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 2013

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 2013 together with comparative figures for the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK$'000 (Unaudited)	2012 HK$'000 (Audited)
Revenue	*5*	**154,475**	191,874
Cost of sales		**(134,989)**	(162,413)
Gross profit		**19,486**	29,461
Other income	*5*	**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		**(40,846)**	–
Finance costs	*6*	**(961)**	(1,443)
Loss before income tax	*7*	**(60,489)**	(13,794)
Income tax credit/(expense)	*8*	**1,920**	(940)
Loss for the year and attributable to owners of the Company		**(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 and attributable to owners of the Company		**(56,803)**	(13,149)
Loss per share for loss attributable to owners of the Company for the year	*10*		
– Basic and diluted *(HK cents)*		**(29.1)**	(8.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 HK$'000 (Unaudited)	2012 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**5,546**	5,590
Property, plant and equipment		**99,834**	140,833
Investment properties		**29,262**	29,834
Intangible assets		**–**	527
Deposits for acquisition of subsidiaries	*11*	**12,000**	–
Other non-current assets		**423**	512
		147,065	177,296
Current assets			
Inventories		**17,273**	27,436
Trade and other receivables	*11*	**42,937**	49,367
Current tax assets		**4,090**	1,590
Cash and bank balances		**30,346**	23,688
		94,646	102,081
Current liabilities			
Trade and other payables	*12*	**24,186**	23,843
Bank borrowings, secured		**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		**–**	1,885
Net assets		**193,904**	217,351
EQUITY ATTRIBUTABLE TO COMPANY'S OWNERS			
Share capital		**114,977**	95,815
Reserves		**78,927**	121,536
Total equity		**193,904**	217,351

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.

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

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.

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 the financial statements.

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. 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 the announcement of annual results, 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.

Amendments to IAS 36, Impairment of Assets

IFRS 13 introduces consequential amendments to disclosure requirements under IAS 36 in respect of each cash generating unit ("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. 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 2012 and 2013.

	Segment revenue		**Segment profit**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**94,992**	108,479	**14,893**	18,963
Specialised products	**59,483**	83,395	**4,593**	10,498
Segment total	**154,475**	191,874	**19,486**	29,461

	Segment assets		**Segment liabilities**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**49,409**	97,286	**7,066**	6,635
Specialised products	**9,429**	22,339	**6,883**	5,043
Segment total	**58,838**	119,625	**13,949**	11,678

	Impairment losses on trade receivables		**Net losses on disposals of property, plant and equipment**	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**–**	1,218	**–**	128
Specialised products	**262**	539	**682**	253
Segment total	**262**	1,757	**682**	381

	Depreciation and amortisation		Additions to non-current assets	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Book products	**4,780**	5,814	**–**	–
Specialised products	**1,396**	2,173	**1,155**	602
Segment total	**6,176**	7,987	**1,155**	602

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	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
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

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*
	(Unaudited)	(Audited)
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 geographical 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*
	(Unaudited)	(Audited)
Customer A*	**31,731**	30,254
Customer B*	**22,445**	19,467

* 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:

	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
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
Reversal of impairment losses on trade receivables	**87**	2
Sundry income	**593**	551
	1,994	1,485

6. FINANCE COSTS

	2013 HK$'000 (Unaudited)	2012 HK$'000 (Audited)
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

7. LOSS BEFORE INCOME TAX

	2013 HK$'000 (Unaudited)	2012 HK$'000 (Audited)
Loss before income tax is arrived at after charging:		
Auditors' remuneration	**775**	400
Amortisation of intangible assets (included in administrative expenses)	**53**	–
Amortisation of leasehold land and land use rights	**135**	133
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
Operating lease charges		
– 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 are 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.

8. 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$'000*** **(Unaudited)**	2012 *HK$'000* (Audited)
Current tax – Hong Kong profits tax		
– Current year	**–**	2,526
– Over provision in respect of prior years	**(35)**	(29)
	(35)	2,497
Deferred tax		
– Origination and reversal of temporary differences	**(1,885)**	(1,557)
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.

9. DIVIDEND

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

10. LOSS PER SHARE

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: approximately 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.

11. TRADE AND OTHER RECEIVABLES

	2013 ***HK$'000*** **(Unaudited)**	2012 *HK$'000* (Audited)
Trade receivables	**45,534**	51,941
Less: Provision for impairment losses	**(3,969)**	(4,734)
Trade receivables – net	**41,565**	47,207
Deposits and other receivables	**13,372**	2,160
	54,937	49,367
Less: Non-current portion		
Deposits for acquisition of subsidiaries	**(12,000)**	–
Current portion	**42,937**	49,367

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	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
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

12. TRADE AND OTHER PAYABLES

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

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

	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global economy 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.

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 in 2013 and 2014 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 Profit Tax pursuant to the Hong Kong Inland Revenue Ordinance in relation to plant and machinery for which tax allowance was previously entitled.

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.

FUTURE DEVELOPMENT AND PROSPECTS

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 are the assets involving one CNG main station and one CNG satellite station. Upon completion, the Company will be engaged in gas business in PRC. For more details, please refer to the Company's announcement dated 25 November 2013.

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.

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 announcement, HK$12 million of the proceeds of the March 2013 Placement, of which HK$8 million has been utilised as deposits for acquisitions of subsidiaries and HK$4 million utilised for payment of earnest monies pursuant to memoranda of understanding entered into by the Company, has been used for the potential acquisition activities as identified by the Company, and approximately HK$8.8 million of the proceeds of the March 2013 Placement has been used for the repayment of bank loans, settlement of trade and other payables and working capital. The balance of the net proceeds will be utilised as working capital pending further deployment of funds for potential acquisition activities as identified by the Company.

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 announcement, there has been no material disbursements of the proceeds of the January 2014 Placement.

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.

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

During FY2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EMPLOYEES' INFORMATION

Employees of the Group

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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for FY2013 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 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 audit committee has reviewed with the management the consolidated financial statements of the Company for FY2013.

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"). 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 FY2013.

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 FY2013.

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 2013 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, 24 February 2014

As at the date of this announcement, the executive directors of the Company are Mr. Sze Chun Lee, Mr. Chan Wai Ming, Mr. Lam Shek Kin, Ms. Chung Oi Ling Stella and Mr. Hung Tao; and the independent non-executive directors of the Company are Mr. Lim Siang Kai, Mr. Wee Piew and Ms. Wong Fei Tat.