CHINA PRINT POWER GROUP LIMITED
中國威力印刷集團有限公司

(Incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 6828
Singapore Stock Code: B3C

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Print Power Group Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2011 together with comparative figures for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)
Revenue	5	**257,859**	201,677
Cost of sales		**(201,707)**	(142,233)
Gross profit		**56,152**	59,444
Other income	5	**1,781**	2,912
Selling and distribution costs		**(12,450)**	(8,800)
Administrative expenses		**(27,427)**	(24,962)
Listing expenses		**(8,890)**	–
Other operating expenses		**(2,947)**	(1,801)
Finance costs	6	**(1,617)**	(2,051)
Profit before income tax	7	**4,602**	24,742
Income tax expense	8	**(3,460)**	(2,730)
Profit for the year and attributable to owners of the Company		**1,142**	22,012
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**3,268**	833
Other comprehensive income for the year		**3,268**	833
Total comprehensive income for the year and attributable to owners of the Company		**4,410**	22,845
Earnings per share for profit attributable to owners of the Company during the year	10		
– Basic *(HK cents)*		**0.8**	18.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	2011 HK$'000 (Unaudited)	2010 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**5,629**	5,474
Property, plant and equipment		**143,506**	118,294
Other non-current assets		**601**	690
		149,736	124,458
Current assets			
Inventories		**33,440**	21,319
Trade and other receivables	*11*	**89,672**	71,414
Current tax assets		**337**	–
Cash and cash equivalents		**46,300**	28,831
		169,749	121,564
Current liabilities			
Trade and other payables	*12*	**39,423**	26,130
Bank borrowings, secured		**63,270**	34,682
Obligations under finance leases		**2,024**	10,834
Current tax liabilities		**1,110**	108
		105,827	71,754
Net current assets		**63,922**	49,810
Total assets less current liabilities		**213,658**	174,268
Non-current liabilities			
Deferred tax liabilities		**3,442**	3,624
Net assets		**210,216**	170,644
EQUITY ATTRIBUTABLE TO COMPANY'S OWNERS			
Share capital		**83,715**	67,215
Reserves		**126,501**	103,429
Total equity		**210,216**	170,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 and its subsidiaries are principally engaged in the printing business and sale of paper and leather products. 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, including Hong Kong (the "**PRC**"). The Company's ultimate parent company is China Print Power Limited, a company incorporated in the British Virgin Islands.

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

2. BASIS OF PREPARATION

The financial statements 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 financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance, the Rules Governing the Listing of Securities on SEHK (the "**Listing Rules**") and the Listing Manual of the SGX-ST (the "**Listing Manual**").

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.

3. ADOPTION OF NEW OR AMENDED IFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "**new IFRSs**") issued by the IASB and the IFRIC of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2011.

- IAS 24 (Revised) – Related Party Disclosures; and
- Various – Annual improvements to IFRSs May 2010

IAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may resulted in changes to those parties who are identified as being related parties of the Group in the prior period. The Group has reassessed the identification of its related parties in accordance with the revised definition and as a consequence has amended the disclosures of its related party transactions in the current and previous years by excluding transactions with entities which are significantly influenced by members of the Group's key management personnel. Related party transactions are disclosed in note 13 with the comparative information being restated to conform to IAS 24 (Revised) in accordance with the transitional provisions. The adoption of IAS 24 (Revised) has no impact on the Group's profit or loss, total comprehensive income or financial positions for the periods presented.

IAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under common control, joint control or significant influence of a government, government agency or similar body. These new disclosures requirements are not relevant to the Group because the Group is not a government-related entity.

The Improvements to IFRSs May 2010 comprise a number of amendments to IFRSs, primarily with a view to remove inconsistencies and clarifying wordings. The amendments do not have any financial impact on the Group for the current period.

At the date of this announcement, certain new and amended IFRSs have been issued but are not yet effective, and have not been adopted early by the Group for the year ended 31 December 2011.

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

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

The amendments are effective for annual periods beginning on or after 1 July 2012 and require entities to group together the items of other comprehensive income that may be reclassified to profit or loss in the future (e.g. exchange difference on translation of financial statements of foreign operations) by presenting them separately from those that would never be reclassified to profit or loss. The amendments also change the title "Statement of comprehensive income" to "Statement of profit or loss and other comprehensive income". However, entities are still allowed to use the old title.

Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets

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

IFRS 9 – Financial Instruments

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

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

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

IFRS 10 – Consolidated Financial Statements

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

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

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

IFRS 12 – Disclosure of Interests in Other Entities

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

4. SEGMENT REPORTING

The executive Directors have identified the Group's two product lines as operating segments.

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the years ended 31 December 2010 and 2011.

	Segment revenue		**Segment profit**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**152,312**	110,861	**33,821**	33,663
Specialised products	**105,547**	90,816	**22,331**	25,781
Segment total	**257,859**	201,677	**56,152**	59,444

	Segment assets		**Segment liabilities**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**134,053**	121,494	**9,446**	13,490
Specialised products	**36,387**	23,596	**12,452**	4,763
Segment total	**170,440**	145,090	**21,898**	18,253

	Depreciation and amortisation		Additions to non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**6,207**	8,767	**580**	499
Specialised products	**2,631**	1,071	**6,042**	62
Segment total	**8,838**	9,838	**6,622**	561

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

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Reportable segment profit	**56,152**	59,444
Interest income	**50**	11
Unallocated corporate income	**1,731**	2,901
Directors' remuneration	**(4,131)**	(3,849)
Amortisation of leasehold land and land use rights	**(129)**	(124)
Unallocated corporate expenses	**(47,454)**	(31,590)
Finance costs	**(1,617)**	(2,051)
Profit before income tax	**4,602**	24,742
Reportable segment assets	**170,440**	145,090
Leasehold land and land use rights	**5,629**	5,474
Cash and cash equivalents	**46,300**	28,831
Current tax assets	**337**	–
Other corporate assets	**96,779**	66,627
Group assets	**319,485**	246,022
Reportable segment liabilities	**21,898**	18,253
Bank borrowings	**63,270**	34,682
Obligations under finance leases	**2,024**	10,834
Current tax liabilities	**1,110**	108
Deferred tax liabilities	**3,442**	3,624
Other corporate liabilities	**17,525**	7,877
Group liabilities	**109,269**	75,378

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:

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
PRC, including Hong Kong	**145,006**	119,648
United Kingdom	**51,957**	30,961
United States	**23,794**	31,582
Germany	**17,903**	10,889
Others	**19,199**	8,597
	257,859	201,677

During the years ended 31 December 2010 and 2011, there was no revenue from external customers attributed to Bermuda (domicile) and no non-current assets were located in Bermuda. The country of domicile is the country where the Company was incorporated for the purpose of the disclosures as required by IFRS 8 "Operating Segments".

Geographical location of non-current assets is based on the physical location of the asset. All of the Group's non-current assets are located in the PRC.

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 2010 and 2011, revenue derived from these customers, including sales to entities which are known to the Group to be under common control, are as follows:

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Customer A*	**38,837**	36,425
Customer B*	**31,204**	25,406

* Attributable to books and specialised products segments

5. REVENUE AND OTHER INCOME

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:

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue		
Sales of goods	**257,859**	201,677
Other income		
Interest income on financial assets not at fair value through profit or loss	**50**	11
Other payables written back	**604**	573
Reversal of impairment losses on trade receivables	**656**	1,040
Sundry income	**471**	1,288
	1,781	2,912

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest charges on:		
– Bank borrowings repayable on demand or wholly within five years	**1,320**	1,298
– Finance charges on obligations under finance leases	**297**	753
Interest expense on financial liabilities not at fair value through profit or loss	**1,617**	2,051

7. PROFIT BEFORE INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Profit before income tax is arrived at after charging:		
Auditor's remuneration	**400**	388
Amortisation of leasehold land and land use rights	**129**	124
Cost of inventories recognised as expense*	**201,707**	142,233
Depreciation of property, plant and equipment*	**13,039**	13,588
Employee benefit expense* (including directors' emoluments):		
– Salaries and allowances	**57,398**	41,549
– Contribution to defined contribution plans	**3,432**	1,042
	60,830	42,591
Impairment losses on trade receivables	**419**	500
Net foreign exchange loss	**375**	449
Net loss on disposals of property, plant and equipment	**128**	49
Operating lease charges on:		
– premises	**460**	452
– motor vehicles	**168**	336
	628	788

* Included in cost of inventories are depreciation and employee benefit expense of HK$58,890,000 (2010: HK$41,949,000), which have also been included in the respective total amounts as disclosed above.

The independent auditor received non-audit fee of approximately HK$660,000 for acting as the reporting accountants in connection with the dual primary listing of the Company's shares on the SEHK. In addition, HK$150,000 was received relating to the due diligence support services. No other non-audit fee was paid to the independent auditor for the year ended 31 December 2011 (2010: Nil).

8. INCOME TAX EXPENSE

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

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current tax – Hong Kong profits tax		
– Current year	**3,308**	3,364
– Under/(Over) provision in respect of prior years	**334**	(322)
	3,642	3,042
Deferred tax		
– Origination and reversal of temporary differences	**(182)**	(312)
Total income tax expense	**3,460**	2,730

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

9. DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2011 (2010: HK$4,400,000).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$1,142,000 (2010: HK$22,012,000) and on the weighted average number of 136,510,742 (2010: 122,209,373) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2010 and 2011 are not presented as there is no dilutive potential ordinary share.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**87,628**	72,077
Less: Provision for impairment loss	**(3,459)**	(3,696)
Trade receivables – net	**84,169**	68,381
Deposits, prepayments and other receivables	**5,503**	3,033
	89,672	71,414

The Group generally allows a credit period of 30 to 120 days (2010: 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 the invoice dates, ageing analysis of trade receivables (net of provision for impairment) is as follows:

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days	**53,474**	43,936
91 – 120 days	**12,805**	11,698
121 – 180 days	**13,977**	7,246
181 – 365 days	**2,918**	2,496
Over 365 days	**995**	3,005
	84,169	68,381

12. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**21,954**	17,770
Accrued charges and other creditors	**12,687**	7,661
Construction payable	**4,743**	–
Trade deposits received	**39**	699
	39,423	26,130

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

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 90 days past due	**13,280**	12,497
91 – 180 days past due	**8,274**	3,257
181 – 365 days past due	**371**	1,030
Over 365 days past due	**29**	986
	21,954	17,770

13. **RELATED PARTY TRANSACTIONS**

	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Key management personnel:		
Short-term employee benefits	**6,215**	4,860
Post employment benefits	**101**	72
Key management personnel remuneration	**6,316**	4,932
A company in which certain directors of the Company have controlling interest:		
Rental expenses	**168**	336

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Despite the volatile financial markets and uncertain recovery trends in the Eurozone, coupled with the increasingly growing pressure from rising labour wages, shortage of labour and appreciation of Renminbi ("RMB"), the Group managed to achieve healthy revenue growth and realised better sales performance towards the second half of the year. The past twelve months were challenging to the Group. In view of the uncertain global economy and the rising costs of labour and raw materials, the Group will strive to launch various credit controls, and further tighten the control over operating expenses, while streamlining the binding and packaging processes and improving manufacturing efficiency with advanced machinery to minimise the labour cost and maximise the facility utilisation rate.

Business Review

The Group is principally engaged in (i) printing books – provision of full suite of services from pre-press to printing to finishing/binding services; and (ii) manufacturing specialised products – production of custom-made and value-added printing products such as pop-up children books and stationery.

For the year ended 31 December 2011, the Group's total revenue increased by approximately 27.9% year on year to approximately HK$257.9 million (2010: approximately HK$201.7 million). Such increase was mainly attributable to the increase in the sales orders received especially for the Group's book products as a result of better competitive prices offered to customers. During the year under review, the book products segment remained the key revenue contributor and constituted approximately 59.1% of total sales amounted to approximately HK$152.3 million (2010: approximately HK$110.9 million), while the specialised products segment accounted for the balance of approximately 40.9% amounting to approximately HK$105.5 million (2010: approximately HK$90.8 million), as compared to approximately 55.0% and approximately 45.0% respectively during the previous year. The increase in revenue generated from the specialised products segment shows demand for specialised products such as children's pop-up books, touch-and-feel books and board books was growing especially due to the increasing awareness of parents nowadays to early childhood education.

During the year, the Group extended its customer base to a wider geographical reach covering Europe, North America and Asia with customers including international publishers, book traders and retail stores. The PRC, the United Kingdom, the United States and Germany accounted for approximately 56.2%, 20.1%, 9.2% and 6.9% of the Group's total revenue, respectively.

Financial Review

Revenue

Revenue increased by approximately 27.9% to approximately HK$257.9 million (2010: approximately HK$201.7 million), primarily as a result of the growth in sales orders especially for book products as a result of better competitive prices offered to customers.

Cost of sales

Cost of sales increased by approximately 41.8% to approximately HK$201.7 million (2010: approximately HK$142.2 million) mainly due to increase in labour and material costs. During the year, labour cost increased by approximately 49.7% from approximately HK$29.6 million for the year ended 31 December 2010 to approximately HK$44.3 million for the year ended 31 December 2011 due to increases in (i) PRC social insurance contribution; (ii) sales volume; and (iii) temporary labour whose wage rate was higher so as to ease a labour shortage problem. During the year, raw material costs increased by approximately 45.3% from approximately HK$88.8 million for the year ended 31 December 2010 to approximately HK$129.0 million for the year ended 31 December 2011, mainly due to the increase in sales volume and the costs that were not easy to shift to customers.

Gross profit margin

The Group faced an intense profit margin squeeze during the year with the rising labour and raw material costs, a shortage of labour and an appreciation of RMB. Gross profit dipped by approximately 5.5% to approximately HK$56.2 million (2010: approximately HK$59.4 million), representing a gross profit margin of approximately 21.8% (2010: approximately 29.5%).

Other income

Other income decreased by approximately 38.8% to approximately HK$1.8 million (2010: approximately HK$2.9 million), primarily due to the decrease in sales of scrap materials of approximately HK$0.8 million and the decrease in bad debts recovery of approximately HK$0.4 million.

Other comprehensive income

Other comprehensive income increased by approximately 292.3% to approximately HK$3.3 million (2010: approximately HK$0.8 million), primarily due to the increase in net foreign exchange gains.

Selling and distribution costs

Selling and distribution costs increased by approximately 41.5% to approximately HK$12.5 million (2010: approximately HK$8.8 million), primarily due to the increase of approximately HK$3.2 million in transportation and freight charges resulting from increased sales volume and shorter lead-time for transportation, the increase in commission paid to sales agent of approximately HK$0.2 million and the increase in samples and testing charges of approximately HK$0.1 million.

Administrative expenses

Administrative expenses increased by approximately 9.9% to approximately HK$27.4 million (2010: approximately HK$25.0 million). Such increase was comprised of the increase in directors' emoluments, administrative employees' salaries, allowance, and welfare expenses of approximately HK$0.8 million, the increase in courier charges of approximately HK$0.4 million, the increase in repair expenses of approximately HK$0.4 million and the increase in sundry expenses of approximately HK$0.6 million, as well as the increase in computer expenses of approximately HK$0.3 million.

Listing expenses

The Company's shares were dual listed on The Stock Exchange of Hong Kong Limited ("SEHK") on 12 July 2011. A one-off listing expense of approximately HK$8.9 million was incurred.

Other operating expenses

Other operating expenses increased by approximately 63.6% to approximately HK$2.9 million (2010: approximately HK$1.8 million), mainly due to the increase in legal and professional fees after the successful dual listing of the Company's shares on SEHK of approximately HK$0.8 million together with the increase in bank charges of approximately HK$0.3 million.

Finance costs

Finance costs during the year under review decreased to approximately HK$1.6 million (2010: approximately HK$2.1 million), resulting from the decrease in interest paid on obligations under finance lease attributable to the early repayment of the related finance lease obligations.

Income tax expense

Income tax expense increased by approximately 26.7% to approximately HK$3.5 million (2010: approximately HK$2.7 million), primarily due to the provision adjustment of approximately HK$0.6 million between the year ended 31 December 2010 and the year ended 31 December 2011.

Profit for the year and attributable to owners of the Company

Profit for the year and attributable to owners of the Company was approximately HK$1.1 million (2010: approximately HK$22.0 million), representing a decrease of approximately 94.8% from that of last year. As aforementioned, such decline was mainly due to the increase in labour and raw material costs. Temporary workers who received higher wage rate were employed to tackle the labour shortage problem while contributions to the social insurance for the PRC employees were increased. Hence, labour cost during the year jumped by 49.7% to approximately HK$44.3 million (2010: approximately HK$29.6 million). Meanwhile, raw material costs, such as paper cost, also rose substantially by approximately 45.3% to approximately HK$129.0 million (2010: approximately HK$88.8 million). To secure market demand that remained subdued during the year under review amid the fragile recovery in the global economy and long-term relationships with customers, the Group has not passed all of these incremental costs along to the customers.

Future Prospects and Development

In the year ahead, the Group remains prudent about the market prospects amidst the global uncertain economic recoveries as well as the growing challenges domestically including an appreciation of RMB and increasingly rising raw materials and labours costs. While a soft landing of the PRC economy cannot be ruled out, the Group believes the domestic demand will be its growth momentum.

To capture the growth potential, the Group will promote its books and specialised products in the PRC. Meanwhile, the Group will continue to explore new business opportunities for existing products in different markets so as to promote a diversified quality customer base by implementing strategic initiatives and enhancing marketing efforts. In addition, to cope with the rising cost of raw materials and labour, the Group will strive to further tighten control over its operating expenses and streamline the printing and binding processes such as expanding its customer base of book traders who supply raw materials to the Group at lower prices for processing their purchase orders.

Meanwhile, by leveraging its leading books and specialised products manufacturing platform, the Group will continue to invest in enhancing its capabilities. During the year, the Group's plan of factory construction has been processing as scheduled. The construction of two new four-storey workshops with a gross floor area of approximately 20,000 square metres is expected to be completed in the first half of 2012. Improved production efficiency and the enhancement of manufacturing flexibility are expected to add a competitive advantage to the Group and hence may result in the growing sales orders from both existing and new customers.

In view of the global financial fragilities, the Group has been well equipped with a healthy and solid financial position with cash and cash equivalents of approximately HK$46.3 million as at 31 December 2011. Backed by the Group's solid cash flow and financial position, management is confident to improve its profitability under the guidance of its Board.

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$46.3 million as at 31 December 2011 (2010: approximately HK$28.8 million), increased by approximately 60.6% as compared with that as at 31 December 2010.

The Group had total bank borrowings and obligations under finance leases of approximately HK$65.3 million as at 31 December 2011 (2010: approximately HK$45.5 million). The Group's gearing ratio, which is total bank borrowings and obligations under finance leases divided by the total assets was approximately 20.4% (2010: approximately 18.5%).

As at 31 December 2011 and 2010, the Group's borrowings were secured by (i) corporate guarantee provided by the Company, (ii) letters of undertaking from its subsidiaries, namely Power Printing Products Limited, Carta & Cuoio Company Limited and Power Printing (He Yuan) Co., Ltd and (iii) pledging of certain plant and machinery and trade receivables.

The Group's non-current assets increased to approximately HK$149.7 million (2010: approximately HK$124.5 million), primarily due to factory construction and acquisition of property, plant and equipment.

As at 31 December 2011, the Group's current assets amounted to approximately HK$169.7 million, mainly comprised of inventories of approximately HK$33.4 million (2010: approximately HK$21.3 million), trade and other receivables of approximately HK$89.7 million (2010: approximately HK$71.4 million) and cash and cash equivalents of approximately HK$46.3 million (2010: approximately HK$28.8 million). The Group's current liabilities amounted to approximately HK$105.8 million, mainly comprised of trade and other payables of approximately HK$39.4 million (2010: approximately HK$26.1 million), bank borrowings of approximately HK$63.3 million (2010: approximately HK$34.7 million) and obligations under finance leases of approximately HK$2.0 million (2010: approximately HK$10.8 million).

As at 31 December 2011, the net current assets of the Group increased by approximately HK$14.1 million or approximately 28.3% to approximately HK$63.9 million (2010: approximately HK$49.8 million). The Group's current ratio (calculated on the basis of the Group's current assets over current liabilities) stood at approximately 1.6 as at 31 December 2011 (2010: approximately 1.7).

During 2011, the Group has not entered into any financial instrument for hedging purposes nor other hedging instruments to hedge against foreign exchange rate risks. We would implement a balanced financing plan to support the expanding production capacity and operation of our book printing and specialised products manufacturing businesses.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 12 July 2011 ("Listing Date"), the date of its primary dual listing on SEHK and SGX-ST, 30,000,000 shares were issued and offered by the Company at the offer price of HK$1.48 per share. Out of the net proceeds of approximately HK$30.7 million raised from the listing and issuing of the shares of the Company, HK$16.5 million was injected as capital for the purpose of funding and furthering of the Group's existing businesses and also to pave the way for the Group's future development.

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

During the period from the Listing Date to 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MATERIAL LITIGATION AND ARBITRATION

As at 31 December 2011, the Group was not involved in any material litigation or arbitration.

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2011, the Group had not made any significant acquisition or disposal of subsidiaries.

EMPLOYEES' INFORMATION

Employees of the Group

Our employees are based in Hong Kong and He Yuan, Guangdong Province, the PRC. As at 31 December 2011, there were 126 (2010: 146) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses or share options to eligible staff based on their performance and contributions to the Group.

Employees of He Yuan Factory

The workers working at He Yuan Factory are employed by the He Yuan Factory pursuant to the He Yuan Processing Arrangement and as at 31 December 2011, there were 849 (2010: 712) employees in the He Yuan Factory.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises five members, namely Mr. Lim Siang Kai, Mr. Leong Ka Yew, Mr. Wee Piew, Mr. Liu Kwong Chi, Nelson and Ms. Wong Fei Tat, all being Independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The audit committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2011.

CORPORATE GOVERNANCE

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 2011.

COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by the Directors. The Board confirms that, having made specific enquiries with all Directors, from the Listing Date to 31 December 2011, all Directors have complied with the required standards of the Model Code.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 27 April 2012. A notice convening the annual general meeting will be issued to the shareholders of the Company together with the 2011 Annual Report in due course, which will also be available on the Stock Exchange's website at www.hkexnews.hk, SGX-ST at www.sgx.com and the website of the Company at www.powerprinting.com.hk.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.powerprinting.com.hk). The annual report of the Company for the year ended 31 December 2011 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the aforesaid websites in due course.

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

Hong Kong, 25 February 2012

As at the date of this announcement, the executive directors of the Company are Mr. Sze Chun Lee, Mr. Chan Wai Ming, Mr. Kwan Wing Hang, Mr. Lam Shek Kin and Ms. Chung Oi Ling, Stella; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Leong Ka Yew, Mr. Wee Piew, Mr. Liu Kwong Chi, Nelson and Ms. Wong Fei Tat.