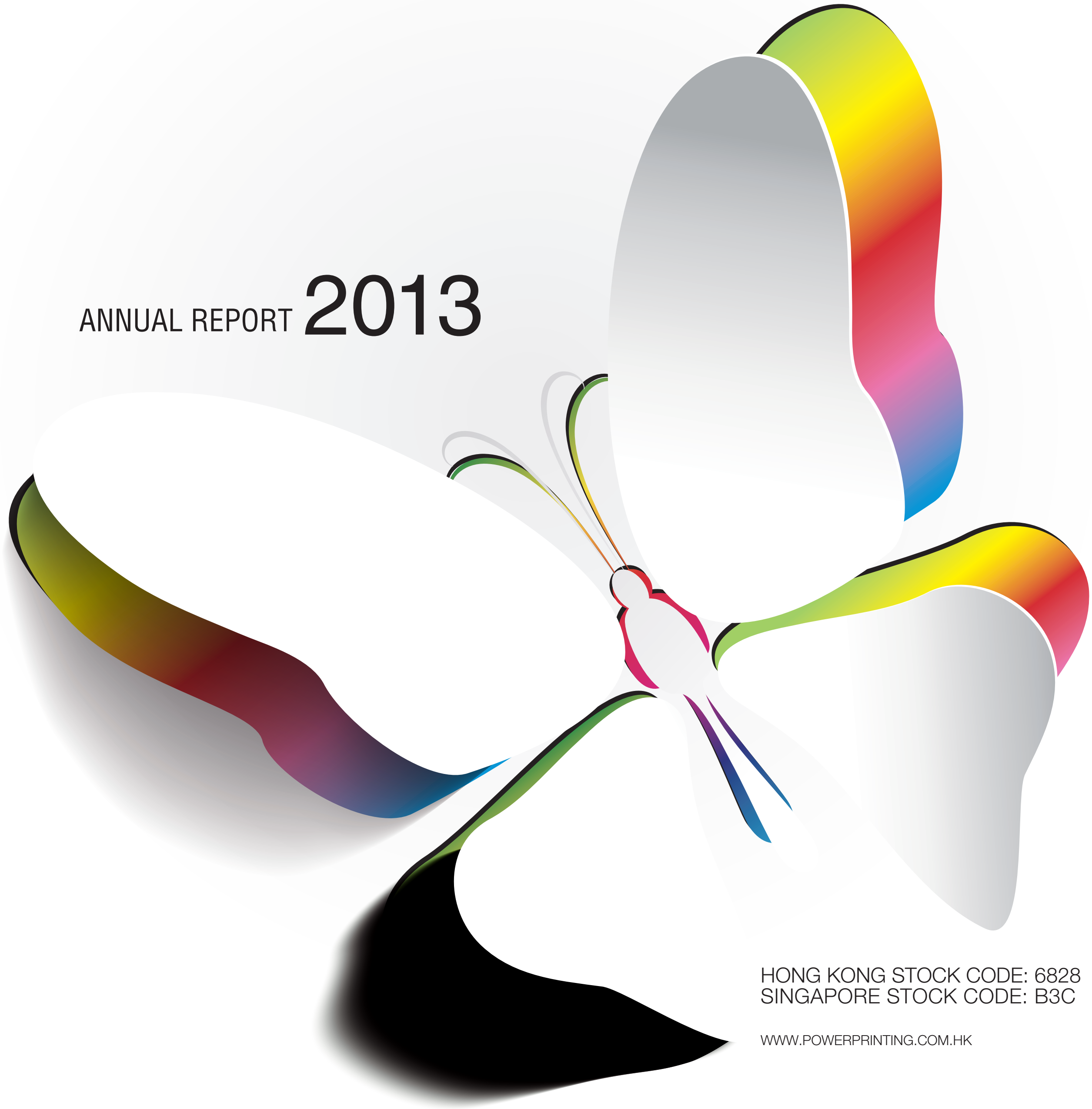
CHINA PRINT

CHINA PRINT POWER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

ANNUAL REPORT 2013



HONG KONG STOCK CODE: 6828
SINGAPORE STOCK CODE: B3C

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CORPORATE PROFILE

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

We are a leading books & specialised products printing group serving the international market. We specialise in the printing of books, as well as the design and manufacturing of quality specialised products such as leather and fabric-bound diaries, journals and greeting cards. Our integrated services include pre-press, printing to finishing/binding services. We are able to combine special printing skills with leather manufacturing technologies to produce high-value added composite products for our customers. Through our full suite of integrated services at our 87,538 sqm production facilities in He Yuan, Guangdong Province, PRC, we are a convenient one-stop shop for customers sourcing for unique products that require a high-level of customisation.

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

STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

On behalf of the Board of Directors, I present to you our annual results for the year ended 31 December 2013 ("FY2013").

Over the past year, we have been sparing no efforts in advancing our core business of printing books and manufacturing specialized products. However, the Group found it challenging to emerge unscathed from the market difficulties, facing both internal constraints and external pressure. Therefore, we sped up efforts to tap into the natural gas industry as a strategic move in our operational restructuring. The complementary business arm is expected to pave a path toward improved profitability over the long run.

With advanced know-how in integrating different techniques, the Group provides one-stop quality services from pre-press and printing to binding and packaging. We also serve as a manufacturer of a wide variety of value-added printing products such as pop-up children's books, photo albums and stationery. The year 2013 exhibited weak market conditions for all traditional printing services providers. As customers in our operational regions were experiencing budget constraints and belt-tightening, we found it difficult to enlarge our customer base by stimulating new orders. Meanwhile, operating costs – including labor and raw material expenses – were on an upward spiral along with the transitional growing pains associated with China's economic restructuring. Moving forward, we are eyeing obstacles likely to be confronted as a result of the increasing popularity of digital printing and e-books, which allow more flexible production processes and higher customization levels.

With a view to optimizing our business portfolio as well as diversifying revenue streams, the Group continues to seek out suitable investment opportunities from time to time in order to engage in new lines of business with more promising growth potential. In FY2013, the Group announced acquiring natural gas assets in Shandong and another two possible acquisitions in Liaoning Guizhou and Jiangsu, which is in line with the Chinese government's urge to promote the use of natural gas to satisfy the country's need for cleaner and more efficient energy. China has now become the world's third-largest natural gas user, with the country's consumption of the hydrocarbon having increased 13.9% year-on-year in 2013, equivalent to 5.9% of the total consumed primary energy resources in the country. Therefore, we have great confidence in prospects for our natural gas business.

Although the Group is facing headwinds amidst the challenging market environment, we are well-positioned to gear up with a two-pronged business model. As for the printing business, we are striving to maintain competitiveness among all the market uncertainties with improved operational efficiency and strengthened business connections. In addition, our expansion into the natural gas business in the PRC is expected to provide us with sustainable momentum to propel the healthy development of the Group.

Last but not least, I would like to thank our dedicated management team and employees for their unwavering contributions that enable the Group to achieve sustainable growth. At the same time, I want to express my sincere gratitude to our partners, customers and in particular, our shareholders, for their continuous support and trust in the Group's progress. We will work hard as always to generate better returns for our shareholders and other interested related parties.

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

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

OVERVIEW

The global economy seems to have ended a protracted recession in the year 2013. In Europe, risks of further downturn lingered as economic recovery remained uncertain. China's full year GDP growth rate declined to a 14-year low. The US economy still had lots of ground to cover, despite signs of recovery. Struggling against headwinds in the operating environment, printing service providers were slowing down their activities during the year under review, and the Group was no exception. The sluggish operating environment made it challenging for the Group to expand the customer base by securing new orders. Moreover, China is pushing for wages adjustment, along with accelerated urbanization, to encourage the nation's shift away from low-end labor-intensive manufacturing to a more capital-intensive mode. Raw material expenses were also escalating as a result of China's increasing focus on sustainable economic growth and let alone, RMB appreciation. Yet the Group was in a dilemma to translate the rising production costs into higher selling prices, on the ground that it had to stay competitive in the price sensitive market. For FY2014, the Group still expects business conditions to remain challenging.

BUSINESS REVIEW

Engaged in its core business of printing books and manufacturing specialized products, the Group provides a full suite of services from pre-press to printing to binding and packaging, and produces tailor-made and value-added printing products such as pop-up children's books, photo albums and stationery.

The year ended 31 December 2013 saw a decline of 19.5% or HK$37.4 million in the Group's total revenue to approximately HK$154.5 million on a comparable basis (2012: HK$191.9 million). This was mainly due to the plunge in sales orders and stagnant selling prices, both of which were a result of the weak market sentiment. Worthy-of-noting is that the Group's impairment losses on non-financial assets, net loss on disposals of property, plant and equipment and write-down of inventories recorded HK$40.8 million, HK$0.7 million and HK$3.2 million, respectively. Excluding the negative impact from these one-off losses, the Group managed to deliver a stable financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's key revenue driver – the book products segment – contributed approximately 61.5% or HK$95.0 million of the total amount for the current financial year (2012: approximately HK$108.5 million), while the other business segment – specialized products segment – yielded HK$59.5 million (2012: approximately HK$83.4 million), representing the remaining of approximately 38.5%. With strengthened regional operations, the Group maintained its global presence in the PRC (Hong Kong included), the UK, the US and Germany. Revenue generated from these markets accounted for 64.1%, 15.6%, 9.9% and 4.5%, respectively. Apart from the adverse impact from the weak market environment, the deteriorating performance of both segments were due to the fact that the development of digital printing solutions and growing popularity of e-books intensified the sales pressure on the traditional printing industry.

During the year under review, the Group made a strategic move by engaging in acquisition for natural gas assets in Shandong and another two possible acquisitions in Liaoning, Guizhou and Jiangsu. Natural gas is an ideal alternative to coal with at least 50% fewer air pollution emissions. Riding on China's urge to meet the balance between increasing energy demand and environment protection, the Group strives to seize the opportunity to diversify its business portfolio and as well as the revenue base. The fund raising activities of the Company, announced in 2013, was to support the Group's potential merger and acquisition activities.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately 19.5% from approximately HK$191.9 million in FY2012 to approximately HK$154.5 million in FY2013. This was mainly due to persistent uncertainty over the global economy which had affected the sales.

Gross Profit Margin

Overall gross profit margin decreased from approximately 15.4% in FY2012 to approximately 12.6% in FY2013. This was mainly due to an increase in labour and material costs which cannot be transferred to customers.

Other Income

Other income increased by approximately 34.3% from approximately HK$1.5 million in FY2012 to approximately HK$2.0 million in FY2013. The increase was mainly due to rental income of HK$1.2 million from the lease of investment properties. The rental in FY2012 was HK$0.8 million.

Operating Expenses

(a) Selling and distribution costs

Selling and distribution costs decreased by approximately 22.3% from approximately HK$10.1 million in FY2012 to approximately HK$7.8 million in FY2013. This was mainly due to a decrease of approximately HK$1.7 million in transportation and freight charges and approximately HK$0.2 million in commission paid to sales agents resulting from decreased sales volume.

(b) Administrative expenses

Administrative expenses increased slightly by approximately 4.9% from approximately HK$26.3 million in FY2012 to approximately HK$27.6 million in FY2013 mainly due to an increase of approximately HK$1.0 million in depreciation of properties.

(c) Other operating expenses

Other operating expenses decreased by approximately 31.6% from approximately HK$6.9 million in FY2012 to approximately HK$4.7 million in FY2013 which was mainly due to a decrease in net losses on disposals of plant and equipment of approximately HK$1.4 million.

(d) Impairment losses on non-financial assets

Impairment losses on non-financial assets of approximately HK$40.8 million (2012: Nil) was attributable to property, plant and equipment and intangible assets as their recoverable amount is less than their carrying amount.

(e) Finance costs

Finance costs decreased by approximately 33.4% from approximately HK$1.4 million in FY2012 to approximately HK$1.0 million in FY2013. This was mainly due to a decrease in utilisation of bills financing and repayments of bank borrowings.

(f) Income tax expense

Income tax had not been provided as the Group did not derive any assessable profits for the year and there was a deferred tax credit of HK$1.9 million in FY2013. There was approximately HK$0.9 million income tax expense provided in FY2012 even though the Group had a loss for that year which was mainly due to provision of Hong Kong profits tax pursuant to the Hong Kong Inland Revenue Ordinance in relation to plant and machinery for which tax allowance was previously entitled.

Loss for the year and attributable to owners of the Company

As a result of the above, loss for the year attributable to owners of the Company stood at HK$58.6 million as compared to HK$14.7 million in FY2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE DEVELOPMENT AND PROSPECTS

The Group felt the weak business sentiments from the printing market during the past twelve months and foresees possible challenges ahead. The Group will further enhance customer connections with customized printing solutions and high-quality product offerings. The Group is also of the view that improved operation efficiency is the key to achieve a turnaround in profitability. Therefore, the Group prioritizes the task of streamlining manufacturing process and manpower allocation.

At the same time, the Group has cautiously exploring viable investment and acquisition opportunities that can enhance shareholders' value.

On 7 February 2013, a wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition of a wholly-owned subsidiary of New Times Corporation Limited (stock code: 00166. HK). For more details, please refer to the Company's announcements dated 8 February 2013, 11 June 2013 and 30 December 2013 and 20 February 2014.

On 29 July 2013, a wholly-owned subsidiary of the Company entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition of a wholly-owned subsidiary of New Topic Limited. For more details, please refer to the Company's announcements dated 29 July 2013, 29 October 2013 and 23 January 2014.

On 25 November 2013, a wholly-owned subsidiary of the Company entered into an agreement to acquire the 60% equity interest of a company which indirectly owns 60% equity interest in a joint venture ("JV") company in Shandong, the PRC, for a consideration of HK$55,000,000. The principal assets of the JV company are the assets involving one CNG main station and one CNG satellite station. The transaction has been completed on 3 March 2014. The Company will be engaged in gas business in PRC. For more details, please refer to the Company's announcements dated 25 November 2013 and 3 March 2014.

On 27 January 2014, a wholly-owned subsidiary of the Company acquired 100% of a company which directly owns entire issued share capital of a company in Zhengji Town, Xuzhou City, Jiangsu Province, the PRC for a consideration of HK$3,500,000. The acquired company has signed an agreement with the People's Government of Xuzhou City, by virtue of which the acquired company is granted an exclusive right to construct a CNG station to provide natural gas to Zhengji Town.

On 10 March 2014, a wholly-owned subsidiary of the Company entered into the JV Agreement in relation to the formation of a joint venture with an independent third party and then entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition of a possible acquisition of a natural gas project in Huanggang Shi, Hubei Province, PRC. For more details, please refer to the Company's announcements dated 10 March 2014.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

The Group maintained bank deposits, bank balances and cash amounting to approximately HK$30.3 million as at 31 December 2013 (2012: approximately HK$23.7 million), increased by approximately 28.1% as compared with that as at 31 December 2012.

The Group had total bank borrowings of approximately HK$23.6 million as at 31 December 2013 (2012: approximately HK$35.5 million). The Group's gearing ratio, which is total bank borrowings divided by the total assets was approximately 9.8% (2012: approximately 12.7%).

As at 31 December 2013 and 2012, the Group's bank borrowings were secured by (i) a charge over certain of the Group's trade receivables; (ii) letters of undertaking issued by the Company and one of its subsidiaries, namely Power Printing Products Limited; and (iii) corporate guarantee issued by the Company and certain of its subsidiaries, namely Carta & Cuoio Company Limited and Power Printing (He Yuan) Co., Ltd.

The Group's non-current assets decreased to approximately HK$147.1 million (2012: approximately HK$177.3 million), primarily due to impairment on non-financial assets.

As at 31 December 2013, the Group's current assets amounted to approximately HK$94.6 million (2012: approximately HK$102.1 million), mainly comprised of inventories of approximately HK$17.3 million (2012: approximately HK$27.4 million), trade and other receivables of approximately HK$42.9 million (2012: approximately HK$49.4 million) and cash and bank balances of approximately HK$30.3 million (2012: approximately HK$23.7 million). The Group's current liabilities amounted to approximately HK$47.8 million (2012: approximately HK$60.1 million), mainly comprised of trade and other payables of approximately HK$24.2 million (2012: approximately HK$23.8 million) and bank borrowings of approximately HK$23.6 million (2012: approximately HK$35.5 million).

As at 31 December 2013, the net current assets of the Group increased by approximately HK$4.9 million or approximately 11.7% to approximately HK$46.8 million (2012: approximately HK$41.9 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at approximately 2.0 as at 31 December 2013 (2012: approximately 1.7).

During FY2013, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. We would implement a balanced financing plan to support the operation of both our bookprinting and specialized products manufacturing businesses and newly acquired CNG business.

CHARGES ON GROUP ASSETS

Details of the Group's assets pledged are set out in note 32 to the financial statements.

EXPOSURE TO FLUCTUA TIONS IN EXCHANGE RATES

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

The Group is also exposed to foreign exchange risks as the Group's production is mainly in the PRC. The continuing appreciation of Renminbi ("RMB") may lead to an increase of our cost of production. During 2013, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. The Group will keep on reviewing and monitoring the exchange fluctuation between RMB and HK$, and will consider entering into hedging arrangements as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

During the year, the Group had acquired property, plant and equipment at approximately HK$10.5 million (2012: HK$40.1 million). The purchase is financed by internal resources and proceeds generated from the placement.

CAPITAL COMMITMENTS

Save as disclosed in note 28 to the financial statements, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities.

USE OF PLACEMENT PROCEEDS

On 19 March 2013, the Company issued 34,840,000 new ordinary shares of HK$0.55 each at HK$0.98 per share by way of placing (the "March 2013 Placement"). The net proceeds from the issue of new shares under the March 2013 Placement, after deducting related transaction costs, were HK$33.4 million. As at the date of this report, of the net proceeds of the March 2013 Placement of HK$33.4 million, HK$24.6 million has been utilised as consideration for acquisitions of subsidiaries for the potential acquisition activities as identified by the Company, approximately HK$3.3 million has been used for the repayment of bank loans and settlement of trade and other payables, and approximately HK$5.5 million has been utilised as working capital.

On 28 January 2014, the Company issued 40,018,000 new ordinary shares of HK$0.55 each at HK$2.60 per share by way of placing (the "January 2014 Placement"). The net proceeds from the issue of new shares under the January 2014 Placement, after deducting related transaction costs was HK$101.7 million. As at the date of this report, HK$56.1 million of the proceeds of the January 2014 Placement has been used for the potential acquisition activities as identified by the Company. Of the HK$56.1 million, HK$25.1 million has been utilised as consideration for acquisitions of subsidiaries and HK$31 million has been utilised for payment of earnest monies pursuant to memoranda of understanding entered into by the Company.

EMPLOYEES' INFORMATION

Our employees are based in Hong Kong and He Yuan, Guangdong Province, the PRC. During the year, the Group's He Yuan Processing Arrangement with He Yuan factory was terminated and additional workers were employed by the Group's subsidiary, Power Printing (He Yuan) Co., Ltd., to satisfy the Group's production requirement. As at 31 December 2013, there were 613 (2012: 157) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses or share options to eligible staff based on their performance and contributions to the Group.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Sze Chun Lee ("Mr. Sze"), aged 45, has been an executive Director and the chief executive officer ("CEO") of the Company since 19 December 2006. He is one of the founders of the Group. Mr. Sze oversees our overall management and operations and is responsible for the strategic plans and future direction of the Group. Mr. Sze also oversees the general administration, finance, sales and marketing operations of the Group, including managing our relationships with our customers. Prior to joining the Group in 2001, Mr. Sze was a director of another printing company from 1993 to 2001, where he was responsible for the sales, finance and marketing operations. Mr. Sze is the brother-in-law of another executive Director, Mr. Kwan Wing Hang, who resigned on 3 August 2013. Mr. Sze is personally interested in 180,000 Shares and is directly interested in 43.75% of the share capital of China Print Power Limited, which holds 66,060,848 Shares.

Mr. Chan Wai Ming ("Mr. Chan"), aged 50, has been an executive Director and chief operations officer of the Company since 19 December 2006. He is one of the founders of the Group. Mr. Chan is in charge of the daily management and operations of the Group. Prior to joining the Group in 2001, between 1993 and 2001, Mr. Chan was the production director of another printing company where he was in charge of the procurement, management and control department. Mr. Chan is directly interested in 37.50% of the share capital of China Print Power Limited, which holds 66,060,848 Shares.

Mr. Lam Shek Kin ("Mr. Lam"), aged 43, has been an executive Director and production director in-charge of the printing business since 19 December 2006. He is one of the founders of the Group. Between 1987 and 1993, Mr. Lam was the supervisor of a printing company, where he was responsible for the supervision of a printing team. Prior to joining the Group in 2001, Mr. Lam was a department head in another printing company, from 1993 to 2000, where he was in charge of supervising the printing department. Mr. Lam is personally interested in 100,000 Shares and is directly interested in 18.75% of the share capital of China Print Power Limited, which holds 66,060,848 Shares.

Ms. Chung Oi Ling, Stella ("Ms. Chung"), aged 52, has been an executive Director since 1 October 2011. She holds a bachelor's degree in accounting and banking from Chu Hai College, Hong Kong. She has more than 18 years of extensive experience in administration, personnel and sales and marketing. Ms. Chung is also well versed in corporate governance and operations of listed companies. Ms. Chung was an executive director of Sustainable Forest Holdings Limited (stock code: 723) from August 2007 to November 2009 and an executive director of International Resources Enterprise Limited (stock code: 1229) from June 2007 to April 2008. Both companies are listed on the main board of the SEHK. Ms. Chung is deemed to be interested in 20,634,000 Shares (representing 8.28% of the issued share capital of the Company) by virtue of her 100% control in Flame Capital Limited.

Mr. Hung Tao ("Mr. Hung"), age 48, has been appointed as an executive Director since 28 October 2013. He is a real estate appraiser of the China Institute of Real Estate Appraisers and Agents. He holds a Bachelor degree in Biology Department of Science Faculty from the Chinese University of Hong Kong and a MBA degree of the University of Northern Virginia, the United States. He has more than 21 years' experience involving in due diligence for China state-owned and private enterprises and joint ventures, for the purpose of initial public offerings, mergers and acquisitions, financing and etc. Before joining the Company, Mr. Hung was a senior director and head of China Valuation Department of Savills Valuation and Professional Services Limited from 2005 to 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Siang Kai ("Mr. Lim"), aged 57, has been the chairman and an independent non-executive Director since 26 March 2007. Prior to joining the Group, Mr. Lim held various positions in banks, financial services companies and a fund management company and has over 28 years of experience in the securities, private and investment banking and fund management industries. Mr. Lim is also the chairman and independent director of ISDN Holdings Limited and an independent director of Natural Cool Holdings Limited, Foreland Fabrictech Holdings Limited, Texchem-Pack Holdings (S) Ltd. and Joyas International Holdings Limited, all of which are companies listed in Singapore. Mr. Lim holds a bachelor of arts degree from the National University of Singapore, a bachelor of social sciences (honours) degree from the National University of Singapore and a master of arts degree in economics from the University of Canterbury, New Zealand.

Mr. Wee Piew ("Mr. Wee"), aged 50, has been an independent non-executive Director since 26 March 2007. He was formerly the chief executive officer and an executive director of HG Metal Manufacturing Limited, a public listed company in Singapore. Prior to joining HG Metal Manufacturing Limited, Mr. Wee held various positions in various banks. Mr. Wee is currently a non-executive independent director of Hosen Group Ltd, a public listed company in Singapore. He graduated from the National University of Singapore with a bachelor of accountancy degree in 1988 and is a fellow of the Institute of Certified Public Accountants of Singapore. He is also a member of the Singapore Institute of Directors.

Ms. Wong Fei Tat ("Ms. Wong"), aged 39, has been an independent non-executive Director since 3 January 2012. She holds a bachelor degree in commerce from the University of Sydney, and a postgraduate diploma in corporate administration and a master degree in corporate governance from the Hong Kong Polytechnic University. Ms. Wong is an associate member of the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and is a certified practising accountant of CPA Australia. Ms. Wong has over 17 years of experience in the accounting field. She has been an independent non-executive director of China Motion Telecom International Limited (Stock Code: 989), a company listed on the main board of the SEHK, from 2006 to November 2013.

SENIOR MANAGEMENT

Mr. Tsui Kan Chun ("Mr. Tsui"), aged 41, is the Chief Financial Officer of the Group and the joint company secretary of the Company. Mr. Tsui is an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the Certified Practising Accountants in Australia and an associate member of the Hong Kong Institute of Chartered Secretaries. He holds a bachelor degree in Accountancy from the University of Wollongong in Australia and a master degree in Corporate Governance from the Hong Kong Polytechnic University. He has more than 15 years of experience in auditing, finance and accounting. Mr. Tsui was the company secretary, authorised representative and group financial controller of Shanghai Tonva Petrochemical Co. Ltd. (SEHK stock code: 1103) from June 2007 to July 2012.

Mr. Ng Sui Yin ("Mr. Ng"), aged 45, is the financial controller of the Group Subsidiaries, where he is in charge of the accounting, finance and administrative matters. He has over 20 years of experience in areas of finance, audit, tax, and bankruptcy. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a certified tax adviser of the Taxation Institute of Hong Kong.

Mr. Chan Yee Yeung ("Mr. YY Chan"), aged 40, is the production manager of the Group where he is in charge of the printing operations of the Group. Mr. YY Chan began his career as the production controller of a printing company. Prior to joining the Group, he was the production coordinator in a manufacturing company from 2000 to 2001.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sze Chun Lee
(Chief Executive Officer)
Mr. Chan Wai Ming
Mr. Kwan Wing Hang
(Resigned on 3 August 2013)
Mr. Lam Shek Kin
Ms. Chung Oi Ling, Stella
Mr. Hung Tao
(Appointed on 28 October 2013)

Independent Non-executive Directors

Mr. Lim Siang Kai
(Chairman of the Board)
Mr. Wee Piew
Mr. Liu Kwong Chi, Nelson
(Resigned on 15 July 2013)
Ms. Wong Fei Tat

COMMITTEE MEMBERS

Audit Committee

Mr. Wee Piew *(Chairman)*
Mr. Lim Siang Kai
Mr. Liu Kwong Chi, Nelson
(Resigned on 15 July 2013)
Ms. Wong Fei Tat

Remuneration Committee

Mr. Lim Siang Kai *(Chairman)*
Mr. Wee Piew
Mr. Liu Kwong Chi, Nelson
(Resigned on 15 July 2013)
Ms. Wong Fei Tat

Nominating Committee

Ms. Wong Fei Tat
(Chairman with effect from 15 July 2013)
Mr. Liu Kwong Chi, Nelson
(Chairman until resignation on 15 July 2013)
Mr. Lim Siang Kai
Mr. Wee Piew

AUTHORISED REPRESENTATIVES

Mr. Sze Chun Lee
Mr. Tsui Kan Chun

JOINT COMPANY SECRETARIES

Mr. Tsui Kan Chun
Ms. Gn Jong Yuh Gwendolyn

CORPORATE INFORMATION

JOINT AUDITORS

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

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

BDO LLP
Public Accountants and
Chartered Accountants
21 Merchant Road
#05-01, Singapore 058267

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEADQUARTERS AND PRINCIPAL EXECUTIVE OFFICE

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North Point
Hong Kong

BERMUDA SHARE REGISTRAR

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2 Church Street
Hamilton HM 11
Bermuda

SINGAPORE SHARE TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR

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26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong
(with effect from 31 March 2014)

COMPANY WEBSITE

www.powerprinting.com.hk

STOCK CODES

Hong Kong: 6828
Singapore: B3C

FINANCIAL HIGHLIGHTS

LOSS PER SHARE (HK CENTS)

Loss per ordinary share based on loss attributable to owners of the Company:	Group	
	FY2013	FY2012
(i) Based on the weighted average number of ordinary shares in issue	**– HK 29.1 cents**	– HK 8.8 cents
(ii) On a fully diluted basis	**– HK 29.1 cents**	– HK 8.8 cents

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$58,569,000 (2012: HK$14,734,000) and on the weighted average number of 201,604,112 (2012: 167,272,959) ordinary shares in issue during the year.

Diluted (loss)/earnings per share for the years ended 31 December 2013 and 2012 are not presented as there is no dilutive potential ordinary share.

REVENUE (HK$'ooo)

	Year ended 31 December				
	FY2009	FY2010	FY2011	FY2012	**FY2013**
Revenue	212,962	201,677	257,859	191,874	**154,475**

FINANCIAL HIGHLIGHTS

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

	Year ended 31 December				
	FY2009	FY2010	FY2011	FY2012	**FY2013**
Profit/(loss) for the year attributable to owners of the Company	19,220	22,012	1,142	(14,734)	**(58,569)**

NET ASSETS VALUE PER SHARE (HK CENTS)

Net asset value per ordinary share based on issued share capital	**As at 31/12/2013**	As at 31/12/2012
Group	**HK 92.76 cents**	HK 124.76 cents
Company	**HK 73.28 cents**	HK 71.45 cents

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

1. the equity of the Group/Company attributable to the owners of the Company as at 31 December 2013 and 31 December 2012; and

2. 209,049,373 and 174,209,373 ordinary shares in issue as at 31 December 2013 and 31 December 2012, respectively.

CORPORATE GOVERNANCE REPORT

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

The Group has adopted practices which meet the Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) during the year (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations, if any. For proper reference, the relevant principles of the Singapore Code of Corporate Governance 2012 and rules of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST") are also discussed below.

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

BOARD OF DIRECTORS

Principle 1: Board's Conduct of its Affairs

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

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

2. establishing a framework of prudent and effective controls which enables risk to be assessed and managed;

3. reviewing management performance;

4. setting the Group's values and standards, and ensuring that obligations to shareholders and others are understood and met;

5. ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and its internal code of conduct;

6. ensuring the Group's compliance with good corporate governance practices; and

7. approving half-year and full-year result announcements.

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

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

The number of meetings held in respect of the financial year 2013 and the attendance of the Directors are set out in the table below:

Directors' attendance at Board and Board Committee Meetings

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

Notes:

(1) Mr. Kwan Wing Hang resigned as an executive Director of the Company with effect from 3 August 2013.

(2) Mr. Liu Kwong Chi, Nelson resigned as an independent non-executive Director of the Company with effect from 15 July 2013. Accordingly, he also ceased to be a member of the Audit and Remuneration Committees and the Chairman of the Nominating Committee with effect from 15 July 2013.

(3) Ms. Wong Fei Tat was appointed as the Chairman of the Nominating Committee with effect from 15 July 2013 subsequent to Mr. Liu Kwong Chi's resignation with effect from the same date.

(4) Mr. Hung Tao was appointed as an executive Director with effect from 28 October 2013.

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

Principle 2: Board Composition and Guidance

The Board comprises:

Executive Directors
Mr. Sze Chun Lee *(CEO)*
Mr. Chan Wai Ming
Mr. Kwan Wing Hang *(resigned on 3 August 2013)*
Mr. Lam Shek Kin
Ms. Chung Oi Ling, Stella
Mr. Hung Tao *(appointed on 28 October 2013)*

Independent Non-executive Directors
Mr. Lim Siang Kai *(Chairman of the Board)*
Mr. Wee Piew
Mr. Liu Kwong Chi, Nelson *(resigned on 15 July 2013)*
Ms. Wong Fei Tat

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

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

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

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

The independent non-executive Directors Mr. Lim Siang Kai and Mr. Wee Piew have been appointed pursuant to their respective appointment letters pursuant to which the current term of the appointment shall be up to 31 May 2013 and 26 May 2012 respectively and the term of appointment shall be automatically renewed annually for such annual period thereafter, and may be terminated by not less than three months' notice in writing served by the Company. The independent non-executive Directors Ms. Wong Fei Tat has not been appointed for a specific term and may be terminated by not less than three months' notice in writing served by the Company. All the independent non-executive Directors will be subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws.

Principle 3: Role of Chairman and Chief Executive Officer

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

1. leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;

2. ensuring that the Directors receive accurate, timely and clear information;

3. ensuring effective communication and preserving harmonious relations with the shareholders;

4. encouraging constructive relations between the Board and management and between the executive Directors and non-executive Directors;

5. facilitating the effective contribution of the non-executive Directors in particular;

6. ensuring the Group's compliance with the Code;

7. acting in the best interest of the Group and the shareholders; and

8. promoting high standards of corporate governance.

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

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

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

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

BOARD COMMITTEES

Nominating Committee

Principle 4: Board Membership

Principle 5: Board Performance

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

Ms. Wong Fei Tat	*(Chairman with effect from 15 July 2013)*
Mr. Liu Kwong Chi, Nelson	*(Chairman until resignation on 15 July 2013)*
Mr. Wee Piew	*(Member)*
Mr. Lim Siang Kai	*(Member)*

The NC is currently made up of three independent non-executive Directors. The NC is scheduled to meet at least once a year. For the financial year 2013, the NC met twice on 23 February 2013 and 28 October 2013. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. making recommendations to the Board on all Board appointments;

2. the re-nomination of the Directors having regard to each Director's contribution and performance, including, if applicable, as an independent non-executive Director;

3. determining annually whether or not a Director is independent; and

4. deciding whether or not a Director is able to carry out and has adequately carried out his duties as a director.

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

New Directors are appointed by way of a board resolution, after the NC has approved their nominations. Such new Directors submit themselves for re-election at the next annual general meeting ("AGM") of the Company. Pursuant to the Bye-laws, all Directors are required to submit themselves for re-election at least once every three years. Profiles of the Directors are set out on pages 10 to 12 of this annual report. The Directors who are retiring and who, being eligible, will offer themselves for re-appointment or re-election at the forthcoming AGM are named below:

Name of Director	Date of appointment	Due for re-appointment	Due for re-election
Mr. Lim Siang Kai	26/03/2007		✓
Mr. Sze Chun Lee	19/12/2006		✓
Mr. Chan Wai Ming	19/12/2006		
Mr. Kwan Wing Hang (resigned on 3 August 2013)	19/12/2006		
Mr. Lam Shek Kin	19/12/2006		
Mr. Wee Piew	26/03/2007		✓
Ms. Chung Oi Ling, Stella	01/10/2011		
Mr. Liu Kwong Chi, Nelson (resigned on 15 July 2013)	03/01/2012		
Ms. Wong Fei Tat	03/01/2012		
Mr. Hung Tao	28/10/2013	✓	

Note: Mr. Liu Kwong Chi resigned as an independent non-executive Director of the Company with effect from 15 July 2013. Accordingly, he also ceased to be a member of the Audit and Remuneration Committees and the Chairman of the Nominating Committee with effect from 15 July 2013.

The NC chairman is not, and is not directly associated with, a substantial shareholder with interest of 10% or more in the voting shares of the Company.

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

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

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

Auditors' remuneration

The fees in relation to the audit and non-audit service provided by BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore, the external auditors of the Company, for the year ended 31 December 2013 amounted to HK$625,000 and HK$150,000 respectively, the details of which are set out on note 8 to the financial statements. No non-audit service was provided by the external auditors for the financial year ended 31 December 2012.

AUDIT COMMITTEE

Principle 11: Risk Management and Internal Controls

Principle 12: Audit Committee

Principle 13: Internal Audit

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

Mr. Wee Piew	*(Chairman)*
Mr. Lim Siang Kai	*(Member)*
Mr. Liu Kwong Chi, Nelson	*(Member) (resigned on 15 July 2013)*
Ms. Wong Fei Tat	*(Member)*

The AC comprises entirely independent non-executive Directors. The AC is scheduled to meet at least twice a year. For the financial year 2013, the AC met thrice in financial year 2013, on 23 February 2013, 10 August 2013 and 25 November 2013 respectively. The AC is regulated by a written set of terms of reference and performs the following functions:

1. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;

2. reviewing the audit plans of the Company's external and internal auditors and the results of their examination;

3. reviewing the co-operation given by the Group's officers to the external and internal auditors;

4. reviewing adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;

5. reviewing the adequacy and effectiveness of the Group's internal audit function;

6. nominating or recommending the nomination of the external auditors for appointment, re-appointment or removal;

7. approving the remuneration and terms of engagement of the external auditors;

8. reviewing the independence and objectivity of the external auditors at least annually; and

9. reviewing interested person transactions.

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

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

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

For the financial year 2013, the AC met twice with the external auditors without the presence of the management, on 23 February 2013 and 10 August 2013 respectively. The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year 2013, has kept the nature and extent of such services under review, has balanced the maintenance of objectivity and value for money and is satisfied that the provision of such services has not in the AC's opinion affected the independence of the external auditors.

The Board ensures that the management maintains a robust and effective system of internal controls and risk management systems to safeguard the shareholders' investment and the Group's assets. Certain internal accounting control weaknesses that the external auditors became aware of during their audit for the financial year ended 31 December 2013 have been communicated to the AC. Management will follow up on the external auditors' recommendations in an effort to strengthen the Group's internal control systems. The Group regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Group reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

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

- the integrity and accuracy of the 2012 annual and 2013 quarterly financial statements to ensure that the information presents a true and balanced assessment of the financial position of the Group;
- the Group's compliance with statutory and regulatory requirements;
- developments in accounting standards and the effect on the Group;
- the Group's financial and accounting policies and practices;
- the Group's financial controls, internal control and risk management systems to ensure that management has discharged its duty to have an effective internal control system;
- monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discussing with the external auditors the nature and scope of the audit and reporting obligations;

- the audit fees payable to external auditors and the scope and timetable of the audit for year 2013; and
- recommendations to the Board, for the approval by shareholders, for the reappointment of the external auditors.

The AC has been satisfied that the internal audit function is adequately resourced and independent of the activities it audits. The Board and the AC have reviewed the adequacy of the Group's internal controls and believe that, in the absence of any evidence to the contrary, existing internal controls, including financial, operational, compliance and information technology controls and risk management systems that are in place, are adequate to meet the needs of the Group in its current business environment having received the assurance of the CEO and CFO of the same. The Company will review the adequacy and effectiveness of its internal controls on an on-going basis and address any specific issues or risks whenever necessary.

The Board has also received assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Company confirms that it is in compliance with Rules 712 of the Listing Manual in relation to its external auditors.

BDO LLP is the member firm of BDO International Limited in Singapore and registered with the Accounting and Corporate Regulatory Authority. BDO Limited is the member firm of BDO International Limited in Hong Kong.

In performing their roles as joint auditors of the Company, BDO Limited and BDO LLP had worked together from the pre-planning, planning and fieldwork to completion of the audit of the Company in compliance with the Audit Guidance Statement 10 Joint Audits ("AGS 10") issued by the Council of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) in December 2012.

Pursuant to AGS 10, the joint auditors would have to apply the same auditing principles and guidance as they are jointly and severally responsible for the audit and for the audit opinion expressed on the financial statements. As the joint audit arrangement involves BDO Limited, an overseas joint auditor, BDO LLP has worked with BDO Limited such that the joint audit complies with the requirements of AGS 10. AGS 10 also stipulates that, inter alia, joint auditors are to agree in writing on the distribution of work to be performed and ensure that the respective work allocation covers all the audited entity's significant components of the financial statements. Additionally, BDO LLP and BDO Limited had worked together to jointly express their opinion as to whether the financial statements give a true and fair view of its financial position and have been prepared in accordance with the International Financial Reporting Standards. Furthermore, BDO LLP has reviewed the audit working papers of significant components audited by BDO Limited and ensured compliance with International Standard on Auditing 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).

In considering the re-appointment of BDO Limited and BDO LLP to act jointly as Auditors of the Company, the AC had taken into account the adequacy of resources, experience and audit engagements of BDO Limited and BDO LLP in view of the Group's operations, the number of supervisory and professional staff assigned to the audit of the Group and their audit arrangements for the Group, given the size and complexity of the Group. Accordingly, after considering the abovementioned factors, the AC, with the concurrence of the Board, is satisfied and of the view that the re-appointment of BDO Limited and BDO LLP to act jointly as Auditors has enabled the Company to meet the objective and spirit of Rule 712 of the Listing Manual of SGX-ST.

The Company also confirms its compliance with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit its accounts, foreign-incorporated subsidiaries and associated companies.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

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

Mr. Lim Siang Kai	*(Chairman)*
Mr. Wee Piew	*(Member)*
Mr. Liu Kwong Chi, Nelson	*(Member) (resigned on 15 July 2013)*
Ms. Wong Fei Tat	*(Member)*

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

The RC is scheduled to meet at least once a year and held two meetings on 23 February 2013 and 28 October 2013 respectively. The RC is regulated by a set of terms of reference and has access to professional advice inside the Company and independent external sources, if necessary, in respect of the remuneration of all Directors and key executives.

The RC's main duties are:

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

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

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

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

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

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

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

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

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

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

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

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

The executive Directors are paid in accordance with their respective service agreements. These service agreements are not excessively long and they do not have onerous removal clauses. The executive Directors or the Company may terminate the service agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the executive Director's last drawn salary. A breakdown, showing the amount and mix of each individual Director's remuneration for the financial year 2013 is as follows:

Name of Director	Remuneration	Salary and Fees	Performance Bonus	Other Benefits	Total Remuneration
	HK$'000	%	%	%	%
Executive Directors					
Mr. Sze Chun Lee	1,040	84.5	14.1	1.4	100
Mr. Chan Wai Ming	889	84.3	14.0	1.7	100
Mr. Kwan Wing Hang *(resigned on 3 August 2013)*	342	70.1	28.1	1.8	100
Mr. Lam Shek Kin	687	83.8	14.0	2.2	100
Ms. Chung Oi Ling, Stella	535	89.7	7.5	2.8	100
Mr. Hung Tao *(appointed on 28 October 2013)*	152	98.1	–	1.9	100
Independent Non-executive Directors					
Mr. Lim Siang Kai	312	100	–	–	100
Mr. Wee Piew	232	100	–	–	100
Mr. Liu Kwong Chi, Nelson *(resigned on 15 July 2013)*	65	100	–	–	100
Ms. Wong Fei Tat	120	100	–	–	100

The Group only has 3 top management personnels. Disclosure of top management personnels' remuneration in bands of S$250,000 for the financial year 2013 is as follows:

	Remuneration Band	Salary	Performance Bonus	Other Benefits	Total Remuneration
	S$	%	%	%	%
Mr. Ng Sui Yin	< 250,000	83.7	14.0	2.3	100
Mr. Chan Yee Yeung	< 250,000	88.8	7.4	3.8	100
Mr. Tsui Kan Chun	< 250,000	90.6	7.5	1.9	100

The aggregate amount of the total remuneration paid to the top three management personnel (who are not a Director or CEO) was S$302,000 during the financial year 2013.

There are no employees in the Company who are immediate family members of a Director, CEO or substantial Shareholders whose remuneration exceeded S$50,000 during the financial year 2013.

Principle 6: Access to Information

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

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

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

COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

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

The Company may also hold media meetings on significant events.

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

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

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

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

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

DEALINGS IN SECURITIES

The Company has adopted its own code of best practices on securities transactions by the Company and its officers with respect to dealings in securities by directors and officers of the Group ("Best Practices Code"). The Best Practices Code is in line with the requirements of the SGX-ST Listing Manual and is no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. In particular, the Directors and officers of the Company may not deal in the Company's securities one month before the announcement of the Company's half year and full year financial statements.

The Company has made specific enquiry with all the Directors and all of them confirmed their compliance with the required standard as set out in the Best Practices Code and the Model Code throughout the year ended 31 December 2013.

PROFESSIONAL DEVELOPMENT

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

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

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year for ensuring their contribution to the Board remains informed and relevant. Such professional development was completed either by way of attending briefings, conference, courses, forum and seminars, teaching, self-reading and participated in business-related research which are relevant to the business or directors duties. During the year ended 31 December 2013, the executive Directors have attended courses with the Hong Kong Institute of Directors. Further, the independent non-executive Directors and members of the AC of the Company, namely, Mr. Lim, Mr. Wee and Ms. Wong have also engaged in continuous professional development activities to ensure that they are kept abreast of changes and updates to financial reporting, accounting and audit standards and their responsibilities as Directors of the Company. In this respect, Mr. Lim and Mr. Wee had attended relevant programmes and seminars organised by the Singapore Institute of Directors, while Ms. Wong had attended seminars organised by the Accounting Development Foundation Limited of Hong Kong and BDO Limited, Hong Kong.

JOINT COMPANY SECRETARIES

Mr. Tusi Kan Chun, a member of The Hong Kong Institute of Certified Public Accountants, was appointed as one of our joint company secretaries on 14 September 2012. As an employee of the Company, Mr. Tsui assists the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. He has taken not less than 15 hours of relevant professional training in 2013.

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INTERESTED PERSON TRANSACTIONS

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

Details of interested person, related party and connected transactions of the Group for the year ended 31 December 2013 which fall under Chapter 14A of the Listing Rules and/or Chapter 9 of the Listing Manual are set out in note 29 to the financial statements.

REPORT OF THE DIRECTORS

The directors (the "Directors") of China Print Power Group Limited (the "Company") present their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2013 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 47 to 100.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2013 (2012: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the financial statements, is set out on page 103 of this annual report.

FIXED ASSETS

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

SHARE CAPITAL

Details of movements of the Company's share capital are set out in note 25 to the financial statements.

CHARITABLE DONATION

During the year, the total charitable contribution made by the Group amounted to HK$112,500.

PRE-EMPTIVE RIGHT

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

PURCHASE, REDEMPTION OR SALE OF SHARES

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

RESERVES

Share premium

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

Merger reserve

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

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

DISTRIBUTABLE RESERVES

At 31 December 2013, the Company did not have any reserves available for distribution to equity shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 52.5% of the total sales for the year and sales to the largest customer included therein amounted to 20.5%. Purchases from the Group's five largest suppliers accounted for 34.5% of the total purchases for the year and purchases from the largest supplier included therein amounted to 10.3%. None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers and customers.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company are listed on page 13 of this annual report.

In accordance with Bye-law 86 of the Bye-laws, Mr. Lim Siang Kai, Mr Sze Chun Lee and Mr. Wee Piew shall retire at the forthcoming annual general meeting of the Company ("Annual General Meeting"). In accordance with Bye-law 85 of the Bye-laws, Mr. Hung Tao shall retire at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 11 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2013, none of the Directors have entered into any service agreement with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

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

HIGHEST PAID INDIVIDUALS

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 29 to the financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or its subsidiaries was a party subsisting during or at the end of the year under review.

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

As at 31 December 2013, the interests or short positions of the Directors and the chief executive officer of the Company in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required as recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the SEHK pursuant to the Model Code contained in the Rules Governing the Listing of Securities on SEHK ("Listing Rules") were as follows:

(i) Interest in the Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of shareholding at 31/12/2013 *(Note 3)*	Approximate percentage of shareholding at 12/03/2014
Mr. Sze Chun Lee	Beneficial owner	180,000	0.09%	0.07%
	Interest of controlled corporation *(note 1)*	66,060,848	31.60%	26.53%
Mr. Chan Wai Ming	Interest of controlled corporation *(note 1)*	66,060,848	0.00%	26.53%
Mr. Lam Shek Kin	Beneficial owner *(note 1)*	100,000	0.05%	0.04%
Ms. Chung Oi Ling, Stella	Interest of controlled corporation *(note 2)*	20,634,000	9.87%	8.28%

Notes:

1. China Print Power Limited holds 66,060,848 Shares and is beneficially owned by Mr. Sze Chun Lee, Mr. Chan Wai Ming, and Mr. Lam Shek Kin, all being executive Directors, as to 35%, 30% and 15%, respectively as at 31 December 2013 and as to 43.75%, 37.5% and 18.75%, respectively as at 12 March 2014. Since Mr. Sze and Mr. Chan have respectively owned one-third or more of the interests in China Print Power Limited, they are deemed to be interested in those 66,060,848 Shares respectively as at 12 March 2014.

2. Ms. Chung Oi Ling, Stella is deemed to be interested in 20,634,000 Shares by virtue of her 100% control in Flame Capital Limited.

3. The Directors' interests in the Shares of the Company as at 21 January 2014 were the same as those as at 31 December 2013.

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	At 31/12/2013 Number of shares	At 31/12/2013 Percentage of shareholding	At 12/3/2014 Number of shares	At 12/3/2014 Percentage of shareholding
Mr. Sze Chun Lee	China Print Power Limited	3,500	35%	4,375	43.75%
Mr. Chan Wai Ming	China Print Power Limited	3,000	30%	3,750	37.50%
Mr. Lam Shek Kin	China Print Power Limited	1,500	15%	1,875	18.75%
Mr. Kwan Wing Hang *(Note)*	China Print Power Limited	2,000	20%	–	0.00%

Note: Resigned as executive Director on 3 August 2013.

Save as disclosed above, as at 31 December 2013, none of the Directors and the chief executive officer of the Company had any interests or short positions in the shares, warrants, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or as otherwise notified to the Company or the SEHK pursuant to the Model Code.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

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

SHARE OPTIONS

At the special general meeting of the Company held on 26 May 2011, the terms of the share option scheme was adopted by providing incentive to eligible participants to work better for the interests of the Group, under which the Board may, at its discretion, offer to grant options to any full-time or part-time employee and Directors of the Company or any of its subsidiaries. Details of the share option scheme are set out on note 27 to the financial statements.

No share options under the share option scheme were granted or exercised during the year nor remained outstanding as at 31 December 2013.

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

As at 31 December 2013, persons/corporations (other than the Directors and the chief executive officer of the Company) which had interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Name	Capacity	Number of shares	Approximate percentage of shareholding at 31/12/2013	Approximate percentage of shareholding at 12/03/2014
China Print Power Limited	Beneficial owner	66,060,848	31.60%	26.53%

Other than disclosed above, the Company has not been notified of any persons/corporations (other than the Directors and the chief executive officer of the Company) who had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of SFO as at 31 December 2013, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

MATERIAL CONTRACTS

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

- On 18 December 2013, the Company and China Galaxy International Securities (Hong Kong) Co., Limited (as placing agent) entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, to not less than six independent placees for up to 41,800,000 new shares at a price of HK$2.60 per placing share. The placing was completed on 28 January 2014 and 40,018,000 Shares has been successfully placed.

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

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

CONNECTED TRANSACTIONS

During the year, our Company had entered into a car rental agreement to rent a cross-border car from (Hong Kong) Power Printing Limited ("HKPPL") and the rental fee paid to HKPPL amounted to approximately HK$336,000 for the year ended 31 December 2013.

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

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

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

Other related party transactions

Other related party transactions are set out in note 29 to the financial statements, which either fall under the definition of "Continuing Connected Transactions" and are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules or does not fall into the definition of "connected transaction" or "continuing connected transaction".

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

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 28 April 2014. A notice convening the Annual General Meeting will be issued to the shareholders of the Company together with this annual report, which will also be available on the SEHK's website at www.hkexnews.hk, SGX-ST's website at www.sgx.com and the Company's website at www.powerprinting.com.hk.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 33 of this annual report. The Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and The Singapore Code of Corporate Governance 2005 throughout the year ended 31 December 2013 except the deviations as disclosed in the Corporate Governance Report.

SUBSIDIARIES

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

SUFFICIENCY OF PUBLIC FLOAT

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

ACCOUNTABILITY

The Board aims to ensure that the interim and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The financial statements have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

AUDIT COMMITTEE

The AC comprises three members, namely, Mr. Lim Siang Kai, Mr. Wee Piew and Ms. Wong Fei Tat, all being independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The AC has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2013.

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

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

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

AUDITORS

BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP ("BDO LLP"), Public Accountants and Chartered Accountants, Singapore was appointed on 27 April 2012 as joint auditors to satisfy the Listing Manual of the Singapore Exchange Securities Trading Limited. Save as disclosed herein, there was no other change in the auditors of the Company in any of the preceding three years.

BDO and BDO LLP retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to the appointment of auditors of the Company for the ensuing year until the next annual general meeting in 2015.

On behalf of the Board of Directors

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

11 March 2014

STATEMENT BY DIRECTORS

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

(i) the accompanying consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013, and of the financial performance and cash flows of the Group for the year then ended.

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

On behalf of the Board of Directors:

Mr. Sze Chun Lee	**Mr. Chan Wai Ming**
Director	*Director*

11 March 2014

INDEPENDENT JOINT AUDITORS' REPORT

The following is the text of the joint auditors' report on the financial statements for the year ended 31 December 2013 received from the Company's joint auditors in respect of the Company's listing on the Singapore Exchange Securities Trading Limited. The Company's joint auditors are BDO LLP, Singapore and BDO Limited, Hong Kong.

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

We have audited the financial statements of China Print Power Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 47 to 100, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

INDEPENDENT JOINT AUDITORS' REPORT

OPINION

In our opinion, the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

BDO LLP
Public Accountants and
Chartered Accountants
21 Merchant Road
#05-01, Singapore 058267

11 March 2014

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

11 March 2014

INDEPENDENT AUDITOR'S REPORT

The following is the text of the auditor's report on the Company's financial statements for the year ended 31 December 2013 received from the Company's auditor in Hong Kong, BDO Limited, in respect of the Company's listing on The Stock Exchange of Hong Kong Limited.

BDO

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

We have audited the consolidated financial statements of China Print Power Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 47 to 100, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013, and of the Group's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

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

Au Yiu Kwan
Practising Certificate Number: P05018

11 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Notes	2013 *HK$'000*	2012 *HK$'000*
Revenue	6	**154,475**	191,874
Cost of sales		**(134,989)**	(162,413)
Gross profit		**19,486**	29,461
Other income	6	**1,994**	1,485
Selling and distribution costs		**(7,821)**	(10,060)
Administrative expenses		**(27,607)**	(26,318)
Other operating expenses		**(4,734)**	(6,919)
Impairment losses on non-financial assets	8	**(40,846)**	–
Finance costs	7	**(961)**	(1,443)
Loss before income tax	8	**(60,489)**	(13,794)
Income tax credit/(expense)	9	**1,920**	(940)
Loss for the year attributable to owners of the Company	10	**(58,569)**	(14,734)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
– Exchange gain on translation of financial statements of foreign operations		**1,766**	1,585
Other comprehensive income for the year		**1,766**	1,585
Total comprehensive income for the year attributable to owners of the Company		**(56,803)**	(13,149)
Loss per share for loss attributable to owners of the Company for the year	12		
– Basic and diluted (HK cents)		**(29.1)**	(8.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights	14	**5,546**	5,590
Property, plant and equipment	15	**99,834**	140,833
Investment properties	16	**29,262**	29,834
Intangible assets	17	**–**	527
Deposits for acquisition of subsidiaries	20	**12,000**	–
Other non-current assets		**423**	512
		147,065	177,296
Current assets			
Inventories	19	**17,273**	27,436
Trade and other receivables	20	**42,937**	49,367
Current tax assets		**4,090**	1,590
Cash and bank balances	21	**30,346**	23,688
		94,646	102,081
Current liabilities			
Trade and other payables	22	**24,186**	23,843
Bank borrowings, secured	23	**23,621**	35,486
Current tax liabilities		**–**	812
		47,807	60,141
Net current assets		**46,839**	41,940
Total assets less current liabilities		**193,904**	219,236
Non-current liabilities			
Deferred tax liabilities	24	**–**	1,885
Net assets		**193,904**	217,351
EQUITY ATTRIBUTABLE TO COMPANY'S OWNERS			
Share capital	25	**114,977**	95,815
Reserves		**78,927**	121,536
Total equity		**193,904**	217,351

On behalf of the Board

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	18	**46,087**	46,078
Current assets			
Other receivables	20	**84,203**	70,691
Dividend receivables from a subsidiary		**7,043**	7,043
Cash and bank balances	21	**15,853**	657
		107,099	78,391
Net assets		**153,186**	124,469
EQUITY			
Share capital	25	**114,977**	95,815
Reserves		**38,209**	28,654
Total equity		**153,186**	124,469

On behalf of the Board

Mr. Sze Chun Lee
Director

Mr. Chan Wai Ming
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Cash flows from operating activities			
Loss before income tax		**(60,489)**	(13,794)
Adjustments for:			
Amortisation of intangible assets	8	**53**	–
Amortisation of leasehold land and land use rights	8	**135**	133
Depreciation of investment properties	8	**1,057**	770
Depreciation of property, plant and equipment	8	**10,799**	11,307
Impairment losses on trade receivables	8	**262**	1,757
Impairment losses on non-financial assets	8	**40,846**	–
Interest income	6	**(96)**	(120)
Interest expenses	7	**961**	1,443
Net losses on disposals of property, plant and equipment	8	**682**	2,103
Reversal of impairment losses on trade receivables	6	**(87)**	(2)
Write-down of inventories to net realisable value	8	**3,152**	–
Operating (loss)/profit before working capital changes		**(2,725)**	3,597
Decrease in inventories		**7,353**	6,038
Decrease in trade and other receivables		**6,376**	38,157
Increase/(Decrease) in trade and other payables		**2,820**	(15,021)
Cash generated from operations		**13,824**	32,771
Income taxes paid		**(3,277)**	(4,048)
Interest paid		**(961)**	(1,443)
Net cash from operating activities		**9,586**	27,280
Cash flows from investing activities			
Interest received		**96**	120
Purchases of property, plant and equipment	31	**(13,883)**	(40,796)
Proceeds from disposals of property, plant and equipment		**1,283**	302
Deposits paid for acquisition of subsidiaries		**(12,000)**	–
Decrease/(Increase) in time deposits		**6,150**	(6,150)
Net cash used in investing activities		**(18,354)**	(46,524)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**34,143**	20,900
Payment of transaction costs on issue of ordinary shares		**(787)**	(616)
Decrease in trust receipt loans and collateralised borrowings		**(2,064)**	(14,506)
Repayments of bank borrowings		**(9,801)**	(13,278)
Repayments of obligations under finance leases		**–**	(2,024)
Net cash from/(used in) financing activities		**21,491**	(9,524)
Net increase/(decrease) in cash and cash equivalents		**12,723**	(28,768)
Cash and cash equivalents as at 1 January	21	**17,538**	46,300
Effect of foreign exchange rate changes, on cash held		**85**	6
Cash and cash equivalents as at 31 December	21	**30,346**	17,538

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital	**Share premium***	**Merger reserve***	**Translation reserve***	**Retained profits***	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 25)	(note 26)	(note 26)			
Balance as at 1 January 2012	83,715	35,239	(43,048)	17,328	116,982	210,216
Issue of ordinary shares	12,100	8,800	–	–	–	20,900
Transaction costs on issue of ordinary shares	–	(616)	–	–	–	(616)
Transactions with owners	12,100	8,184	–	–	–	20,284
Loss for the year	–	–	–	–	(14,734)	(14,734)
Other comprehensive income – exchange gain on translation of financial statements of foreign operations	–	–	–	1,585	–	1,585
Total comprehensive income for the year	–	–	–	1,585	(14,734)	(13,149)
Balance as at 31 December 2012 and 1 January 2013	**95,815**	**43,423**	**(43,048)**	**18,913**	**102,248**	**217,351**
Issue of ordinary shares	**19,162**	**14,981**	**–**	**–**	**–**	**34,143**
Transaction costs on issue of ordinary shares	**–**	**(787)**	**–**	**–**	**–**	**(787)**
Transactions with owners	**19,162**	**14,194**	**–**	**–**	**–**	**33,356**
Loss for the year	**–**	**–**	**–**	**–**	**(58,569)**	**(58,569)**
Other comprehensive income – exchange gain on translation of financial statements of foreign operations	**–**	**–**	**–**	**1,766**	**–**	**1,766**
Total comprehensive income for the year	**–**	**–**	**–**	**1,766**	**(58,569)**	**(56,803)**
Balance as at 31 December 2013	**114,977**	**57,617**	**(43,048)**	**20,679**	**43,679**	**193,904**

* Total of these reserve accounts as at 31 December 2013 amounted to HK$78,927,000 (2012: HK$121,536,000).

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Share capital *HK$'000* (note 25)	Share premium** *HK$'000* (note 26)	Accumulated losses** *HK$'000*	Total equity *HK$'000*
Balance as at 1 January 2012	83,715	35,239	(10,804)	108,150
Issue of ordinary shares	12,100	8,800	–	20,900
Transaction costs on issue of ordinary shares	–	(616)	–	(616)
Transactions with owners	12,100	8,184	–	20,284
Loss for the year	–	–	(3,965)	(3,965)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	(3,965)	(3,965)
Balance as at 31 December 2012 and 1 January 2013	**95,815**	**43,423**	**(14,769)**	**124,469**
Issue of ordinary shares	**19,162**	**14,981**	**–**	**34,143**
Transaction costs on issue of ordinary shares	**–**	**(787)**	**–**	**(787)**
Transactions with owners	**19,162**	**14,194**	**–**	**33,356**
Loss for the year	**–**	**–**	**(4,639)**	**(4,639)**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**(4,639)**	**(4,639)**
Balance as at 31 December 2013	**114,977**	**57,617**	**(19,408)**	**153,186**

** Total of these reserve accounts as at 31 December 2013 amounted to HK$38,209,000 (2012: HK$28,654,000).

1. GENERAL INFORMATION

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

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

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

The financial statements for the year ended 31 December 2013 were approved for issue by the board of directors ("Board") on 11 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 47 to 100 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB.

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

The financial statements have been prepared under historical cost basis except for certain financial assets and liabilities as summarised below. The measurement bases are fully described in the accounting policies below.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation

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

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

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

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

2.4 Business combination

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 value 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 principally recognised at their fair value. 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 reassessment, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination (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 IFRS.

2.5 Foreign currency translation

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

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

When a foreign operation is disposed such that control is lost, the cumulative exchange differences relating to that foreign operation accumulated in translation reserve are reclassified from equity to profit or loss as part of the gain or loss on disposal.

2.6 Property, plant and equipment

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment (Continued)

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

The gain or loss arising on retirement or disposal is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss.

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

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

2.7 Leasehold land and land use rights

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 2.15. Amortisation is calculated on straight-line method over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

2.8 Investment properties

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

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

2.10 Financial assets

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

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

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

De-recognition of financial assets occurs when, and only when, the contractual rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

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

– significant financial difficulty of the debtor;

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

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

– granting concession to a debtor because of the debtor's financial difficulty.

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

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the financial period in which the impairment occurs.

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 was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the financial period in which the reversal occurs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using first-in first-out cost formula, and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

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

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Financial liabilities

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

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.21).

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

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

Borrowings

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Financial liabilities (Continued)

Trade and other payables

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

2.14 Financial guarantee contracts

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

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

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

2.15 Leases

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

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges as the lessee

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Leases (Continued)

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

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income. The accounting policy for recognition of revenue from operating leases is described in note 2.18 below.

2.16 Provision and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligations.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.17 Share capital and share premium

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

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are accounted for as a deduction from share premium to the extent that they are incremental costs directly attributable to the equity transaction.

2.18 Revenue recognition

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Revenue recognition (Continued)

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

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

2.19 Impairment of non-financial assets

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

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

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit ("CGU")). As a result, some assets are tested individually for impairment and some are tested at CGU level. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits

Retirement benefits

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

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

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

Short-term employee benefits

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

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

Share-based employee compensation

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits (Continued)

Share-based employee compensation (Continued)

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

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

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

2.21 Borrowing costs

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

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

2.22 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Accounting for income taxes (Continued)

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Segment reporting

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

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

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

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

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

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

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

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

2.24 Related parties

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

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

(b) has significant influence over the Group; or

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Related parties (Continued)

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

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

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

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

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

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

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

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

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

3. ADOPTION OF NEW OR AMENDED IFRSs

3.1 New or amended IFRSs effective for annual period beginning on or after 1 January 2013

In the current year, the Group has applied for the first time the new standards, amendments and interpretations (the "new IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013. Except as explained below, the adoption of the new IFRSs that are effective for the year had no material impact on the Group's financial statements.

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

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly to reflect the changes. The comparative information has been restated to comply with the amendment.

3. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

3.1 New or amended IFRSs effective for annual period beginning on or after 1 January 2013 (Continued)

IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the requirements in IAS 27 "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and SIC-12 "Consolidation – Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. All these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 18.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements in comparative information provided for the periods before the initial application. In accordance with the transition provisions, the Group had not made any new disclosures required by IFRS 13 for 2012 comparative period. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

3.2 New or amended IFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new or amended IFRSs have been issued but are not yet effective and have not been adopted early by the Group for the year ended 31 December 2013. The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new or amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new or amended IFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

3. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

3.2 New or amended IFRSs that have been issued but are not yet effective (Continued)

Amendments to IAS 36, Impairment of Assets

IFRS 13 introduces consequential amendments to disclosure requirements under IAS 36 in respect of each CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. In June 2013, additional amendments to IAS 36 were issued to modify some of the consequential amendments made by IFRS 13. The additional amendments remove the requirement made by IFRS 13 to disclose the recoverable amount of a CGU which is not impaired. Meanwhile, the amendments expand the disclosure requirements for an individual asset (including goodwill) and a CGU for which an impairment loss has been recognised or reversed during the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2014. The directors of the Company do not anticipate that the adoption of these amendments to IAS 36 will have significant impact on the Group's financial statements.

IFRS 9, Financial Instruments

The standard addresses the classification and measurement of financial assets, it also addresses the requirements for financial liabilities and for derecognition of financial assets and financial liabilities.

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

In relation to financial liabilities, the significant changes relates to financial liabilities that are designated as at fair value through profit or loss, specifically, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The mandatory effective date of IFRS 9 is yet determined by the IASB. The directors have not yet assess the possible impact of the new standard on the Group's results and financial position in the first year of application until the final standard is issued.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Source of estimation uncertainty

(i) Estimated impairment of loans and receivables

The Group reviews receivables on a regular basis to determine if any provision for impairment is necessary. The Group's policy for the impairment of loans and receivables is based on the evaluation of collectability and ageing analysis of the receivables and on the management's estimates. A considerable amount of estimate is required in assessing the ultimate realisation of these outstanding, including the current creditworthiness or the past collection history of each debtor. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment will be required. The carrying amount of trade and other receivables as at 31 December 2013 was HK$42,937,000 (2012: HK$49,367,000).

(ii) Net realisable value of inventories

Inventory is valued at the lower of cost and net realisable value. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group reviews its inventory levels in order to identify slow-moving merchandise and use markdowns to clear merchandise. Inventory value is reduced when the decision to markdown below cost is made. The carrying amount as at 31 December 2013 was HK$17,273,000 (2012: HK$27,436,000).

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

Depreciation is provided to write off the cost of property, plant and equipment (other than CIP) and investment properties less their estimated residual value over their estimated useful lives, using straight-line or reducing balance method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and investment properties. Their carrying amounts as at 31 December 2013 were HK$129,096,000 (2012: HK$170,667,000). Management reassesses the estimates at each reporting date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Source of estimation uncertainty (Continued)

(iv) Impairment of non-financial assets

Determining whether the non-financial assets are impaired and the amount of impairment losses require an estimation of the value-in-use of the assets or CGUs to which the assets has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the assets or CGUs and a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's and the Company's non-financial assets as at 31 December 2013 were HK$135,065,000 (2012: HK$177,296,000) and HK$46,087,000 (2012: HK$46,078,000), respectively.

(v) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the tax losses and deductible temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying amount of deductible temporary differences and unrecognised tax losses as at 31 December 2013 was HK$9,679,000 (2012: HK$477,000) and HK$5,698,000 (2012: HK$1,850,000) (note 24).

5. SEGMENT REPORTING

The executive directors have identified the Group's two product lines as operating segments as described in note 2.23.

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the years ended 31 December 2012 and 2013.

	Book products		Specialised products		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**94,992**	108,479	**59,483**	83,395	**154,475**	191,874
Segment profit	**14,893**	18,963	**4,593**	10,498	**19,486**	29,461
Depreciation	**4,780**	5,814	**1,396**	2,173	**6,176**	7,987
Impairment losses on trade receivables	**–**	1,218	**262**	539	**262**	1,757
Net losses on disposals of property, plant and equipment	**–**	128	**682**	253	**682**	381
Segment assets	**49,409**	97,286	**9,429**	22,339	**58,838**	119,625
Segment liabilities	**7,066**	6,635	**6,883**	5,043	**13,949**	11,678
Additions to non-current assets	**–**	–	**1,155**	602	**1,155**	602

5. SEGMENT REPORTING (Continued)

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

	2013 *HK$'000*	2012 *HK$'000*
Reportable segment profit	**19,486**	29,461
Interest income	**96**	120
Unallocated corporate income	**1,898**	1,365
Amortisation of intangible assets	**(53)**	–
Amortisation of leasehold land and land use rights	**(135)**	(133)
Depreciation of investment properties	**(1,057)**	(770)
Directors' remuneration	**(4,374)**	(4,808)
Finance costs	**(961)**	(1,443)
Impairment losses on non-financial assets	**(40,846)**	–
Unallocated corporate expenses	**(34,543)**	(37,586)
Group's loss before income tax	**(60,489)**	(13,794)
Reportable segment assets	**58,838**	119,625
Leasehold land and land use rights	**5,546**	5,590
Investment properties	**29,262**	29,834
Intangible assets	**–**	527
Cash and bank balances	**30,346**	23,688
Current tax assets	**4,090**	1,590
Other corporate assets	**113,629**	98,523
Group assets	**241,711**	279,377
Reportable segment liabilities	**13,949**	11,678
Bank borrowings	**23,621**	35,486
Current tax liabilities	**–**	812
Deferred tax liabilities	**–**	1,885
Other corporate liabilities	**10,237**	12,165
Group liabilities	**47,807**	62,026

5. SEGMENT REPORTING (Continued)

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

	2013	2012
	HK$'000	*HK$'000*
PRC, including Hong Kong	**98,940**	99,999
United Kingdom	**24,128**	50,827
United States	**15,327**	20,147
Germany	**6,986**	11,399
Others	**9,094**	9,502
	154,475	191,874

During the years ended 31 December 2012 and 2013, there was no revenue from external customers attributed to and no non-current assets were located in Bermuda (domicile). The country of domicile is the country where the Company was incorporated for the purpose of the disclosures as required by IFRS 8 "Operating Segments".

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

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenues. During each of the years ended 31 December 2012 and 2013, revenue derived from these customers, including sales to entities which are known to the Group to be under common control, are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A*	**31,731**	30,254
Customer B*	**22,445**	19,467

* Attributable to both books and specialised products segments

6. REVENUE AND OTHER INCOME

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

	2013 ***HK$'000***	2012 *HK$'000*
Revenue		
Sales of goods	**154,475**	191,874
Other income		
Interest income on financial assets not at fair value through profit or loss	**96**	120
Rental income from investment properties	**1,218**	812
Reversals of impairment losses on trade receivables	**87**	2
Sundry income	**593**	551
	1,994	1,485

7. FINANCE COSTS

	2013 ***HK$'000***	2012 *HK$'000*
Interest charges on:		
– Bank borrowings repayable on demand or wholly within five years	**961**	1,374
– Finance charges on obligations under finance leases	**–**	69
Interest expense on financial liabilities not at fair value through profit or loss	**961**	1,443

8. LOSS BEFORE INCOME TAX

	2013 *HK$'000*	2012 *HK$'000*
Loss before income tax is arrived at after charging:		
Auditors' remuneration		
– Audit services	**625**	400
– Non-audit services provided by BDO Limited	**150**	–
– Non-audit services provided by BDO LLP	**–**	–
	775	400
Amortisation of intangible assets (included in administrative expenses)	**53**	–
Cost of inventories recognised as expense*, including	**134,989**	162,413
– Write-down of inventories to net realisable value	**3,152**	–
Depreciation of investment properties	**1,057**	770
Depreciation of property, plant and equipment*	**10,799**	11,307
Employee benefit expense* (including directors' emoluments)		
– Salaries and allowances	**43,240**	50,941
– Contribution to defined contribution plans	**3,025**	2,982
	46,265	53,923
Impairment losses on trade receivables	**262**	1,757
Impairment losses on non-financial assets#		
– Property, plant and equipment	**40,372**	–
– Intangible assets	**474**	–
	40,846	–
Net foreign exchange losses	**105**	282
Net losses on disposals of property, plant and equipment	**682**	2,103
Amortisation of leasehold land and land use rights	**135**	133
Operating lease charges on:		
– premises	**505**	462
– motor vehicles	**336**	336
	841	798
Outgoings in respect of investment properties	**219**	138

* Included in cost of inventories are depreciation of property, plant and equipment and employee benefit expense of HK$43,947,000 (2012: HK$51,802,000), which have also been included in the respective total amounts as disclosed above.

\# During the year, the Group noted that there was a decline in the sales for its own book and specialised products as a result of the persistent uncertainty over the global economy in the relevant business segments and the continuing operating losses that consequently arose, and certain plant and machinery became redundant or idle, the Group reviewed the recoverable amounts of the leasehold land and land use rights, property, plant and equipment, intangible assets and other non-current assets as at the reporting date and impairment losses of HK$40,846,000 was recognised in profit or loss for the year, of which HK$27,937,000 (2012: Nil) and HK$10,466,000 (2012: Nil) were directly attributable to book and specialised products segments, respectively. The recoverable amounts were determined on the basis of their value-in-use. The discount rate used in measuring value-in-use was 15.2% per annum.

9. INCOME TAX (CREDIT)/EXPENSE

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits in Hong Kong for the year. For the year ended 31 December 2012, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising for that year.

Tax on overseas profits has been calculated on the estimated assessable profits, if any, for the year at the rates of tax prevailing in the countries in which the Group operates.

	2013 ***HK$'000***	2012 *HK$'000*
Current tax – Hong Kong profits tax		
– Current year	**–**	2,526
– Over provision in respect of prior years	**(35)**	(29)
	(35)	2,497
Current tax – overseas	**–**	–
Deferred tax		
– Origination and reversal of temporary differences (note 24)	**(1,885)**	(1,557)
Total income tax (credit)/expense	**(1,920)**	940

Reconciliation between the income tax expense and accounting loss at applicable tax rates:

	2013 ***HK$'000***	2012 *HK$'000*
Loss before income tax	**(60,489)**	(13,794)
Notional tax on loss before income tax, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(14,253)**	(2,008)
Tax effect of non-deductible expenses	**9,543**	1,774
Tax effect of non-taxable revenue	**(25)**	(19)
Tax effect of 50% non-deductible manufacturing loss	**–**	917*
Tax effect of tax losses not recognised as deferred tax asset	**632**	305
Tax effect of deductible temporary differences not recognised	**2,218**	–
Over provision in respect of prior years	**(35)**	(29)
Total income tax (credit)/expense	**(1,920)**	940

* Pursuant to the Departmental Interpretation and Practice Note No. 21 issued by the Inland Revenue Department of Hong Kong, Power Printing Products Limited ("Power Printing (HK)"), a wholly-owned subsidiary of the Company, having manufacturing facilities in the PRC was entitled to deduct 50% of its estimated assessable profits for Hong Kong tax reporting purposes and thus 50% of the estimated assessable profits were subject to Hong Kong profits tax.

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year includes a loss of HK$4,639,000 (2012: HK$3,965,000), which have been dealt with in the financial statements of the Company.

11. DIVIDEND

The Board did not recommend a payment of dividend for the year ended 31 December 2013 (2012: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$58,569,000 (2012: HK$14,734,000) and on the weighted average number of 201,604,112 (2012: 167,272,959) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2012 and 2013 are the same as basic loss per share as there is no dilutive potential ordinary share.

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

No emoluments were paid by the Group to any of the following directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office or are there any arrangement under which a director waived or agree to waive any remuneration during the year (2012: Nil).

(a) Directors' emoluments

	Fee	Salaries and allowances	Discretionary bonuses#	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2013					
Executive directors					
– Mr. Sze Chun Lee	–	878	147	15	1,040
– Mr. Chan Wai Ming	–	749	125	15	889
– Mr. Kwan Wing Hang (note (d))	–	240	96	6	342
– Mr. Lam Shek Kin	–	576	96	15	687
– Ms. Chung Oi Ling	–	480	40	15	535
– Mr. Hung Tao (note (e))	–	149	–	3	152
Independent non-executive directors					
– Mr. Lim Siang Kai	312	–	–	–	312
– Mr. Wee Piew	232	–	–	–	232
– Mr. Liu Kwong Chi, Nelson (note (c))	65	–	–	–	65
– Ms. Wong Fei Tat	120	–	–	–	120
	729	3,072	504	69	4,374

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

(a) Directors' emoluments (Continued)

	Fee	Salaries and allowances	Discretionary bonuses#	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2012					
Executive directors					
– Mr. Sze Chun Lee	–	878	180	14	1,072
– Mr. Chan Wai Ming	–	749	148	14	911
– Mr. Kwan Wing Hang	–	576	96	14	686
– Mr. Lam Shek Kin	–	567	95	14	676
– Ms. Chung Oi Ling	–	480	–	14	494
Independent non-executive directors					
– Mr. Lim Siang Kai	317	–	–	–	317
– Mr. Leong Ka Yew (note (b))	179	–	–	–	179
– Mr. Wee Piew	233	–	–	–	233
– Mr. Liu Kwong Chi, Nelson (note (a))	120	–	–	–	120
– Ms. Wong Fei Tat (note (a))	120	–	–	–	120
	969	3,250	519	70	4,808

Notes:

(a) appointed as independent non-executive director with effect from 3 January 2012.

(b) resigned as independent non-executive director with effect from 31 May 2012.

(c) resigned as independent non-executive director with effect from 15 July 2013.

(d) resigned as executive director with effect from 3 August 2013.

(e) appointed as executive director with effect from 28 October 2013.

discretionary bonus is determined by reference to several factors, including their individual performance and the performance of the Group.

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2012: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining individuals, which are within HK$1,000,000 during the year, are as follows:

	2013	2012
	HK$'000	*HK$'000*
Salaries and other emoluments	**1,424**	644
Retirement scheme contributions	**30**	14
	1,454	658

14. LEASEHOLD LAND AND LAND USE RIGHTS – GROUP

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

	2013	2012
	HK$'000	*HK$'000*
At 1 January		
Cost	**6,629**	6,521
Accumulated amortisation	**(1,039)**	(892)
Net carrying amount	**5,590**	5,629
Year ended 31 December		
Opening net carrying amount	**5,590**	5,629
Exchange differences	**91**	94
Amortisation	**(135)**	(133)
Closing net carrying amount	**5,546**	5,590
At 31 December		
Cost	**6,736**	6,629
Accumulated amortisation	**(1,190)**	(1,039)
Net carrying amount	**5,546**	5,590

15. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold buildings HK$'000	CIP HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2012						
Cost	72,208	26,946	132,075	11,976	721	243,926
Accumulated depreciation	(13,497)	–	(78,541)	(7,981)	(401)	(100,420)
Net carrying amount	58,711	26,946	53,534	3,995	320	143,506
Year ended 31 December 2012						
Opening net carrying amount	58,711	26,946	53,534	3,995	320	143,506
Additions	–	38,726	602	160	563	40,051
Transfer to investment properties (note 16)	(9,861)	(20,743)	–	–	–	(30,604)
Reclassifications	23,172	(23,172)	–	–	–	–
Disposals	–	–	(570)	(1,581)	(254)	(2,405)
Depreciation	(2,446)	–	(8,099)	(573)	(189)	(11,307)
Exchange differences	970	445	148	27	2	1,592
Closing net carrying amount	70,546	22,202	45,615	2,028	442	140,833
At 31 December 2012						
Cost	86,109	22,202	130,945	5,472	770	245,498
Accumulated depreciation	(15,563)	–	(85,330)	(3,444)	(328)	(104,665)
Net carrying amount	70,546	22,202	45,615	2,028	442	140,833
Year ended 31 December 2013						
Opening net carrying amount	**70,546**	**22,202**	**45,615**	**2,028**	**442**	**140,833**
Additions	**–**	**9,119**	**1,155**	**56**	**143**	**10,473**
Reclassifications	**31,057**	**(31,057)**	**–**	**–**	**–**	**–**
Disposals	**–**	**–**	**(1,965)**	**–**	**–**	**(1,965)**
Depreciation	**(3,952)**	**–**	**(6,250)**	**(421)**	**(176)**	**(10,799)**
Impairment losses	**–**	**–**	**(38,686)**	**(1,686)**	**–**	**(40,372)**
Exchange differences	**1,146**	**361**	**131**	**23**	**3**	**1,664**
Closing net carrying amount	**98,797**	**625**	**–**	**–**	**412**	**99,834**
At 31 December 2013						
Cost	**118,566**	**625**	**117,256**	**5,583**	**919**	**242,949**
Accumulated depreciation and impairment	**(19,769)**	**–**	**(117,256)**	**(5,583)**	**(507)**	**(143,115)**
Net carrying amount	**98,797**	**625**	**–**	**–**	**412**	**99,834**

16. INVESTMENT PROPERTIES – GROUP

	2013 *HK$'000*	2012 *HK$'000*
At 1 January		
Cost	**31,208**	–
Accumulated depreciation	**(1,374)**	–
Net carrying amount	**29,834**	–
Year ended 31 December		
Opening net carrying amount	**29,834**	–
Transfer from property, plant and equipment (note 15)	**–**	30,604
Depreciation	**(1,057)**	(770)
Exchange differences	**485**	–
Closing net carrying amount	**29,262**	29,834
At 31 December		
Cost	**31,715**	31,208
Accumulated depreciation	**(2,453)**	(1,374)
Net carrying amount	**29,262**	29,834

Had investment properties been stated on the fair value basis, the carrying amount as at 31 December 2013 would be HK$34,158,000 (2012: HK$35,601,000). Fair value as at 31 December 2013 was determined by an independent, professionally qualified valuers, Roma Appraisals Limited, who have the experience in the location and category of property being valued.

For the purposes of IFRS 13, the investment properties are classified under level 3 because the above fair value requires the use of unobservable inputs that are significant to the fair value measurement. Fair value was estimated by using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant unobservable input into this valuation approach is adjusted price per square foot as well as quality of properties (e.g. location, size and condition of the properties).

17. INTANGIBLE ASSETS – GROUP

	Computer software	
	2013	2012
	HK$'000	*HK$'000*
At 1 January		
Cost	**527**	–
Accumulated amortisation	**–**	–
Net carrying amount	**527**	–
Year ended 31 December		
Opening net carrying amount	**527**	–
Additions	**–**	527
Amortisation	**(53)**	–
Impairment losses	**(474)**	–
Closing net carrying amount	**–**	527
At 31 December		
Cost	**527**	527
Accumulated amortisation and impairment	**(527)**	–
Net carrying amount	**–**	527

18. INTERESTS IN SUBSIDIARIES – COMPANY

	2013	2012
	HK$'000	*HK$'000*
Unlisted shares, at cost	**46,087**	46,078

18. INTERESTS IN SUBSIDIARIES – COMPANY (Continued)

Particulars of the principal subsidiaries as at 31 December 2013 are as follows:

Name	Place of incorporation/ establishment and operations	Issued and paid up capital/ registered capital	Percentage of equity interest attributable to the Company	Principal activities
Held by the Company				
Power Printing (HK)#	Hong Kong	3,000,000 ordinary shares of HK$1 each	100 (2012: 100)	Sale of paper and leather products
Carta & Cuoio Company Limited#	Hong Kong	30,000 ordinary shares of HK$1 each	100 (2012: 100)	Sale of leather and related stationery products
Held by the subsidiary				
Power Printing (He Yuan) Co., Ltd*	PRC	Registered capital of US$22,880,000 (2012: US$20,880,000)	100 (2012: 100)	Printing business, manufacture of stationery products and property holding

audited by BDO Limited, Certified Public Accountants, Hong Kong.

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. INVENTORIES – GROUP

	2013	2012
	HK$'000	*HK$'000*
Raw materials	**11,478**	20,744
Work-in-progress	**2,815**	2,036
Finished goods	**2,980**	4,656
	17,273	27,436

20. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Notes	**2013** **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Trade receivables		**45,534**	51,941	**–**	–
Less: Provision for impairment losses	(b)	**(3,969)**	(4,734)	**–**	–
Trade receivables – net	(c), (e)	**41,565**	47,207	**–**	–
Deposits and other receivables	(f)	**13,372**	2,160	**–**	–
Amounts due from subsidiaries	(g)	**–**	–	**84,203**	70,691
Total		**54,937**	49,367	**84,203**	70,691
Less: Non-current portion					
Deposits for acquisition of subsidiaries	(h)	**(12,000)**	–	**–**	–
Current portion	(a)	**42,937**	49,367	**84,203**	70,691

Notes:

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

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

	2013 **HK$'000**	2012 HK$'000
At 1 January	**4,734**	3,459
Impairment losses recognised	**262**	1,757
Impairment losses reversed	**(87)**	(2)
Amount written off	**(940)**	(480)
At 31 December	**3,969**	4,734

At each reporting date, the Group reviews its trade receivables for impairment on both an individual and collective basis. As at 31 December 2013, the Group determined trade receivables of HK$3,969,000 (2012: HK$4,734,000) as individually impaired. Based on this assessment, impairment losses of HK$262,000 (2012: HK$1,757,000) are recognised during the year. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments or have been past due for more than one year and have not responded to repayment demands.

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

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(c) The Group generally allows a credit period of 30 to 120 days (2012: 30 to 120 days) to its trade customers. Before accepting any new customers, the Group performs credit check to assess the potential customer's credit quality and defines credit limits by customers. Based on invoice dates, ageing analysis of trade receivables (net of provision for impairment losses) was as follows:

	2013 ***HK$'000***	2012 *HK$'000*
0 – 90 days	**27,200**	34,392
91 – 120 days	**9,052**	5,825
121 – 180 days	**5,145**	4,479
181 – 365 days	**162**	1,529
Over 365 days	**6**	982
	41,565	47,207

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

	2013 ***HK$'000***	2012 *HK$'000*
Neither past due nor impaired	**26,336**	29,717
0 – 90 days past due	**13,479**	14,191
91 – 180 days past due	**1,711**	2,303
181 – 365 days past due	**33**	280
Over 365 days past due	**6**	716
	41,565	47,207

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

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

(e) During the year, the Group assigned to certain banks the rights to receive cash from its trade receivables. In case the Group defaults in the bank loan repayments, the banks have the rights to collect the outstanding due from these trade receivables. As the Group retains substantially all the risks and rewards of ownerships of these receivables, the Group continues to recognise the whole carrying amounts of the receivables and accounted for the rights to receive the outstanding on assignment as a security of the borrowings (note 23). As at 31 December 2013, the carrying amounts of trade receivables and the associated borrowings were HK$5,573,000 (2012: HK$3,767,000) and HK$1,966,000 (2012: HK$2,604,000) respectively. The difference between the carrying amount of trade receivables and the associated borrowings was HK$3,607,000 (2012: HK$1,163,000). The directors of the Company consider that the fair value of those trade receivables and the associated borrowings are not materiality different from their carrying amounts.

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

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

20. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(h) Deposits for acquisitions of subsidiaries are related to the following proposed acquisitions, which were not completed as at 31 December 2013:

(i) On 7 February 2013, the Group entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition of a wholly-owned subsidiary of New Times Corporation Limited (Stock code: 00166.HK). Subsequent to further discussion between the Vendor and the Group, on 11 June 2013, the Group entered into a supplemental memorandum of understanding and an earnest money in the amount of HK$2,000,000 was paid to the vendor.

(ii) On 29 July 2013, the Group entered into a non-legally binding memorandum of understanding in relation to the proposed acquisition of a wholly-owned subsidiary of New Topic Limited and a refundable earnest money of HK$2,000,000 was paid.

(iii) On 25 November 2013, the Group entered into an agreement to acquire 60% equity interest in Focus On Group Limited, which directly/indirectly owns (a) the entire equity interest of a limited liability company incorporated in Hong Kong, Joy Trade Limited and (b) 60% of equity interest in another entity established under the law of the PRC as a Sino-foreign equity joint venture enterprise, 德州華鑫天然气有限公司 ("Huaxin") (hereinafter collectively referred to as the "Focus on Group"). Because its principal assets involve one CNG Main Station and one CNG Satellite Station, whilst the Group is principally engaged in the printing business and sales of paper and leather products, the acquisition provides a prime opportunity for the Group to enter the natural gas business in the PRC and diversify the revenue stream. The consideration for the acquisition is HK$55,000,000, with HK$8,000,000 paid as at 31 December 2013 by way of cash and the remaining balance of HK$47,000,000 (note 28) is payable as follows:

- HK$3,000,000 payable in cash within 5 business days after the vendor has provided all documentary proof that, the holder of the 40% non-controlling interest in Focus On Group Limited has fully satisfied its obligation to pay its share of registered capital to Huaxin; and
- HK$44,000,000 payable in cash within 4 months after the completion of the acquisition.

The above transaction was completed on 3 March 2014. Because the above acquisition were effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition at the completion date.

21. CASH AND BANK BALANCES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and on hand	**30,346**	17,538	**15,853**	657
Time deposits	**–**	6,150	**–**	–
Cash and bank balances	**30,346**	23,688	**15,853**	657
Less: Time deposits with initial maturity of not less than three months	**–**	(6,150)	**–**	–
Cash and cash equivalents	**30,346**	17,538	**15,853**	657

Time deposits as at 31 December 2012 earn interest at 2.95% per annum and have an initial maturity of four months.

21. CASH AND BANK BALANCES (Continued)

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

Included in cash and bank balances of the Group as at 31 December 2013 are bank balances of HK$1,082,000 (2012: HK$3,689,000) denominated in Renminbi ("RMB") which are placed with the banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business. The Company did not have any cash or deposits denominated in RMB as at 31 December 2013 (2012: Nil).

22. TRADE AND OTHER PAYABLES – GROUP

	Notes	2013 HK$'000	2012 HK$'000
Trade payables	(a)	**13,949**	12,038
Accrued charges and other creditors	(b)	**9,315**	7,768
Construction cost payables		**588**	3,998
Trade deposits received		**334**	39
		24,186	23,843

Notes:

(a) The Group was granted by its suppliers credit periods ranging from 30 to 120 days (2012: 30 to 120 days). Based on invoice dates, ageing analysis of trade payables was as follows:

	2013 HK$'000	2012 HK$'000
0 – 90 days	**9,065**	8,298
91 – 180 days	**4,707**	3,583
181 – 365 days	**103**	111
Over 365 days	**74**	46
	13,949	12,038

(b) The balance as at 31 December 2013 includes accrued salaries and allowances payable to certain directors of the Company amounting to HK$304,000 (2012: HK$292,000).

23. BANK BORROWINGS, SECURED – GROUP

	2013 HK$'000	2012 HK$'000
Collateralised borrowings	**1,966**	2,604
Trust receipt loans	**7,333**	8,759
Term loans	**14,322**	24,123
	23,621	35,486

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

	2013 HK$'000	2012 HK$'000
Within one year	**18,100**	21,164
In the second year	**5,521**	8,801
In the third to fifth year	**–**	5,521
	23,621	35,486

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

Collateralised borrowings and trust receipt loans are interest-bearing at floating rates. The effective interest rate as at the reporting date is 3.20% (2012: 3.45%) per annum.

Term loans bear interests at floating rates ranging from 2.47% to 3.71% (2012: 2.62% to 3.76%) per annum.

The Group's bank borrowings are secured by:

(i) a charge over certain of the Group's trade receivables (note 32);

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

(iii) corporate guarantee issued by the Company (note 30), and certain of its subsidiaries, namely, Carta & Cuoio Company Limited and Power Printing (He Yuan) Co., Ltd.

24. DEFERRED TAX LIABILITIES – GROUP

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

	2013	2012
	HK$'000	*HK$'000*
At 1 January	**1,885**	3,442
Recognised in profit or loss (note 9)	**(1,885)**	(1,557)
At 31 December	**–**	1,885

At the reporting date, the Group had deductible temporary differences of HK$9,679,000 (2012: HK$477,000). The Group also has tax losses arising in Hong Kong of approximately HK$5,698,000 (2012: HK$1,850,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax losses due to the uncertainty of future taxable profits against which the tax losses can be utilised. The tax losses arising in Hong Kong are subject to the approval from the Inland Revenue Department of Hong Kong and may be carried forward against future taxable profits. Under the current tax legislation, these tax losses can be carried forward indefinitely.

25. SHARE CAPITAL

	2013		2012	
	Number of ordinary shares of HK$0.55 each	***HK$'000***	*Number of ordinary shares of HK$0.55 each*	*HK$'000*
Authorised:				
At 1 January and 31 December	**909,090,909**	**500,000**	909,090,909	500,000
Issued and fully paid:				
At 1 January	**174,209,373**	**95,815**	152,209,373	83,715
Issue of ordinary shares by way of placing	**34,840,000**	**19,162**	22,000,000	12,100
At 31 December	**209,049,373**	**114,977**	174,209,373	*95,815*

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

In March 2013, the Company issued, by way of placing, 34,840,000 ordinary shares of HK$0.55 each at HK$0.98 and the net proceeds from such issues amounted to approximately HK$33,356,000. An amount of HK$14,194,000 in excess of par value was credited to share premium during the year ended 31 December 2013.

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

26. RESERVES

Share premium – Group and Company

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

Merger reserve – Group

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

27. SHARE OPTION SCHEME

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

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

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

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

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

27. SHARE OPTION SCHEME (Continued)

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

No share option under the share option scheme were granted or exercised during the current and previous years nor remained outstanding as at 31 December 2012 and 2013.

28. COMMITMENTS

Capital commitments

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted but not provided:				
– property, plant and equipment	**1,960**	585	**–**	–
– acquisition of subsidiaries (note 20)	**47,000**	–	**–**	–
	48,960	585	**–**	–

Operating lease commitments as lessee

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**256**	438	**–**	–
In the second to fifth year	**–**	256	**–**	–
	256	694	**–**	–

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

28. COMMITMENTS (Continued)

Operating lease commitments as lessor

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**1,269**	1,223	**–**	–
In the second to fifth year	**3,062**	4,257	**–**	–
	4,331	5,480	**–**	–

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

29. RELATED PARTY TRANSACTIONS

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

Group

	2013	2012
	HK$'000	*HK$'000*
Key management personnel remuneration		
Short-term employee benefits	**6,527**	6,476
Post employment benefits	**128**	114
	6,655	6,590
A company in which certain directors of the Company have controlling interest		
Rental expenses	**336**	336

Company

	2013	2012
	HK$'000	*HK$'000*
Key management personnel remuneration		
Short-term employee benefits	**1,397**	1,449
Post employment benefits	**16**	14
	1,413	1,463

30. FINANCIAL GUARANTEE CONTRACTS – COMPANY

The Company have executed guarantees amounting to approximately HK$123,425,000 (2012: HK$141,275,000) in connection with the banking facilities granted to certain subsidiaries, of which HK$23,621,000 (2012: HK$35,486,000) were utilised as at 31 December 2013. Under the guarantee, the Company would be liable to pay the bank if the bank is unable to recover the borrowings from the subsidiaries. Accordingly, the outstanding balance of the Group's bank borrowings as at the reporting date represents the Company's maximum exposure under the financial guarantee contract. No provision for the Company's obligation under the guarantee contracts has been made as the directors of the Company consider it is not probable that the repayment of the borrowings would be in default.

31. MAJOR NON-CASH TRANSACTIONS

As at 31 December 2013, the Group had construction cost payables of HK$588,000 (note 22) for the construction work during the year. As at 31 December 2012, the Group had construction cost payables of HK$3,998,000 (note 22) for the construction work incurred in 2012, which were settled in 2013.

Included in additions of the Group's intangible assets in 2012 is an amount of HK$527,000 which was prepaid in prior years.

32. PLEDGE OF ASSETS

As at the reporting date, trade receivables of HK$5,573,000 (2012: HK$3,767,000) have been pledged to secure bank borrowings utilised by the Group.

33. CAPITAL MANAGEMENT

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

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

33. CAPITAL MANAGEMENT (Continued)

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

	2013 *HK$'000*	2012 *HK$'000*
Bank borrowings	**23,621**	35,486
Less: cash and bank balances	**(30,346)**	(23,688)
Net debt	**(6,725)**	11,798
Total equity	**193,904**	217,351
Total capital	**187,179**	229,149
Net debt to total capital ratio	**-4%**	5%

Bank borrowings are subject to the fulfilment of covenants on certain financial ratios, before repayments of principal and related interest. In the circumstances when the covenants are not met, the draw down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 34.3. As at 31 December 2012 and 2013, none of the covenants relating to drawn down facilities had been breached.

The subsidiary of the Group established in the PRC is required to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to certain restrictions as set out in the relevant regulations in the PRC. The externally imposed capital requirement has been complied with by the Group for the years ended 31 December 2012 and 2013.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

34.1 Categories of financial instruments

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

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Loans and receivables:				
– Trade and other receivables	**42,937**	49,367	**84,203**	70,691
– Dividend receivables from a subsidiary	**–**	–	**7,043**	7,043
– Cash and bank balances	**30,346**	23,688	**15,853**	657
	73,283	73,055	**107,099**	78,391
Financial liabilities				
Financial liabilities measured at amortised cost:				
– Trade and other payables	**24,186**	23,843	**–**	–
– Bank borrowings	**23,621**	35,486	**–**	–
	47,807	59,329	**–**	–

34.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from the credit terms granted to the customers in the ordinary course of operations and from its investing activities. Except for the financial guarantees given by the Company as set out in note 30, the Group does not provide any other financial guarantee which exposes the Group or the Company to credit risk. Further details of the Group's exposure to credit risk on trade and other receivables are set out in note 20.

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

34.2 Credit risk (Continued)

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

The general credit terms allowed range from 30 to 120 days. As at the reporting date, the Group does not hold any collateral from its customers but has a certain degree of concentration in credit risk. The debts due from the Group's largest debtor represent 14% (2012: 19%) of total trade receivables as at 31 December 2013. Moreover, debts due from the five largest debtors of the Group represent 48% (2012: 54%) of total trade receivables as at 31 December 2013.

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

34.3 Liquidity risk

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

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

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2012 and 2013. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date which the Group can be required to pay. Bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choose to exercise their rights within one year after the reporting date. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

34.3 Liquidity risk (Continued)

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

	On demand or within 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
At 31 December 2013			
Trade and other payables	**24,186**	**–**	**–**
Bank borrowings*	**23,621**	**–**	**–**
	47,807	**–**	**–**
At 31 December 2012			
Trade and other payables	23,843	–	–
Bank borrowings*	35,486	–	–
	59,329	–	–

* Bank borrowings with a repayment on demand clause are categories as "On demand or within 1 year" in the above maturity analysis. As at 31 December 2013, the aggregate undiscounted principal amounts of these financial liabilities amounted to HK$24,067,000 (2012: HK$36,541,000).

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

	Within 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
At 31 December 2013			
Bank borrowings	**18,464**	**5,603**	**–**
At 31 December 2012			
Bank borrowings	21,820	9,118	5,603

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

34.3 Liquidity risk (Continued)

The Company has no financial liabilities other than the financial guarantee issued as at 31 December 2012 and 2013, which represented the maximum amount (note 30) the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations as at the reporting date, the directors of the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

34.4 Interest rate risk

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

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

At 31 December 2013, it is estimated that a general increase of 50 basis points (2012: 50 basis points) in interest rates, with all other variables held constant, would increase the Group's loss after income tax by approximately HK$78,000 (2012: HK$78,000). A general decrease of 50 basis points would have had the equal but opposite effect to the amounts shown above. The assumed changes in interest rates are considered to be reasonably possible change on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variable are held constant. The sensitivity analysis included in the financial statements for the year ended 31 December 2012 has been prepared on the same basis.

The stated changes represent management's assessment of reasonably possible changes in interest rates over the period until the next annual reporting date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

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

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

34.5 Foreign currency risk

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

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

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

	Trade and other receivables	Cash and bank balances	Trade and other payables	Net exposure
	'000	*'000*	*'000*	*'000*
At 31 December 2013				
Australian dollars	**66**	**–**	**–**	**66**
Euro	**76**	**19**	**–**	**95**
Great British Pounds	**9**	**4**	**–**	**13**
Renminbi	**6**	**172**	**(1,070)**	**(892)**
Singapore dollars	**–**	**7**	**–**	**7**
United States dollars	**5,942**	**1,045**	**(64)**	**6,842**
At 31 December 2012				
Australian dollars	7	–	–	7
Euro	76	1	–	77
Great British Pounds	2	9	–	11
Renminbi	137	5,002	(3,100)	2,039
Singapore dollars	–	14	–	14
United States dollars	3,903	964	(12)	4,855

The Company does not have significant exposures to foreign currency risk as at the reporting date (2012: Nil).

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

34.5 Foreign currency risk (Continued)

At 31 December 2013, if HK$ had weakened/strengthened by 2% (2012: 2%) against the above foreign currencies, with all other variables held constant, the Group's loss after income tax for the year would have been HK$11,000 (2012: HK$71,000) lower/higher.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

34.6 Fair value measurements

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

35. EVENTS AFTER REPORTING PERIOD

Placing of new shares

On 28 January 2014, the Company issued, by way of placing, 40,018,000 ordinary shares of HK$0.55 each at HK$2.60. All shares issued rank pari passu with the existing shares of the Company in all respects.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2014

Authorised Share Capital: HK$500,000,000
Issued and fully paid-up capital: HK$136,987,055
Class of shares: Ordinary shares of HK$0.55 each
Number of shares: 249,067,373
Voting rights: One vote per share

ANALYSIS OF SHAREHOLDERS BY SIZE OF SHAREHOLDERS

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	17	4.62	9,250	0.00
1,000 – 10,000	245	66.58	1,237,275	0.50
10,001 – 1,000,000	105	28.53	4,471,250	1.80
1,000,001 and above	1	0.27	243,349,598	97.70
Total	368	100.00	249,067,373	100.00

Twenty Largest Shareholders

	Name	No. of Shares	%
1	HKSCC NOMINEES LIMITED	243,349,598	97.70
2	CHIA SER SIN	255,000	0.10
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	214,000	0.09
4	HOBEE PRINT PTE LTD	200,000	0.08
5	LEE MING FANG NEE SEOW MING FANG	200,000	0.08
6	OCBC SECURITIES PRIVATE LIMITED	180,500	0.07
7	SEE YEOW YUEN	155,875	0.06
8	CHENG YEE HONG	105,000	0.04
9	HSBC (SINGAPORE) NOMINEES PTE LTD	100,000	0.04
10	LIM KWOK SHUEY	100,000	0.04
11	SEAH MOONG SING	100,000	0.04
12	TAN THIAM HUAT	100,000	0.04
13	TEO HUAN	100,000	0.04
14	NG KIAN MENG	76,000	0.03
15	HONG LEONG FINANCE NOMINEES PTE LTD	74,000	0.03
16	PHILLIP SECURITIES PTE LTD	72,000	0.03
17	MERRILL LYNCH FAR EAST LIMITED	69,000	0.03
18	CIMB SECURITIES (SINGAPORE) PTE LTD.	62,000	0.02
19	QUAH KIM YONG	55,000	0.02
20	CHOO KOK WAH	53,750	0.02
	Total	245,621,723	98.60

STATISTICS OF SHAREHOLDINGS

As at 12 March 2014

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 12 March 2014, approximately 65.08% of the Company's shares are held in the hands of public (on the basis of information available to the Company.

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

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Registrar of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	Number of Shares	**%**	**Number of Shares**	**%**
Directors				
Mr. Lim Siang Kai	–	–	–	–
Mr. Sze Chun Lee[(1) (2)]	180,000	0.07	66,060,848	26.53
Mr. Chan Wai Ming[(1) (3)]	–	–	66,060,848	26.53
Mr. Lam Shek Kin[(1)]	100,000	0.04	–	–
Ms. Chung Oi Ling, Stella	–	–	20,634,000	8.28
Ms. Wong Fei Tat	–	–	–	–
Mr. Wee Piew	–	–	–	–
Mr. Hung Tao	–	–	–	–
Name of Substantial Shareholders				
China Print Power Limited[(1)]	66,060,848	26.53	–	–
Mr. Sze Chun Lee[(1) (2)]	180,000	0.07	66,060,848	26.53
Mr. Chan Wai Ming[(1) (3)]	–	–	66,060,848	26.53

Notes:

(1) Our Executive Directors Mr. Sze Chun Lee, Mr. Chan Wai Ming and Mr. Lam Shek Kin, hold 43.75%, 37.5%, and 18.75% respectively of the issued share capital in China Print Power Limited.

(2) Mr. Sze Chun Lee holds 43.75% interest in China Print Power Limited and is therefore deemed to be interested in our Shares.

(3) Mr. Chan Wai Ming holds 37.5% interest in China Print Power Limited and is therefore deemed to be interested in our Shares.

FIVE-YEAR FINANCIAL SUMMARY

REVENUE (HK$'000)

	Year ended 31 December				
	FY2009	FY2010	FY2011	FY2012	**FY2013**
Revenue	212,962	201,677	257,859	191,874	**154,475**

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

	Year ended 31 December				
	FY2009	FY2010	FY2011	FY2012	**FY2013**
Profit/(loss) for the year attributable to owners of the Company	19,220	22,012	1,142	(14,734)	**(58,569)**

TOTAL ASSETS (HK$'000)

	Year ended 31 December				
	FY2009	FY2010	FY2011	FY2012	**FY2013**
Current and non-current assets	243,320	246,022	319,485	279,377	**241,711**

TOTAL LIABILITIES (HK$'000)

	Year ended 31 December				
	FY2009	FY2010	FY2011	FY2012	**FY2013**
Current and non-current liabilities	92,637	75,378	109,269	62,026	**47,807**

PARTICULARS OF PROPERTIES

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Print Power Group Limited (the "**Company**") will be held at 1 Robinson Road, #18-00 AIA Tower, Singapore 048542 on Monday, 28 April 2014 at 2:30 p.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' report and the audited financial statements for the financial year ended 31 December 2013 and the auditor's report thereon.

   (Resolution 1)

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

   (i) Mr. Sze Chun Lee as an Executive Director

   (Resolution 2)

   (ii) Mr. Lim Siang Kai as an Independent Non-executive Director

   (Resolution 3)

   (iii) Mr. Wee Piew as an Independent Non-executive Director

   (Resolution 4)

3. To re-appoint the following Director pursuant to the Company's Bye-laws:

   Mr. Hung Tao as an Executive Director

   (Resolution 5)

4. To approve the sum of up to S$87,150 and HK$120,000 as Directors' fees for the financial year ending 31 December 2014 (2013: S$81,900 and HK$240,000).

   (Resolution 6)

5. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore as joint auditors of the Company.

   (Resolution 7)

AS SPECIAL BUSINESS

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

6. General Share Issue Mandate

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

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

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

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

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

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

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

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

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

See Explanatory Notes 1 and 3 **(Resolution 8)**

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

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

See Explanatory Notes 2 and 3 **(Resolution 9)**

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

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

Hong Kong, 25 March 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. The ordinary resolution 8 proposed in item 6 above, if passed, will empower the Directors of the Company to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

2. The ordinary resolution 9 proposed in item 7 above, if passed, will empower the Directors of the Company, to allot and issue Shares in the Company of up to a number not exceeding in total ten percent (10%) of the total number of issued share capital of the Company (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the 2011 Scheme.

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

3. **IMPORTANT: Notwithstanding the passing of the ordinary resolutions 8 and 9, the Company shall from time to time comply with the relevant requirement under the Hong Kong Listing Rules in relation to issuance of securities, in particular Rules 7.19(6) and 13.36 thereof.**

Notes:

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

2. The proxy form must be lodged at the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders), or the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 31 March 2014) (for Hong Kong Shareholders), not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof.

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