 Intangible assets

Intangible assets include computer software that is acquired separately and is recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any subsequent impairment losses. Cost associated with maintaining computer software programmes is recognised as an expense as incurred. Amortisation for intangible assets with finite useful lives is provided on straight-line method over their estimated useful life of 10 years. Amortisation commences when the intangible assets are available for use. The assets' amortisation method and estimated useful lives are reviewed, and adjusted if applicable, at each reporting date.

2.9 Financial assets

The Group's financial assets are classified into loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These (including trade and other receivables, dividend receivables from a subsidiary and cash and bank balances) are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables are recognised initially at fair value, plus directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

De-recognition of financial assets occurs when the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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 de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

At each reporting date, loans and receivables are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

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

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the 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). The amount of the loss is recognised in profit or loss of the year in which the impairment occurs.

If, in subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the year in which the reversal occurs.

Impairment losses are written off against the receivables directly except where the recovery of loans and receivables is considered doubtful but not remote, in which case, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of receivables is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using first-in first-out method, and in the case of work-in-progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and form an integral part of the Group's cash management.

2.12 Financial liabilities

The Group's financial liabilities included finance lease liabilities, borrowings and trade and other payables. These are included as line items in the statements of financial position as obligations under finance leases, bank borrowings and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.20).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see note 2.14).

Borrowings

Borrowings include term loans, trust receipt loans and collaterialised borrowings. These are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

These are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) 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 terms of a debt instrument.

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

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount, i.e. the amount initially recognised less accumulated amortisation, where appropriate.

2.14 Leases

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

(i) Classification of assets leased to the Group

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

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

(ii) Assets acquired under finance leases (Continued)

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges as the lessee

Where the Group has the right to use the assets held under operating leases, payments made under the leases are charged to profit or loss on straight-line method over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payment made.

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

(iv) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the use of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income. The accounting policy for recognition of revenue from operating leases is described in note 2.17 below.

2.15 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and the use by others of the Group's assets yielding interest, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

– Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;

– Interest income is recognised on a time-proportion basis using effective interest method; and

– Rental income receivable from operating leases is recognised in profit or loss on straight-line method over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.18 Impairment of non-financial assets

Property, plant and equipment, investment properties, intangible assets, other non-current assets, leasehold land and land use rights; and the Company's interests in subsidiaries are subject to impairment testing. These assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset. Where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Impairment of non-financial assets (Continued)

An impairment loss is recognised as an expense immediately for the amount by which the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment loss recognised for CGUs is charged pro-rata to the assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount of the asset or the CGU and only to the extent that the carrying amount of the asset or the CGU does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.19 Employee benefits

Retirement benefits

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and the PRC, comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme (the “MPF Scheme”). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant group companies. The retirement benefit scheme costs charged to profit or loss represents contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of the employees’ relevant income and there are no other further obligations to the Group.

The Group contributes to the MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong. Contributions are made based on 5% of the employee’s basic salaries or the maximum mandatory contribution as required by the MPF Scheme and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group’s employer contribution vested fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

Share-based employee compensation

The Group operates an equity-settled share-based compensation plan for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the total estimated fair value of the share options is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest.

Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any resulting adjustment to the cumulative fair value recognised in prior years is charged or credited to profit or loss. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest with a corresponding adjustment to the share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

2.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs is suspended or ceases when the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Current tax and changes in deferred tax assets or liabilities are recognised as a component of income tax expense in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Accounting for income taxes (Continued)

Current tax assets and current tax liabilities are presented in net if, and only if:

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resource allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines.

The Group has identified the following reportable segments and no operating segments have been aggregated to form the following reportable segments:

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

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

Each of these operating segments is managed separately as each of the product lines requires different resources as well as marketing approaches.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting (Continued)

The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs except for finance costs, income tax and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but tax and corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude tax and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include current tax liabilities, deferred tax liabilities and corporate borrowings.

No asymmetrical allocations have been applied to reportable segments.

2.23 Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of the Group's parent.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Related parties (Continued)

(ii) An entity is related to the Group if:

(a) the entity and the Group are members of the same group;

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) both entities are joint venture of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(f) the entity is controlled or jointly controlled by a person identified in (i); or

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of a person are those family members who may be expect to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

3. ADOPTION OF NEW OR AMENDED IFRSs

In the current year, the Group has applied for the first time the new standards, amendments and interpretations (the "new IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2012.

Amendments to IFRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets

The amendments expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed and such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

The Group has discounted certain of its trade receivables with recourse (see note 20(e)). As the Group retains the significant risks and rewards of ownership of the discounted trade receivables, the transfer transactions do not meet the requirement of IAS 39 for de-recognition. Trade receivables remain as the Group's financial assets with the cash received being recognised as collateralised borrowings (see note 23). The financial statements for the current period include disclosures describing the nature of the relationship between the discounted trade receivables and the associated financial liabilities, including restrictions on the Group's use of the receivables arising from the discounting arrangements. In accordance with the transitional requirement of the amendments, the disclosures for the comparative period have not been amended.

At the date of authorisation of these financial statements, certain new and amended IFRSs have been issued but are not yet effective, and have not been adopted early by the Group for the year ended 31 December 2012.

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

Amendments to IAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments are effective for annual periods beginning on or after 1 July 2012 and require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future (e.g. exchange difference on translation of financial statements of foreign operations) by presenting them separately from those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments also change the title "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". However, entities are still allowed to use the old title.

3. ADOPTION OF NEW OR AMENDED IFRSs (CONTINUED)

IFRS 9 – Financial Instruments

The standard is effective for annual periods beginning on or after 1 January 2015 and addresses the classification and measurement of financial assets, it also addresses the requirements for financial liabilities and for derecognition of financial assets and financial liabilities.

The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income.

In relation to financial liabilities, the significant changes relates to financial liabilities that are designated as at fair value through profit or loss, specifically, 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 presentation of the effects of change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

IFRS 10 – Consolidated Financial Statements

IFRS 10 is effective for annual periods beginning on or after 1 January 2013 and introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns.

IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduce the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agent of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of IFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing IAS 27 on other consolidation related matters are carried forward unchanged. IFRS 10 will be applied retrospectively subject to certain transitional provisions.

3. ADOPTION OF NEW OR AMENDED IFRSs (CONTINUED)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 is effective for accounting periods beginning on or after 1 January 2013 and integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

IFRS 13 – Fair Value Measurement

IFRS 13 is effective for accounting periods beginning on or after 1 January 2013 and provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with IFRS 7 "Financial Instruments: Disclosures". IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. IFRS 13 can be adopted early and will be applied prospectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Source of estimation uncertainty

(i) Estimated impairment of loans and receivables

The Group's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. The Group's policy for the impairment of loans and receivables is based on the evaluation of collectability and ageing analysis of the receivables and on the management's estimates. A considerable amount of estimate is required in assessing the ultimate realisation of these outstanding, including the current creditworthiness or the past collection history of each debtor. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment will be required. The carrying amount of trade and other receivables as at 31 December 2012 was HK$49,367,000 (2011: HK$89,672,000).

(ii) Net realisable value of inventories

Inventory is valued at the lower of cost and net realisable value. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group reviews its inventory levels in order to identify slow-moving merchandise and use markdowns to clear merchandise. Inventory value is reduced when the decision to markdown below cost is made. The carrying amount as at 31 December 2012 was HK$27,436,000 (2011: HK$33,440,000).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Source of estimation uncertainty (Continued)

(iii) Depreciation of property, plant and equipment and investment properties

Depreciation is provided to write off the cost of property, plant and equipment (other than CIP) and investment properties less their estimated residual value over their estimated useful lives, using straight-line or reducing balance method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and investment properties. Their carrying amounts as at 31 December 2012 were HK$170,667,000 (2011: HK$143,506,000). Management reassesses the estimates at each reporting date.

(iv) Impairment of non-financial assets

Determining whether the non-financial assets are impaired and the amount of impairment losses require an estimation of the value-in-use of the assets or CGUs to which the assets has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value of those cash flows.

Critical accounting judgement in applying the Group's accounting policies

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the tax losses and deductible temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The amount of unrecognised tax losses as at 31 December 2012 was HK$1,850,000 (2011: Nil). Further details are set out in note 25.

5. SEGMENT REPORTING

The executive directors have identified the Group's two product lines as operating segments as described in note 2.22.

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the years ended 31 December 2011 and 2012.

	Segment revenue		Segment profit	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Book products	**108,479**	152,312	**18,963**	33,821
Specialised products	**83,395**	105,547	**10,498**	22,331
Segment total	**191,874**	257,859	**29,461**	56,152

	Segment assets		Segment liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Book products	**97,286**	134,053	**6,635**	9,446
Specialised products	**22,339**	36,387	**5,043**	12,452
Segment total	**119,625**	170,440	**11,678**	21,898

	Depreciation and amortisation		Additions to non-current assets	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Book products	**5,814**	6,207	**–**	580
Specialised products	**2,173**	2,631	**602**	6,042
Segment total	**7,987**	8,838	**602**	6,622

	Impairment losses on trade receivables		Net losses on disposals of property, plant and equipment	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Book products	**1,218**	281	**128**	(10)
Specialised products	**539**	138	**253**	138
Segment total	**1,757**	419	**381**	128

5. SEGMENT REPORTING (CONTINUED)

The total presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2012 HK$'000	2011 HK$'000
Reportable segment profit	**29,461**	56,152
Interest income	**120**	50
Unallocated corporate income	**1,365**	1,731
Directors' remuneration	**(4,808)**	(4,131)
Amortisation of leasehold land and land use rights	**(133)**	(129)
Depreciation of investment properties	**(770)**	–
Unallocated corporate expenses	**(37,586)**	(47,454)
Finance costs	**(1,443)**	(1,617)
Group's (loss)/profit before income tax	**(13,794)**	4,602
Reportable segment assets	**119,625**	170,440
Leasehold land and land use rights	**5,590**	5,629
Investment properties	**29,834**	–
Intangible assets	**527**	–
Cash and bank balances	**23,688**	46,300
Current tax assets	**1,590**	337
Other corporate assets	**98,523**	96,779
Group assets	**279,377**	319,485
Reportable segment liabilities	**11,678**	21,898
Bank borrowings	**35,486**	63,270
Obligations under finance leases	**–**	2,024
Current tax liabilities	**812**	1,110
Deferred tax liabilities	**1,885**	3,442
Other corporate liabilities	**12,165**	17,525
Group liabilities	**62,026**	109,269

5. SEGMENT REPORTING (CONTINUED)

Geographical location of customers is based on the location at which the customers reside. The Group's revenue from external customers is divided into the following geographical areas:

	2012 HK$'000	2011 HK$'000
PRC, including Hong Kong	**99,999**	145,006
United Kingdom	**50,827**	51,957
United States	**20,147**	23,794
Germany	**11,399**	17,903
Others	**9,502**	19,199
	191,874	257,859

During the years ended 31 December 2011 and 2012, there was no revenue from external customers attributed to Bermuda (domicile) and no non-current assets were located in Bermuda. The country of domicile is the country where the Company was incorporated for the purpose of the disclosures as required by IFRS 8 "Operating Segments".

Geographical location of leasehold land and land use rights, property, plant and equipment and investment properties is based on the physical location of the assets, whilst geographic location of intangible assets and other non-current assets is based on the location of the operation to which they are allocated. All of the Group's non-current assets are located in the PRC, including Hong Kong.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenues. During each of the years ended 31 December 2011 and 2012, revenue derived from these customers, including sales to entities which are known to the Group to be under common control, are as follows:

	2012 HK$'000	2011 HK$'000
Customer A*	**30,254**	38,837
Customer B*	**19,467**	31,204

* Attributable to books and specialised products segments

6. REVENUE AND OTHER INCOME

The principal activities of the Group are printing and sale of paper, leather and related stationery products. Revenue, which is also the Group's turnover, represented the invoiced value of goods sold, after allowance for returns and trade discounts, and elimination of all significant inter-company transactions. An analysis of the Group's revenue and other income is as follows:

	2012 HK$'000	2011 HK$'000
Revenue		
Sales of goods	**191,874**	257,859
Other income		
Interest income on financial assets not at fair value through profit or loss	**120**	50
Other payables written back	**–**	604
Rental income from investment properties	**812**	–
Reversals of impairment losses on trade receivables	**2**	656
Sundry income	**551**	471
	1,485	1,781

7. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest charges on:		
– Bank borrowings repayable on demand or wholly within five years	**1,374**	1,320
– Finance charges on obligations under finance leases	**69**	297
Interest expense on financial liabilities not at fair value through profit or loss	**1,443**	1,617

8. (LOSS)/PROFIT BEFORE INCOME TAX

	2012 HK$'000	2011 HK$'000
(Loss)/Profit before income tax is arrived at after charging:		
Auditors' remuneration	**400**	400
Amortisation of leasehold land and land use rights	**133**	129
Cost of inventories recognised as expense*	**162,413**	201,707
Depreciation of property, plant and equipment*	**11,307**	13,039
Depreciation of investment properties	**770**	–
Employee benefit expense* (including directors' emoluments):		
– Salaries and allowances	**50,941**	57,398
– Contribution to defined contribution plans	**2,982**	3,432
	53,923	60,830
Impairment losses on trade receivables	**1,757**	419
Net foreign exchange losses	**282**	375
Net losses on disposals of property, plant and equipment	**2,103**	128
Operating lease charges on:		
– premises	**462**	460
– motor vehicles	**336**	168
	798	628
Outgoings in respect of investment properties	**138**	–

* Included in cost of inventories are depreciation of property, plant and equipment and employee benefit expense of HK$51,802,000 (2011: HK$58,890,000), which have also been included in the respective total amounts as disclosed above.

No non-audit fee was paid to BDO Limited and BDO LLP, the independent auditors for the year ended 31 December 2012. BDO Limited also received non-audit fee of approximately HK$660,000 for acting as the reporting accountants in connection with the dual primary listing of the Company's shares on the SEHK in 2011. In addition, HK$150,000 was received by BDO Limited relating to the due diligence support services in the same year.

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising for the year. Tax on overseas profits has been calculated on the estimated assessable profits, if any, for the year at the rates of tax prevailing in the countries in which the Group operates.

	2012 HK$'000	2011 HK$'000
Current tax – Hong Kong profits tax		
– Current year	**2,526**	3,308
– (Over)/Under provision in respect of prior years	**(29)**	334
	2,497	3,642
Deferred tax		
– Origination and reversal of temporary differences (note 25)	**(1,557)**	(182)
Total income tax expense	**940**	3,460

Reconciliation between the income tax expense and accounting (loss)/profit at applicable tax rates:

	2012 HK$'000	2011 HK$'000
(Loss)/Profit before income tax	**(13,794)**	4,602
Notional tax on (loss)/profit before income tax, calculated at the rates applicable to (loss)/profit in the tax jurisdictions concerned	**(2,008)**	(293)
Tax effect of non-deductible expenses	**1,774**	4,961
Tax effect of non-taxable revenue	**(19)**	(8)
Tax effect of 50% non-deductible manufacturing loss/(non-taxable manufacturing profits)*	**917**	(1,534)
Tax effect of tax losses not recognised as deferred tax asset	**305**	–
(Over)/Under provision in respect of prior years	**(29)**	334
Total income tax expense	**940**	3,460

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

10. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated (loss)/profit attributable to owners of the Company for the year includes a loss of HK$3,965,000 (2011: HK$11,210,000), which have been dealt with in the financial statements of the Company.

11. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Final dividend in respect of year ended 31 December 2010, of HK3.60 cents per ordinary share, approved and paid during the year ended 31 December 2011	–	4,400

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of HK$14,734,000 (2011: profit of HK$1,142,000) and on the weighted average number of 167,272,959 (2011: 136,510,742) ordinary shares in issue during the year.

Diluted (loss)/earnings per share for the years ended 31 December 2011 and 2012 are not presented as there is no dilutive potential ordinary share.

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

No emoluments were paid by the Group to any of the following directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office or are there any arrangement under which a director waived or agree to waive any remuneration during the year (2011: Nil).

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments

	Fee HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2012				
Executive directors				
– Mr. Sze Chun Lee	**–**	**1,058**	**14**	**1,072**
– Mr. Chan Wai Ming	**–**	**897**	**14**	**911**
– Mr. Kwan Wing Hang	**–**	**672**	**14**	**686**
– Mr. Lam Shek Kin	**–**	**662**	**14**	**676**
– Ms. Chung Oi Ling, Stella	**–**	**480**	**14**	**494**
Independent non-executive directors				
– Mr. Lim Siang Kai	**317**	**–**	**–**	**317**
– Mr. Leong Ka Yew*	**179**	**–**	**–**	**179**
– Mr. Wee Piew	**233**	**–**	**–**	**233**
– Mr. Liu Kwong Chi, Nelson**	**120**	**–**	**–**	**120**
– Ms. Wong Fei Tat**	**120**	**–**	**–**	**120**
	969	**3,769**	**70**	**4,808**
2011				
Executive directors				
– Mr. Sze Chun Lee	–	1,025	12	1,037
– Mr. Chan Wai Ming	–	874	12	886
– Mr. Kwan Wing Hang	–	672	12	684
– Mr. Lam Shek Kin	–	672	12	684
– Ms. Chung Oi Ling, Stella***	–	120	5	125
Independent non-executive directors				
– Mr. Lim Siang Kai	305	–	–	305
– Mr. Leong Ka Yew	189	–	–	189
– Mr. Wee Piew	221	–	–	221
	715	3,363	53	4,131

* resigned as independent non-executive director with effect from 31 May 2012.

** appointed as independent non-executive director with effect from 3 January 2012.

*** appointed as executive director with effect from 1 October 2011.

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four (2011: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individual, during the year are as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other emoluments	**644**	666
Retirement scheme contributions	**14**	12
	658	678

14. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

The Group's interests in leasehold land and land use rights, which are located in the PRC and held on leases of between 10 and 50 years, represent prepaid operating lease payments.

	2012 HK$'000	2011 HK$'000
At 1 January		
Cost	**6,521**	6,197
Accumulated amortisation	**(892)**	(723)
Net carrying amount	**5,629**	5,474
Year ended 31 December		
Opening net carrying amount	**5,629**	5,474
Exchange differences	**94**	284
Amortisation	**(133)**	(129)
Closing net carrying amount	**5,590**	5,629
At 31 December		
Cost	**6,629**	6,521
Accumulated amortisation	**(1,039)**	(892)
Net carrying amount	**5,590**	5,629

15. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold buildings HK$'000	CIP HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2011						
Cost	67,889	–	125,834	10,953	705	205,381
Accumulated depreciation	(10,544)	–	(69,375)	(6,909)	(259)	(87,087)
Net carrying amount	57,345	–	56,459	4,044	446	118,294
Year ended 31 December 2011						
Opening net carrying amount	57,345	–	56,459	4,044	446	118,294
Additions	768	26,556	6,535	886	–	34,745
Disposals	–	–	(228)	–	–	(228)
Depreciation	(2,370)	–	(9,526)	(1,007)	(136)	(13,039)
Exchange differences	2,968	390	294	72	10	3,734
Closing net carrying amount	58,711	26,946	53,534	3,995	320	143,506
At 31 December 2011						
Cost	72,208	26,946	132,075	11,976	721	243,926
Accumulated depreciation	(13,497)	–	(78,541)	(7,981)	(401)	(100,420)
Net carrying amount	58,711	26,946	53,534	3,995	320	143,506
Year ended 31 December 2012						
Opening net carrying amount	**58,711**	**26,946**	**53,534**	**3,995**	**320**	**143,506**
Additions	**–**	**38,726**	**602**	**160**	**563**	**40,051**
Transfer to investment properties (note 16)	**(9,861)**	**(20,743)**	**–**	**–**	**–**	**(30,604)**
Reclassifications	**23,172**	**(23,172)**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**(570)**	**(1,581)**	**(254)**	**(2,405)**
Depreciation	**(2,446)**	**–**	**(8,099)**	**(573)**	**(189)**	**(11,307)**
Exchange differences	**970**	**445**	**148**	**27**	**2**	**1,592**
Closing net carrying amount	**70,546**	**22,202**	**45,615**	**2,028**	**442**	**140,833**
At 31 December 2012						
Cost	**86,109**	**22,202**	**130,945**	**5,472**	**770**	**245,498**
Accumulated depreciation	**(15,563)**	**–**	**(85,330)**	**(3,444)**	**(328)**	**(104,665)**
Net carrying amount	**70,546**	**22,202**	**45,615**	**2,028**	**442**	**140,833**

16. INVESTMENT PROPERTIES – GROUP

	2012 HK$'000	2011 HK$'000
At 1 January		
Cost	**–**	–
Accumulated depreciation	**–**	–
Net carrying amount	**–**	–
Year ended 31 December		
Opening net carrying amount	**–**	–
Transfer from property, plant and equipment (note 15)	**30,604**	–
Depreciation	**(770)**	–
Closing net carrying amount	**29,834**	–
At 31 December		
Cost	**31,208**	–
Accumulated depreciation	**(1,374)**	–
Net carrying amount	**29,834**	–

Had investment properties been stated on the fair value basis, the carrying amount as at 31 December 2012 would be HK$35,601,000 (2011: not applicable). Fair value at 31 December 2012 was determined by an independent, professionally qualified valuers, DTZ, who have the experience in the location and category of property being valued. Fair value was estimated based on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of existing lease and other contracts and such external evidence as current market rents for similar properties in the same location and condition, using discount rates that reflect current market assessments of uncertainty in the amount and timing of the cash flows.

17. INTANGIBLE ASSETS – GROUP

	Computer software 2012 HK$'000	2011 HK$'000
At 1 January		
Cost and net carrying amount	**–**	–
Year ended 31 December		
Opening net carrying amount	**–**	–
Additions	**527**	–
Closing net carrying amount	**527**	–
At 31 December		
Cost and net carrying amount	**527**	–

18. INTERESTS IN SUBSIDIARIES – COMPANY

	2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**46,078**	46,078

Particulars of the subsidiaries at 31 December 2012 are as follows:

Name	Place of incorporation/ establishment and operations	Issued and paid up capital/registered capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held				
Power Printing (HK)#	Hong Kong	3,000,000 ordinary shares of HK$1 each	100	Printing business and sale of paper and leather products
Carta & Cuoio Company Limited#	Hong Kong	30,000 ordinary shares of HK$1 each	100	Sale of leather and related stationery products
Indirectly held				
Power Printing (He Yuan) Co., Ltd*	PRC	Registered capital of US$20,880,000 (2011: US$15,000,000)	100	Printing business, manufacture of stationery products and property holding

\# audited by BDO Limited, Certified Public Accountants, Hong Kong

* established as a wholly-foreign owned enterprise and audited by BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of the consolidation.

19. INVENTORIES – GROUP

	2012 HK$'000	2011 HK$'000
Raw materials	**20,744**	19,193
Work-in-progress	**2,036**	5,718
Finished goods	**4,656**	8,529
	27,436	33,440

20. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Notes	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Trade receivables		**51,941**	87,628	**–**	–
Less: Provision for impairment losses	(b)	**(4,734)**	(3,459)	**–**	–
Trade receivables – net	(c), (e)	**47,207**	84,169	**–**	–
Deposits and other receivables	(f)	**2,160**	5,503	**–**	–
Amounts due from a subsidiary	(g)	**–**	–	**70,691**	52,122
		49,367	89,672	**70,691**	52,122

Notes:

(a) The directors of the Company consider that the fair value of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

(b) Movements in the Group's provision for impairment losses of trade receivables are as follows:

	2012 HK$'000	2011 HK$'000
At 1 January	**3,459**	3,696
Impairment losses recognised	**1,757**	419
Impairment losses reversed	**(2)**	(656)
Amount written off	**(480)**	–
At 31 December	**4,734**	3,459

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) (Continued)

At each reporting date, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. At 31 December 2012, the Group determined trade receivables of HK$4,734,000 (2011: HK$3,823,000) as individually impaired. Based on this assessment, impairment losses of HK$1,757,000 (2011: HK$419,000) are recognised for the year ended 31 December 2012. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments or have been past due for more than one year and have not responded to repayment demands and management assessed that only a portion of the receivables is expected to be recovered.

The Group does not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

(c) The Group generally allows a credit period of 30 to 120 days (2011: 30 to 120 days) to its trade customers. Before accepting any new customers, the Group performs credit check to assess the potential customer's credit quality and defines credit limits by customers. Based on invoice dates, ageing analysis of trade receivables (net of provision for impairment losses) was as follows:

	2012 **HK$'000**	2011 HK$'000
0 – 90 days	**34,392**	53,474
91 – 120 days	**5,825**	12,805
121 – 180 days	**4,479**	13,977
181 – 365 days	**1,529**	2,918
Over 365 days	**982**	995
	47,207	84,169

(d) Ageing analysis of trade receivables that were not impaired, based on due date is as follows:

	2012 **HK$'000**	2011 HK$'000
Neither past due nor impaired	**29,717**	47,814
0 – 90 days past due	**14,191**	29,008
91 – 180 days past due	**2,303**	5,506
181 – 365 days past due	**280**	986
Over 365 days past due	**716**	491
	47,207	83,805

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral over these balances.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(e) During the year, the Group assigned to certain banks the rights to receive cash from its trade receivables. In case the Group defaults in the bank loan repayments, the banks have the rights to collect the outstanding due from these trade receivables. As the Group retains substantially all the risks and rewards of ownerships of these receivables, the Group continues to recognise the whole carrying amounts of the receivables and accounted for the rights to receive the outstanding on assignment as a security of the borrowings (note 23). As at 31 December 2012, the carrying amounts of trade receivables and the associated borrowings were HK$3,767,000 (2011: HK$5,310,000) and HK$2,604,000 (2011: HK$1,108,000) respectively. The difference between the carrying amount of trade receivables and the associated borrowings was HK$1,163,000 (2011: HK$4,202,000).

(f) Deposits and other receivables are neither past due nor impaired.

(g) Amounts due from a subsidiary are unsecured and interest-free. The amounts are repayable on demand and are expected to be settled in cash.

21. CASH AND BANK BALANCES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and in hand	**17,538**	45,764	**657**	2,907
Time deposits	**6,150**	536	**–**	–
Cash and bank balances	**23,688**	46,300	**657**	2,907
Less: Time deposits with initial maturity of not less than three months	**(6,150)**	–	**–**	–
Cash and cash equivalents	**17,538**	46,300	**657**	2,907

Time deposits earn interest at 2.95% (2011: 0.20%) per annum and have an initial maturity of four (2011: one) months.

The directors of the Company consider that the fair value of the time deposits is not materially different from their carrying amount because of the short maturity period on their inception.

Included in cash and bank balances of the Group as at 31 December 2012 are bank balances of HK$3,689,000 (2011: HK$2,404,000) denominated in Renminbi ("RMB") which are placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business. The Company did not have any cash or deposits denominated in RMB as at 31 December 2012 (2011: Nil).

22. TRADE AND OTHER PAYABLES – GROUP

	Notes	2012 HK$'000	2011 HK$'000
Trade payables	(a)	**12,038**	21,954
Accrued charges and other creditors	(b)	**7,768**	12,687
Construction payable		**3,998**	4,743
Trade deposits received		**39**	39
		23,843	39,423

Notes:

(a) The Group was granted by its suppliers credit periods ranging from 30 to 120 days (2011: 30 to 120 days). Based on invoice dates, ageing analysis of trade payables was as follows:

	2012 HK$'000	2011 HK$'000
0 – 90 days	**8,298**	13,280
91 – 180 days	**3,583**	8,274
181 – 365 days	**111**	371
Over 365 days	**46**	29
	12,038	21,954

(b) The balance as at 31 December 2012 includes accrued salaries and allowances payable to certain directors of the Company amounting to HK$292,000 (2011: HK$602,000).

23. BANK BORROWINGS, SECURED – GROUP

	2012 HK$'000	2011 HK$'000
Collateralised borrowings	**2,604**	1,108
Trust receipt loans	**8,759**	24,761
Term loans	**24,123**	37,401
	35,486	63,270

Based on the scheduled repayment dates set out in the loan agreements, the Group's bank borrowings were repayable as follows:

	2012 HK$'000	2011 HK$'000
Within one year	**21,164**	39,147
In the second year	**8,801**	9,801
In the third to fifth year	**5,521**	14,322
	35,486	63,270

The Group's bank loan agreements contain clauses which give the banks the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations. Accordingly, the amounts due for repayment after one year are classified as current liabilities. None of the amounts due for repayment after one year is expected to be settled within one year.

Collateralised borrowings and trust receipt loans are interest-bearing at floating rates. The effective interest rate at the reporting date is 3.45% (2011: 3.10%) per annum.

Term loans bear interests at fixed or floating rates ranging from 2.62% to 3.76% (2011: 2.01% to 5.75%) per annum.

The Group's bank borrowings are secured by:

(i) a charge over certain of the Group's trade receivables (note 33);

(ii) letters of undertaking issued by the Company and one of its subsidiaries, namely Power Printing (HK); and

(iii) corporate guarantee issued by the Company (note 31), and certain of its subsidiaries, namely, Carta & Cuoio Company Limited and Power Printing (He Yuan) Co., Ltd.

24. OBLIGATIONS UNDER FINANCE LEASES – GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Due within 1 year	**–**	2,024	**–**	2,024
Future finance charges	**–**	–		
Present value	**–**	2,024		

The Group entered into finance leases for items of plant and machinery with initial lease periods of 4 years. The Group has the option to purchase these leased assets at a price that is expected to be lower than the fair value of the leased assets at the end of the lease. None of the leases included contingent rentals. Finance leases as at 31 December 2011 bore interests at floating rate of 6.75% per annum. The Group's finance lease arrangements also contain clauses which give the lessors the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations.

Finance lease liabilities were secured by the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default in repayment by the Group.

25. DEFERRED TAX LIABILITIES – GROUP

Deferred tax liabilities represent accelerated tax depreciation allowances in respect of property, plant and equipment. Movements in the deferred tax liabilities during the year are as follows:

	2012	2011
	HK$'000	HK$'000
At 1 January	**3,442**	3,624
Recognised in profit or loss (note 9)	**(1,557)**	(182)
At 31 December	**1,885**	3,442

The Group also has tax losses arising in Hong Kong of approximately HK$1,850,000 (2011: Nil) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to the uncertainty of future taxable profits against which the tax losses can be utilised. The tax losses arising in Hong Kong are subject to the approval from the Inland Revenue Department of Hong Kong and may be carried forward against future taxable profits, under the current tax legislation, these tax losses can be carried forward indefinitely.

26. SHARE CAPITAL

	2012 Number of ordinary shares of HK$0.55 each	2012 HK$'000	2011 Number of ordinary shares of HK$0.55 each	2011 HK$'000
Authorised:				
At 1 January and 31 December	**909,090,909**	**500,000**	909,090,909	500,000
Issued and fully paid:				
At 1 January	**152,209,373**	**83,715**	122,209,373	67,215
Issue of ordinary shares by way of placing and public offer	**22,000,000**	**12,100**	30,000,000	16,500
At 31 December	**174,209,373**	**95,815**	152,209,373	83,715

In July 2011, the Company issued, by way of placing and public offer, 30,000,000 ordinary shares of HK$0.55 each at HK$1.48 and the net proceeds from such issues amounted to approximately HK$39,562,000. An amount of HK$23,062,000 in excess of par value was credited to the share premium during the year ended 31 December 2011.

In May 2012, the Company issued, by way of placing, 22,000,000 ordinary shares of HK$0.55 each at HK$0.95 and the net proceeds from such issues amounted to approximately HK$20,284,000. An amount of HK$8,184,000 in excess of par value was credited to the share premium during the year ended 31 December 2012.

All shares issued rank pari passu with the existing shares of the Company in all respects.

27. RESERVES

Share premium – Group and Company

Under the Bermuda Companies Act 1981, the funds in the share premium account of the Company may be distributed in the form of fully paid bonus shares.

Merger reserve – Group

This arose from the restructuring exercise and represents the difference between the nominal value of the Company's shares issued in exchange for the then consolidated net assets of the subsidiaries acquired as at 26 March 2007.

28. SHARE OPTION SCHEME

At the special general meeting of the Company held on 26 May 2011, the terms of the share option scheme was adopted by providing incentive to eligible participants to work better for the interests of the Group, under which the Board may, at its discretion, offer to grant an option to any full-time or part-time employee and directors of the Company or any of its subsidiaries (collectively the "Grantee").

The maximum number of shares in respect of which options may be granted under the share option scheme of the Company must not in aggregate exceed 10% of the total number of shares in issue on the date of adoption of the share option scheme, being 12,220,937 shares, excluding those shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the share option scheme. The total number of shares which may fall to be issued upon exercise of the share option granted under the share option scheme to each Grantee in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive directors. If the Board proposed to grant options to a substantial shareholder or any independent non-executive director or their respective associates which will result in the number of shares to be issued upon exercise of the option granted and to be granted to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares in issue on the date of grant and having an aggregate value in excess of HK$5 million, based on the closing price of the shares at the date of each grant, such further grant of option will be subjected to the shareholders' approval in general meeting.

The offer of a grant of share options may be accepted within 28 days from the offer date or within such other period of time as may be determined by the Board. Upon acceptance of the option, the Grantee shall pay S$1.00 (or the equivalent Hong Kong dollars) to the Company by way of consideration for the grant.

The subscription price of a share in respect of any option granted under the share option scheme shall be priced as the Board in its absolute discretion shall determine, but must be (i) at least the higher of the closing price of the Company's shares as quoted on the SEHK or that of the SGX-ST (whichever is higher) on the date of grant; (ii) the average closing price of the Company's shares as quoted on the SEHK or SGX-ST for the five consecutive business days immediately preceding the date of grant (whichever is higher) and (iii) the nominal value of a share of the Company.

The period during which an option may be exercise will be determined by the Board in its absolute direction, and option may be exercised in accordance with the terms of the share option scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The shares to be allotted upon the exercise of an option will not carry voting rights until the completion of the registration of the Grantee.

No share option under the share option scheme were granted or exercised during the current and previous years nor remained outstanding as at 31 December 2011 and 2012.

29. COMMITMENTS

Capital commitments

At the reporting date, commitments in respect of capital expenditure are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not provided for:				
– Property, plant and equipment	**585**	10,783	**–**	–
– Intangible assets	**–**	662	**–**	–
	585	11,445	**–**	–

Operating lease commitments as lessee

At the reporting date, the total future minimum lease payments in respect of land and buildings under non-cancellable operating leases are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**438**	231	**–**	–
In the second to fifth year	**256**	–	**–**	–
	694	231	**–**	–

The Group leases its office premises under an operating lease. The lease runs for an initial period of two years, with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and the landlord. The lease does not include contingent rentals.

Operating lease commitments as lessor

At the reporting date, the total future minimum lease receipts in respect of land and buildings under non-cancellable operating leases are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,223**	–	**–**	–
In the second to fifth year	**4,257**	–	**–**	–
	5,480	–	**–**	–

The Group leases its investment properties (note 16) under operating leases. The leases run for an initial period of 5 years and require the tenants to pay security deposits. The leases do not include contingent rentals.

30. RELATED PARTY TRANSACTIONS

In addition to the transactions or information disclosed elsewhere in these financial statements, the Group and the Company entered into the following material transactions with related parties:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Key management personnel remuneration				
Short-term employee benefits	**6,476**	6,215	**1,449**	915
Post employment benefits	**114**	101	**14**	5
	6,590	6,316	**1,463**	920
A company in which certain directors of the Company have controlling interest				
Rental expenses	**336**	168	**–**	–

31. FINANCIAL GUARANTEE CONTRACTS – COMPANY

The Company have executed guarantees amounting to approximately HK$141,275,000 (2011: HK$149,376,000) in connection with the banking facilities granted to certain subsidiaries, of which HK$35,486,000 (2011: HK$65,294,000) were utilised as at 31 December 2012. Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the borrowings from the subsidiaries. Accordingly, the outstanding balance of the Group's bank borrowings at the reporting date represents the Company's maximum exposure under the financial guarantee contract. No provision for the Company's obligation under the guarantee contracts has been made as the directors of the Company consider it is not probable that the repayment of the borrowings would be in default.

32. MAJOR NON-CASH TRANSACTIONS

As at 31 December 2012, the Group had construction payables of HK$3,998,000 (note 22) for the construction work during the year. As at 31 December 2011, the Group had construction payables of HK$4,743,000 (note 22) for the construction work incurred in 2011, which were settled during the year.

Included in additions of the Group's intangible assets during the year are an amount of HK$527,000 which was prepaid and included within "Trade and other receivables" as at 31 December 2011.

Included in additions of the Group's property, plant and equipment in 2011 are an amount of HK$351,000 which was prepaid and included within "Trade and other receivables" as at 31 December 2010.

33. PLEDGE OF ASSETS

As at the reporting date, trade receivables of HK$3,767,000 (2011: HK$5,310,000) have been pledged to secure bank borrowings utilised by the Group.

In addition, the Group's obligations under finance leases (note 24) were secured by plant and machinery with net carrying amounts of HK$7,338,000 as at 31 December 2011 and was released during the year.

34. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of its net debt to total capital ratio. For this purpose, net debt is defined as borrowings less cash and bank balances. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt. The Group's goal in capital management is to maintain the ratio of not more than 50%. In order to maintain the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

Net debt to total capital ratio at the reporting date was as follows:

	2012 HK$'000	2011 HK$'000
Bank borrowings	**35,486**	63,270
Obligations under finance leases	**–**	2,024
Total borrowings	**35,486**	65,294
Less: cash and bank balances	**(23,688)**	(46,300)
Net debt	**11,798**	18,994
Total equity	**217,351**	210,216
Total capital	**229,149**	229,210
Net debt to total capital ratio	**5%**	8%

Bank borrowings and obligations under finance leases are subject to the fulfilment of covenants on certain financial ratios, before repayments of principal and related interest. In the circumstances when the covenants are not met, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 35.3. As at 31 December 2011 and 2012, none of the covenants relating to drawn down facilities had been breached.

34. CAPITAL MANAGEMENT (CONTINUED)

In addition, subsidiary of the Group established in the PRC is required to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to certain restrictions as set out in the relevant regulations in the PRC. The externally imposed capital requirement has been complied with by the Group for the years ended 31 December 2011 and 2012.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investing and financing activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. In light of the simplicity of operations, risk management of the Group is carried out by the Board directly. The Board discusses principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and use of financial instruments.

35.1 Categories of financial instruments

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and financial liabilities:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Loans and receivables:				
– Trade and other receivables	**49,367**	89,672	**70,691**	52,122
– Dividend receivables	**–**	–	**7,043**	7,043
– Cash and bank balances	**23,688**	46,300	**657**	2,907
	73,055	135,972	**78,391**	62,072
Financial liabilities				
Financial liabilities measured at amortised cost:				
– Trade and other payables	**23,843**	39,423	**–**	–
– Bank borrowings	**35,486**	63,270	**–**	–
– Obligations under finance leases	**–**	2,024	**–**	–
	59,329	104,717	**–**	–

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

35.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from the credit terms granted to the customers in the ordinary course of operations and from its investing activities. Except for the financial guarantees given by the Company as set out in note 31, the Group does not provide any other financial guarantee which exposes the Group or the Company to credit risk. Further details of the Group's exposure to credit risk on trade and other receivables are set out in note 20.

The credit risk for liquid funds is considered negligible as the counterparties are reputable banks with high quality external credit ratings.

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. Credit evaluations are performed on customers requiring a credit over a certain amount including assessing the customer's creditworthiness and financial standing.

The general credit terms allowed range from 30 to 120 days. As at the reporting date, the Group does not hold any collateral from its customers but has a certain degree of concentration in credit risk. The debts due from the Group's largest debtor represent 19% (2011: 12%) of total trade receivables as at 31 December 2012. Moreover, debts due from the five largest debtors of the Group represent 54% (2011: 43%) of total trade receivables as at 31 December 2012.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

35.3 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains an appropriate level of liquid assets and committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

35.3 Liquidity risk (Continued)

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2011 and 2012. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date which the Group can be required to pay. Bank borrowings and obligations under finance leases with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks and other financial institutions choose to exercise their rights within one year after the reporting date. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities. The amounts for variable interest rate instrument are subject to change if changes in variable interest rates different from those of estimates determined at the end of the reporting period.

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 December 2012			
Trade and other payables	**23,843**	**–**	**–**
Bank borrowings*	**35,486**	**–**	**–**
	59,329	**–**	**–**
At 31 December 2011			
Trade and other payables	39,423	–	–
Bank borrowings*	63,270	–	–
Obligations under finance leases*	2,024	–	–
	104,717	–	–

* Bank borrowings and obligations under finance leases with a repayment on demand clause are categories as "On demand or within 1 year" in the above maturity analysis. As at 31 December 2012, the aggregate undiscounted principal amounts of these financial liabilities amounted to HK$36,541,000 (2011: HK$67,418,000).

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

35.3 Liquidity risk (Continued)

The following table summarises the maturity analysis of bank borrowings and obligations under finance leases based on the agreed schedule repayments set out in the respective agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors of the Company believe that it is not probable that these banks and other financial institutions will exercise their discretionary rights to demand for immediate repayment and such bank borrowings and obligations under finance leases will be repaid in accordance with the scheduled repayment dates set out in the respective agreements.

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000
At 31 December 2012			
Bank borrowings	**21,820**	**9,118**	**5,603**
At 31 December 2011			
Bank borrowings	40,198	10,406	14,720
Obligations under finance leases	2,094	–	–
	42,292	10,406	14,720

The Company has no financial liabilities other than the financial guarantee issued as at 31 December 2011 and 2012, which represented the maximum amount (note 31) the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations as at the reporting date, the directors of the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

35.4 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings and finance lease arrangements. Borrowings bearing variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The exposure to interest rates for the Group's time deposits is considered immaterial.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

35.4 Interest rate risk (Continued)

The Group manages interest rate risk by monitoring its interest rate profile on an ongoing basis. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The policies to manage interest rate risk have been followed by the Group since prior year and are considered to be effective.

At 31 December 2012, it is estimated that a general increase of 50 basis points (2011: 50 basis points) in interest rates, with all other variables held constant, would increase (decrease) the Group's loss (profit) after income tax by approximately HK$78,000 (2011: HK$95,000). A general decrease of 50 basis points would have had the equal but opposite effect to the amounts shown above. The assumed changes in interest rates are considered to be reasonably possible change on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variable are held constant. The sensitivity analysis included in the financial statements for the year ended 31 December 2011 has been prepared on the same basis.

The Company does not have significant exposure to interest rate risk at the reporting date.

35.5 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk arises from its overseas sales and purchases, which are primarily denominated in Euro, RMB and the United States dollars ("USD"). These are not the functional currencies of the group entities to which these transactions relate. The Group also has bank deposits denominated in RMB, USD and other foreign currencies.

The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant. However, the Group would consider hedging of its foreign currency exposures if its foreign exchange risk becomes significant.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

35.5 Foreign currency risk (Continued)

The following table provides details of the Group's exposure at the reporting date to foreign currency risk arising from recognised financial assets and financial liabilities denominated in a currency other than the functional currency of the entities to which they relate:

	Trade and other receivables '000	Cash and bank balances '000	Trade and other payables '000	Net exposure '000
At 31 December 2012				
Australian dollars	**7**	**–**	**–**	**7**
Euro	**76**	**1**	**–**	**77**
Great British Pounds	**2**	**9**	**–**	**11**
Renminbi	**137**	**5,002**	**(3,100)**	**2,039**
Singapore dollars	**–**	**14**	**–**	**14**
United States dollars	**3,903**	**964**	**(12)**	**4,855**
At 31 December 2011				
Australian dollars	59	1	(5)	55
Euro	472	1	(62)	411
Great British Pounds	20	1	(4)	17
Renminbi	1,426	18,537	(12,252)	7,711
Singapore dollars	–	54	–	54
United States dollars	7,743	1,113	(118)	8,738

The Company does not have significant exposures to foreign currencies at the reporting date (2011: Nil).

At 31 December 2012, if HK$ had weakened/strengthened by 2% (2011: 2%) against the above foreign currencies, with all other variables held constant, the Group's profit or loss after income tax for the year and retained profits would have been HK$71,000 (2011: HK$290,000) lower/higher (2011: higher/lower).

35.6 Fair value measurements

The fair value of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

36. PENDING LITIGATION

Power Printing (HK), a subsidiary of the Company as plaintiff, issued a claim and amended claim in August 2012 and February 2013 respectively against (a) Good Linkage Ltd and (b) Mr. Wong Wing Kwong, Stephen (collectively as "Defendants") for a sum of EUR175,504 ("Indebtedness") together with the interest thereon and cost to the High Court of Hong Kong under High court Action No. 1515/2012 for repudiation of a settlement agreement signed on February 2011 and March 2011 among the Group, the Defendants and two other overseas independent third parties ("Settlement Agreement"). The Settlement Agreement was entered in relation to the payment problem with those two independent third parties for goods sold where the Defendants are jointly and severally liable for the Indebtedness.

In addition, another claim was made against the Defendants for a sum of US$64,761 together with interest thereon and cost from defrauding the Group to produce and deliver goods to a receiver who was unknown ("Unknown Receiver") and received payments from the Unknown Receiver for goods shipped.

After consultation with the solicitors of Power Printing (HK), the directors are of the view that claims made by Power Printing (HK) are valid and the Group would not incur a material outflow of resources as a result of the above matters. The case is still in progress and no date has been fixed for trial.

37. EVENTS AFTER REPORTING PERIOD

Placing of new shares

On 19 March 2013, the Company issued, by way of placing, 34,840,000 ordinary shares of HK$0.55 each at HK$0.98. All shares issued rank pari passu with the existing shares of the Company in all respects.

Proposed acquisition

On 7 February 2013, one of the Group's subsidiary entered into a non-legally-binding memorandum of understanding (the "MOU") with Total Belief Limited, a wholly-owned subsidiary of New Times Corporation Limited (stock code: 00166.HK) (the "Vendor") in relation to the proposed acquisition of up to 100% of the issued share capital of Shine Great Investments Limited ("Shine Great"), a wholly-owned subsidiary of the Vendor which, through its subsidiaries in the PRC, holds certain natural gas projects in the PRC (the "Proposed Acquisition"). Shine Great is engaged in businesses in relation to gas and gas related equipment, materials and pipelines; consultancy services in relation to the operation and management of natural gas refilling stations and related technologies; and development of natural gas integrated utilisation technologies. Shine Great's current projects are located in the cities of (i) Liupanshui and (ii) Zunyi in Guizhou Province, the PRC and the cities of (iii) Xuzhou and Huai'an in Jiangsu Province, the PRC respectively. The consideration of the Proposed Acquisition shall be determined with reference to the valuation report to be prepared by an independent third party and shall be satisfied by one or a combination of (i) cash, (ii) newly issued ordinary shares of the Company; and/or (iii) newly issued convertible bonds of the Company. Details of the Proposed Acquisition are set out in the Company's announcement dated 8 February 2013.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2013

Authorised Share Capital: HK$500,000,000
Issued and fully paid-up capital: HK$95,815,155
Class of shares: Ordinary shares of HK$0.55 each
Number of shares: 174,209,373
Voting rights: One vote per share

ANALYSIS OF SHAREHOLDERS BY SIZE OF SHAREHOLDERS

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	7	1.17	4,250	0.00
1,000 – 10,000	375	62.50	2,044,650	1.17
10,001 – 1,000,000	215	35.83	12,645,625	7.26
1,000,001 and above	3	0.50	159,514,848	91.57
Total	600	100.00	174,209,373	100.00

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1	HKSCC NOMINEES LIMITED	155,824,848	89.45
2	HONG LEONG FINANCE NOMINEES PTE LTD	2,090,000	1.20
3	UOB KAY HIAN PTE LTD	1,600,000	0.92
4	LEO JENN ING JENNIE	1,000,000	0.57
5	DBS VICKERS SECURITIES (S) PTE LTD	502,000	0.29
6	SIOW NGET YUEN	500,000	0.29
7	CHIA SER SIN	420,000	0.24
8	OCBC SECURITIES PRIVATE LTD	331,500	0.19
9	LALCHAND JETHANAND DARYANANI	250,000	0.14
10	FRANCIS LEE FOOK WAH	225,000	0.13
11	TEE AH KAW	215,000	0.12
12	ANG SOON NAM	200,000	0.11
13	HOBEE PRINT PTE LTD	200,000	0.11
14	LEE MING FANG NEE SEOW MING FANG	200,000	0.11
15	CHENG YEE HONG	185,000	0.11
16	LEE HING FUNG	180,000	0.10
17	SEE YEOW YUEN	155,875	0.09
18	CHEW SIEW LAN	150,000	0.09
19	PEK KIM CHAN	150,000	0.09
20	YANG LIJI	126,000	0.07
	Total	164,505,223	94.42

Note: The statistics of shareholding above are as at 14 March 2013, and as such, do not take into consideration the 34,840,000 ordinary shares in the Company that have been placed out pursuant to the Company's general share issue mandate, which will be listed on 20 March 2013.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2013

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 14 March 2013, approximately 50.07% of the Company's shares are held in the hands of public (on the basis of information available to the Company.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Registrar of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Mr. Lim Siang Kai	–	–	–	–
Mr. Sze Chun Lee[(1) (2) (5)]	180,000	0.10	81,060,848	46.53
Mr. Chan Wai Ming[(1) (3)]	–	–	81,060,848	46.53
Mr. Kwan Wing Hang[(1) (4) (5)]	–	–	81,060,848	46.53
Mr. Lam Shek Kin[(1)]	100,000	0.06	–	–
Ms. Chung Oi Ling, Stella	–	–	5,634,000	3.23
Mr. Liu Kwong Chi, Nelson	–	–	–	–
Ms. Wong Fei Tat	–	–	–	–
Mr. Leong Ka Yew	–	–	–	–
Mr. Wee Piew	–	–	–	–
Name of Substantial Shareholders				
China Print Power Limited[(1)]	81,060,848	46.53	–	–
Mr. Sze Chun Lee[(1) (2) (5)]	180,000	0.10	81,060,848	46.53
Mr. Chan Wai Ming[(1) (3)]	–	–	81,060,848	46.53
Mr. Kwan Wing Hang[(1) (4) (5)]	–	–	81,060,848	46.53

Notes:

(1) Our Executive Directors Mr. Sze Chun Lee, Mr. Chan Wai Ming, Mr. Kwan Wing Hang and Mr. Lam Shek Kin, hold 35.00%, 30.00%, 20.00% and 15.00% respectively of the issued share capital in China Print Power Limited.

(2) Mr. Sze Chun Lee holds 35.00% interest in China Print Power Limited and is therefore deemed to be interested in our Shares.

(3) Mr. Chan Wai Ming holds 30.00% interest in China Print Power Limited and is therefore deemed to be interested in our Shares.

(4) Mr. Kwan Wing Hang holds 20.00% interest in China Print Power Limited and is therefore deemed to be interested in our Shares.

(5) Our Executive Directors, Mr. Sze Chun Lee and Mr. Kwan Wing Hang, are brothers-in-law.

FIVE-YEAR FINANCIAL SUMMARY

Revenue (HK$'000)

	Year ended 31 December				
	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	264,205	212,962	201,677	257,859	191,874

Net profit/(loss) for the year (HK$'000)

	Year ended 31 December				
	FY2008	FY2009	FY2010	FY2011	FY2012
Profit/(loss) for the year attributable to owners of the Company	17,659	19,220	22,012	1,142	(14,734)

Total assets (HK$'000)

	As at 31 December				
	2008	2009	2010	2011	2012
Current and non-current assets	254,505	243,320	246,022	319,485	279,377

Total liabilities (HK$'000)

	As at 31 December				
	2008	2009	2010	2011	2012
Current and non-current liabilities	122,031	92,637	75,378	109,269	62,026

PARTICULARS OF PROPERTIES

	Use	Unexpired lease term
Leasehold property held for investment Workshop C First Floor and 1,000 sq. metres of second Floor of Workshop D 2,300 sq. metres of Warehouse B Industrial Complex situated in Gaopu Technology Industrial Park Heyuan High Technology Development Zone Heyuan Guangdong Province The People's Republic of China	Industrial	Medium (43 years)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Print Power Group Limited (the "**Company**") will be held at 14/F, Fairmont House, 8 Cotton Tree Drive, Admiralty, Hong Kong on Tuesday, 30 April 2013 at 10:00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' report and the audited financial statements for the financial year ended 31 December 2012 and the auditor's report thereon.

   (Resolution 1)

2. To re-elect the following Directors pursuant to the Company's Bye-laws:

   (i) Mr. Chan Wai Ming as an Executive Director

   (Resolution 2)

   (ii) Mr. Kwan Wing Hang as an Executive Director

   (Resolution 3)

   (iii) Mr. Lam Shek Kin as an Executive Director

   (Resolution 4)

3. To approve the sum of up to S$81,900 and HK$240,000 as Directors' fees for the financial year ending 31 December 2013 (2012: S$118,650 and HK$240,000).

   (Resolution 5)

4. To reappoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Certified Public Accountants, Singapore as joint auditors of the Company.

   (Resolution 6)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without amendments:

5. General Share Issue Mandate

"That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), and the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Rules Governing the Listing of Securities (the **"Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**SEHK**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) (i) issue shares in the Company (the "**Shares**"), whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued during the continuance of such authority or thereafter, including but not limited to the creation and issue (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Board may, in their absolute discretion, deem fit; and

(b) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution);

Provided always, that subject to any applicable regulations as may be prescribed by the SGX-ST and the SEHK,

(1) the aggregate number of Shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the issued Shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this resolution, after adjusting for: (aa) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and (bb) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual as amended from time to time (unless such compliance has been waived by the SGX-ST), the Hong Kong Listing Rules as amended from time to time (unless such compliance has been waived by the SEHK) and the Bye-laws of the Company; and

(4) unless revoked or varied by an ordinary resolution of shareholders in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

See Explanatory Note 1 **(Resolution 7)**

6. Authority to allot and issue shares under the China Print Power Employee Share Option Scheme 2011

That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provision of the China Print Power Employee Share Option Scheme 2011 ("**2011 Scheme**") and to allot, issue or deal with from time to time such number of Shares in the Company as may be required to be allotted, issued or dealt with pursuant to the exercise of the options under 2011 Scheme, provided that the aggregate number of shares to be allotted, issued or dealt with pursuant to the options granted under the 2011 Scheme shall not, in aggregate exceed ten percent (10%) of the issued share capital of the Company (excluding treasury shares) from time to time.

See Explanatory Notes 2 and 3 **(Resolution 8)**

7. To transact any other business that may be properly transacted at the Annual General Meeting.

By Order of the Board
Sze Chun Lee
Executive Director & Chief Executive Officer

Hong Kong, 27 March 2013

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. The ordinary resolution 7 proposed in item 5 above, if passed, will empower the Directors of the Company to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

   For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this ordinary resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 20% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this ordinary resolution is passed.

2. The ordinary resolution 8 proposed in item 6 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total ten percent (10%) of the total number of issued share capital of the Company (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the 2011 Scheme.

   For the purpose of this resolution, the total number of issued share capital (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

3. **IMPORTANT: Notwithstanding the passing of the ordinary resolutions 7 and 8, the Company shall from time to time comply with the relevant requirement under the Hong Kong Listing Rules in relation to issuance of securities, in particular Rules 7.19(6), 13.36 and 13.36(5) thereof.**

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. The proxy form must be lodged at the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders), or the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof.

3. If the member is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.