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 2012

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of China Print Power Group Limited (the "Company") announce the consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with comparative figures for the year ended 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 *HK$'000* (Unaudited)	2011 *HK$'000* (Audited)
Revenue	5	**191,874**	257,859
Cost of sales		**(162,413)**	(201,707)
Gross profit		**29,461**	56,152
Other income	5	**1,485**	1,781
Selling and distribution costs		**(10,060)**	(12,450)
Administrative expenses		**(26,318)**	(27,427)
Listing expenses		**–**	(8,890)
Other operating expenses		**(6,919)**	(2,947)
Finance costs	6	**(1,443)**	(1,617)
(Loss)/profit before income tax	7	**(13,794)**	4,602
Income tax expense	8	**(940)**	(3,460)
(Loss)/profit for the year and attributable to owners of the Company		**(14,734)**	1,142
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**1,585**	3,268
Other comprehensive income for the year, net of tax		**1,585**	3,268
Total comprehensive income for the year and attributable to owners of the Company		**(13,149)**	4,410
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company for the year	10		
– Basic (*HK cents*)		**(8.8)**	0.8
– Diluted (*HK cents*)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	2012 HK$'000 (Unaudited)	2011 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**5,590**	5,629
Property, plant and equipment		**140,833**	143,506
Investment properties		**29,834**	–
Intangible assets		**527**	–
Other non-current assets		**512**	601
		177,296	149,736
Current assets			
Inventories		**27,436**	33,440
Trade and other receivables	*11*	**49,367**	89,672
Current tax assets		**1,590**	337
Cash and bank balances		**23,688**	46,300
		102,081	169,749
Current liabilities			
Trade and other payables	*12*	**23,843**	39,423
Bank borrowings, secured		**35,486**	63,270
Obligations under finance leases		**–**	2,024
Current tax liabilities		**812**	1,110
		60,141	105,827
Net current assets		**41,940**	63,922
Total assets less current liabilities		**219,236**	213,658
Non-current liabilities			
Deferred tax liabilities		**1,885**	3,442
		1,885	3,442
Net assets		**217,351**	210,216
EQUITY ATTRIBUTABLE TO COMPANY'S OWNERS			
Share capital		**95,815**	83,715
Reserves		**121,536**	126,501
Total equity		**217,351**	210,216

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 (the "PRC"), including Hong Kong. The Company's ultimate parent company is China Print Power Limited, a company incorporated in the British Virgin Islands.

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

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 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 2012.

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

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

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

At the date of 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 2012.

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

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

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

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 de-recognition of financial assets and financial liabilities.

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

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

IFRS 10 – Consolidated Financial Statements

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

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

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

IFRS 12 – Disclosure of Interests in Other Entities

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

IFRS 13 – Fair Value Measurement

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

4. 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 2011 and 2012.

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

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

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

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

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

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

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

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

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

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

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

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

* 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:

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

6. FINANCE COSTS

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

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

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

8. INCOME TAX EXPENSE

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

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

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

9. DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2012 (2011: Nil).

10. (LOSS)/EARNINGS PER SHARE

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

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

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**51,941**	87,628
Less: Provision for impairment losses	**(4,734)**	(3,459)
Trade receivables – net	**47,207**	84,169
Deposits, prepayments and other receivables	**2,160**	5,503
	49,367	89,672

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

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

12. TRADE AND OTHER PAYABLES

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

Based on invoice dates, the aging analysis of trade payables was as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Business Review

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

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

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

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

Financial Review

Revenue

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

Gross Profit Margin

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

Other Income

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

Operating Expenses

(a) Selling and distribution costs

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

(b) Administrative expenses

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

(c) Listing expenses

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

(d) Other operating expenses

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

(e) Finance costs

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

(f) *Income tax expense*

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

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

Loss for the year and attributable to owners of the Company

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

FUTURE DEVELOPMENT AND PROSPECTS

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

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

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

On 7 February 2013, the Company and a placing agent entered into a placing agreement for up to 34,840,000 new shares at a price of HK$0.98 per placing share. For more details, please refer to the Company's announcement dated 8 February 2013.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

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

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING AND PLACEMENT

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

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

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

During FY2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL LITIGATION AND ARBITRATION

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

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

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

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During FY2012, 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 2012, there were 157 (2011: 126) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical insurance, and grants discretionary incentive bonuses or share options to eligible staff based on their performance and contributions to the Group.

Employees of He Yuan Factory

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

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for FY2012 have been agreed by the Company's auditor, BDO Limited, Certified Public Accountants, Hong Kong, 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 four members, namely Mr. Lim Siang Kai, Mr. Wee Piew, Mr. Liu Kwong Chi, Nelson and Ms. Wong Fei Tat, all being independent non-executive Directors. It has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The audit committee has reviewed with the management the consolidated financial statements of the Company for FY2012.

CORPORATE GOVERNANCE

The Company has adopted the Code Provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). SEHK has made certain amendments ("Amendments") to the Listing Rules, which are related to the Code, practices and the reporting. Such Amendments took effect from 1 January 2012, 1 April 2012 or 31 December 2012 respectively.

With the introduction of the Code as amended with effect from 1 April 2012 ("Revised Code"), the Board adopted the Revised Code.

The Company has complied with the code provisions listed in the Code and the Revised Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and The Singapore Code of Corporate Governance 2005 throughout FY2012.

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, all Directors have complied with the required standards of the Model Code throughout FY2012.

ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL RESULTS

This results announcement is published on the websites of SEHK (www.hkexnews.hk), SGX-ST (www.sgx.com) and the Company (www.powerprinting.com.hk). A notice convening the annual general meeting of the Company will be despatched to the shareholders of the Company together with the 2012 Annual Report 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, 23 February 2013

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. Wee Piew, Mr. Liu Kwong Chi, Nelson and Ms Wong Fei Tat.