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

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1008

ANNUAL REPORT

2012

CONTENTS

CORPORATE INFORMATION

DIRECTORS

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

Non-Executive Director
Mr. Sean Xing He

Independent Non-Executive Directors
Mr. Lam Ying Hung, Andy
Mr. Lui Tin Nang
Mr. Siu Man Ho, Simon

COMPANY SECRETARY
Mr. Yau Chung Hang, FCCA, CPA

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

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

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

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

AUDITOR
Deloitte Touche Tohmatsu

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfiled Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
18th Floor, No. 111
Leighton Road,
Causeway Bay
Hong Kong

CORPORATE WEBSITE
www.bcghk.cn

STOCK CODE
1008

LISTING DATE
30 March 2009

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Brilliant Circle Holdings International Limited (the "Company") and its subsidiaries (together the "Group"), I present the annual results for the year ended 31 December 2012.

BUSINESS REVIEW

For the year ended 31 December 2012, the Company achieved revenue of approximately HK$1,939.4 million with profits attributable to owners amounting to approximately HK$432.6 million and basic earnings per share of approximately HK59 cents. The Board recommended the payment of a final dividend for the year under review of HK$172.9 million, or HK23.6 cents per share.

This outstanding performance was in no small part attributable to the successful acquisition of Giant Sino Investments Limited and its subsidiaries (collectively referred as the "Giant Sino Group"), which was completed on 3 July 2012. This acquisition further enhanced the Group's position as one of the leaders in the China cigarette package printing market. The acquisition represents a continuation of the industry consolidation strategy adopted by the Group since 2011. During the year, the Group achieved Underlying Profit of approximately HK$476.1 million, a growth of 14.1% over 2011.

Note: Underlying profit ("Underlying Profit") is calculated as profit for the year attributable to the owners of the Company excluding the professional fees and other one-time expenses related to business combination, amortization and depreciation charges arising from business valuation.

Cigarette Package Printing

The Group's cigarette package printing business achieved strong top and bottom line growth. Though the first half was slow as a result of changes in cigarette packaging laws in China, the Group managed to recover through the second half of the year. Meanwhile, the mandatory tendering system introduced in late 2010 continued to have an impact. While many of the tender renewal contracts were still under negotiation during the year under review, results from certain key customers showed strong support for the business segment.

The cigarette package printing segment was further boosted by the acquisition of Giant Sino Group and the strong performance of its onshore subsidiary, 深圳揚豐印刷有限公司 (for identification purpose, in English, Yangfeng Printing & Packaging Co., Ltd., referred as "Yangfeng"). The acquisition faced only minimal integration issues due to the similarities between Yangfeng's business and the Group, as well as the relationship that was developed between Yangfeng's management and the Group during the three years prior to the acquisition.

Other Printing Services

Our book printing business in the year under review began to overhaul its operations to prepare itself for strong future growth opportunities. During the year, CT Printing Limited ("CTPL") terminated relationships with low margin or challenged overseas customers. Meanwhile, CTPL completed its conversion to a wholly foreign-owned enterprise and as such is able to serve customers in the People's Republic of China ("PRC").

CHAIRMAN'S STATEMENT

PROSPECT

The year under review was a turbulent one for many Chinese small and medium enterprises. While we were not immune to such ups and downs, we have demonstrated the defensive and robust nature of our business in the past year. We fully expect this trend to continue in the years to come as we continue our cigarette package printing consolidation.

The mandatory tendering system introduced in late 2010 continues to provide us with a unique set of challenges. As was the case in previous years, we expect modest top line pressure on existing contracts, to be offset with gains from new products. The China National Tobacco Corporation has made it clear that unfaltering production quality, scalability, and innovation are the key factors required to win contracts through tender as well as new business. To this end, the Group continues to invest in capacity expansion as well as research and development. Our research and development investment is focused on innovative designs and techniques, as well as technologies that may improve the efficiency of our operations. We operate the only government-accredited cigarette package printing research and development center in China.

We expect further margin expansion due to improvements in our product mix from lower tier cigarette packages to higher tiers. Additionally, we expect synergies from the Yangfeng acquisition to be borne out in the coming months and years.

Shortly after the year under review, the Group and China Tobacco Hunan Investment Management Co., Ltd. ("Hunan Tobacco") renewed the license of Changde Goldroc Rotogravure Printing Co., ("CD Goldroc") for another ten years. We are very pleased with this development as we feel that it exemplifies the strength and longevity of our relationship with Hunan Tobacco.

The overhaul of other printing services, by means of the focus on domestic PRC consumer packaging as well as other targeted international expansion initiatives, is expected to deliver excellent opportunities to the Group throughout the coming years. Meanwhile, we continue to be on the lookout for both domestic and international investment opportunities that will accelerate this overhaul process.

Tsoi Tak
Chairman

28 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the year, the revenue of the Group was approximately HK$1,939.4 million (2011: HK$1,689.5 million), which represents an increase of approximately HK$249.9 million or 14.8% when compared with 2011. The revenues of the cigarette package printing business, provision of printing services and manufacturing of laminated papers were approximately HK$1,653.2 million (2011: HK$1,372.5 million), HK$250.2 million (2011: HK$283.3 million) and HK$36.1 million (2011: HK$33.8 million) respectively.

The growth of revenue in the cigarette package printing business was approximately 20.5%. This growth was mainly the result of the successful acquisition of Giant Sino Group, whose results have been consolidated into the Group since the completion on 3 July 2012. In addition to acquisition-driven growth, the cigarette package printing business saw an increase in sales volume from approximately 2.0 million cases in 2011 to 2.1 million cases in 2012, as well as a surge in average selling price resulting from the enhancement in product mix.

The Group optimized the mix of customers by removing those overseas customers with low margin contribution for the provision of printing services business. This overhaul resulted in a decline in revenue of approximately 11.7% for this segment. Meanwhile, the management of the Group is actively exploring the printing service business in the PRC to cover the customers lost in the overseas market.

A slight revenue increase was recorded for the manufacturing of laminated papers during the year.

GROSS PROFIT

During the year, gross profit increased by approximately HK$65.8 million, or 12.8% to approximately HK$580.9 million as compared with 2011. This increase was in line with the increase in revenue. However, an extra charge for the amortization of customer relationships made an impact on the Group's gross profit margin for the year. This charge, appearing in the increase of cost of sales, amounted to approximately HK$18.6 million and came about from the acquisition of Giant Sino Group. As a result, gross profit margin decreased modestly to approximately 30.0% from 30.5% in 2011.

OTHER INCOME

Other income mainly represents interest income, income from sales of scrap materials, government grants and other miscellaneous income. During the year, such income increased by approximately HK$12.1 million as compared with 2011. Other income had a substantial increase during the year as government grants of approximately HK$11.4 million were received during the year.

OTHER GAINS AND LOSSES

Other gains and losses mainly represent net foreign exchange gains and gain/loss on disposal of property, plant and equipment. During the year, such gains and losses decreased by approximately HK$2.6 million due to the loss on disposal of property, plant and equipment, which was amounted to approximately HK$1.8 million.

SELLING AND DISTRIBUTION EXPENSES

No significant variance was recorded in selling and distribution expenses when comparing to 2011 and such expenses increased only approximately HK$1.6 million or 3.5%.

ADMINISTRATIVE EXPENSES AND OTHER EXPENSES

During the year, administrative expenses and other expenses of approximately HK$143.2 million were incurred, which represents an increase of approximately HK$24.5 million or 20.6% when comparing with 2011. Such increase was mainly the result of the legal and professional fees spent for the acquisition of Giant Sino Group and corporate finance activities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

Finance costs increased by approximately HK$28.1 million during the year, which was mainly attributable to the HK$500.0 million syndicated loan interest and other finance costs paid – amounting to approximately HK$12.6 million – together with the increase in effective interest of promissory note of approximately HK$10.6 million and increase in interest expense on amounts due to non-controlling interests of approximately HK$7.2 million.

SHARE OF PROFIT OF AN ASSOCIATE

Thanks to the great boost to the business of CD Goldroc, share of profit of an associate increased by approximately HK$41.3 million or 26.4% during the year. Revenue of CD Goldroc increased from HK$1,769.8 million in 2011 to HK$2,119.7 million in 2012 and the sales volume reached approximately 1.6 million cases (2011: 1.4 million cases).

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

During the year, profit attributable to the owners of the Company was HK$432.6 million, representing an increase of HK$45.0 million when compared with 2011. Such growth was mainly resulting from the consolidation of the results of Giant Sino Group upon the completion of acquisition. In addition, an increase in turnover and gross profit also contributed to the increase in profit attributable to the owners of the Company.

SEGMENT INFORMATION

During the year, the earnings from the printing of cigarette packages, manufacturing of laminated papers and provision of other printing services were approximately HK$528.4 million (2011: HK$432.1 million), HK$8.0 million (2011: HK$8.1 million) and HK$22.3 million (2011: HK$35.7 million) respectively. Earnings from the printing of cigarette packages accounted for approximately 94.6% of the total segment earnings before unallocated items. The earnings from the printing of cigarette packages increased by approximately 22.3%, while earnings from manufacturing of laminated and papers provision of other printing services decreased by approximately 1.7% and 37.7% respectively.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated resources and banking facilities. As at 31 December 2012, the Group had net current assets of HK$83.4 million, while the Group's cash and cash equivalents amounted to HK$558.8 million. As at 31 December 2012, the short-term interest-bearing bank borrowings of the Group amounted to HK$242.9 million. The interest-bearing obligations under finance leases amounted to HK$0.3 million and were also repayable within one year. The interest-bearing promissory note amounted to HK$162.4 million and is repayable within one year. Carrying amounts of trade receivables, prepaid lease payments, property, plant and equipment and bank deposits pledged for securing these credit facilities amounted to approximately HK$13.1 million, HK$20.4 million, HK$226.0 million and HK$5.3 million respectively. As at 31 December 2012, the Group's gearing ratio represented by the amount of interest-bearing borrowings divided by shareholders equity was 36.0% (as at 31 December 2011: 30.4%). The increase in the gearing ratio was mainly attributable to the syndicated loan used to finance the acquisition of Giant Sino Group during the year, as well as the acquisition cost payable. In the year under review, capital commitments of the Group for purchase of property, plant and equipment amounted to HK$24.4 million (2011: HK$12.6 million).

CONTINGENT LIABILITIES AND GUARANTEES

The Group did not provide any guarantees to third party and had no material contingent liabilities as at 31 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITION

During the year, the Group has successfully acquired the 60% equity interest in Giant Sino Group at a consideration of HK$720.0 million. The consideration was satisfied by the payment of HK$360.0 million in cash with the remaining consideration to be paid within one year.

There was no material disposal by the Group during the year.

CAPITAL STRUCTURE

During the year, the Group's operation was mainly financed by funds generated from its operation and borrowings. As at 31 December 2012, the borrowings were mainly denominated in Hong Kong dollars, Renminbi and United States dollars ("US dollars"), while the cash and cash equivalents held by the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group's turnover is mainly denominated in Renminbi, US dollars, Pounds Sterling, Euros and Hong Kong dollars, while its costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. As the Board considers that the risk exposure to foreign exchange rate fluctuations is not significant, the Group does not have a formal hedging policy and has not entered into any material foreign currency exchange contracts or derivative transactions to hedge against its currency risks.

HUMAN RESOURCES

As at 31 December 2012, the Group had 41 and 2,343 full-time staff based in Hong Kong and the PRC respectively. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Group operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' base salaries. The Group also made contributions to provident funds, elderly insurance, medical insurance, unemployment insurance and work-related injury insurance in accordance with appropriate laws and regulations in the PRC. The Group has adopted a share option scheme as a reward to eligible high-caliber employees and to attract similar high quality personnel that are valuable to the Group.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. TSOI Tak (蔡得), aged 59, is the Chairman of the Board and was appointed as a Non-Executive Director on 11 November 2008 and was re-designated as an Executive Director with effect from 14 April 2011. Mr. Tsoi has more than 28 years of business experience in the PRC, of which over 20 years is in the PRC packaging and printing industry. Mr. Tsoi is the founder of the Group and is currently a Director of most of the subsidiaries of the Company. Mr. Tsoi entered into the printing industry in 1990 when he established a joint venture in the PRC to engage in the printing of packaging boxes. Prior to that, Mr. Tsoi was engaged in trading business in the PRC. Mr. Tsoi graduated in 1978 from South China Normal University majoring in Chinese. Mr. Tsoi is a member of the 5th Changde Committee of the Municipal Chinese People's Political Consultative Conference and a council member of Guang Dong Printing and Replicate Association. Mr. Tsoi is the father of Mr. Cai Xiao Ming David, ("Mr. David Cai"), who is an Executive Director.

Mr. CAI Xiao Ming, David (蔡曉明), aged 35, was appointed as an Executive Director on 18 December 2008. He was also appointed as a Chief Executive Officer on 3 May 2011 and is responsible for the overall management of the Group. Mr. David Cai was a member of the 6th Maoming Committee of the Municipal Chinese People's Political Consultative Conference. Mr. David Cai has more than 8 years of experience in the packaging and printing industry gained from the management of the Group's business. Mr. David Cai joined the Group in January 2001 and he is the son of Mr. Tsoi Tak.

Mr. QIN Song (欽松), aged 40, is the Chief Operating Officer of the Company. Mr. Qin joined the Group in May 2002, and worked, among other positions, as the Office Administrator of the Group and General Manager of various subsidiaries of the Company. Since September 2005, Mr. Qin serves as the Deputy Director of the market committee of the Company and since February 2006, a Vice President of the Company. From May 2010 to October 2011, he also served as the General Manager of Bengbu Jinhuangshan Rotogravure Printing Company Limited in addition to his then existing duties. Mr. Qin holds a Bachelor's degree in Economics and Management Administration.

Mr. KIONG Chung Yin, Yttox (姜仲賢), aged 46, was appointed as an Executive Director on 18 December 2008. He is responsible for the marketing of the Group. Mr. Kiong is also the Legal Representative and a Director of Shitian Paper Craft (Shenzhen) Company Limited. Mr. Kiong has more than 20 years of experience in sales and customer service of various industries including banking, electronics and machinery trading, of which over 15 years is related to the printing industry. Before joining the Group in January 2001, Mr. Kiong was a Sales Manager in a printing company. Mr. Kiong received his Master of Business Administration in General Management from University of Exeter, the United Kingdom in 1992, and Professional Diploma in Business Studies (Banking) from Hong Kong Polytechnic University in 1988.

Non-Executive Director

Mr. Sean Xing HE (何欣), aged 48, was appointed as a Non-Executive Director with effect from 14 April 2011. He has over 10 years experience in investment management. Mr. He is the Head of Ares Asia and sits on the Investment Committee of the Fund. Mr. He joined Ares Management (Cayman), Ltd. in March 2010 from The Carlyle Group, where he had been since 2000, is a Managing Director, Global Partner and the Head of China Growth Capital. Ares Management (Cayman), Ltd. is the General Partner of ACOF Asia Management, L.P. which is the General Partner of Ares BCH Holdings, L.P., a substantial Shareholder. He is a Director of Ares Management (Cayman), Ltd. and was a Director of Honghua Group Limited, a company listed on the Main Board of the Stock Exchange, from 18 January 2008 to 14 April 2010. Mr. He graduated from Zhejiang University in 1985, with a Bachelor's degree in Structural Engineering, and in 1991 he received a Master's degree in Engineering from Carleton University (Canada). In 1994, he earned a Master of Business Administration degree from the Schulich School of Business, York University (Canada). In 1997, Mr. He qualified as an American Chartered Financial Analyst (CFA).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. LAM Ying Hung, Andy (林英鴻), aged 49, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Lam has over 22 years of experience in accounting, banking and finance sectors. Mr. Lam is the Managing Consultant of Lontreprise Consulting Limited. Mr. Lam is an associate member of various professional organisations, namely The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Company Secretaries and The Hong Kong Institute of Bankers. Mr. Lam is also a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Lam is also an Independent Non-Executive Director of Xingfa Aluminium Holdings Limited, a company listed on the Main Board of the Stock Exchange and Sino-Life Group Limited, a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange. Mr. Lam received his Master of Professional Accounting and Master of Science in E-commerce for Executives both from The Hong Kong Polytechnic University.

Mr. LUI Tin Nang (呂天能), aged 55, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Lui has obtained a Bachelor degree in Science from the University of Leeds and a Master degree in Business Administration from the University of Bradford in United Kingdom. He is a fellow member of the HKICPA (Practicing) and the Institute of Chartered Accountants in England & Wales, member of the Chartered Institute of Management Accountant. He has years of experience in accounting, auditing, taxation and corporate finance. Mr. Lui is an Independent Non-Executive Director of China Bio-Med Regeneration Technology Ltd, a company listed on the GEM.

Mr. SIU Man Ho, Simon (蕭文豪), aged 40, was appointed as an Independent Non-Executive Director on 4 March 2009. Mr. Siu is a practicing Solicitor of the High Court of Hong Kong. Mr. Siu is a Partner of Sit, Fung, Kwong & Shum, Solicitors and his areas of practice include corporate finance, capital markets, securities, mergers and acquisitions, joint ventures and general commercial matters. Mr. Siu currently serves as an Independent Non-Executive Director of Wai Yuen Tong Medicine Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. Siu received his Bachelor's degree in Laws from The University of Hong Kong in 1996.

SENIOR MANAGEMENT

Ms. WU Jie (吳杰), aged 53, is the General Manager of Xiangfan Jinfeihuan Colour Packing Company Limited. She holds a university degree with a major in Economics and Business Administration. She joined the Group in June 1992. She served as the General Manager of Dongguan Guilian Packing Material Co., Ltd and Changde Jinfurong Aluminium Foil Packaging Materials Co., Ltd. She left the Group in March 2005 and rejoined in June 2006. Between May 2010 and September 2011, she served as the General Manager of Hainan Impression Culture & Tourism Development Co., Ltd. Beginning in October 2011, she served as the General Manager of Xiangfan Jinfeihuan Colour Packing Company Limited.

Mr. ZHANG Yong Ping (張永平), aged 56, is the General Manager of Benghu Jinhuangshan Rotogravure Printing Company Limited. He holds a university degree majoring in Automation. He joined the Group in May 1996. He served as the Vice General Manager of CD Goldroc and standing Vice General Manager of BB Jinhuangshan. Between March 2002 and April 2003, he served as standing Vice General Manager of the Group. Between April 2003 and October 2010, he served as Vice General Manager of CD Goldroc. Between November 2010 and October 2011, he served as standing Vice General Manager of BB Jinhuangshan. Beginning in November 2011, he served as the General Manager of BB Jinhuangshan.

Mr. JIANG Xiang Yu (蔣祥瑜), aged 57, is the General Manager of Xiangfan Jinfeihuan Colour Package Co., Ltd, a subsidiary of the Company. He joined the Group in 1999 and has over 12 years of experience in the cigarette package industry.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHENG Chao (鄭超), aged 50, is the General Manager of Zhaotong Antong Package Material Co., Ltd., a subsidiary of the Company. He joined the Group in 1999 and has over 12 years of experience in laminated paper manufacturing industry. Mr. Zheng holds a college degree.

Mr. Mark BANNER, aged 35, is the Director of Corporate Finance of the Company. Mr. Banner joined the Group in January 2012. Prior to working with the Group, Mr. Banner worked as the Director of Private Equity at Sunwah International Asset Management and Asia Portfolio Manager at Pegasus Global Macro. Previously, he worked in the Investment Banking Division of Goldman Sachs, with a focus on Financial Sponsors. Mr. Banner holds a Bachelor's degree from Dartmouth College in the United States, with dual degrees in Computer Science and Philosophy.

Mr. YAU Chung Hang (邱仲珩), aged 40, is the Chief Financial Officer and Company Secretary of the Company. Mr. Yau obtained the Bachelor of Arts in Accounting from the University of Bolton, the United Kingdom. Mr. Yau has more than 17 years of experience in finance and accounting. Prior to joining the Group, Mr. Yau had worked as Financial Controller for two listed companies in Hong Kong and had previously worked in an international accounting firm. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of HKICPA. Mr. Yau joined the Group in September 2007.

Mr. FOO Chi Hung (傅志雄), aged 44, is the Senior Sales Manager of CTPL. He is responsible for the sales, marketing and customer service function of the Group. Mr. Foo has more than 18 years of experience in printing industry. Before joining the Group in August 2006, Mr. Foo had worked in the sales department and production department for various printing companies. Mr. Foo received his Diploma in Printing offered by the Vocational Training Council of Hong Kong in 1990.

COMPANY SECRETARY

Mr. YAU Chung Hang is the Company Secretary of the Company.

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report together with the audited financial statements of the Group for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The principal activities of the principal subsidiaries of the Company are set out in note 44 to the consolidated financial statements.

ANALYSIS OF OPERATIONS

Details of an analysis of the Group's turnover and contribution to operating profit for the year by business segments and geographical segments are set out in note 9 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group are set out in the consolidated statement of comprehensive income on page 28. The Board has proposed a final dividend of HK23.60 cents per share for the year ended 31 December 2012 (2011: HK15.97 cents), comprising a cash dividend ("Cash Dividend") of HK17.7 cents per share and a scrip dividend ("Scrip Dividend") by way of an issue of new shares equivalent to HK5.9 cents per share, to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 10 June 2013. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company (the "2013 AGM") and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend, the Cash Dividend will be paid and the Scrip Dividend will be posted to the Company's shareholders on or about 14 June 2013. Further details of the Scrip Dividend will be set out in a circular to be sent to the shareholders.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2013 AGM, the register of members of the Company will be closed from 31 May 2013 to 3 June 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2013 AGM, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 30 May 2013.

For determining the entitlement to receive the proposed final dividend, the register of members of the Company will be closed from 7 June 2013 to 10 June 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the proposed final dividend, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 6 June 2013.

USE OF IPO PROCEEDS

Following the listing of the shares of the Company on the Stock Exchange on 30 March 2009 involving an initial public offering of 50,000,000 ordinary shares of the Company at an offer price of HK$1.25 per share, net proceeds of approximately HK$48.9 million were raised of which HK$28.3 million had been utilised up to the date of this report. The unutilised proceeds have been deposited in licensed banks in Hong Kong. As stated in the prospectus of the Company dated 18 March 2009, the Company plans to use the proceeds in the purchase of new machinery and equipment, business development of the domestic market of packaging and decorative printed products in the PRC, expansion of sales network and for general working capital purposes.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales to the Group's five largest customers accounted for approximately 60% of the Group's turnover and sales to the Group's largest customer was approximately 40% of the Group's total revenue.

During the year, the aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 54% of the Group's total purchases, and the purchases attributable to the Group's largest supplier was approximately 29% of the Group's total purchases.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the share capital of the Company are set out in note 35 to the consolidated financial statements.

RESERVES

At 31 December 2012, the Company's reserves available for distribution amounted to approximately HK$2.2 million. Under the Companies Law of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be distributed, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

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

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the last five financial years and of its consolidated assets and liabilities as at the end of the last five financial years is set out on page 92.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

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

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

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

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

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

SUBSIDIARIES

Details of the Company's subsidiaries as at the date of this report are set out in note 44 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

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

The MPF Scheme is available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK$25,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

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

The Group's cost for the schemes charged to the consolidated statement of comprehensive income for the year ended 31 December 2012 amounted to approximately HK$4,868,000 (2011: HK$4,425,000).

DIRECTORS

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

Executive Directors:

Mr. Tsoi Tak *(Chairman)*
Mr. Cai Xiao Ming, David *(Chief Executive Officer)*
Mr. Tang Jian Xin *(appointed on 30 March 2012 and resigned on 12 December 2012)*
Mr. Qin Song *(appointed on 30 March 2012)*
Mr. Kiong Chung Yin, Yttox
Ms. Wu Sin Wah, Eva *(resigned as executive Director on 30 March 2012)*
Mr. Cai Xiao Xing *(resigned as executive Director on 30 March 2012)*

Non-Executive Director:

Mr. Sean Xing He

Independent Non-Executive Directors:

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 8 to 10.

DIRECTORS' SERVICE CONTRACTS

Mr. Tsoi Tak has entered into an appointment letter with the Company dated 14 April 2011 and his term of appointment shall continue unless terminated by either party serving three months' written notice. Mr. Kiong Chung Yin, Yttox has entered into a service agreement with the Company for an initial term of three years commencing from 30 March 2009, and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Each of Mr. David Cai and Mr. Qin Song has entered into a service agreement with the Company for a term of three years commencing from 30 March 2012 and will continue thereafter until terminated by not less than three months' notice in writing served by either party. Mr. Sean Xing He has been appointed for a fixed term of three years commencing from 14 April 2011. Each of Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon has renewed their appointment for a fixed term of three years commencing from 30 March 2012.

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

DIRECTORS' INTERESTS IN CONTRACTS

Details of the related party transactions entered into during the year were disclosed in note 43 to the consolidated financial statements. Save as those disclosed under the paragraph headed "Continuing Connected Transactions" below, these related party transactions either did not constitute connected transactions under the Listing Rules or were exempted connected transactions under the Listing Rules. Save as the transactions aforementioned, no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or the controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, and there were no contract of significance for the provision of services to the Group by the controlling shareholder of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

MANAGEMENT CONTRACTS

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

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

As at 31 December 2012, the following Directors or the chief executives of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Listing Rules:

(i) The Company

Name of Director	Capacity	Number shares held	Position	Approximate percentage of issued share capital
Mr. Tsoi Tak	Interest of controlled corporation	135,000,000 *(Note 1)*	Long	18.4%
	Beneficial owner	239,016,000	Long	32.6%
		374,016,000		51.0%
Mr. Cai Xiao Ming, David	Interest of controlled corporation	45,000,000 *(Note 2)*	Long	6.14%
Mr. Qin Song	Beneficial owner	158,000	Long	0.02%

Notes:

1. These shares are held by Profitcharm Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Tsoi Tak. By virtue of the SFO, Mr. Tsoi Tak is deemed to be interested in the entire 135,000,000 shares held by Profitcharm Limited.

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

(ii) Associated corporation

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN AND/OR SHORT POSITIONS

So far as is known to the Directors and chief executives of the Company, as at 31 December 2012, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of shares held	Position	Approximate Percentage of issued share capital
Profitcharm Limited *(Note 1)*	Beneficial owner	135,000,000	Long	18.43%
Sinorise International Limited *(Note 2)*	Beneficial owner	45,000,000	Long	6.14%
ACOF Asia Management, L.P.	Interest of controlled corporation	90,074,160	Long	12.30%
Ares BCH Holdings, L.P.	Beneficial owner	90,074,160	Long	12.30%
Ares Management (Cayman), Ltd.	Interest of controlled corporation	90,074,160	Long	12.30%
Partners Group Holding AG	Interest of controlled corporation	50,961,240	Long	6.96%
Atlantis Capital Holdings Limited	Interest of controlled corporation	44,425,000	Long	6.06%
Liu Yang	Interest of controlled corporation	44,425,000	Long	6.06%

Notes:

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

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

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2012, the Group had the following continuing connected transactions:

A. **Lease of premises from Shenzhen Tiley Real Estate Group Co., Ltd. (深圳天利地產集團有限公司*) ("SZ Tiley Real Estate") and management services provided by Shenzhen Tiley Real Property Management Co., Ltd. (深圳天利物業管理有限公司) ("SZ Tiley Property Management")**

On 30 March 2012, Shenzhen Guilian Printing Limited ("SZ Guilian"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement ("Lease Agreement") with SZ Tiley Real Estate, pursuant to which, SZ Guilian has rented 30th and 31st Floors in Block B of Tiley Centre Plaza, Haide Road, Nanshan District, Shenzhen, Guangdong, the PRC from SZ Tiley Real Estate and also used the management services provided by SZ Tiley Property Management, for a term of one year commencing from 1 April 2012. The term of the Lease Agreement was arrived at after arm's length negotiations between SZ Guilian and SZ Tiley Real Estate with reference to the market rate. The annual caps on the rents and management fees under the Lease Agreement for each of the two years ending 31 December 2013 are RMB3,300,000 (equivalent to approximately HK$4,064,039) and RMB1,100,000 (equivalent to approximately HK$1,354,680) respectively.

Both SZ Tiley Real Estate and SZ Tiley Property Management are companies which are indirectly owned by Mr. Tsoi Tak, who is the controlling Shareholder and an Executive Director of the Company. Therefore, SZ Tiley Real Estate and SZ Tiley Property Management are associates of Mr. Tsoi Tak and hence connected persons of the Company. Accordingly, the transaction under the Lease Agreement constituted a continuing connected transaction of the Company under the Listing Rules. Details of the transaction were set out in the announcement of the Company dated 30 March 2012.

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

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

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

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

The Independent Non-Executive Directors have reviewed the above continuing connected transactions and confirmed that each of the continuing connected transactions was entered into:

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

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

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

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

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 20 to 25.

PUBLIC FLOAT

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

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Brilliant Circle Holdings International Limited

Tsoi Tak
Chairman

Hong Kong, 28 March 2013

CORPORATE GOVERNANCE REPORT

OVERVIEW

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the Code on Corporate Governance Practice (the "Code") contained in Appendix 14 of the Listing Rules. For the year ended 31 December 2012, the Company has complied in general with the Code except that the Chairman of the Board could not attend the annual general meeting of the Company held on 30 May 2012 due to business engagement in the PRC.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions for the year ended 31 December 2012.

THE BOARD OF DIRECTORS

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

Currently, the Board comprises eight Directors, including four Executive Directors namely Mr. Tsoi Tak, Mr. David Cai, Mr. Qin Song and Mr. Kiong Chung Yin, Yttox, one Non-Executive Director namely Mr. Sean Xing He, and three Independent Non-Executive Directors namely Mr. Lam Ying Hung, Andy, Mr. Lui Tin Nang and Mr. Siu Man Ho, Simon. Mr. Tsoi Tak is also the father of Mr. David Cai, both being Executive Directors were appointed as the Chairman and the Chief Executive Officer respectively. The names and biographical details of the Directors are set in the section entitled "Profile of Directors and Senior Management" in this annual report.

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

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

BOARD MEETINGS

Four Board meetings were held during the year ended 31 December 2012. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of Board meeting was sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the Directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

All relevant materials were sent to all the Directors relating to the matters brought before the meetings. All the Directors have been provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings. Details of individual attendance of Directors are set out in the table on page 24 of this annual report.

Appointments, Re-election and Removal of Directors

Except Mr. Tsoi Tak, each of the Executive Directors has entered into a service contract with the Company for a specific term of three years. All of their appointments are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

All of the Independent Non-Executive Directors and the Non-Executive Director were appointed for a term of three years, and are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the year ended 31 December 2012, Mr. Tsoi Tak is the Chairman who provides leadership to the Board but he would not be involved in the day-to-day management of the Group's business. Mr. David Cai, was appointed as the CEO of the Company and his role is to oversee the overall management of the Group.

Training for Directors

The Company continuously updates Directors the latest developments and changes to the Listing Rules and other applicable regulatory requirements and provides training to develop and refresh the Directors' knowledge and skills. With effect from 1 April 2012, the Company provides Directors with monthly updates on the performance, position and prospects of the Company.

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company has prepared a training record in order to assist the Directors to record the training that have undertaken.

A seminar was organised for Directors in May 2012 to brief them on the requirements of the Listing Rules and other applicable laws. Individual Director had also attended seminars and/or conferences or workshops or forums relevant to his profession and duties as directors.

Below is a summary of the training the Directors had received during the year under review:

Name of Directors	Type of trainings
Mr. Tsoi Tak	C
Mr. Cai Xiao Ming, David	C
Mr. Qin Song	A & C
Mr. Kiong Chung Yin, Yttox	C
Mr. Sean Xing He	C
Mr. Lam Ying Hung, Andy	A & C
Mr. Lui Ting Nang	A & C
Mr. Siu Man Ho, Simon	A, B & C

A: attending seminars/conferences/workshops/forums

B: giving talks at seminars/conferences

C: reading newspapers, journals and updates relating to the economy, environmental protection business or director's duties and responsibilities etc.

Remuneration of Directors and Senior Management

The remuneration of the members of the senior management by band for the year ended 31 December 2012 is set out below:

Remuneration bands	Number of persons
Up to HK$1,000,000	Nil
HK$1,000,001 to HK$2,000,000	2
HK$2,000,001 to HK$3,000,000	Nil

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 14 and 15 to the financial statements, respectively.

COMPANY SECRETARY

The company secretary of the Company is Mr. Yau Chung Hang who is a full time employee of the Company. He reports to the Chairman of the Board and the Chief Executive Officer. He is responsible for advising the Board on governance matters. For the year under review, the company secretary has taken not less than 15 hours of relevant professional training.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 4 March 2009 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The Audit Committee consisted of the three Independent Non-Executive Directors and one Non-Executive Director and Mr. Lui Tin Nang is the chairman of the Audit Committee. The primary duties of the Audit Committee are, among other matters, to review and monitor the financial reporting process and internal control of the Group, and to report to the Board on matters relating to the corporate governance as stated in the Code. During the year ended 31 December 2012, the Audit Committee held two meetings and has reviewed the Company's financial statements and the Group's combined financial statements for the year ended 31 December 2012, including the accounting principles and practices adopted by the Company and the Group. The Board has not taken a different view from that of the Audit Committee regarding the selections, appointment, resignation or dismissal of the external auditors.

The terms of reference of the Audit Committee are disclosed on the websites of the Company and the Stock Exchange.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 4 March 2009. The Remuneration Committee consisted of five members (including the three Independent Non-Executive Directors, one Non-Executive Director and Mr. Kiong Chung Yin, Yttox, an Executive Director) and Mr. Lam Ying Hung, Andy was the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, among other matters, to make recommendations to the Board on the remuneration of Executive Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The terms of reference of the Remuneration Committee are disclosed on the websites of the Company and the Stock Exchange.

During the year under review, the Remuneration Committee held two meetings and reviewed the remuneration policy, assessed performance of Executive Directors and approved the remuneration packages of the Directors and senior management.

Nomination Committee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 4 March 2009. The Nomination Committee consisted of five members (including the three Independent Non-Executive Directors, one Non-Executive Director and Mr. Qin Song, an Executive Director) and Mr. Siu Man Ho, Simon is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are, among other matters, to review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The terms of reference of the Nomination Committee are disclosed on the websites of the Company and the Stock Exchange.

During the year under review, the Nomination Committee held two meetings and discussed and reviewed, inter alia, the appointment of Mr. Qin Song and Mr. Tang Jian Xin as Executive Directors following the resignation of Ms. Wu Sin Wah, Eva and Mr. Cai Xiao Xing and the re-election of all the retiring Directors at the forthcoming 2013 annual general meeting.

Attendance of meetings

The attendance of each Director at Board meetings, Board Committees meetings and general meeting during the year ended 31 December 2012 was as follows:

	Attendance out of number of meetings					
Name of director	Board	Independent Board	Remuneration Committee	Nomination Committee	Audit Committee	General meeting
Chairman & Non-Executive Director						
Executive Directors						
Tsoi Tak (Chairman)	3/4	–	–	–	–	0/1
Cai Xiao Ming, David	3/4	–	–	–	–	0/1
Kiong Chung Yin, Yttox	4/4	–	2/2	–	–	1/1
Qin Song *(Note 2)*	3/3	–	–	–	–	0/1
Cai Xiao Xing *(Note 1)*	0/1	–	–	–	–	0/0
Wu Sin Wah, Eva *(Note 1)*	1/1	–	–	1/1	–	0/0
Tang Jian Xin *(Note 3)*	3/3	–	–	0/1	–	0/1
Non-Executive Director						
Sean Xing He	4/4	–	2/2	2/2	2/2	0/1
Independent Non-Executive Directors						
Lam Ying Hung, Andy	4/4	2/2	2/2	2/2	2/2	1/1
Lui Tin Nang	4/4	2/2	2/2	2/2	2/2	0/1
Siu Man Ho, Simon	4/4	2/2	2/2	2/2	2/2	0/1

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

Note 2: Mr. Qin Song was appointed on 30 March 2012.

Note 3: Mr. Tang Jian Xin was appointed on 30 March 2012 and resigned on 12 December 2012.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

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

External Auditors

During the year ended 31 December 2012, the fee paid/payable to the external auditors of the Company amounted to approximately HK$9.4 million of which approximately HK$5.5 million was incurred for statutory audit and approximately HK$3.9 million was incurred for non-audit services. Non-audit services were related to the preparation of the Accountants Report for the acquisition of Giant Sino Group.

Internal controls

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

After the reviewing the Group's internal control system, the Board considers that the internal control system is effective and adequate for the Group as a whole. The Board further considers that (i) there was no issue relating to the material controls, including financial, operational and compliance controls and risk management functions, of the Group; and (ii) that there were adequate staff with appropriate qualifications and experience, resources and budget of its accounting and financial reporting function, and adequate training programmes have been provided for the year ended 31 December 2012.

Directors' responsibility on the financial statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2012, which were prepared in accordance with applicable accounting standards.

The reporting responsibilities of the external auditor of the Company on the consolidated financial statements of the Company are set out in the independent auditor's report on pages 26 to 27.

NON-COMPETITION UNDERTAKINGS

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

GOING CONCERN

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

CONSTITUTIONAL DOCUMENTS

During the year under review, there is no change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

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

SHAREHOLDERS' RIGHTS

In accordance with the Article 58 of the Articles of Association of the Company, one or more shareholders of the Company 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 to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the "Investor Relations" section of the Company's website at www.bcghk.cn.

Any Shareholder may direct their enquires and proposal either by mail to the Board at the Company's principal place of business in Hong Kong at 18th Floor, No. 111 Leighton Road, Causeway Bay, Hong Kong, by fax at (852) 3915 7800 or by email at enquiry@brilliantcircle.com.

Shareholders should direct any questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of Brilliant Circle Holdings International Limited 貴聯控股國際有限公司 (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 91, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	7	1,939,440	1,689,537
Cost of sales		(1,358,546)	(1,174,476)
Gross profit		580,894	515,061
Other income	9	26,825	14,726
Other gains and losses	10	5,634	8,226
Selling and distribution expenses		(48,881)	(47,228)
Administrative expenses		(101,388)	(97,862)
Other expenses		(41,829)	(20,812)
Finance costs	11	(57,166)	(29,035)
Share of profit of an associate	22	197,767	156,424
Profit before taxation		561,856	499,500
Taxation	12	(98,772)	(81,150)
Profit for the year	13	463,084	418,350
Exchange differences arising on translation		17,590	69,987
Total comprehensive income for the year		480,674	488,337
Profit for the year attributable to:			
Owners of the Company		432,630	387,572
Non-controlling interests		30,454	30,778
		463,084	418,350
Total comprehensive income attributable to:			
Owners of the Company		450,406	453,666
Non-controlling interests		30,268	34,671
		480,674	488,337
		HK$	HK$
Earnings per share	17		
Basic		0.59	0.55

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	18	756,623	711,307
Prepaid lease payments	19	31,411	20,195
Goodwill	20	1,095,551	602,896
Intangible assets	21	415,339	68,935
Interest in an associate	22	676,104	615,022
Deposits for property, plant and equipment and prepaid lease payments		15,681	11,930
		2,990,709	2,030,285
Current assets			
Inventories	23	206,289	188,155
Prepaid lease payments	19	1,064	815
Trade and bills receivables	24	852,849	560,434
Other receivables, prepayments and deposits	25	36,131	28,220
Tax recoverable		–	2,012
Pledged bank deposits	26	5,300	49,313
Bank balances and cash	26	558,803	353,743
		1,660,436	1,182,692
Current liabilities			
Trade and bills payables	27	386,951	233,328
Other payables and accruals	28	131,339	102,069
Amount due to Controlling Shareholder	29	113,802	193,749
Amounts due to non-controlling interests of subsidiaries	30	478,408	15,330
Bank borrowings	31	242,892	245,125
Promissory note	33	162,429	–
Obligations under finance leases	32	264	6,524
Income tax payable		60,972	39,559
		1,577,057	835,684
Net current assets		83,379	347,008
Total assets less current liabilities		3,074,088	2,377,293

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Promissory note	33	–	346,140
Bank borrowings	31	486,944	–
Deferred tax liabilities	34	104,888	61,805
		591,832	407,945
Net assets		2,482,256	1,969,348
Capital and reserves			
Share capital	35	7,325	7,325
Share premium and reserves		2,240,148	1,906,753
Equity attributable to owners of the Company		2,247,473	1,914,078
Non-controlling interests		234,783	55,270
		2,482,256	1,969,348

The consolidated financial statements on pages 28 to 91 were approved and authorised for issue by the Board of Directors on 28 March 2013 and are signed on its behalf by:

Tsoi Tak	**Cai Xiao Ming, David**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Statutory reserves HK$'000 (Note a)	Other reserves HK$'000 (Note b)	Dividend reserve HK$'000	Exchange reserve HK$'000	Retained profits (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2011	2,000	154,254	35,767	1,781,738	–	74,346	(86,406)	1,961,699	166,431	2,128,130
Profit for the year	–	–	–	–	–	–	387,572	387,572	30,778	418,350
Other comprehensive income for the year	–	–	–	–	–	66,094	–	66,094	3,893	69,987
Total comprehensive income for the year	–	–	–	–	–	66,094	387,572	453,666	34,671	488,337
Issue of shares in exchange of entire interest in Brilliant Circle Group Holdings Limited	4,800	4,262,400	–	(4,267,200)	–	–	–	–	–	–
Proceeds from issue of shares upon placement	525	351,975	–	–	–	–	–	352,500	–	352,500
Transaction costs attributable to issue of shares	–	(6,726)	–	–	–	–	–	(6,726)	–	(6,726)
Acquisition of remaining equity interest in a subsidiary (Note b)	–	–	–	(516,437)	–	7,393	–	(509,044)	(73,773)	(582,817)
Deemed distribution to Controlling Shareholder (Note c)	–	–	–	–	–	–	(300,000)	(300,000)	–	(300,000)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(72,059)	(72,059)
Interim dividend paid for 2011	–	–	–	–	–	–	(38,017)	(38,017)	–	(38,017)
Final dividend for 2011 proposed	–	–	–	–	117,011	–	(117,011)	–	–	–
Transfer		–	22,116	–	–	–	(22,116)	–	–	–
At 31 December 2011	7,325	4,761,903	57,883	(3,001,899)	117,011	147,833	(175,978)	1,914,078	55,270	1,969,348
Profit for the year	–	–	–	–	–	–	432,630	432,630	30,454	463,084
Other comprehensive income for the year	–	–	–	–	–	17,776	–	17,776	(186)	17,590
Total comprehensive income for the year	–	–	–	–	–	17,776	432,630	450,406	30,268	480,674
Acquisition of subsidiaries (Note 36(a))	–	–	–	–	–	–	–	–	155,966	155,966
Final dividend paid for 2011	–	–	–	–	(117,011)	–	–	(117,011)	(6,721)	(123,732)
Final dividend for 2012 proposed	–	–	–	–	172,870	–	(172,870)	–	–	–
Transfer	–	–	19,019	–	–	–	(19,019)	–	–	–
At 31 December 2012	7,325	4,761,903	76,902	(3,001,899)	172,870	165,609	64,763	2,247,473	234,783	2,482,256

Notes:

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	561,856	499,500
Adjustments for:		
Share of profit of an associate	(197,767)	(156,424)
Finance costs	57,166	29,035
Depreciation of property, plant and equipment	84,896	84,386
Amortisation of intangible assets	26,644	8,040
Release of prepaid lease payments	815	799
Interest income	(4,091)	(2,873)
Loss (gain) on disposal of property, plant and equipment	1,790	(532)
Recognition of write-down on obsolete inventories	3,363	1,270
Recognition of impairment on trade receivables	1,125	869
Operating cash flows before movements in working capital	535,797	464,070
Decrease in inventories	2,038	42,342
Increase in trade and bills receivables	(139,352)	(121,399)
Increase in other receivables, prepayments and deposits	(1,257)	(311)
Increase (decrease) in trade and bills payables	65,063	(42,411)
(Decrease) increase in other payables and accruals	(6,332)	14,514
Cash generated from operations	455,957	356,805
Income taxes paid	(103,615)	(51,947)
Purchase of tax reserve certificate	–	(2,012)
Interest paid	(24,623)	(25,029)
NET CASH FROM OPERATING ACTIVITIES	327,719	277,817

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
INVESTING ACTIVITIES			
Interest received		3,823	2,873
Deposit paid for and purchases of property, plant and equipment		(104,326)	(24,796)
Dividend received from an associate		144,095	126,529
Settlement of consideration for disposal of partial interest in an associate in prior year		–	40,851
Proceeds from disposal of property, plant and equipment		25,722	1,187
Withdrawal of pledged bank deposits		73,532	42,538
Placement of pledged bank deposits		(29,519)	(49,313)
Acquisitions of subsidiaries	36(a)	(301,904)	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(188,577)	139,869
FINANCING ACTIVITIES			
Proceeds from issue of shares by placement		–	352,500
Expenses on issue of shares		–	(6,726)
New bank loans raised		885,786	476,964
Repayment of bank borrowings		(405,632)	(610,711)
Repayment of promissory note		(197,280)	–
Repayment to the Controlling Shareholder		(80,000)	(99,874)
Advance from the Controlling Shareholder		–	52,469
Distribution to the Controlling Shareholder		–	(106,251)
Repayment of obligations under finance leases		(6,260)	(12,010)
Acquisitions of additional equity interests in subsidiaries	36(b)	–	(244,222)
Dividends paid to non-controlling interests		(6,721)	(60,551)
Dividends paid		(117,011)	(38,017)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		72,882	(296,429)
NET INCREASE IN CASH AND CASH EQUIVALENTS		212,024	121,257
CASH AND CASH EQUIVALENTS AT 1 JANUARY		353,743	226,493
Effect of foreign exchange rate changes		(6,964)	5,993
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		558,803	353,743

1. GENERAL

The Company was incorporated in the Cayman Islands on 11 November 2008 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate controlling party is Mr. Tsoi Tak (the "Controlling Shareholder"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is 18th Floor, No.111, Leighton Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are engaged in provision of the printing of cigarette package, manufacturing of laminated papers, printing of packages and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and the Company's functional currency is Renminbi ("RMB") that mainly influences the operation of the Group's significant entities.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to Hong Kong Accounting Standard ("HKAS") 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

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

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised 2011)	Employee Benefits[1]
HKAS 27 (as revised 2011)	Separate Financial Statements[1]
HKAS 28 (as revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group's annual period beginning 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

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

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of HKFRS 10 and HKFRS 12 are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC) - INT 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards is unlikely to have an impact on amounts reported in the consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

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

Merger accounting for business combination under common control

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination under common control (continued)

The consolidated statement of comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

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

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

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

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

Interest in an associate

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest in an associate (continued)

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

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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

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

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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

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

Service income is recognised when services are provided.

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

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

Government grants

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

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

Property, plant and equipment

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

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

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs included professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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

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

Leasing

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

The Group as lessee

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

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

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

Leasehold land and building

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

Borrowing costs

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

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

Retirement benefit costs

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

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

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

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

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

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

Intangible assets

Intangible assets acquired in a business combination

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

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

Research and development expenditure

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Inventories

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

Financial instruments

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

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Effective interest method

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

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

Loans and receivables

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

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Estimated useful lives of property, plant and equipment

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

As at 31 December 2012, the carrying amount of property, plant and equipment is HK$756,623,000 (2011: HK$711,307,000). Details of the useful lives of the property, plant and equipment are disclosed in note 18.

Estimated impairment of goodwill

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

As at 31 December 2012, the carrying amount of goodwill is HK$1,095,551,000 (2011: HK$602,896,000) and no impairment loss was recognised during the years ended 31 December 2012 and 2011. Details of the recoverable amount calculated in note 20.

Estimated impairment loss of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, the carrying amount of trade receivable is HK$801,126,000 (net of allowance for doubtful debts of HK$968,000) (2011: carrying amount of HK$535,168,000, net of allowance for doubtful debts of HK$4,241,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated write-down of inventory

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

The carrying amount of inventories at 31 December 2012 is approximately HK$206,289,000 (net of write-down due to inventories obsolescence of HK$7,185,000) (2011: HK$188,155,000, net of write-down due to inventories obsolescence of HK$3,822,000).

5. CAPITAL RISK MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	1,424,786	965,349
Financial liabilities		
Amortised cost	1,944,186	1,071,453
Obligations under finance leases	264	6,524
	1,944,450	1,077,977

6. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, pledged bank deposits, bank balances, trade and bills payables, other payables, amount due to Controlling Shareholder, amounts due to non-controlling interests of subsidiaries, bank borrowings, obligations under finance leases and promissory note. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

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

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

	2012 HK$'000	2011 HK$'000
Assets		
HK$	228,275	165,571
United States dollars ("US$")	98,857	134,564
Liabilities		
HK$	701,841	414,774
US$	3,039	5,920

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

The following table details the Group's sensitivity to a 2% (2011: 5%) increase and decrease in the RMB against US$ and HK$, respectively. 2% (2011: 5%) sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 2% (2011: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, receivables or payables, bank borrowings, obligations under finance leases and promissory note. A positive number below indicates an increase in post-tax profit where RMB strengthens against HK$ while a negative number indicates a decrease in post-tax profit where RMB strengthens against US$. For a 2% (2011: 5%) weakening of RMB against the US$ and HK$, there would be an equal and opposite impact on the profit.

6. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis (continued)

	2012 HK$'000	2011 HK$'000
Profit for the year		
HK$	7,103	9,345
US$	(1,437)	(4,824)

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

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 26 and 31 respectively). It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's HK$ denominated bank borrowings.

The Group's fair value interest rate risk relates primarily to its corresponding fixed-rate pledged bank deposits, amounts due to non-controlling interests of subsidiaries, obligations under finance leases and the promissory note, amounting to HK$5,300,000 (2011: HK$49,313,000), HK$360,000,000 (2011: HK$ nil), HK$264,000 (2011: HK$6,524,000) and HK$162,429,000 (2011: HK$346,140,000), respectively. The management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. As the management considers the exposure to interest rate risk in relation to bank balances is insignificant due to the low level of bank interest rate, bank balances are excluded from sensitivity analysis. A 100 basis points (2011: 100 basis points) increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2011: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2012 would decrease/increase by HK$5,474,000 (2011: decrease/increase by HK$1,838,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

6. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

The Group has concentration of credit risk as 37% (2011: 31%) and 66% (2011: 63%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the printing of cigarettes packages segment. The Group is also exposed to the concentration on geographic segment of the PRC. At 31 December 2012, approximately 95% (2011: 86%) of the Group's trade and other receivables are arising from counterparties whose principal place of operations is the PRC.

Liquidity risk

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

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2012, the Group has available unutilised bank borrowings facilities of approximately HK$925,135,000 (2011: HK$565,331,000).

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

6. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

Liquidity tables

	Weighted average interest rate %	On demand or less than 1 year HK$'000	1-2 years HK$'000	2–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2012						
Trade and bills payables	–	386,951	–	–	386,951	386,951
Other payables	–	72,760	–	–	72,760	72,760
Amount due to Controlling Shareholder	–	113,802	–	–	113,802	113,802
Amounts due to non-controlling interests of subsidiaries	–	118,408	–	–	118,408	118,408
Bank borrowings – floating rate	5.09	249,705	–	598,040	847,745	729,836
Obligations under finance leases	3.86	266	–	–	266	264
Promissory note – fixed rate	8.51	192,244	–	–	192,244	162,429
Amounts due to non-controlling interests of subsidiaries – fixed rate	4.00	367,181	–	–	367,181	360,000
		1,501,317	–	598,040	2,099,357	1,944,450

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

6. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value

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

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

7. REVENUE

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

	2012 HK$'000	2011 HK$'000
Printing of cigarette packages	1,653,182	1,372,529
Provision of printing services	250,176	283,252
Manufacturing of laminated papers	36,082	33,756
	1,939,440	1,689,537

8. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision marker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments currently are (i) provision of printing services (ii) printing of cigarette packages and (iii) manufacturing of laminated papers. The CODM considered the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

For the year ended 31 December 2012

	Printing of cigarette packages HK$'000	Provision of printing services HK$'000	Manufacturing of laminated papers HK$'000	Total HK$'000
Segment revenue	1,653,182	250,176	36,082	1,939,440
Segment profit	528,431	22,275	7,951	558,657
Unallocated – other income and other gains and losses				32,459
Unallocated expenses				(169,861)
Finance costs				(57,166)
Share of profit of an associate				197,767
Profit before taxation				561,856

For the year ended 31 December 2011

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

8. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit earned by each segment without allocation of corporate management expenses, directors' emoluments, share of profit of an associate, finance costs, income tax expenses, amortisation of intangible assets, unallocated income, other gains and losses, and expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Segment assets and liabilities

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

Segment assets

	2012 HK$'000	2011 HK$'000
Printing of cigarette packages	1,563,081	1,190,975
Provision of printing services	205,794	222,556
Manufacturing of laminated papers	26,915	22,595
Total segment assets	1,795,790	1,436,126
Unallocated property, plant and equipment	19,971	23,770
Prepaid lease payments	32,475	21,010
Goodwill	1,095,551	602,896
Intangible assets	415,339	68,935
Interest in an associate	676,104	615,022
Deposits for property, plant and equipment	15,681	11,930
Other receivables, prepayments and deposits	36,131	28,220
Tax recoverable	–	2,012
Pledged bank deposits	5,300	49,313
Bank balances and cash	558,803	353,743
Consolidated assets	4,651,145	3,212,977

8. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

Segment liabilities

	2012 HK$'000	2011 HK$'000
Printing of cigarette packages	353,624	213,761
Provision of printing services	28,274	17,746
Manufacturing of laminated papers	5,053	1,821
Total segment liabilities	386,951	233,328
Other payables and accruals	131,339	102,069
Amount due to Controlling Shareholder	113,802	193,749
Amounts due to non-controlling interests of subsidiaries	478,408	15,330
Bank borrowings	729,836	245,125
Obligations under finance leases	264	6,524
Income tax payable	60,972	39,559
Promissory note	162,429	346,140
Deferred tax liabilities	104,888	61,805
Consolidated liabilities	2,168,889	1,243,629

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

8. SEGMENT INFORMATION (CONTINUED)

Other segment information

2012

	Printing of cigarette packages HK$'000	Provision of printing services HK$'000	Manufacturing of laminated papers HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measurement of segment profit or loss and segment assets:						
Addition to non-current assets	141,683	1,631	71	143,385	1,856	145,241
Depreciation and amortisation	62,088	16,997	453	79,538	32,817	112,355
Recognition of impairment on trade receivables	1,125	–	–	1,125	–	1,125
Loss (gain) on disposal of property, plant and equipment	1,860	(2,830)	–	(970)	2,760	1,790
Write-down on obsolete inventories	2,843	520	–	3,363	–	3,363
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Interest income	(2,453)	(1,185)	(310)	(3,948)	(143)	(4,091)
Interest expense	19,009	18,364	–	37,373	19,793	57,166
Taxation	77,562	1,658	2,061	81,281	17,491	98,772

8. SEGMENT INFORMATION (CONTINUED)

Other segment information (continued)

2011

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

8. SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

An analysis of the Group's revenue from its major products and services is set out in note 7.

Geographical information

The Group's operations are located in Hong Kong and the PRC (country of domicile).

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

	Revenue from external customers		Non-current assets (Note a)	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
PRC	1,744,295	1,408,473	2,296,030	1,294,762
Hong Kong	–	–	2,894	108,571
Europe (Note b)	139,394	205,768	–	–
Asia (Note c)	19,015	46,432	–	–
North America (Note d)	29,926	23,099	–	–
Oceania (Note e)	4,316	3,347	–	–
Africa	2,494	2,418	–	–
	1,939,440	1,689,537	2,298,924	1,403,333

Notes:

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

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

(c) Asia included primarily Japan and Singapore.

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

(e) Oceania included primarily Australia and New Zealand.

Information about major customers

One customer contributed over 10% of the total revenue of the Group for both years, which was derived from revenue from printing of cigarette packages amounting to approximately HK$773,858,000 (2011: HK$745,804,000).

9. OTHER INCOME

	2012 HK$'000	2011 HK$'000
Interest on bank deposits	4,091	2,873
Sales of scrap materials	5,167	4,246
Government grants (Note)	11,381	1,976
Sundry income	6,186	5,631
	26,825	14,726

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

10. OTHER GAINS AND LOSSES

	2012 HK$'000	2011 HK$'000
Net foreign exchange gain	7,424	7,694
(Loss) gain on disposal of property, plant and equipment	(1,790)	532
	5,634	8,226

11. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	31,630	20,944
Finance lease	114	474
Promissory note	18,242	7,617
Interest expense on amounts due to non-controlling interests of subsidiaries	7,180	–
	57,166	29,035

12. TAXATION

	2012 HK$'000	2011 HK$'000
Current tax:		
Hong Kong Profits Tax	11,048	920
The PRC Enterprise Income Tax ("EIT")	87,299	65,670
Withholding tax	22,104	7,957
	120,451	74,547
Overprovision of EIT in prior years	(8,344)	(1,445)
Deferred tax (Note 34):		
Current year	(13,335)	8,048
	98,772	81,150

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for both years.

The PRC EIT is calculated at the applicable prevailing tax rates from 15% to 25% (2011: 15% to 25%) in the PRC. Pursuant to the "Enterprise Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises", some PRC subsidiaries, being a High-Tech Enterprise, were entitled to a reduced EIT rate of 15% for the years from 2010 to 2012.

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

12. TAXATION (CONTINUED)

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

	2012 HK$'000	2011 HK$'000
Profit before taxation	561,856	499,500
Tax at the applicable the rate of 25% (2011: 25%) (Note)	140,464	124,875
Tax effect of share of profit of an associate	(49,442)	(39,106)
Tax effect of expenses not deductible for tax purpose	27,550	13,297
Tax effect of income not taxable for tax purpose	(3,084)	(2,649)
Overprovision in respect of prior years	(8,344)	(1,445)
Utilisation of tax losses previously not recognised	(1,620)	(187)
Tax effect of non-taxable net income relating to offshore operation	(38)	(920)
Utilisation of deductible temporary differences previously not recognised	(89)	(149)
Income tax on concessionary rate	(37,910)	(33,987)
Effect of different tax rates of subsidiaries operating in Hong Kong	5,164	1,438
Deferred tax on undistributed earnings of PRC subsidiaries/associate	26,121	19,983
Tax charge for the year	98,772	81,150

Note: The applicable tax rate of 25% represents the applicable income tax rate of the subsidiaries in Shenzhen in the PRC which constitute the substantial part of the Group's operation for the years ended 31 December 2012 and 2011.

13. PROFIT FOR THE YEAR

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	5,808	2,354
Other staff costs		
Salaries and other benefits	144,637	146,987
Contributions to retirement benefits schemes	4,868	4,425
	155,313	153,766
Auditors' remuneration	5,456	4,735
Cost of inventories recognised as expenses (Note)	1,341,479	1,163,248
Release of prepaid lease payments	815	799
Amortisation of intangible assets (included in cost of sales)	26,644	8,040
Depreciation of property, plant and equipment	84,896	84,386
Operating lease rentals in respect of rented premises	6,615	4,638
Recognition of impairment on trade receivables	1,125	869
Research and development costs recognised as an expense (included in other expenses)	2,793	2,507
Legal and professional fee relating to business combination (included in other expenses)	6,103	13,548
Share of taxation of an associate	37,121	28,595

Note: For the year ended 31 December 2012, cost of inventories included recognition of write-down on obsolete inventories of HK$3,363,000 (2011: HK$1,270,000).

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 11 (2011: 9) directors were as follows:

For the year ended 31 December 2012

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Incentive performance bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total emoluments HK$'000
Executive Directors					
Mr. Tsoi Tak	–	360	–	13	373
Mr. Cai Xiao Ming, David	–	1,345	–	3	1,348
Mr. Kiong Chung Yin, Yttox	–	914	–	21	935
Mr. Qin Song	–	832	700	38	1,570
Mr. Tang Jian Xin #	–	907	–	21	928
Mr. Cai Xiao Xing #	–	15	–	1	16
Ms. Wu Sin Wah, Eva #	–	334	–	4	338
Non-Executive Director					
Mr. Sean Xing He	–	–	–	–	–
Independent Non-Executive Directors					
Mr. Lam Ying Hung, Andy	100	–	–	–	100
Mr. Lui Tin Nang	100	–	–	–	100
Mr. Siu Man Ho, Simon	100	–	–	–	100
	300	4,707	700	101	5,808

Resigned during the year ended 31 December 2012

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 December 2011

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

Mr Cao Xiao Ming, David is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Incentive performance bonus for the year ended 31 December 2012 was determined by the management having regard to the performance of directors and Chief Executive of the Company and the Group's operation results.

During the years ended 31 December 2012 and 2011, no emoluments have been paid by the Group to any of the directors and the Chief Executive as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors nor the Chief Executive waived any remuneration during the years ended 31 December 2012 and 2011.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2011: two) were directors and the Chief Executive of the Company whose emoluments are included in the disclosures in note 14 above. The emoluments of the remaining one (2011: three) individual was as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	1,404	2,111
Contributions to retirement benefits schemes	14	26
	1,418	2,137

Their emoluments were within the following bands:

	2012	2011
HK$ nil to HK$1,000,000	–	3
HK$1,000,001 to HK$1,500,000	1	–

No emoluments have been paid by the Group to any of the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2012 and 2011.

16. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Dividends recognised as distribution during the year:		
2012 Interim – HK nil (2011: HK5.19 cents) per share	–	38,017

The final dividend of HK23.60 cents in respect of the year ended 31 December 2012 (2011: HK15.97 cents) per share, amounting to approximately HK$172,870,000 (2011: HK$117,011,000), has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting. The proposed 2012 final dividend will be payable with a combination of cash and scrip dividend.

17. EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Earnings for the purpose of basic earnings per share	432,630	387,572

	2012 '000	2011 '000
Weighted average number of shares for the purpose of basic earnings per share	732,500	705,313

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

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

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Plant and machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 January 2011	356,358	4,640	673,850	38,646	16,145	14,882	1,104,521
Exchange adjustments	15,266	–	21,790	1,430	627	275	39,388
Additions	941	746	8,465	1,347	4,063	11,608	27,170
Transfer	5,711	–	1,341	412	–	(7,464)	–
Disposals	–	–	(2,661)	(70)	(442)	–	(3,173)
At 31 December 2011	378,276	5,386	702,785	41,765	20,393	19,301	1,167,906
Exchange adjustments	3,568	–	18,379	514	318	273	23,052
Additions	–	–	18,477	1,328	2,512	66,198	88,515
Acquired on acquisition of subsidiaries	–	–	52,699	2,872	1,155	–	56,726
Transfer	–	–	18,753	–	–	(18,753)	–
Disposals	–	–	(67,206)	(501)	(3,178)	–	(70,885)
At 31 December 2012	381,844	5,386	743,887	45,978	21,200	67,019	1,265,314
DEPRECIATION							
At 1 January 2011	39,173	2,207	291,202	20,788	8,145	–	361,515
Exchange adjustments	2,040	–	9,984	853	339	–	13,216
Provided for the year	16,800	354	59,676	4,904	2,652	–	84,386
Eliminated on disposals	–	–	(2,033)	(65)	(420)	–	(2,518)
At 31 December 2011	58,013	2,561	358,829	26,480	10,716	–	456,599
Exchange adjustments	1,767	–	8,073	446	283	–	10,569
Provided for the year	17,278	553	60,166	3,907	2,992	–	84,896
Eliminated on disposals	–	–	(40,522)	(407)	(2,444)	–	(43,373)
At 31 December 2012	77,058	3,114	386,546	30,426	11,547	–	508,691
CARRYING VALUES							
At 31 December 2012	304,786	2,272	357,341	15,552	9,653	67,019	756,623
At 31 December 2011	320,263	2,825	343,956	15,285	9,677	19,301	711,307

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

At the end of the reporting period, the carrying value of plant and machinery of the Group includes an amount of HK$23,332,000 (2011: HK$26,789,000) in respect of assets held under finance leases.

19. PREPAID LEASE PAYMENTS

	2012 HK$'000	2011 HK$'000
Analysed for reporting purposes as:		
Current asset	1,064	815
Non-current asset	31,411	20,195
	32,475	21,010

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

20. GOODWILL

	2012 HK$'000	2011 HK$'000
At 1 January	602,896	577,998
Arising on acquisition of subsidiaries (Note 36(a))	486,052	–
Exchange adjustments	6,603	24,898
At 31 December	1,095,551	602,896

20. GOODWILL (CONTINUED)

For the purpose of impairment testing, goodwill has been allocated to cash generating units ("CGUs"), comprising four subsidiaries in printing of cigarette packages segment and one subsidiary in the manufacturing of laminated paper segment. The carrying amounts of goodwill as at 31 December 2012 allocated to these units are as follows:

	2012 HK$'000	2011 HK$'000
Printing of cigarette packages:		
CGU-1	421,878	417,307
CGU-2	139,946	138,431
CGU-3	47,270	46,758
CGU-4	486,052	–
	1,095,146	602,496
Manufacturing of laminated paper:		
CGU-5	405	400
At 31 December	1,095,551	602,896

The recoverable amounts of the CGUs arising from printing of cigarette packages were determined individually based on value in use calculations. The value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 15.7% (2011: 15.5%). Cash flows beyond five-year period is extrapolated using a steady 15% growth rate. Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins were determined based on past performance and the management's expectations for the market development. In addition, the recoverable amount of CGU arising from manufacturing of laminated paper is determined based on value in use calculation. The value in use calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond five year period is extrapolated using a steady 15% growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed the recoverable amounts of respective CGUs.

During the years ended 31 December 2012 and 2011, management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

21. INTANGIBLE ASSETS

	Customer relationship HK$'000
COST	
At 1 January 2011	83,432
Exchange adjustments	3,593
At 31 December 2011	87,025
Exchange adjustments	953
Acquired on acquisition of subsidiaries (Note 36(a))	372,095
At 31 December 2012	460,073
AMORTISATION	
At 1 January 2011	10,050
Charge for the year	8,040
At 31 December 2011	18,090
Charge for the year	26,644
At 31 December 2012	44,734
CARRYING VALUES	
At 31 December 2012	415,339
At 31 December 2011	68,935

Intangible assets represent customer relationship in Brilliant Circle acquired in a business combination in 2009 and the acquisition of Yang Feng Printing & Packaging Co., Ltd ("Yangfeng"), a subsidiary of Giant Sino Investments Limited ("Giant Sino") during the year. Brilliant Circle and Yangfeng have long and close business relationship with the major customers. The acquisition of the customer base has allowed the Group to stabilise the revenue base from packaging and printing business. Amortisation is provided to write off the cost of the customer relationship using the straight-line method over the estimated life of the customer relationship of 10 years.

22. INTEREST IN AN ASSOCIATE

	2012 HK$'000	2011 HK$'000
Cost of investment, unlisted	348,198	345,164
Share of post-acquisition profits net of dividends received	327,906	269,858
	676,104	615,022

As at 31 December 2012 and 2011, the Group had interests in the following associate:

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

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

	2012 HK$'000	2011 HK$'000
Total assets	2,234,258	2,071,593
Total liabilities	(338,648)	(348,838)
Net assets	1,895,610	1,722,755
Group's share of net assets of the associate	676,104	615,022
Total revenue	2,119,743	1,769,782
Total profit for the year	565,048	446,926
Group's share of profits of the associate for the year	197,767	156,424

23. INVENTORIES

	2012 HK$'000	2011 HK$'000
Raw materials	111,511	110,848
Work in progress	35,218	27,055
Finished goods	59,560	50,252
	206,289	188,155

24. TRADE AND BILLS RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables	802,094	539,409
Less: allowance for doubtful debts	(968)	(4,241)
	801,126	535,168
Bills receivables	51,723	25,266
	852,849	560,434

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

	2012 HK$'000	2011 HK$'000
0 – 90 days	786,853	485,704
91 – 180 days	55,854	70,594
181 – 365 days	7,587	2,524
Over 365 days	2,555	1,612
	852,849	560,434

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

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of HK$65,996,000 (2011: HK$74,730,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

24. TRADE AND BILLS RECEIVABLES (CONTINUED)

Ageing of trade receivables which are past due but not impaired

	2012 HK$'000	2011 HK$'000
91–180 days	55,854	70,594
181–365 days	7,587	2,524
Over 365 days	2,555	1,612
Total	65,996	74,730

Movement in the allowance for doubtful debts

	2012 HK$'000	2011 HK$'000
1 January	4,241	7,397
Impairment losses recognised on receivables	1,125	3,376
Amounts written off as uncollectible	(4,398)	(4,090)
Impairment losses reversed	–	(2,507)
Exchange difference	–	65
31 December	968	4,241

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$968,000 (2011: HK$4,241,000) of which the debtors were in financial difficulties.

25. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2012 HK$'000	2011 HK$'000
Trade deposits to suppliers	22,573	21,232
Prepayment for material purchase	5,728	5,129
Rental, utility and sundry deposits	4,842	1,745
Staff advances	2,720	114
Others	268	–
	36,131	28,220

26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.001% to 2.15% (2011: 0.001% to 2%) per annum.

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The pledged bank deposits carry fixed interest rate of 0.001% to 0.16% (2011: 0.001% to 0.14%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

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

	2012 HK$'000	2011 HK$'000
HK$	226,506	162,882
US$	54,038	52,325

27. TRADE AND BILLS PAYABLES

	2012 HK$'000	2011 HK$'000
Trade payables	373,051	210,268
Bills payables	13,900	23,060
	386,951	233,328

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

	2012 HK$'000	2011 HK$'000
0 – 30 days	292,115	159,618
31 – 90 days	76,607	62,244
91 – 180 days	17,666	11,329
181 – 365 days	224	12
Over 365 days	339	125
	386,951	233,328

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

28. OTHER PAYABLES AND ACCRUALS

	2012 HK$'000	2011 HK$'000
Other payables and accruals	43,174	12,482
Salary payables	29,586	25,299
Other tax payables	44,596	35,375
Deposits received from suppliers	13,135	27,567
Advanced from customers	848	1,346
	131,339	102,069

29. AMOUNT DUE TO CONTROLLING SHAREHOLDER

The amount is unsecured, interest-free and is repayable on demand.

30. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

At 31 December 2012, an amount of HK$111,228,000 (2011: HK$15,330,000) is unsecured, interest-free and repayable on demand. The remaining balance included interest payable of HK$7,180,000 (2011: nil) and consideration payable of HK$360,000,000 (2011: nil) which is unsecured and carried interest at effective interest rate of 4% (2011: nil) per annum. The total amount of HK$367,180,000 (2011: nil) is repayable based on the repayment term set out in note 36(a).

31. BANK BORROWINGS

Bank borrowings comprise:

	2012 HK$'000	2011 HK$'000
Secured	189,314	201,988
Unsecured	540,522	43,137
	729,836	245,125

Carrying amount repayable:

	2012 HK$'000	2011 HK$'000
Within one year	242,892	245,125
More than one year, but not more than five years	486,944	–
	729,836	245,125

31. BANK BORROWINGS (CONTINUED)

The Group's floating-rate borrowings are mainly subject to interest at 110% of RMB Benchmark Loan Rates issued by the People's Bank of China and Hong Kong Interbank Offered Rate plus 3.75%. The effective interest rates on the Group's bank borrowings are as follows:

	2012	2011
Floating-rate borrowings	3.8% to 7.3%	3.3% to 7.5%

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

	2012 HK$'000	2011 HK$'000
HK$	486,944	690
US$	1,161	1,009

32. OBLIGATIONS UNDER FINANCE LEASES

It is the Group's policy to lease certain of its plant and machinery under finance leases. The lease term is 1 year (2011: 1 year). Interest rates underlying all obligations under finance leases are fixed at 3.75% (2011: 3.75% to 4.05%) per annum.

	Minimum Lease payments		Present value of minimum lease payments	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Amounts payable under finance leases				
Within one year	266	6,640	264	6,524
Less: future finance charges	(2)	(116)	–	–
Present value of lease obligations	264	6,524	264	6,524
Less: Amount due for settlement within 12 months (shown under current liabilities)			(264)	(6,524)
Amount due for settlement after 12 months			–	–

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

33. PROMISSORY NOTE

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

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

During the year ended 31 December 2012, promissory notes with principal amount of approximately HK$197,280,000 was yearly repaid by the Group and the remaining principal amount is HK$190,400,000 at 31 December 2012. The directors of the Company considers that the loss on early repayment is insignificant.

34. DEFERRED TAX LIABILITIES

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

	Intangible asset	Undistributable profits of subsidiaries/ associate	Accelerated tax depreciation	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	8,944	23,901	18,417	51,262
(Credit) charge to profit or loss	(1,807)	19,983	(2,171)	16,005
Reversal upon payment	–	(7,957)	–	(7,957)
Exchange differences	385	1,693	417	2,495
At 31 December 2011	7,522	37,620	16,663	61,805
Acquisitions	55,814	–	–	55,814
(Credit) charge to profit or loss	(6,460)	26,121	(10,892)	8,769
Reversal upon payment	–	(22,104)	–	(22,104)
Exchange differences	83	434	87	604
At 31 December 2012	56,959	42,071	5,858	104,888

34. DEFERRED TAX LIABILITIES (CONTINUED)

At 31 December 2012, the Group has unused tax losses of HK$ nil (2011: HK$6,481,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$2,714,000 that will expire within 5 years from the year of origination up to 2015.

35. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2011, 31 December 2011 and 31 December 2012	1,000,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2011	200,000,000	2,000
Issued as consideration for combination of Brilliant Circle	480,000,000	4,800
Issued on placement	52,500,000	525
At 31 December 2011 and 31 December 2012	732,500,000	7,325

Note: Pursuant to the placement agreements dated 11 May 2011 and 15 July 2011, 7,500,000 shares and 45,000,000 shares of HK$0.01 each were placed to independent third parties at a price of HK$8.0 and HK$6.5 per share respectively. All shares issued during the year end 31 December 2011 ranked pari passu with other shares in issue in all respects.

36. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisitions of subsidiaries

On 3 July 2012, the Company acquired 60% equity interest in Giant Sino Investments Limited and its subsidiaries (collectively referred to as the "Giant Group") from an independent third party at a cash consideration of HK$720,000,000. The Giant Group is principally engaged in printing of cigarette packages and was acquired with the objective of expanding business in the PRC.

In accordance with the sale and purchase agreement (the "Agreement"), the cash consideration is comprised of: (i) initial purchase price of HK$360,000,000 and (ii) deferred consideration of HK$360,000,000 (subject to downward adjustment in the respect of the guaranteed profit as described in the Agreement), which is required to be paid within five business days of the date of receipt of the audited financial statements of Yangfeng, a subsidiary of Giant Sino, for the twelve-month period commencing from the completion date of the acquisition, with all interest accrued at 4% per annum (on the basis of a year of 365 days) from the completion date of the acquisition on 3 July 2012 to the date of payment of remaining HK$360,000,000 (both dates inclusive).

36. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisitions of subsidiaries (continued)

The seller has agreed to provide a profit guarantee to the Company in relation to the financial performance of Yangfeng, for a period of 4 years from the completion date. The profit guarantee requires Yangfeng to meet a target profit after taxation in each of the first to fourth anniversary from the completion date of 3 July 2012. The target profit after taxation for the first anniversary is approximately HK$123,153,000 (equivalent to RMB100,000,000), which grows at a rate of 5% in each of the second to the fourth anniversary (the "Profit Guarantee Amount"). In the first anniversary from the completion date, if Yangfeng fails to meet the Profit Guarantee Amount, the remaining consideration of HK$360,000,000 should be reduced by the shortfall calculated in accordance with the formula stipulated in the Agreement (the "Shortfall"). The interest payable by the Company should be reduced by an amount calculated by reference to the Shortfall times interest rate of 4% per annum. If the Shortfall exceeds HK$360,000,000, the seller should pay to the Company an amount by which the Shortfall exceeds HK$360,000,000. If Yangfeng fails the Profit Guarantee Amount in each of the second to fourth anniversary from the completion date, the seller should pay the amount of the Shortfall to the Company in each of the relevant years.

In the opinion of the directors of the Company, the interest rate of 4% per annum on deferred consideration approximated the borrowing rate of the Company. In addition, the directors consider that it is virtually certain that the Profit Guarantee Amount would be achieved at initial recognition and at 31 December 2012 based on the historical performance and actual performance of Yangfeng for the year ended 31 December 2012. The fair value of the contingent consideration at the date of acquisition and 31 December 2012 is thus considered as insignificant. Accordingly, the fair value of total consideration is approximately HK$720,000,000 at the date of acquisition.

Acquisition-related costs amounting to HK$6,103,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "other expenses" line item in the consolidated statement of comprehensive income.

36. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisitions of subsidiaries (continued)

Assets and liabilities recognised at the date of acquisition is as follows:

	HK$'000
Non-current assets	
Property, plant and equipment	56,726
Customer relationship	372,095
Current assets	
Inventories	23,535
Trade and bills receivable	154,188
Other receivable, prepayments and deposits	6,386
Bank balances and cash	58,096
Current liabilities	
Trade and bills payable	(88,560)
Other payables and accruals	(52,795)
Amount due to non-controlling interests (Note)	(68,406)
Income tax payable	(15,537)
Non-current liabilities	
Deferred tax liability	(55,814)
	389,914

Note: It represented the amount due to a shareholder which holds 40% equity interest in Giant Sino.

The fair value of the customer relationship at the date of acquisition amounted to approximately HK$372,095,000 which is base on a valuation carried out by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group, determined using multiple-period excess earnings method by discounting the increametal cash flows arisen from the customer relationship at a discount rate of 14.6% and customer attrition rate of 10% per annum.

The receivables acquired (which principally comprised trade receivables) with a fair value of HK$154,188,000 at the date of the acquisition had gross contractual amounts of HK$154,188,000. It is expected to be fully collected at the acquisition date.

36. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisitions of subsidiaries (continued)

Goodwill arising on acquisition

	HK$'000
Fair value of identifiable assets and liabilities of the Giant Group	389,914
Non-controlling interests	(155,966)
	233,948
Goodwill arising on acquisition	486,052
Total consideration	720,000

Non-controlling interests

Non-controlling interests in the Giant Group are measured by reference to the proportionate share of fair value of identifiable assets and liabilities of the Giant Group at the date of acquisition.

Goodwill arising on acquisition of Giant Group allows the Group to extend its market presence in certain provinces in the PRC, enjoy the benefit of future tendering of the contract and enlarge the market share of cigarette packaging business in the PRC. The acquisition also included the assembled workforce and existing production base of Yangfeng to ensure the immediate production and profit and to secure the utilisation of the existing capacity of the Group, as being the major subcontractor of Yangfeng. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed or exchanged, either individually or together with any related contracts.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	HK$'000
Consideration paid in 2012	360,000
Less: cash and cash equivalent balances acquired	(58,096)
	301,904

The remaining outstanding consideration of HK$360,000,000 is included in the amounts due to non-controlling interests of subsidiaries at 31 December 2012.

Included in the profit for the year is HK$75,595,000 attributable to the additional business generated by the Giant Group. Revenue for the year includes HK$264,660,000 generated from the Giant Group.

36. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Acquisitions of subsidiaries (continued)

Net cash outflow arising on acquisition (continued)

Had the acquisition been completed on 1 January 2012, total group revenue for the year would have been HK$2,057,908,000, and profit for the year would have been HK$517,237,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition on 1 January 2012, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had the Giant Group been acquired at the beginning of the current year, the directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination.

(b) Acquisition of additional equity interests in subsidiaries

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

37. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2012, deposit for property, plant and equipment of HK$12,060,000 was utilised to settle prepaid lease payments.

During the year ended 31 December 2011, the consideration for acquisition of 100% equity interest in Champion Group was partly settled by the Promissory Note at principal amount of HK$387,680,000 as detailed in note 33.

38. RETIREMENT BENEFIT PLAN

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK$1,000 (increased to HK$1,250 effective from 1 June 2012) per person to the Scheme, which is matched by employees.

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

39. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2012 HK$'000	2011 HK$'000
Within one year	2,943	2,079
In the second to fifth year inclusive	2,665	3,500
After five years	294	860
	5,902	6,439

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

40. CAPITAL COMMITMENTS

	2012 HK$'000	2011 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	24,417	12,563

41. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 4 March 2009 for the primary purpose of providing incentives to directors, employees, customer or supplier of goods or services to any member of the Group, consultant, adviser, manager, officer or entity that provide research, development or other technological support to the Group or its members (the "Eligible Participants"), and will expire on 4 March 2019. Under the Scheme, the directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

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

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

For the years ended 31 December 2012 and 2011, no share options had been granted and the Company had no share options outstanding at 31 December 2012 and 2011.

42. PLEDGE OF ASSETS

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

	2012 HK$'000	2011 HK$'000
Property, plant and equipment	225,979	243,250
Prepaid lease payments	20,415	21,010
Trade receivables	13,074	32,176
Bank deposits	5,300	49,313

43. RELATED PARTY TRANSACTIONS

(a) Transactions with related company

The Group had the following significant transactions with related parties during the year:

	2012 HK$'000	2011 HK$'000
Non-controlling interests with significant influence over the subsidiaries:		
Printing of cigarette packages	81,243	103,970
Interest expense	7,180	–
Company under controlled by Controlling Shareholder:		
Rental fee	3,471	–

(b) Balances with related parties are disclosed in the consolidated statement of financial position and in notes 29 and 30.

43. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

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

	2012 HK$'000	2011 HK$'000
Short-term benefits	9,666	4,911
Contribution to retirement benefits schemes	164	102
	9,830	5,013

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

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries at 31 December 2012 and 2011 are as follows:

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/ issued share capital/ equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2012 %	2011 %	2012 %	2011 %		
CT Management Investments Limited (詩天管理投資有限公司)	British Virgin Islands	100	100	–	–	US$200	Investment holding
Brilliant Circle Group Holdings Limited (貴聯集團控股有限公司)	British Virgin Islands	–	–	100	100	US$1	Investment holding
Brilliant Circle Printing & Packaging Limited (貴聯印刷包裝有限公司)	British Virgin Islands	–	–	100	100	US$10,000	Investment holding
Union Virtue International Limited (同德國際有限公司)	British Virgin Islands	–	–	100	100	US$1	Investment holding
Brilliant Circle Development Limited (貴聯發展有限公司)	Hong Kong	–	–	100	100	HK$2,000,000	Investment holding

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Particulars of the Company's subsidiaries at 31 December 2012 and 2011 are as follows: (continued)

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/ issued share capital/ equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2012 %	2011 %	2012 %	2011 %		
Champion League Investment Holdings Limited (冠連投資控股有限公司)	British Virgin Islands	–	–	100	100	US$100	Investment holding
Sanbond Investment Limited (協寶投資有限公司)	Hong Kong	–	–	100	100	HK$100	Investment holding
蚌埠金黃山凹版印刷有限公司 (BB Jinhuangshan)	PRC	–	–	100	100	US$7,622,800	Printing of cigarette packages
深圳貴聯印刷有限公司## (Shenzhen Guilian Printing Limited)	PRC	–	–	100	100	HK$9,600,000	Investment holding
深圳市科彩印刷有限公司* (Shenzhen Kecai Printing Co., Ltd.)	PRC	–	–	99.31	99.31	RMB144,870,000	Printing of cigarette packages
襄陽金飛環彩色包裝有限公司* (Xiangfan Jinfeihuan Colour Packing Co., Ltd.)	PRC	–	–	79.6	79.6	US$3,000,000	Printing of cigarette packages
昭通安通包裝材料有限公司* (Zhaotong Antong Package Material Co., Ltd.)	PRC	–	–	80	80	US$1,000,000	Manufacturing of laminated paper
CT Printing Limited (詩天紙藝製品有限公司)	Hong Kong	–	–	100	100	HK$20,000	Provision of printing services
詩天紙藝製品(深圳)有限公司 (Shitian Paper Craft (Shenzhen) Co., Ltd.)	PRC	–	–	100	100	US$4,280,000	Provision of the printing of packaging and decoration matters, research and development on printing technology, wholesale, import and export of the packaging products and other related services

44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Particulars of the Company's subsidiaries at 31 December 2012 and 2011 are as follows: (continued)

Name of subsidiary	Place of establishment/ incorporation/ operation	Proportion of registered capital/ issued share capital/ equity interests and voting power held by the Company				Issue and fully paid ordinary share capital/ registered capital	Principal activities
		Directly		Indirectly			
		2012 %	2011 %	2012 %	2011 %		
鉅華投資有限公司# (Giant Sino Investments Limited)	British Virgin Islands	60	–	–	–	US$100	Investment holding
源順有限公司# (Fortune Chaser Limited)	Hong Kong	–	–	60	–	HK$100	Investment holding
深圳揚豐印刷有限公司# (YangFeng Printing & Packaging Co., Ltd)	PRC	–	–	60	–	RMB37,500,000	Printing of cigarette packages
金詩天新型包裝(深圳)有限公司### (Jinshitian New Packaging (Shenzhen) Limited)	PRC	–	–	100	–	US$10,000,000	Provision of printing services

* Company incorporated as a sino-foreign equity.

Company newly established during the year ended 31 December 2012.

Company established as foreign invested limited liability company.

Company newly acquired during the year ended 31 December 2012.

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

45. EVENT AFTER THE REPORTING PERIOD

On 7 March 2013, the Company announced that it has agreed to dispose of 4% equity interest in Changde Goldroc, an associate of the Company, to Hunan Tobacco at a consideration based on the net assets of Changde Goldroc as at 31 December 2012. Hunan Tobacco is the other shareholder of the associate and also the customer of Changde Goldroc. In connection which the disposal, Hunan Tobacco agreed to continue to engage Changde Goldroc to provide cigarette printing package services to Hunan Tobacco. The directors are in the process of ascertaining the financial impact arising on this transaction.

Details of the transactions are set out in the announcement of the Company dated 7 March 2013.

FIVE YEAR FINANCIAL SUMMARY

(A) RESULTS

	For the year ended 31 December				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000
Revenue	403,188	656,527	1,503,238	1,689,537	1,939,440
Operating profit	34,635	137,499	171,566	343,076	364,089
Share of profit of an associate	–	35,299	150,672	156,424	197,767
Profit before taxation	34,635	172,798	322,238	499,500	561,856
Taxation	(2,803)	(18,511)	(57,614)	(81,150)	(98,772)
Profit for the year	31,832	154,287	264,624	418,350	463,084
Attributable to:					
Owners of the Company	31,832	135,714	194,786	387,572	432,630
Non-controlling interests	–	18,573	69,838	30,778	30,454
	31,832	154,287	264,624	418,350	463,084

(B) ASSETS AND LIABILITIES

	At 31 December				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000
TOTAL ASSETS	388,014	3,325,209	3,000,918	3,212,977	4,651,145
TOTAL LIABILITIES	(179,765)	(1,039,791)	(872,788)	(1,243,629)	(2,168,889)
	208,249	2,285,418	2,128,130	1,969,348	2,482,256
EQUITY ATTRIBUTABLE TO:					
Owners of the Company	208,249	2,153,557	1,961,699	1,914,078	2,247,473
Non-controlling interests	–	131,861	166,431	55,270	234,783
	208,249	2,285,418	2,128,130	1,969,348	2,482,256

Note: Certain comparative figures have been restated as a result of the business and reclassified to conform with the current year's presentation.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2012 HK$'000	2011 HK$'000
Non-current assets		
Interests in subsidiaries	1,173,208	453,208
Current assets		
Other receivables	800	345
Amounts due from subsidiaries	195,887	363,919
Bank balances and cash	187,770	45,254
	384,457	409,518
Current liabilities		
Other payable and accruals	10,379	3,013
Amounts due to non-controlling interests of subsidiaries	367,181	–
Promissory note	162,429	–
	539,989	3,013
Net current (liabilities) assets	(155,532)	406,505
Total assets less current liabilities	1,017,676	859,713
Non-current liabilities		
Promissory note	–	387,680
Bank borrowings	486,944	–
	486,944	387,680
Net assets	530,732	472,033
Capital and reserves		
Share capital	7,325	7,325
Reserves	523,407	464,708
	530,732	472,033

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

MOVEMENT IN RESERVES

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Dividend reserve HK$'000	Retained profits (Accumulated losses) HK$'000	Total HK$'000
At 1 January 2011	2,000	154,254	–	–	(10,775)	145,479
Profit and total comprehensive income for the year	–	–	–	–	318,797	318,797
Deemed distribution to Controlling shareholder	–	–	–	–	(300,000)	(300,000)
Issue of shares in exchange of entire interest in Brilliant Circle	4,800	4,262,400	(4,267,200)	–	–	–
Proceeds from issue of shares upon placement	525	351,975	–	–	–	352,500
Transaction costs attributable to issue of shares	–	(6,726)	–	–	–	(6,726)
Interim dividend paid for 2011	–	–	–	–	(38,017)	(38,017)
Final dividend for 2011 proposed	–	–	–	117,011	(117,011)	–
At 31 December 2011	7,325	4,761,903	(4,267,200)	117,011	(147,006)	472,033
Profit and total comprehensive income for the year	–	–	–	–	175,710	175,710
Final dividend paid for 2011	–	–	–	(117,011)	–	(117,011)
Final dividend for 2012 proposed	–	–	–	172,870	(172,870)	–
At 31 December 2012	7,325	4,761,903	(4,267,200)	172,870	(144,166)	530,732