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If you have sold or transferred all your shares in **1010 Printing Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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1010 PRINTING GROUP LIMITED

匯星印刷集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1127)

MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF APOL

A letter from the Board is set out on pages 4 to 16 of this circular.

* *For identification purpose only*

14 January 2013

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"1010 PGL"	1010 Printing Group Limited, a company incorporated in the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1127)
"1010 PGL Director(s)"	the director(s) of 1010 PGL
"1010 PGL Group"	1010 PGL and its subsidiaries
"1010 PGL Shareholders"	holders of 1010 PGL Share(s)
"1010 PGL Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of 1010 PGL
"1st Post Completion Payment"	part of the Consideration, in the maximum sum of HK$28 million subject to post completion downward adjustment
"1st Vendor"	Mr. David Leo Martin, the Vendor who shall receive the payment of Consideration in accordance with the Share Transfer Agreement and subject to adjustment as expressed therein, for himself and on behalf of the other eight (8) Vendors
"2nd Post Completion Payment"	part of the Consideration, in the maximum sum of HK$32 million subject to post completion downward adjustment
"2012 Accounts"	the audited consolidated balance sheet of APOL made up as at 31 December 2012 and the audited consolidated (if applicable) profit and loss account of APOL for the year ended 31 December 2012
"Acquisition"	the Acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Share Transfer Agreement
"APOI"	Asia Pacific Offset, Inc., a corporation organized under the laws of the District of Columbia, the United States of America
"APOL "	Asia Pacific Offset Limited, a private company incorporated in Hong Kong with limited liability
"APOL Group"	APOL and its subsidiaries
"APOL Net Asset Value"	the amount of the net tangible assets value of APOL as shown in the 2012 Accounts

"associates"	has the meaning ascribed to it under the Listing Rules
"Cinderella"	Cinderella Media Group Limited, a company continued in the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 550)
"City Apex"	City Apex Limited, a company incorporated under the laws of the British Virgin Islands, a controlling shareholder of Cinderella
"Completion"	completion of the sale and purchase of the Initial Sale Shares under the Share Transfer Agreement
"Completion Date"	28 December 2012
"Consideration"	the amount of consideration for the sale and purchase of Sale Shares
"Enlarged Group"	1010 PGL Group and APOL Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Parties"	a Party and, if applicable, the ultimate beneficial owner of the Party who is not fallen into the definition of connected persons of 1010 PGL under Chapter 14A of the Listing Rules and independent of the connected persons of 1010 PGL and their associates
"Initial Sale Shares"	a total of 140,000 shares in APOL legally and beneficially owned by the Vendors (except Mr. Clarke) representing about 93.33% of the issued share capital in and of APOL
"Joint Announcement"	the joint announcement of 1010 PGL and Cinderella dated 12 December 2012 in relation to the acquisition of the entire issued share capital of APOL
"Latest Practicable Date"	8 January 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Clarke"	Mr. Andrew Warnock Clarke, one of the Vendors who effectively controls APOI

"Master Agency Agreement"	a master agency agreement entered into amongst APOL, Mr. Clarke and APOI on 12 December 2012
"Non Competition Deed"	a non competition deed executed by Mr. Clarke in favour of APOL on 12 December 2012
"Parties"	parties to the Share Transfer Agreement, i.e. the Vendors, the Purchaser, the Guarantor and their respective successors and permitted assigns and APOL and "Party" shall mean any of them
"Post Completion Payments"	the 1st Post Completion Payment and the 2nd Post Completion Payment
"Purchaser"	Investor Vantage Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of 1010 PGL
"Sale Shares"	Initial Sale Shares and Subsequent Sale Shares, i.e. 150,000 ordinary shares of HK$1 each in the share capital of APOL, representing its entire issued share capital
"Share Transfer Agreement"	the share transfer agreement entered into between the Vendors and the Purchaser on 12 December 2012
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsequent Completion"	completion of the sale and purchase of the Subsequent Sale Shares under the Share Transfer Agreement
"Subsequent Completion Date"	28 December 2013 or such other date as the Parties may agree in writing
"Subsequent Sale Shares"	10,000 ordinary shares of HK$1 each in the share capital of APOL legally and beneficially owned by Mr. Clarke, representing around 6.67% of issued share capital in and of APOL
"Territories"	European Union, North America, Central America, South America and Australia
"Vendors"	the vendors of the Sale Shares, being (1) David Leo Martin, (2) Tifan Investments S.A., (3) Derek Keith Freeman, (4) Lam Seow Long, (5) Chu Chun Wan, (6) Chan Tze Hing, (7) Ho Ping Nam, (8) Wong Kwan Lap, Stephen, and (9) Mr. Clarke
"%"	per cent.

1010 PRINTING GROUP LIMITED
匯星印刷集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1127)

Executive directors:
Yang Sze Chen, Peter
Lau Chuk Kin
Lam Wing Yip

Independent non-executive directors:
Yeung Ka Sing
Lee Hau Leung
Tsui King Chung, David
Ng Lai Man, Carmen

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business in Hong Kong
Units 2&3, 5/F
Lemmi Centre
50 Hoi Yuen Road
Kwun Tong, Hong Kong

14 January 2013

To 1010 PGL Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF APOL

INTRODUCTION

References are made to the Joint Announcement dated 12 December 2012 in relation to the acquisition of the entire issued share capital of APOL.

The purpose of this Circular is to provide you with, inter alia, (i) further information regarding the Acquisition and (ii) financial and other information of 1010 PGL Group as required under the Listing Rules.

* *For identification purpose only*

THE ACQUISITION

On 12 December 2012, the Purchaser, an indirect wholly-owned subsidiary of 1010 PGL, and 1010 PGL entered into the Share Transfer Agreement with the Vendors and APOL pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the Sale Shares for a consideration not exceeding HK$160 million. The Sale Shares represent the entire issued share capital of APOL. After Completion which took place on 28 December 2012, APOL is owned by 1010 PGL as to around 93.33% and upon Subsequent Completion, the Purchaser will acquire the Subsequent Sale Shares from Mr. Clarke and APOL will become an indirect wholly-owned subsidiary of 1010 PGL. Due to tax reasons on the part of Mr. Clarke, the Acquisition was carried out by two-stage completion.

1010 PGL Directors approached the Vendors for the sale of the entire share capital of APOL. To the best knowledge, information and belief of 1010 PGL Directors and having made all reasonable enquiry, the Vendors are Independent Third Parties. Two of the 1010 PGL Directors, namely Mr. Yang Sze Chen, Peter and Mr. Lau Chuk Kin, had business relationship with certain Vendors before 1010 PGL was incorporated. Save for the above, the Vendors had no business or other relationship with the 1010 PGL and its connected persons prior to the entering into of the Share Transfer Agreement.

SHARE TRANSFER AGREEMENT

Date: 12 December 2012

Parties:

1. the Purchaser, an indirect wholly-owned subsidiary of 1010 PGL;

2. the Vendors, being all of the existing shareholders of APOL, who are 8 individuals and 1 corporation;

3. APOL; and

4. 1010 PGL, as guarantor.

Assets to be Acquired: Sale Shares, representing the entire issued share capital of the APOL. After Completion which took place on 28 December 2012, 1010 PGL, through its wholly-owned subsidiary, the Purchaser, owns around 93.33% of the issued share capital of APOL, and upon Subsequent Completion, APOL will become an indirect wholly-owned subsidiary of 1010 PGL.

Consideration: The Consideration shall be HK$160 million at maximum, subject to a post-completion downward adjustment as illustrated in the paragraph headed "Post Completion Adjustment to Consideration".

The Consideration was determined on an arm's length basis based on the historical and expected earnings of APOL and after taking into account the APOL Net Asset Value and the potential prospects of APOL.

The Consideration is funded by the internal resources of 1010 PGL Group, bank loans from commercial banks available to 1010 PGL and a shareholder's loan of not more than HK$150 million from Cinderella which is provided on normal commercial terms. Initially, 1010 PGL Group will draw approximately HK$50 million of the shareholder's loan to fund the payment of Consideration.

Terms of Payment: Subject to the post-completion downward adjustment, the Consideration shall be paid by way of cash to the Vendors in the following manner:

(a) A refundable deposit of HK$20 million has been paid on signing of the Share Transfer Agreement;

Such deposit shall be returned to the Purchaser not later than 28 December 2012 (or such other day the Parties may agree) if (i) the Share Transfer Agreement is terminated as mutually agreed by the Parties; or (ii) the conditions precedent as set out in the Share Transfer Agreement are not satisfied by the Completion Date;

(b) HK$80 million has been paid on Completion;

(c) The 1st Post Completion Payment of HK$28 million shall be paid on 28 February 2013; and

(d) The 2nd Post Completion Payment of HK$32 million shall be paid on the expiry of 24 months after Completion.

Post Completion Adjustment to Consideration: The Consideration is subject to the following post completion adjustments:

(a) where the APOL Net Asset Value as shown in the 2012 Accounts is less than HK$100 million and:

(i) if the shortfall is less than HK$28 million, the 1st Post Completion Payment shall be adjusted downwards by the amount of the shortfall; and if the shortfall is greater than HK$28 million, the Purchaser is not required to pay any of the 1st Post Completion Payment and the 2nd Post Completion Payment shall be adjusted downwards by the amount of the shortfall in excess of HK$28 million; or

(ii) if the shortfall is greater than HK$60 million, the Purchaser is not required to pay any of the Post Completion Payments but the 1st Vendor (for himself and on behalf of the other eight Vendors) shall pay to the Purchaser such sum which is equivalent to the amount in excess of HK$60 million within one month from the delivery by the 1st Vendor (for himself and on behalf of the other eight Vendors) to the Purchaser of the 2012 Accounts.

(b) where any of the accounts receivable as shown in the 2012 Accounts is not recovered by APOL in cash on or before 31 December 2013 and the unrecovered amount is not paid by the 1st Vendor (for himself and on behalf of the other eight Vendors) prior to the date of the 2nd Post Completion Payment:

(i) the 2nd Post Completion Payment shall be adjusted downwards by such unrecovered amount, after adjustment has been made in accordance of (a)(i) of the same paragraph above; and

(ii) if the 2nd Post Completion Payment is insufficient to satisfy the unrecovered amount, the 1st Vendor (for himself and on behalf of the other eight Vendors) shall pay on the payment date of the 2nd Post Completion Payment the balance of such unrecovered amount.

Conditions Precedent: The following conditions precedent were fulfilled on or before the Completion Date:

(a) Due Diligence

The Purchaser notifying the Vendors' solicitors in writing that it has completed a due diligence investigation of APOL to its satisfaction and save as otherwise expressed in the Share Transfer Agreement, the sale and purchase of the Sale Shares shall not be subject to any implied warranties;

(b) Transfer of Domain Name

The domain name "**asiapacificoffset.com**" having been transferred from APOI to APOL;

(c) Withdrawal of Trademark Application

Mr. Clarke and his associates having withdrawn the application(s) for registration of certain trademark(s);

(d) Listing Rules Compliance

Cinderella and 1010 PGL having published this joint announcement on their respective websites and the website operated by the Stock Exchange in compliance with the requirements under the Listing Rules and either (i) the Purchaser having produced to the 1st Vendor; or (ii) the Stock Exchange having accepted the issue of, written shareholder's certificates provided by City Apex and Cinderella in lieu of Cinderella and 1010 PGL holding a general meeting for approval of the transactions contemplated under the Share Transfer Agreement;

(e) Change of Control on Completion

The occurrence of the following events:

(i) two of the directors named in the Share Transfer Agreement have resigned as directors of the APOL and the four persons named in the Share Transfer Agreement have been appointed as directors of APOL;

(ii) a resolution of the board of directors of APOL is passed approving the registration of the transfer of the Sale Shares to the Purchaser or their nominee(s) upon due presentation;

(iii) APOL has revoked or varied the existing authorities in respect of the operation of its bank accounts and replace or supplement them with such mandate(s) as provided in the Share Transfer Agreement or as the Purchaser required.

Guarantee: 1010 PGL, as guarantor of the Purchaser, guarantees to pay all the payments payable by the Purchaser under the Share Transfer Agreement as a primary obligor.

Completion: Completion took place on the Completion Date on 28 December 2012.

Subsequent Completion: Subsequent Completion is not subject to any conditions precedent and shall take place on the Subsequent Completion Date which is expected to be on 28 December 2013.

INFORMATION ON APOL

APOL is a print management company incorporated in Hong Kong in 1978 and is wholly owned by the Vendors. It is principally engaged in the business of printing, binding, colour separation and other printed and non-printed books, magazines and other printed material. It is one of the world's largest book print management companies.

Business model

APOL is a broker for customers seeking printing service. It has appointed APOI, a company controlled by Mr. Clarke, as its agent for the sales and marketing in the Territories. Although APOL relies on the sales and marketing services of APOI in the Territory very substantially as to approximately 98% of its total orders solicited, it also has its own marketing force to solicit orders outside the Territories.

Through APOI, its exclusive sales agent with offices in key publishing centres, APOL obtains business in the Territory from international publishers, packagers and appoints printing subcontractors in Hong Kong and Mainland China to fulfil the orders. APOL has a large customer base of international book publishers and over 350 active customers in different countries, most of which are loyal customers. The target customers are international publishers. Notwithstanding that APOL has no production facilities, it has management and technical expertise on identifying the appropriate source for purchasing raw materials and the appropriate subcontractors to provide printing products. In addition to placing jobs to subcontractors and purchasing raw materials, APOL is responsible for calculating the quotation to customers, quality control and arranging shipment. APOL set up a representative office in Shenzhen to perform the quality control function and enhance the communication between the head office in Hong Kong and the printers in China.

Management expertise

The management team of APOL has substantial experience in the printing service business. Five of the Vendors are senior executives of APOL, four of which continue to serve APOL after the Completion. Although none of such Vendors will be appointed as 1010 PGL Director, nor does 1010 PGL intend to change the composition of its board of directors in view of the Acquisition, 1010 PGL Directors believe that the Enlarged Group will be able to capitalise on the substantial experience of such Vendors after Completion. Apart from the management, most staff members of APOL have over 10 to 20 years' experience in the printing industry.

Operational flow

APOL receives customer orders and requests for quotations either directly from its potential customers or indirectly from APOI. APOL then prepares a cost estimate in accordance with the specification of potential customers after taking into account the expected raw materials costs (including but not limited to costs quotations from paper suppliers), subcontracting charges, timing and delivery. When the order from the customer is confirmed, APOL purchases paper and places order to the most appropriate subcontractor to do the printing job.

In order to ensure the products of the subcontractors are of satisfactory quality, APOL visits the production plant of the subcontractors and examines the product quality against the acceptable quality level standard at every stage of the production process. Finished goods are inspected to confirm the acceptance by APOL before shipment. APOL generally arranges delivery from subcontractors directly to customers in accordance with customers' requirement.

Competitive advantage

Apart from having a seasoned management team, APOL enjoys a number of competitive advantages. Firstly, most staff members of APOL have over 10 to 20 years' experience in the printing industry. Secondly, the good relationship with the suppliers enables APOL to shorten the lead time and enhance the quality of books produced. Thirdly, the expertise in book production helps boost the confidence of the customers. Lastly, the substantial turnover strengthens the buying power of APOL and in turn APOL can negotiate a better price from suppliers.

Major source of revenue and cost components

The revenue of APOL will mostly be generated from the orders received from its customers for the printing, binding, colour separation and other printed and non-printed books, magazines and other printed materials, whereas the paper material and printing cost of the printing and binding jobs will form its major cost components.

Future plan

Future plan for APOL is to develop business in areas such as East European and South American countries. Such expansion will be developed by business referrals and minimal capital expenditure is expected to be involved.

Master Agency Agreement and Non Competition Deed

As at the date of the Share Transfer Agreement, APOL has entered into a new Master Agency Agreement (as the principal) with APOI (as the agent) and Mr. Clarke, pursuant to which APOL appoints APOI as its exclusive marketing agent in the Territories for (i) promotion of business of APOL; (ii) solicitation of orders for APOL for the printing, binding, colour separation and other printed and non-printed books, magazines and other printed materials provided by APOL for the customers; and (iii) obtaining orders for and on behalf of the APOL from the customers. Subject to the terms and conditions contained in the Master Agency Agreement, APOL shall pay to APOI in respect of each order at a fixed percentage of the total amount invoiced by APOL to a customer less any value added tax or similar sales tax and any duty as agency fee. The agency fee was determined on an arm's length basis and on normal commercial terms.

In addition to the Master Agency Agreement, Mr. Clarke has also executed the Non Competition Deed in favour of APOL under which he is bound by a set of non-competition covenants during the term of the Master Agency Agreement. The said covenants shall extend for a period of 12 months after the termination of the Master Agency Agreement under certain circumstances.

The following table shows the audited consolidated profits of APOL before and after taxation for the two financial years ended 31 December 2010 and 2011 and the nine months ended 30 September 2012 as extracted from the Accountants' Report of APOL Group as included in Appendix II to this circular.

	Audited Consolidated Profit of APOL	
For the year ended/ For the period ended	**Before taxation**	**After taxation**
	(HK$'000)	*(HK$'000)*
31 December 2010	8,197	7,503
31 December 2011	48,459	40,461
30 September 2012	34,003	28,556

In 2010, APOL recorded a one-time gain on disposal of a UK subsidiary for an amount of HK$16.7 million, impairment loss of HK$27.4 million on amount due from such subsidiary and provision for claim by a UK bank for an amount of HK$3.8 million due from such subsidiary. Excluding these non-recurrent items, the profit after taxation for the year ended 31 December 2010 was HK$ 22.0 million.

According to the audited consolidated financial information of APOL prepared under Hong Kong Financial Reporting Standards, the audited net asset values of APOL as at 31 December 2010, 31 December 2011 and 30 September 2012 were approximately HK$103.0 million, HK$110.4 million and HK$122.5 million respectively.

As disclosed the Accountants' Report on APOL Group in Appendix II to this circular, the trade and other receivable as at 31 December 2009, 31 December 2010 and 31 December 2011 represent over 50% of its total asset values. The level of receivables of APOL Group is similar to that of 1010 Group and 1010 PGL Directors are of the view that the credit terms of 90 to 150 days are in line with market practice. APOL has purchased credit insurance to reduce the potential impairment loss in relation to uncollectible receivables. As at 30 September 2012, about 51% and 36% of the receivables are covered by credit insurance and bank's letter of credit. 1010 PGL consider that the credit risk of the remaining 13% receivable is acceptable.

After Completion, 1010 PGL will exercise tight credit control. The finance department of 1010 PGL will review the credit terms of each existing and prospective customer. The credit terms granted to any particular customer will be determined with reference to, among other things, (i) length of business relationships; (ii) payment history; and (iii) financial strength and creditability of such customer.

REASONS FOR AND BENEFITS OF THE ACQUISITION

1010 PGL Group is currently engaged in the provision of printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies. APOL is currently engaged in the business of printing, binding, colour separation and other printed and non-printed books, magazines and other printed material. Thus 1010 PGL Group is of the view that the Acquisition allows 1010 PGL Group to broaden its customer base and strengthen its purchasing power, particularly in paper procurement and materials inventory management. It also allows for greater flexibility in order allocation and product offerings.

The existing modes of operation of 1010 PGL and APOL are complementary to each other. 1010 PGL has its own production facilities, whereas APOL is a broker but has no production facilities and places all the jobs to subcontractors and monitors the quality of production and logistics. Through the APOL's network with other subcontractors, 1010 PGL Group will diversify its products to those which it has no facilities and technical expertise to produce. Apart from that, 1010 PGL Group's established customer network is mainly in the United States, Australia and the United Kingdom. APOL has a large customer base with the majority of them based in the Europe and the United States which 1010 PGL Group has not previously been able to access and 1010 PGL Group therefore expects the Acquisition would broaden its clientele base. The Acquisition hence diversifies the business of and generates additional revenue streams for 1010 PGL Group.

Further, 1010 PGL Group believes the APOL agency arrangement with APOI is beneficial for the business development of APOL and believes that the orders obtained or solicited by APOI and other sub-agents appointed are of great commercial value. The management of APOL, having substantial experience in managing the production of large volume of books at short lead time, brings synergy to 1010 PGL Group, especially on printing management. The Acquisition is in line with the business development strategy of 1010 PGL Group.

FINANCIAL EFFECT OF THE ACQUISITION

Assets and liabilities

After Completion which took place on 28 December 2012, APOL is owned by 1010 PGL as to around 93.33% and upon Subsequent Completion, APOL will become an indirect wholly-owned subsidiary of 1010 PGL. APOL's results will be fully consolidated with that of the Group.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, upon Completion, the consolidated total assets of the Enlarged Group would increase from approximately HK$612.7 million to HK$762.1 million and the consolidated total liabilities of the Enlarged Group would increase from approximately HK$189.2 million to approximately HK$340.0 million. The consolidated net assets of the Enlarged Group would decrease from approximately HK$ 423.5 million to HK$422.2 million. The decrease in the net asset value is caused by the legal and professional fees of approximately HK$1.3 million.

The unaudited pro forma financial information has been prepared for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not reflect the true financial position of the Enlarged Group as at the Completion Date or any future date. Moreover, since the actual fair values of the assets, liabilities and contingent liabilities of APOL as at the Completion Date would be different from their estimated fair values used in the preparation of the audited financial statement as at 30 September 2012, the actual financial effects of the Acquisition might be materially different from the financial position as shown in Appendix III to this circular.

Earnings

It is expected that APOL will contribute positively to the results of 1010 PGL Group in the future after Completion.

MANAGEMENT DISCUSSION AND ANALYSIS OF APOL

There is no information on business segment as turnover of APOL Group represents solely the provision of printing services. For each of the three financial years ended 31 December 2011, APOL recorded revenue of approximately HK$374 million, HK$418 million, HK$486 million respectively and profit after taxation of HK$28.8 million, HK$7.5 million, HK$40.5 million respectively. For the nine months ended 30 September 2012, the revenue and profit after taxation was approximately HK$374 million and HK$28.6 million respectively.

Liquidity and financial resources

As at 31 December 2009, APOL Group had total assets of approximately HK$170 million and its current assets were approximately HK$163 million. As at that date, the total liabilities and current liabilities of APOL Group were approximately HK$75 million and HK$73 million respectively and the shareholder's equity of APOL Group amounted to approximately HK$107 million. The gearing ratio, which was represented by total liabilities over total assets, of APOL Group was 44% as at 31 December 2009.

As at 31 December 2010, APOL Group had total assets of approximately HK$185 million and its current assets were approximately HK$183 million. As at that date, the total liabilities and current liabilities of APOL Group were approximately HK$82 million and HK$82 million respectively and the shareholder's equity of APOL Group amounted to approximately HK$103 million. The gearing ratio of APOL Group was 44% as at 31 December 2010.

As at 31 December 2011, APOL Group had total assets of approximately HK$223 million and its current assets were approximately HK$221 million. As at that date, the total liabilities and current liabilities of APOL Group were approximately HK$112 million and HK$112 million respectively and the shareholder's equity of APOL Group amounted to approximately HK$110 million. The gearing ratio of APOL Group was 50%.

As at 30 September 2012, APOL Group had total assets of approximately HK$213 million and its current assets were approximately HK$212 million. As at that date, the total liabilities and current liabilities of APOL Group were approximately HK$91 million and HK$91 million respectively and the shareholder's equity of APOL Group amounted to approximately HK$122 million. The gearing ratio of APOL Group was 43% as at 30 September 2012.

Capital structure

As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 September 2012, the issued share capital of APOL was HK$135,000. APOL Group had no formal treasury policy and did not enter into any form of financial arrangement for hedging for the three years ended 31 December 2011 and for the nine month period ended 30 September 2012.

APOL Group had short term bank borrowings of HK$4,130,000 as at 31 December 2009, HK$9,137,000 as at 31 December 2010, HK$40,785,000 as at 31 December 2011 and HK$46,000 as at 30 September 2012. The interest was charged at floating rate. The bank borrowings are denominated in HK$.

As at 31 December 2009, 31 December 2010 and 31 December 2011 and 30 September 2012, APOL Group had cash and bank balances of approximately HK$24.1 million, HK$20.6 million, HK$18.8 million and HK$51.7 million respectively.

Acquisition and disposal of subsidiaries

In December 2010, APOL disposed of its 51% equity interest in Compendium Publishing Limited ("CPL"), subsidiary incorporated in UK, and recorded a gain on disposal of HK$16.7 million. Together with the disposal, APOL also wrote off HK$27.4 million representing the amount due from CPL and provided for a claim by a UK bank for an amount of HK$3.8 million due from such subsidiary.

In September 2012, APOL disposed its wholly owned subsidiary, East West Tech Co Limited ("EWT") to a related company owned by a shareholder of APOL at a consideration of HK$200,000. EWT has not carried on any business since its incorporation in October 2011.

Employees information

As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 September 2012, APOL employed a total of 55, 54, 56 and 59 employees respectively. APOL recruits and promotes individuals based on merit and their development potentials for the positions offered. When formulating staff remuneration and benefit policies, primary considerations are given to their performance and prevailing salary levels in the market. Benefits provided to the employees by APOL include training, medical coverage, bonus scheme and the statutory retirement scheme.

Charge of assets

As at 31 December 2009, 31 December 2010, 31 December 2011 and 30 September 2012, APOL obtained banking facilities of approximately HK$18.7 million, HK$15.0 million, HK$52.5 million and HK$52.5 million respectively. The banking facilities are secured by a charge over proceeds from the documentary credit and an all monies debenture over the assets and undertaking of APOL.

Foreign exchange

APOL was exposed to foreign currency risks through certain sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, being primarily USD, Australia dollars ("AUD"), New Zealand dollars ("NZD"), Euros ("EUR") and Sterling pounds ("GBP"). As the USD is pegged to HK$, APOL considers the risk of movements in exchange rate between HK$ and the USD to be insignificant. It is the APOL's policy to keep USD and HK$ in the bank account and sell other foreign currencies at spot rate to mitigate the currency risk.

Contingent liabilities

As at 31 December 2009 and 2010, APOL had provided financial guarantee of USD 2,500,000 and GBP 800,000 respectively in respect of banking facilities obtained by CPL.

As at 31 December 2010, the directors of APOL considered that it was probable that a claim would be made against APOL under the aforementioned financial guarantee. As such, a provision of HK$3,785,000 has been recognised as at 31 December 2010, which represented the facilities utilised by CPL at the end of the reporting period.

During the year ended 31 December 2011, an actual claim of HK$3,571,000 was made against APOL and APOL settled the entire sum accordingly. Subsequent to the settlement, the financial guarantee was released. There was no other contingent liabilities as at 31 December 2011 and 30 September 2012.

Capital commitments

APOL had no capital commitments outstanding during the three years ended 31 December 2011 and the nine month period ended 30 September 2012.

Future plans for significant investment

There is no plan for material investment or capital assets.

LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for 1010 PGL under Chapter 14 of the Listing Rules and is thus subject to the announcement, reporting and the approval of 1010 PGL Shareholders.

To the best knowledge, information and belief of 1010 PGL Directors, and having made all reasonable enquiries, as at the date of this circular, none of 1010 PGL Shareholders has a material interest in the Share Transfer Agreement and the Acquisition contemplated thereunder, and if 1010 PGL was to convene a special general meeting for the approval of the Share Transfer Agreement and the Acquisition contemplated thereunder, none of 1010 PGL Shareholders is required to abstain from voting. Cinderella (through its wholly-owned subsidiary) is interested in an aggregate of 299,894,907 1010 PGL Shares, representing approximately 59.98% of the entire issued share capital of 1010 PGL as at the Latest Practicable Date, and has, pursuant to Rule 14.44 of the Listing Rules, given its written approval to 1010 PGL on 12 December 2012 for the Share Transfer Agreement and the Acquisition contemplated thereunder in lieu of resolutions to be passed at the 1010 PGL Shareholders' meeting.

GENERAL

1010 PGL Group is principally engaged in the provision of printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies.

Tifan Investments S.A., a company incorporated in Republic of Panama, is one of the Vendors and its principal activity is investment holding. The sole and ultimate beneficial owner of Tifan Investments S.A. is Avirro Trust, a charitable trust formed for the exclusive purpose of the relief of poverty or distress of the public, the advance of religion or education or the protection of the health of the public and any other generally recognised charitable purpose.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
1010 Printing Group Limited
Lau Chuk Kin
Executive Director

1. FINANCIAL INFORMATION OF 1010 PGL GROUP

The financial information of 1010 PGL Group for (i) the period ended 30 June 2012 is disclosed in the interim report of 1010 PGL published on 4 September 2012; (ii) the year ended 31 December 2011 is disclosed in the annual report of 1010 PGL published on 8 March 2012; (iii) the two financial years ended 31 December 2009 and 31 December 2010 respectively is disclosed in the prospectus of 1010 PGL published on 30 June 2011, all of which have been published on the website of the Stock Exchange (www.hkex.com.hk) and/or the website of 1010 PGL (www.1010printing.com).

2. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 30 November 2012, which is the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had total bank borrowings of approximately HK$56,242,000 and finance lease liabilities of approximately HK$7,264,000. The bank borrowings of approximately HK$56,219,000 was secured by the corporate guarantee provided by 1010 PGL and bank borrowings of approximately HK$23,000 was secured by a charge over proceeds from documentary credit and an all monies debenture over the assets and undertaking of APOL.

For the purpose of the Statement of Indebtedness, foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 November 2012.

Commitments

As at 30 November 2012, the Enlarged Group had capital commitment of approximately HK$89,000 in respect of acquisition of property, plant and equipment; and operating lease commitments of approximately HK$62,505,000 in respect of the leases for certain properties and production facilities.

Disclaimers

Save as aforesaid or as otherwise mentioned in this circular, and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have, as at the close of business of 30 November 2012, any mortgages, charges, debentures, loan capital issued and outstanding or agreed to be issued, bank overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities.

3. WORKING CAPITAL

In the absence of any unforeseen circumstances, 1010 PGL Directors, after due and careful enquiry, are of opinion that, following the Completion and after taking into account the financial resources available to 1010 PGL Group and APOL Group, including 1010 PGL's financial resources, bank loans from commercial banks available to 1010 PGL and a shareholder's loan from Cinderella, the Enlarged Group will have sufficient working capital for its requirement for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Upon Completion, the Enlarged Group continues to be engaged in the provision of printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies.

1010 PGL's turnover for the six months ended 30 June 2012 was HK$311.8 million which increased by 9.6% as compared with the same period in the previous year. The printing industry is facing unique challenges ushered in by the internet. Despite the sea of red ink suffered recently by most book printers, 1010 PGL net profit was declined by 5% only to HK$30.3 million. Through strategic procurement of key raw materials, such as paper, ink and aluminium plates, 1010 PGL Group have been able to reap significant cost savings.

APOL's turnover for the nine months ended 30 September 2012 was HK$373.7 million which increased by 0.12% compared with the same period in the previous year.

1010 PGL, through the Acquisition of APOL, is expected to further expand its business to new emerging markets, such as East European and South American countries in order to diversify business risk and to further consolidate its customer base.

As at the Latest Practicable Date, 1010 PGL had no intention, negotiation, agreement, arrangement and understanding about any disposal, scaling-down and/or termination of its existing business.

As at the Latest Practicable Date, 1010 PGL had no intention for further acquisition or investment nor did it identify any suitable investment opportunities. 1010 PGL would consider further investment when suitable investment opportunity arises.

The Directors consider that the Acquisition has positive outlook and will benefit the Enlarged Group in the long run. The Acquisition allows 1010 PGL Group to broaden its customer base and strengthen its purchasing power. It is in line with 1010 PGL Group's business development strategy.

The following is the text of a report, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

14 January 2013

The Board of Directors
1010 Printing Group Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Asia Pacific Offset Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2009, 2010 and 2011 and 30 September 2012 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for each of the years ended 31 December 2009, 2010 and 2011 and the nine months ended 30 September 2012 (the "Relevant Period"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in a circular dated 14 January 2013 issued by 1010 Printing Group Limited in relation to the acquisition of the entire issued share capital of the Company ("the "Circular").

The Company was incorporated in Hong Kong on 4 December 1978 as a limited liability company under the Hong Kong Companies Ordinance. The principal activity of the Company is the provision of printing services.

As at the date of this report, no audited financial statements have been prepared for Bookbuilders BVI Limited and East West Tech Co. Limited as they either are not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation or have not carried on any business since their date of incorporation.

All subsidiaries of the Group have adopted 31 December as their financial year end date. Details of the subsidiaries of the Group that are subject to audit during the Relevant Period and the name of the respective auditors are set out in note 1(b)(i) of Section B. The statutory financial statements of these subsidiaries were prepared in accordance with the relevant accounting rules and regulations applicable in the country in which these entities are incorporated.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Underlying Financial Statements"). The Underlying Financial Statements for each of the years ended 31 December 2009, 2010 and 2011 and the nine months ended 30 September 2012 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA under separate terms of engagement with the Company. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 September 2012.

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular based on the Underlying Financial Statements, with no adjustments made thereon.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

Basis of opinion

We have carried out procedures in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

Opinion

In our opinion, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2009, 2010 and 2011 and 30 September 2012 and of the Group's consolidated results and cash flows for the Relevant Period.

Corresponding Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the nine months ended 30 September 2011, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the accounting policies adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the accounting policies adopted in respect of the Financial Information.

A FINANCIAL INFORMATION

Consolidated statements of comprehensive income

(Expressed in Hong Kong dollars)

		Years ended 31 December			Nine months ended 30 September	
		2009	**2010**	**2011**	**2011**	**2012**
	Section B Note	*$'000*	*$'000*	*$'000*	(Unaudited) *$'000*	*$'000*
Turnover	2	374,048	418,423	486,267	373,255	373,692
Cost of sales		(294,360)	(348,299)	(392,016)	(297,527)	(304,163)
Gross profit		79,688	70,124	94,251	75,728	69,529
Other revenue	3	366	843	110	51	30
Other net income/(loss)	3	8,786	1,515	44	1,273	(2,405)
Gain on disposal of subsidiaries	21(a),(b)	–	16,708	–	–	1,067
Staff costs	4(b)	(29,488)	(27,198)	(28,309)	(21,684)	(20,635)
Depreciation	4(c)	(987)	(1,004)	(720)	(576)	(206)
Amortisation	4(c)	(1,328)	(1,308)	–	–	–
Freight and insurance charges		(3,364)	(2,869)	(2,389)	(1,693)	(2,085)
Other operating expenses		(17,560)	(48,389)	(14,202)	(9,652)	(10,807)
Profit from operations		36,113	8,422	48,785	43,447	34,488
Finance costs	4(a)	(370)	(225)	(326)	(221)	(485)
Profit before taxation	4	35,743	8,197	48,459	43,226	34,003
Income tax	5	(6,945)	(694)	(7,998)	(7,155)	(5,447)
Profit for the year/period		28,798	7,503	40,461	36,071	28,556
Other comprehensive income for the year/period						
Exchange differences on translation of financial statements of an overseas subsidiary		(966)	811	–	–	–
Total comprehensive income for the year/period		27,832	8,314	40,461	36,071	28,556

		Years ended 31 December			Nine months ended 30 September	
		2009	**2010**	**2011**	**2011**	**2012**
	Section B				(Unaudited)	
	Note	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Profit attributable to:						
Equity shareholders of the Company		30,562	12,408	40,461	36,071	28,556
Non-controlling interests		(1,764)	(4,905)	–	–	–
Profit for the year/period		28,798	7,503	40,461	36,071	28,556
Total comprehensive income attributable to:						
Equity shareholders of the Company		30,069	12,822	40,461	36,071	28,556
Non-controlling interests		(2,237)	(4,508)	–	–	–
Total comprehensive income for the year/period		27,832	8,314	40,461	36,071	28,556
Earnings per share	9					
– basic and diluted (rounded to nearest dollar)		$226	$92	$300	$267	$212

The accompanying notes form part of the Financial Information.

Consolidated statements of financial position

(Expressed in Hong Kong dollars)

		As at 31 December			As at 30 September
	Section B	**2009**	**2010**	**2011**	**2012**
	Note	*$'000*	*$'000*	*$'000*	*$'000*
Non-current assets					
Fixed assets – Property, plant and equipment	10	1,382	829	317	228
Intangible assets	11(b)	5,176	–	–	–
Deferred tax assets	19(b)	786	786	886	886
		7,344	1,615	1,203	1,114
Current assets					
Inventories	13	20,798	21,763	28,458	34,796
Trade and other receivables	14	117,935	140,827	174,201	125,494
Cash at banks and in hand	15	24,135	20,627	18,796	51,684
		162,868	183,217	221,455	211,974
Current liabilities					
Trade and other payables	16	62,040	72,536	68,853	82,530
Bank loans and overdrafts	17	4,130	9,137	40,785	46
Current tax payable	19(a)	6,905	194	2,615	8,062
		73,075	81,867	112,253	90,638
Net current assets		89,793	101,350	109,202	121,336
Total assets less current liabilities		97,137	102,965	110,405	122,450
Non-current liabilities					
Deferred tax liabilities	19(b)	1,449	–	–	–
NET ASSETS		95,688	102,965	110,405	122,450

	Section B Note	As at 31 December 2009 $'000	As at 31 December 2010 $'000	As at 31 December 2011 $'000	As at 30 September 2012 $'000
CAPITAL AND RESERVES	20				
Share capital		135	135	135	135
Share premium		3,124	3,124	3,124	3,124
Exchange reserve		(166)	–	–	–
Retained profits		103,809	99,706	107,146	119,191
Total equity attributable to equity shareholders of the Company		106,902	102,965	110,405	122,450
Non-controlling interest		(11,214)	–	–	–
TOTAL EQUITY		95,688	102,965	110,405	122,450

The accompanying notes form part of the Financial Information.

Statements of financial position
(Expressed in Hong Kong dollars)

	Section B Note	As at 31 December 2009 $'000	As at 31 December 2010 $'000	As at 31 December 2011 $'000	As at 30 September 2012 $'000
Non-current assets					
Fixed assets – Property, plant and equipment	10	1,311	829	317	228
Investments in subsidiaries	12	77	77	277	77
Deferred tax assets	19(b)	786	786	886	886
		2,174	1,692	1,480	1,191
Current assets					
Inventories	13	16,900	21,763	28,458	34,796
Trade and other receivables	14	137,387	140,827	174,294	125,494
Cash at banks and in hand	15	23,975	20,613	18,528	51,671
		178,262	183,203	221,280	211,961
Current liabilities					
Trade and other payables	16	56,006	74,366	70,677	84,350
Bank loans and overdrafts	17	627	9,137	40,785	46
Current tax payable	19(a)	6,905	194	2,615	8,062
		63,538	83,697	114,077	92,458
Net current assets		114,724	99,506	107,203	119,503
NET ASSETS		116,898	101,198	108,683	120,694
CAPITAL AND RESERVES	20				
Share capital		135	135	135	135
Share premium		3,124	3,124	3,124	3,124
Retained profits		113,639	97,939	105,424	117,435
TOTAL EQUITY		116,898	101,198	108,683	120,694

The accompanying notes form part of the Financial Information.

Consolidated statements of changes in equity
(Expressed in Hong Kong dollars)

	Note	Share capital $'000 (Note 20(c))	Share premium $'000	Exchange reserve $'000	Retained profits $'000	Sub-total $'000	Non–controlling interests $'000	Total equity $'000
Balance at 1 January 2009		135	3,124	327	108,704	112,290	(8,977)	103,313
Changes in equity for 2009:								
Profit for the year		–	–	–	30,562	30,562	(1,764)	28,798
Other comprehensive income		–	–	(493)	–	(493)	(473)	(966)
Total comprehensive income		–	–	(493)	30,562	30,069	(2,237)	27,832
Dividend declared and paid in respect of the current year	20(b)	–	–	–	(35,457)	(35,457)	–	(35,457)
Balance at 31 December 2009 and 1 January 2010		135	3,124	(166)	103,809	106,902	(11,214)	95,688
Changes in equity for 2010:								
Profit for the year		–	–	–	12,408	12,408	(4,905)	7,503
Other comprehensive income		–	–	414	–	414	397	811
Total comprehensive income		–	–	414	12,408	12,822	(4,508)	8,314
Dividend declared and paid in respect of the current year	20(b)	–	–	–	(16,511)	(16,511)	–	(16,511)
Through disposal of a subsidiary	21(a)	–	–	(248)	–	(248)	15,722	15,474
Balance at 31 December 2010 and 1 January 2011		135	3,124	–	99,706	102,965	–	102,965
Changes in equity for 2011:								
Profit and total comprehensive income for the year		–	–	–	40,461	40,461	–	40,461
Dividend declared and paid in respect of the current year	20(b)	–	–	–	(33,021)	(33,021)	–	(33,021)
Balance at 31 December 2011		135	3,124	–	107,146	110,405	–	110,405

	Note	Share capital $'000 (Note 20(c))	Share premium $'000	Exchange reserve $'000	Retained profits $'000	Sub-total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2012		135	3,124	–	107,146	110,405	–	110,405
Changes in equity for the nine months ended 30 September 2012:								
Profit and total comprehensive income for the period		–	–	–	28,556	28,556	–	28,556
Dividend declared and paid in respect of the current period	20(b)	–	–	–	(16,511)	(16,511)	–	(16,511)
Balance at 30 September 2012		135	3,124	–	119,191	122,450	–	122,450
Balance at 1 January 2011 (audited)		135	3,124	–	99,706	102,965	–	102,965
Changes in equity for the nine months ended 30 September 2011 (unaudited):								
Profit and total comprehensive income for the period		–	–	–	36,071	36,071	–	36,071
Dividend declared and paid in respect of the current period	20(b)	–	–	–	(16,511)	(16,511)	–	(16,511)
Balance at 30 September 2011 (unaudited)		135	3,124	–	119,266	122,525	–	122,525

The accompanying notes form part of the Financial Information.

Consolidated cash flow statements
(Expressed in Hong Kong dollars)

		Years ended 31 December			Nine months ended 30 September	
		2009	2010	2011	2011	2012
					(Unaudited)	
	Note	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Operating activities						
Cash generated from operations	15(b)	62,873	12,073	5,690	47,347	90,836
Tax paid						
– Hong Kong Profits Tax paid		(1,854)	(7,771)	(5,677)	(5,667)	–
Net cash generated from operating activities		61,019	4,302	13	41,680	90,836
Investing activities						
Disposal of a subsidiary, net of cash disposed of	21(a), (b)	–	3,361	–	–	(109)
Payment for the purchase of fixed assets		(1,406)	(489)	(214)	(212)	(117)
Proceeds from disposal of fixed assets		177	45	6	6	–
Interest received		72	52	63	46	13
Net cash (used in)/generated from investing activities		(1,157)	2,969	(145)	(160)	(213)
Financing activities						
Interest paid		(370)	(225)	(326)	(221)	(485)
Proceeds from new bank loans		554	8,723	40,585	–	–
Repayment of bank loans		(202)	(213)	(8,937)	(8,884)	(40,739)
Dividends paid	20(b)	(35,457)	(16,511)	(33,021)	(16,511)	(16,511)
Net cash used in financing activities		(35,475)	(8,226)	(1,699)	(25,616)	(57,735)

		Years ended 31 December			Nine months ended 30 September	
		2009	2010	2011	2011	2012
					(Unaudited)	
	Note	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Net increase/(decrease) in cash and cash equivalents		24,387	(955)	(1,831)	15,904	32,888
Effect of foreign exchange rate changes		23	950	–	–	–
Cash and cash equivalents at the beginning of the year/period		(3,778)	20,632	20,627	20,627	18,796
Cash and cash equivalents at the end of the year/period	15(a)	20,632	20,627	18,796	36,531	51,684

The accompanying notes form part of the Financial Information.

B NOTES TO FINANCIAL INFORMATION

(Expressed in Hong Kong dollars or otherwise stated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes Hong Kong Accounting Standards ("HKAS") and the related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period ending 31 December 2012. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2012 are set out in note 28.

The Financial Information also complies with the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the nine months ended 30 September 2011 has been prepared in accordance with the accounting policies adopted in respect of the Financial Information.

(b) Basis of presentation of the Financial Information

(i) Basis of presentation

The Financial Information comprises the Company and its subsidiaries (together referred to as the "Group").

Details of the companies comprising the Group that are subject to statutory audit during the Relevant Period and the name of the respective auditors are set out below:

Name of company	Financial period	Statutory auditors
Asia Pacific Offset Limited	Years ended 31 December 2009, 2010 and 2011	KPMG
Compendium Publishing Limited	Year ended 31 December 2009	KPMG LLP

The Group disposed of its equity interest in Compendium Publishing Limited on 20 December 2010.

(ii) Basis of measurement

The Financial Information is presented in Hong Kong Dollar ("HKD"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(iii) Use of estimates and judgements

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 26.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (note 1(i)).

(d) Fixed assets

Fixed assets represent property, plant and equipment and are stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Office equipment	2 – 3 years
–	Leasehold improvements	3 years
–	Furniture and fixtures	3 years
–	Motor vehicles	3 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(i)).

On disposal of a cash generating unit during the Relevant Period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (note 1(i)).

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Publishing rights are amortised from the date they are available for use and their estimated useful lives are 6 years.

Both the period and method of amortisation are reviewed annually.

(g) Leased assets

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

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated on specific identification basis and, in the case of work in progress, cost comprises direct materials and, where applicable, direct labor costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(i) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities and trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

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

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

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(i)(ii).

– For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;

– intangible assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of other assets in the units (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using an effective interest method.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statements.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(o) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(p)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Printing service income

Printing income and publication sales are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Consultancy service fee income

Revenue from the rendering of consultancy services is recognised in profit or loss upon performance of the services.

(r) Translation of foreign currencies

Foreign currency transactions during the Relevant Period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(s) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(t) Related parties

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

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

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each subsidiary and fellow subsidiary is related to the others).

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

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the same third entity, or vice versa.

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

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activity of the Group is the provision of printing services. Turnover represents printing service income.

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's turnover during the Relevant Period. Turnover from this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to $100,066,000, $136,482,000, $255,966,000, $196,028,000 (unaudited) and $189,612,000 for the years ended 31 December 2009, 2010 and 2011 and nine months ended 30 September 2011 and 2012 respectively.

(b) Segment reporting

(i) Business segment

The Group operates in a single business segment, the provision of printing services. The Group's chief operating decision maker regards and manages the Group based on the information of this single business segment, for the purposes of assessing performance and making decisions about operating matters. Accordingly, no segmental analysis is presented.

(ii) Geographical segment

The following table sets out information about the geographical location of (i) the Group's turnover from external customers and (ii) the Group's fixed assets and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location of the customers. The geographical location of the specified non-current assets is based on the physical location of the assets.

(i) Turnover from external customers

	Years ended 31 December			**Nine months ended 30 September**	
	2009	**2010**	**2011**	**2011**	**2012**
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
United States	231,125	283,857	390,841	302,157	299,699
Australia	59,950	54,635	39,277	27,624	30,165
United Kingdom	67,273	55,988	32,909	24,718	23,729
Spain	4,997	14,269	15,679	13,165	13,436
New Zealand	9,072	9,134	6,356	4,455	5,828
Others	1,631	540	1,205	1,136	835
Total	374,048	418,423	486,267	373,255	373,692

(ii) Specified non-current assets

	As at 31 December			**As at 30 September**
	2009	**2010**	**2011**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Hong Kong	1,311	829	317	228
United Kingdom	5,247	–	–	–
Total	6,558	829	317	228

3 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Other revenue					
Interest income	72	52	63	46	13
Consultancy service income	287	55	–	–	–
Write off of long aged payables	–	672	–	–	–
Sundry income	7	64	47	5	17
	366	843	110	51	30
Other net income/(loss)					
Net exchange gain/(loss)	8,610	1,471	44	1,273	(2,405)
Gain on disposal of fixed assets	176	44	–	–	–
	8,786	1,515	44	1,273	(2,405)

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
(a) Finance costs					
Interest on bank loans and overdrafts wholly repayable within five years	370	225	326	221	485
(b) Staff costs					
Salaries, wages and other benefits	28,609	26,388	27,472	20,822	19,710
Contributions to defined contribution retirement schemes	879	810	837	862	925
	29,488	27,198	28,309	21,684	20,635

	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
(c) Other items					
Depreciation	987	1,004	720	576	206
Amortisation	1,328	1,308	–	–	–
Operating lease charges in respect of					
– office premises	1,600	1,631	1,056	790	829
– warehouses	32	30	49	33	43
Auditor's remuneration	695	514	485	357	348
Impairment losses on					
– trade receivables *(note 14(b))*	77	28,473	1,936	594	437
– other receivables	–	1,113	–	–	–
– goodwill *(note 11(a))*	1,798	–	–	–	–
Origination/(reversal) of provision for financial guarantee *(note 24)*	–	3,785	(214)	(214)	(1,122)

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of comprehensive income represents:

	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Current tax – Hong Kong Profits Tax					
Provision for the year/period	6,698	1,146	8,098	7,155	5,447
Under/(over)-provision in respect of prior years	84	(86)	–	–	–
	6,782	1,060	8,098	7,155	5,447
Deferred tax					
Origination and reversal of temporary differences	(363)	(366)	(100)	–	–
Effect of change in tax rate of an overseas subsidiary	526	–	–	–	–
	163	(366)	(100)	–	–
	6,945	694	7,998	7,155	5,447

The provision for Hong Kong Profits Tax for the Relevant Period is calculated at 16.5% of the estimated assessable profits for the year/period. Taxation for overseas subsidiary is charged at the appropriate current rate of taxation ruling in the relevant country.

In 2009, the United Kingdom Government enacted a change in the corporate tax rate from 20% to 28% with effect from the year of assessment 2009/10.

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Profit before taxation	35,743	8,197	48,459	43,226	34,003
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	5,296	795	7,996	7,132	5,611
Tax effect of non-deductible expenses	534	809	8	–	170
Tax effect of non-taxable revenue	(109)	(2,784)	(100)	(213)	(394)
Under/(over)-provision in respect of prior years	84	(86)	–	–	–
Tax effect of unused tax loss not recognised	539	1,905	–	–	–
Effect of change in tax rate	526	–	–	–	–
Others	75	55	94	236	60
Actual tax expenses	6,945	694	7,998	7,155	5,447

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 December 2009				
	Directors' fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Martin David Leo	–	–	–	–	–
Ho Ping Nam	–	980	880	90	1,950
Chan Tze Hing	–	980	880	90	1,950
Chu Chun Wan	–	1,591	880	147	2,618
	–	3,551	2,640	327	6,518

	Year ended 31 December 2010				
	Directors' fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Martin David Leo	–	–	–	–	–
Ho Ping Nam	–	980	550	90	1,620
Chan Tze Hing	–	980	550	90	1,620
Chu Chun Wan	–	1,591	550	147	2,288
	–	3,551	1,650	327	5,528

	Year ended 31 December 2011				
	Directors' fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Martin David Leo	–	–	–	–	–
Ho Ping Nam	–	980	900	90	1,970
Chan Tze Hing	–	980	1,091	90	2,161
Chu Chun Wan	–	1,591	1,091	147	2,829
	–	3,551	3,082	327	6,960

	Nine months ended 30 September 2011 (unaudited)				
	Directors' fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Martin David Leo	–	–	–	–	–
Ho Ping Nam	–	754	675	68	1,497
Chan Tze Hing	–	754	818	68	1,640
Chu Chun Wan	–	1,224	818	110	2,152
	–	2,732	2,311	246	5,289

	Nine months ended 30 September 2012				
	Directors' fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Martin David Leo	–	–	–	–	–
Ho Ping Nam	–	754	800	68	1,622
Chan Tze Hing	–	754	800	68	1,622
Chu Chun Wan	–	1,224	800	110	2,134
	–	2,732	2,400	246	5,378

During the Relevant Period, no amount was paid or payable by the Company to the directors or any of the five highest paid individuals set out in note 7 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three of them are directors of the Company whose remuneration is disclosed in note 6 above. The emoluments in respect of the other two individuals are as follows:

	Years ended 31 December			Nine months ended 30 September	
	2009	**2010**	**2011**	**2011**	**2012**
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Salaries, allowance and benefits in kind	1,090	1,090	1,090	837	837
Discretionary bonuses	703	533	1,067	800	800
Contribution to defined contribution retirement plans	100	100	100	75	75
Total	1,893	1,723	2,257	1,712	1,712

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended 31 December			Nine months ended 30 September	
	2009	**2010**	**2011**	**2011**	**2012**
				(Unaudited)	
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals*	*Number of individuals*
Nil – $1,000,000	1	1	1	1	1
$1,000,001 – $1,500,000	1	1	1	1	1
	2	2	2	2	2

8 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes profits of $34,200,000, $811,000, $40,506,000, $36,076,000 (unaudited) and $28,522,000 for the years ended 31 December 2009, 2010 and 2011 and nine months ended 30 September 2011 and 2012 respectively which have been dealt with in the financial statements of the Company.

9 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $30,562,000, $12,408,000, $40,461,000, $36,071,000 (unaudited) and $28,556,000 for the years ended 31 December 2009, 2010 and 2011 and nine months ended 30 September 2011 and 2012 respectively, and 135,000 ordinary shares in issue throughout the Relevant Period.

There were no dilutive potential ordinary shares in issue during the Relevant Period.

10 FIXED ASSETS

The Group

	Office equipment $'000	Leasehold improvements $'000	Furniture and fixtures $'000	Motor vehicles $'000	Total $'000
Cost:					
At 1 January 2009	1,587	924	683	1,691	4,885
Exchange adjustments	17	–	38	–	55
Additions	557	26	31	792	1,406
Disposals	(146)	–	(91)	(678)	(915)
At 31 December 2009 and 1 January 2010	2,015	950	661	1,805	5,431
Exchange adjustments	(4)	–	(10)	–	(14)
Additions	226	3	10	250	489
Disposals	(12)	–	–	(186)	(198)
Through disposal of a subsidiary	(105)	–	(236)	–	(341)
At 31 December 2010 and 1 January 2011	2,120	953	425	1,869	5,367
Additions	154	–	60	–	214
Disposals	(417)	–	(78)	–	(495)
At 31 December 2011 and 1 January 2012	1,857	953	407	1,869	5,086
Additions	79	1	37	–	117
Disposals	(2)	–	–	–	(2)
At 30 September 2012	1,934	954	444	1,869	5,201

	Office equipment	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Accumulated depreciation:					
At 1 January 2009	1,364	911	512	1,151	3,938
Exchange adjustments	21	–	17	–	38
Charge for the year	381	16	114	476	987
Written back on disposals	(146)	–	(90)	(678)	(914)
At 31 December 2009 and 1 January 2010	1,620	927	553	949	4,049
Exchange adjustments	(5)	–	(6)	–	(11)
Charge for the year	395	11	52	546	1,004
Written back on disposals	(11)	–	–	(186)	(197)
Through disposal of a subsidiary	(105)	–	(202)	–	(307)
At 31 December 2010 and 1 January 2011	1,894	938	397	1,309	4,538
Charge for the year	216	10	31	463	720
Written back on disposals	(411)	–	(78)	–	(489)
At 31 December 2011 and 1 January 2012	1,699	948	350	1,772	4,769
Charge for the period	110	4	29	63	206
Written back on disposals	(2)	–	–	–	(2)
At 30 September 2012	1,807	952	379	1,835	4,973
Net book value:					
At 31 December 2009	395	23	108	856	1,382
At 31 December 2010	226	15	28	560	829
At 31 December 2011	158	5	57	97	317
At 30 September 2012	127	2	65	34	228

The Company

	Office equipment	Leasehold improvements	Furniture and fixtures	Motor vehicles	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cost:					
At 1 January 2009	1,495	924	475	1,691	4,585
Additions	557	26	31	792	1,406
Disposals	(146)	–	(91)	(678)	(915)
At 31 December 2009 and 1 January 2010	1,906	950	415	1,805	5,076
Additions	226	3	10	250	489
Disposals	(12)	–	–	(186)	(198)
At 31 December 2010 and 1 January 2011	2,120	953	425	1,869	5,367
Additions	154	–	60	–	214
Disposals	(417)	–	(78)	–	(495)
At 31 December 2011 and 1 January 2012	1,857	953	407	1,869	5,086
Additions	79	1	37	–	117
Disposals	(2)	–	–	–	(2)
At 30 September 2012	1,934	954	444	1,869	5,201

	Office equipment $'000	Leasehold improvements $'000	Furniture and fixtures $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation:					
At 1 January 2009	1,283	911	451	1,151	3,796
Charge for the year	374	16	17	476	883
Written back on disposals	(146)	–	(90)	(678)	(914)
At 31 December 2009 and 1 January 2010	1,511	927	378	949	3,765
Charge for the year	394	11	19	546	970
Written back on disposals	(11)	–	–	(186)	(197)
At 31 December 2010 and 1 January 2011	1,894	938	397	1,309	4,538
Charge for the year	216	10	31	463	720
Written back on disposals	(411)	–	(78)	–	(489)
At 31 December 2011 and 1 January 2012	1,699	948	350	1,772	4,769
Charge for the period	110	4	29	63	206
Written back on disposals	(2)	–	–	–	(2)
At 30 September 2012	1,807	952	379	1,835	4,973
Net book value:					
At 31 December 2009	395	23	37	856	1,311
At 31 December 2010	226	15	28	560	829
At 31 December 2011	158	5	57	97	317
At 30 September 2012	127	2	65	34	228

At 31 December 2009, 2010, 2011 and 30 September 2012, the Group's and the Company's fixed assets of $1,311,000, $829,000, $317,000 and $228,000 respectively were collateralised against the banking facilities as set out in note 17.

11 GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill

The Group

	2009
Cost:	*$'000*
At 1 January	3,402
Exchange adjustment	394
At 31 December	3,796
Impairment losses:	
At 1 January	1,701
Exchange adjustment	297
Impairment losses	1,798
At 31 December	3,796
Net book value:	
At 31 December	–

(b) Intangible assets

The Group

	Publishing rights	
Cost:	**2009**	**2010**
	$'000	*$'000*
At 1 January	7,538	8,410
Exchange adjustment	872	(304)
Through disposal of a subsidiary	–	(8,106)
At 31 December	8,410	–
Accumulated amortisation:		
At 1 January	1,642	3,234
Exchange adjustment	264	(115)
Amortisation for the year	1,328	1,308
Through disposal of a subsidiary	–	(4,427)
At 31 December	3,234	–
Net book value:		
At 31 December	5,176	–

The amortisation charge for the Relevant Period is included in "other operating expenses" in the consolidated statements of comprehensive income.

12 INVESTMENTS IN SUBSIDIARIES

	The Company			
	As at 31 December			As at 30 September
	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*
Unlisted shares, at cost	4,171	77	277	77
Less: Impairment loss	(4,094)	–	–	–
	77	77	277	77

Details of the subsidiaries during the Relevant Period are as follows:

Name of subsidiaries	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest held by the company directly	Principal activity
Bookbuilders BVI Limited	British Virgin Islands	10,000 shares of US$1 each	100%	Inactive
Compendium Publishing Limited ("CPL")	United Kingdom	100 shares of GBP1 each	51%	Book publishing
East West Tech Co. Limited ("EWT")	Hong Kong	200,000 shares of $1 each	100%	Provision of agency service for electronic publisher *(note)*

Note: EWT has not carried on any business since its incorporation.

On 20 December 2010, the Company disposed of its 51% equity interest in CPL to the then minority shareholder of CPL at a consideration of GBP1 (equivalent to $12) (note 21(a)).

On 30 September 2012, the Company disposed of its entire equity interest in EWT to a related company owned by a shareholder of the Company at a consideration of $200,000 (note 21(b)).

13 INVENTORIES

(a) Inventories comprise:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Raw materials	5,327	12,705	4,221	4,417	5,327	12,705	4,221	4,417
Work in progress	15,471	9,058	24,237	30,379	11,573	9,058	24,237	30,379
	20,798	21,763	28,458	34,796	16,900	21,763	28,458	34,796

At 31 December 2009, 2010, 2011 and 30 September 2012, the Group's and the Company's inventories of $16,900,000, $21,763,000, $28,458,000 and $34,796,000 respectively were collateralised against the banking facilities as set out in note 17.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group				
	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Carrying amount of inventories sold	261,265	303,296	333,545	257,057	260,879
Write down of inventories	379	41	206	–	48
	261,644	303,337	333,751	257,057	260,927

14 TRADE AND OTHER RECEIVABLES

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Trade debtors and bills receivable	121,587	172,557	205,082	127,609	119,090	172,557	205,082	127,609
Less: Allowance for doubtful debts	(5,243)	(33,617)	(32,939)	(5,630)	(5,154)	(33,617)	(32,939)	(5,630)
	116,344	138,940	172,143	121,979	113,936	138,940	172,143	121,979
Amount due from a related company	–	–	–	1,199	–	–	–	1,199
Amount due from a subsidiary	–	–	–	–	22,373	–	131	–
	116,344	138,940	172,143	123,178	136,309	138,940	172,274	123,178
Deposits and prepayments	1,591	1,887	2,058	2,316	1,078	1,887	2,020	2,316
	117,935	140,827	174,201	125,494	137,387	140,827	174,294	125,494

The amounts of the Group's and the Company's deposits and prepayments expected to be recovered or recognised as expense after more than one year are $Nil, $263,000, $15,000 and $771,000 as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 September 2012 respectively. Apart from the above, all trade and other receivables are expected to be recovered or recognised as expense within one year. The amounts due from a related company and a subsidiary are unsecured, interest-free and with no fixed term of repayment.

At 31 December 2009, 2010, 2011 and 30 September 2012, the Group's and the Company's trade and other receivables of $137,387,000, $140,827,000, $174,294,000 and $125,494,000 respectively were collateralised against the banking facilities as set out in note 17.

(a) Ageing analysis

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis based on the invoice date as of the end of each reporting period:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Within 3 months	67,074	90,985	101,181	110,693	67,074	90,985	101,181	110,693
3 to 6 months	49,270	47,955	70,671	11,286	46,862	47,955	70,671	11,286
Over 6 months	–	–	291	–	–	–	291	–
	116,344	138,940	172,143	121,979	113,936	138,940	172,143	121,979

Trade debtors and bills receivable are due within 90-150 days from the date of billing. Further details on the Group's credit policy are set out in note 22(a).

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 1(i)).

The movements of the allowance for doubtful debts during the Relevant Period are as follows:

	The Group				The Company			
	As at 31 December			Nine mouths ended 30 September	As at 31 December			Nine mouths ended 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	5,451	5,243	33,617	32,939	5,451	5,154	33,617	32,939
Impairment loss recognised	77	28,473	1,936	437	(12)	28,473	1,936	437
Uncollectible amounts written off	(285)	(10)	(2,614)	(27,746)	(285)	(10)	(2,614)	(27,746)
Through disposal of a subsidiary	–	(89)	–	–	–	–	–	–
At 31 December/30 September	5,243	33,617	32,939	5,630	5,154	33,617	32,939	5,630

At 31 December 2009, 2010 and 2011 and 30 September 2012, the Group's and the Company's trade debtors and bills receivable of $5,243,000, $33,617,000, $32,939,000 and $5,630,000, and $5,154,000, $33,617,000, $32,939,000 and $5,630,000 respectively were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts of $5,243,000, $33,617,000, $32,939,000 and $5,630,000 and $5,154,000, $33,617,000, $32,939,000 and $5,630,000 as at 31 December 2009, 2010 and 2011 and 30 September 2012 respectively were recognised.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Neither past due nor impaired	86,704	119,172	166,739	110,917	86,180	119,172	166,739	110,917
Less than 1 month past due	24,934	15,156	5,404	11,062	24,824	15,156	5,404	11,062
1 to 3 months past due	4,706	4,612	–	–	2,932	4,612	–	–
	29,640	19,768	5,404	11,062	27,756	19,768	5,404	11,062
	116,344	138,940	172,143	121,979	113,936	138,940	172,143	121,979

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cash at banks and in hand	24,135	20,627	18,796	51,684	23,975	20,613	18,528	51,671
Secured bank overdrafts *(note 17)*	(3,503)	–	–	–				
Cash and cash equivalents in the consolidated cash flow statements	20,632	20,627	18,796	51,684				

At 31 December 2009, 2010, 2011 and 30 September 2012, the Group's and the Company's cash at banks and in hand of $23,975,000, $20,613,000, $18,528,000 and $51,671,000 respectively were collateralised against the banking facilities as set out in note 17.

(b) Reconciliation of profit before taxation to cash generated from operations:

		Years ended 31 December			Nine months ended 30 September	
		2009	2010	2011	2011	2012
					(Unaudited)	
	Note	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Profit before taxation		35,743	8,197	48,459	43,226	34,003
Adjustments for:						
Interest income	3	(72)	(52)	(63)	(46)	(13)
Gain on disposal of fixed assets	3	(176)	(44)	–	–	–
Gain on disposal of subsidiaries	21(a),(b)	–	(16,708)	–	–	(1,067)
Depreciation	4(c)	987	1,004	720	576	206
Amortisation	4(c)	1,328	1,308	–	–	–
Impairment losses on trade receivables	4(c)	77	28,473	1,936	594	437
Impairment losses on other receivables	4(c)	–	1,113	–	–	–
Impairment of goodwill	4(c)	1,798	–	–	–	–
Finance costs	4(a)	370	225	326	221	485
Origination/(reversal) of provision for financial guarantee	4(c)	–	3,785	(214)	(214)	(1,122)
Unrealised foreign exchange gain		(1,604)	–	–	–	–
Changes in working capital:						
Decrease/(increase) in trade and other receivables		47,904	(55,261)	(35,310)	920	48,247
Decrease/(increase) in inventories		10,516	(3,337)	(6,695)	(16,577)	(6,338)
(Decrease)/increase in trade and other payables		(33,998)	43,370	(3,469)	18,647	15,998
Cash generated from operations		62,873	12,073	5,690	47,347	90,836

16 TRADE AND OTHER PAYABLES

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Trade payables	40,836	49,041	44,288	60,115	33,114	49,041	44,288	60,115
Receipts in advance	5,056	7,520	6,674	9,462	5,056	7,520	6,674	9,462
Other payables and accruals	16,148	15,975	17,891	12,953	16,002	15,975	17,891	12,953
Amount due to a subsidiary	–	–	–	–	1,834	1,830	1,824	1,820
	62,040	72,536	68,853	82,530	56,006	74,366	70,677	84,350

The amount due to a subsidiary is unsecured, interest free and with no fixed term of repayment. All other trade and other payables are expected to be settled or recognised as income within one year.

Included in trade and other payables are trade creditors with the following ageing analysis based on invoice date:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Within 1 month	28,710	25,991	28,129	29,926	20,992	25,991	28,129	29,926
More than 1 month but within 3 months	11,660	21,702	15,542	28,769	11,660	21,702	15,542	28,769
More than 3 months but within 6 months	164	836	497	1,097	160	836	497	1,097
Over 6 months	302	512	120	323	302	512	120	323
	40,836	49,041	44,288	60,115	33,114	49,041	44,288	60,115

17 BANK LOANS AND OVERDRAFTS

The analysis of the carrying amounts of bank loans and overdrafts are as follows:

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Secured bank overdrafts *(note 15(a))*	3,503	–	–	–	–	–	–	–
Secured bank loans	627	9,137	40,785	46	627	9,137	40,785	46
	4,130	9,137	40,785	46	627	9,137	40,785	46

As at the end of each reporting period, the secured bank loans and overdrafts were repayable within 1 year or on demand.

As at 31 December 2009, 2010, 2011 and 30 September 2012, the Group and the Company obtained banking facilities amounted to $18,740,000, $15,000,000, $52,500,000 and $52,500,000 respectively. The facilities were utilised to the extent of $4,130,000, $9,137,000, $40,785,000 and $46,000 respectively as at 31 December 2009, 2010, 2011 and 30 September 2012. The banking facilities are secured by a charge over proceeds from documentary credit and an all monies debenture over the assets and undertaking of the Company. The Group's and the Company's secured banking facilities are subject to the fulfilment of covenants relating to the Company's net asset position, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. As at the end of each reporting period, none of the covenants relating to drawn down facilities had been breached.

18 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $25,000 (cap of $20,000 prior to 1 June 2012). Contributions to the plan vest immediately.

19 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

(a) Current taxation represents:

	The Group and the Company			
	As at 31 December			**As at 30 September**
	2009	**2010**	**2011**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Provision for Hong Kong Profits Tax for the year/period	6,698	1,146	8,098	5,447
Provisional Profits Tax paid	–	(952)	(5,677)	–
	6,698	194	2,421	5,447
Balance of Hong Kong Profits Tax relating to prior years	207	–	194	2,615
	6,905	194	2,615	8,062

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated and Company statements of financial position and the movements during the Relevant Period are as follows:

(i) The Group

	Depreciation allowances in excess of the related depreciation	Provision for doubtful debts	Intangible assets acquired under business combination	Total
	$'000	*$'000*	*$'000*	*$'000*
Deferred tax arising from:				
At 1 January 2009	(22)	808	(1,179)	(393)
Exchange adjustment	–	–	(107)	(107)
(Charged)/credited to profit or loss *(note 5(a))*	(97)	97	(163)	(163)
At 31 December 2009 and 1 January 2010	(119)	905	(1,449)	(663)
Exchange adjustment	–	–	53	53
Credited/(charged) to profit or loss *(note 5(a))*	73	(73)	366	366
Through disposal of a subsidiary *(note21(a))*	–	–	1,030	1,030
At 31 December 2010 and 1 January 2011	(46)	832	–	786
Credited to profit or loss *(note 5(a))*	75	25	–	100
At 31 December 2011 and 1 January 2012	29	857	–	886
Credited/(charged) to profit or loss *(note 5(a))*	5	(5)	–	–
At 30 September 2012	34	852	–	886

(ii) The Company

	Depreciation allowances in excess of the related depreciation	Provision for doubtful debts	Total
	$'000	*$'000*	*$'000*
Deferred tax arising from:			
At 1 January 2009	(22)	808	786
(Charged)/credited to profit or loss	(97)	97	–
At 31 December 2009 and 1 January 2010	(119)	905	786
Credited/(charged) to profit or loss	73	(73)	–
At 31 December 2010 and 1 January 2011	(46)	832	786
Credited to profit or loss	75	25	100
At 31 December 2011 and 1 January 2012	29	857	886
Credited/(charged) to profit or loss	5	(5)	–
At 30 September 2012	34	852	886

(iii) Reconciliations to the consolidated and Company statements of financial position

	The Group				The Company			
	As at 31 December			As at 30 September	As at 31 December			As at 30 September
	2009	2010	2011	2012	2009	2010	2011	2012
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Net deferred tax assets recognised in the consolidated statements of financial position	786	786	886	886	786	786	886	886
Net deferred tax liabilities recognised in the consolidated statements of financial position	(1,449)	–	–	–	–	–	–	–
	(663)	786	886	886	786	786	886	886

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 1(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $25,331,000 at 31 December 2009 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The cumulative tax losses related to CPL which was disposed of in 2010 (see note 21(a)). There were no unrecognised deferred tax assets as at 31 December 2010 and 2011 and 30 September 2012.

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

		The Company			
		Share capital	**Share premium**	**Retained Profits**	**Total**
	Note	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2009		135	3,124	114,896	118,155
Dividends declared in respect of the current year	20(b)	–	–	(35,457)	(35,457)
Profit and total comprehensive income for the year		–	–	34,200	34,200
Balance at 31 December 2009 and 1 January 2010		135	3,124	113,639	116,898
Dividends declared in respect of the current year	20(b)	–	–	(16,511)	(16,511)
Profit and total comprehensive income for the year		–	–	811	811
Balance at 31 December 2010 and 1 January 2011		135	3,124	97,939	101,198
Dividends declared in respect of the current year	20(b)	–	–	(33,021)	(33,021)
Profit and total comprehensive income for the year		–	–	40,506	40,506
Balance at 31 December 2011 and 1 January 2012		135	3,124	105,424	108,683
Dividends declared in respect of the current period	20(b)	–	–	(16,511)	(16,511)
Profit and total comprehensive income for the period		–	–	28,522	28,522
At 30 September 2012		135	3,124	117,435	120,694

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the Relevant Period:

	Years ended 31 December			Nine months ended 30 September	
	2009	**2010**	**2011**	**2011**	**2012**
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Interim dividends declared and paid of $262, $122, $244, $122 (unaudited) and $122 per ordinary share	35,457	16,511	33,021	16,511	16,511
Dividends proposed after the end of the reporting period of $133 per ordinary share	–	–	–	–	17,999
	35,457	16,511	33,021	16,511	34,510

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Share capital

Authorised and issued share capital

	The Company							
	As at 31 December						As at 30 September	
	2009		**2010**		**2011**		**2012**	
	No. of shares (thousand)	*Amount $'000*	*No. of shares (thousand)*	*Amount $'000*	*No. of shares (thousand)*	*Amount $'000*	*No. of shares (thousand)*	*Amount $'000*
Authorised:								
Ordinary shares of $1 each	150	150	150	150	150	150	150	150
Issued and fully paid:								
Ordinary shares, issued and fully paid	135	135	135	135	135	135	135	135

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Share premium

The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance.

(e) Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the transaction of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(r).

(f) Distributability of reserves

As at 31 December 2009, 2010, 2011 and 30 September 2012, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of section 79B of the Hong Kong Companies Ordinance was $113,639,000, $97,939,000, $105,424,000 and $117,435,000 respectively.

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the Group. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of the Hong Kong Companies Ordinance.

21 DISPOSALS OF SUBSIDIARIES

(a) Pursuant to the share transfer agreement dated 20 December 2010, the Group disposed of its 51% equity interest in CPL to the then non-controlling shareholder of CPL. The net liabilities of CPL at the date of disposal were as follows:

Net liabilities disposed of:	*$'000*
Fixed assets *(note 10)*	34
Intangible asset *(note 11)*	3,679
Inventories	2,372
Trade and other receivables	2,783
Cash at banks and in hand	292
Bank loans and overdrafts	(3,653)
Deferred tax liabilities *(note 19(b))*	(1,030)
Trade and other payables	(36,659)
	(32,182)
Net liabilities attributable to non-controlling interests	15,722
Release of exchange reserve upon disposal	(248)
Consideration, satisfied by cash	–
Gain on disposal	(16,708)

Net inflow of cash in respect of the disposal during the year ended 31 December 2010:

	$'000
Cash consideration received	–
Cash at banks and in hand disposed of	(292)
Bank loans and overdrafts discharged upon disposal	3,653
Net inflow of cash in respect of the disposal	3,361

(b) Pursuant to the share transfer agreement dated 30 September 2012, the Group disposed of its entire equity interest in EWT to a related company owned by a shareholder of the Company. The net liabilities of EWT at the date of disposal were as follows:

Net liabilities disposed of:	*$'000*
Other receivables	23
Cash at banks and in hand	309
Trade and other payables	(1,199)
	(867)
Consideration, satisfied by cash	(200)
Gain on disposal	(1,067)

Net outflow of cash in respect of the disposal during the nine months ended 30 September 2012:

	$'000
Cash consideration received	200
Cash at banks and in hand disposed of	(309)
Net outflow of cash in respect of the disposal	(109)

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 to 150 days from the date of billing. Normally, the Group does not obtain collateral from customers but credit insurance arrangements are entered into to mitigate the Company's exposure to credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2009, 2010, 2011 and 30 September 2012, 18%, 14%, 37% and 26% of the total trade and other receivables were due from the largest customer respectively and 44%, 43%, 64% and 51% of the total trade and other receivables were due from the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 14.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Management closely monitors the level of cash on hand and the pace of receipt of trade receivables to ensure the Group has sufficient liquidity to repay its liabilities as and when they fall due.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group and the Company can be required to pay.

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The Group

	31 December 2009				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	62,040	–	–	62,040	62,040
Bank loans and overdrafts	3,918	229	205	4,352	4,130
	65,958	229	205	66,392	66,170
Adjustment to disclose cash flows on bank loans based on lender's right to demand repayment	413	(229)	(205)	(21)	–
	66,371	–	–	66,371	66,170

The Group

31 December 2010

	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	72,536	–	–	72,536	72,536
Bank loans and overdrafts	8,953	194	11	9,158	9,137
	81,489	194	11	81,694	81,673
Adjustment to disclose cash flows on bank loans based on lender's right to demand repayment	200	(194)	(11)	(5)	–
	81,689	–	–	81,689	81,673

The Group

31 December 2011

	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	68,853	–	–	68,853	68,853
Bank loans and overdrafts	40,801	12	–	40,813	40,785
	109,654	12	–	109,666	109,638
Adjustment to disclose cash flows on bank loans based on lender's right to demand repayment	12	(12)	–	–	–
	109,666	–	–	109,666	109,638

The Group

31 December 2012

	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	82,530	–	–	82,530	82,530
Bank loans and overdrafts	46	–	–	46	46
	82,576	–	–	82,576	82,576

	The Company				
	31 December 2009				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	54,172	–	–	54,172	54,172
Bank loans and overdrafts	240	229	205	674	627
Amount due to a subsidiary	1,834	–	–	1,834	1,834
	56,246	229	205	56,680	56,633
Adjustment to disclose cash flows on bank loans based on lender's right to demand repayment	413	(229)	(205)	(21)	–
	56,659	–	–	56,659	56,633

	The Company				
	31 December 2010				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	72,536	–	–	72,536	72,536
Bank loans and overdrafts	8,953	194	11	9,158	9,137
Amount due to a subsidiary	1,830	–	–	1,830	1,830
	83,319	194	11	83,524	83,503
Adjustment to disclose cash flows on bank loans based on lender's right to demand repayment	200	(194)	(11)	(5)	–
	83,519	–	–	83,519	83,503

	The Company				
	31 December 2011				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	68,853	–	–	68,853	68,853
Bank loans and overdrafts	40,801	12	–	40,813	40,785
Amount due to a subsidiary	1,824	–	–	1,824	1,824
	111,478	12	–	111,490	111,462
Adjustments to disclose cash flows on bank loans based on lender's right to demand repayment	12	(12)	–	–	–
	111,490	–	–	111,490	111,462

	The Company				
	31 December 2012				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	82,530	–	–	82,530	82,530
Bank loans and overdrafts	46	–	–	46	46
Amount due to a subsidiary	1,820	–	–	1,820	1,820
	84,396	–	–	84,396	84,396

(c) Interest rate risk

(i) Interest rate profile

The Group's interest rate risk arises primarily from bank loans and overdrafts that expose the Group to cash flow interest rate risk. The Group's policy is to manage its interest rate risk to ensure there are no undue exposures to significant interest rate movements.

The following table details the interest rate profile of the Group and the Company at the end of each reporting period:

Variable rate borrowings:

The Group

	As at 31 December						As at 30 September	
	2009		2010		2011		2012	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		$'000		*$'000*		*$'000*		*$'000*
Bank loans	5.0%	627	5.0%	9,137	3.3%	40,785	5.0%	46
Bank overdrafts	3.7%	3,503	–	–	–	–	–	–
		4,130		9,137		40,785		46

The Company

	As at 31 December						As at 30 September	
	2009		2010		2011		2012	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		$'000		*$'000*		*$'000*		*$'000*
Bank loans	5.0%	627	5.0%	9,137	3.3%	40,785	5.0%	46

(ii) Sensitivity analysis

At 31 December 2009, 2010 and 2011 and 30 September 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's and the Company's profit after taxation and retained profits by approximately $40,000, $76,000, $340,000 and $1,000 and $5,000, $76,000, $340,000 and $1,000 respectively. Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the annualised impact on the Group's and the Company's interest expenses that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to floating rate instruments which expose the Group and the Company to cash flow interest rate risk at that date. The analysis is performed on the same basis for the Relevant Period.

(d) Currency risk

The Group is exposed to foreign currency risks through certain sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, being primarily United States dollars ("USD"), Australian dollars ("AUD"), New Zealand dollars ("NZD"), Euros ("EUR") and Sterling pounds ("GBP"). As the USD is pegged to the Hong Kong dollars ("HKD"), the Group considers the risk of movements in exchange rate between the HKD and the USD to be insignificant. As such, no sensitivity analysis is presented. In respect of balances denominated in AUD, NZD, EUR and GBP, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of each reporting period.

The Group

	Exposure to foreign currencies (expressed in thousands of Hong Kong dollars)				
	31 December 2009				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	89,164	5,692	2,129	15,359	1,367
Cash and cash equivalents	3,569	8	1	260	5
Trade and other payables	(10,687)	(93)	(96)	(532)	(37)
Net exposure to currency risk	82,046	5,607	2,034	15,087	1,335

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	31 December 2010				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	113,426	7,597	1,060	12,173	3,826
Cash and cash equivalents	2,832	11	1	356	4
Trade and other payables	(31,046)	(70)	(4,091)	(644)	(87)
Net exposure to currency risk	85,212	7,538	(3,030)	11,885	3,743

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	31 December 2011				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	153,082	4,730	959	10,264	1,141
Cash and cash equivalents	12,850	–	532	1,479	179
Trade and other payables	(61,154)	(327)	(189)	(592)	(69)
Net exposure to currency risk	104,778	4,403	1,302	11,151	1,251

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	30 September 2012				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	98,088	9,700	2,942	12,174	2,511
Cash and cash equivalents	40,660	–	1,187	1,146	112
Trade and other payables	(30,570)	(1,357)	(6,798)	(1,172)	(94)
Net exposure to currency risk	108,178	8,343	(2,669)	12,148	2,529

The Company

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	31 December 2009				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	87,529	5,158	2,129	15,359	1,367
Amount due from a subsidiary	22,373	–	–	–	–
Cash and cash equivalents	3,569	8	1	260	5
Trade and other payables	(10,277)	(60)	(96)	(532)	(37)
Net exposure to currency risk	103,194	5,106	2,034	15,087	1,335

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	31 December 2010				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	113,426	7,597	1,060	12,173	3,826
Cash and cash equivalents	2,832	11	1	356	4
Trade and other payables	(31,046)	(70)	(4,091)	(644)	(87)
Net exposure to currency risk	85,212	7,538	(3,030)	11,885	3,743

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	31 December 2011				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	153,082	4,730	959	10,264	1,141
Cash and cash equivalents	12,836	–	532	1,479	179
Trade and other payables	(61,154)	(327)	(189)	(592)	(69)
Net exposure to currency risk	104,764	4,403	1,302	11,151	1,251

	Exposure to foreign currencies (expressed in thousand of Hong Kong dollars)				
	30 September 2012				
	United States Dollars	**Euro**	**Sterling Pounds**	**Australian Dollars**	**New Zealand Dollars**
Trade and other receivables	98,088	9,700	2,942	12,174	2,511
Cash and cash equivalents	40,647	–	1,187	1,146	112
Trade and other payables	(30,570)	(1,357)	(6,798)	(1,172)	(94)
Net exposure to currency risk	108,165	8,343	(2,669)	12,148	2,529

(ii) *Sensitivity analysis*

The following table indicates the instantaneous change on the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of reporting periods had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	As at 31 December						**As at 30 September**	
	2009		**2010**		**2011**		**2012**	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits** *$'000*	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits** *$'000*	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits** *$'000*	**Increase/ (decrease) in foreign exchange rates**	**Effect on profit after tax and retained profits** *$'000*
Euro	5%	238	5%	314	5%	185	5%	348
	(5)%	(238)	(5)%	(314)	(5)%	(185)	(5)%	(348)
Sterling Pounds	5%	85	5%	(126)	5%	54	5%	(111)
	(5)%	(85)	(5)%	126	(5)%	(54)	(5)%	111
Australian Dollars	5%	630	5%	496	5%	465	5%	507
	(5)%	(630)	(5)%	(496)	(5)%	(465)	(5)%	(507)
New Zealand Dollars	5%	56	5%	156	5%	52	5%	105
	(5)%	(56)	(5)%	(156)	(5)%	(52)	(5)%	(105)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods. The analysis is performed on the same basis for the Relevant Period.

(e) Fair value

The amounts due from/(to) a subsidiary and a related company are unsecured, interest-free and with no fixed term of repayment. Given these terms it is not meaningful to disclose their fair values. All other financial instruments of the Group and the Company are carried at amounts not materially different from their fair values as at each of the reporting period.

23 OPERATING LEASES COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group			
	As at 31 December			As at 30 September
	2009	**2010**	**2011**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Within 1 year	1,226	1,032	578	1,128
After 1 year but within 5 years	184	563	15	959
	1,410	1,595	593	2,087

	The Company			
	As at 31 December			As at 30 September
	2009	**2010**	**2011**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Within 1 year	639	1,032	578	1,128
After 1 year but within 5 years	184	563	15	959
	823	1,595	593	2,087

The Group and the Company lease certain properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew when all terms are renegotiated.

24 CONTINGENT LIABILITIES

As at 31 December 2009 and 2010, the Company had provided financial guarantee of US$2,500,000 and GBP800,000 respectively in respect of banking facilities obtained by CPL.

As at 31 December 2009 and 2010, the Company had not recognised any deferred income in respect of the financial guarantee as its fair value cannot be reliably measured and its transaction price was $Nil.

As at 31 December 2010, the directors consider that it is probable that a claim will be made against the Group under the financial guarantee as mentioned above. As such, a provision of $3,785,000 has been recognised as at 31 December 2010, which represented the facilities utilised by CPL at the end of the reporting period.

During the year ended 31 December 2011, an actual claim of $3,571,000 was made against the Group and the Group settled the lump sum accordingly. Subsequent to the settlement, the financial guarantee was released. There was no other contingent liabilities as at 31 December 2011 and 30 September 2012.

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

All members of key management personnel are directors of the Group, and their remunerations are disclosed in note 6.

(b) Transactions with other related party

During the Relevant Period, the Group has entered with the following material related party transaction:

	Years ended 31 December			Nine months ended 30 September	
	2009	2010	2011	2011	2012
				(Unaudited)	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Non-recurring transaction					
Consideration received upon disposal of subsidiary from a non-controlling shareholder *(note 21(a))*	–	–	–	–	–
Consideration received upon disposal of subsidiary from a related company owned by a shareholder of the Company *(note 21(b))*	–	–	–	–	200

26 ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors use in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. Key sources of estimation uncertainty are as follows:

(a) Write down of inventories

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value in accordance with the accounting policy as set out in note 1(h). Management estimates the net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumption would increase or decrease the amount of write-down of inventories or the related reversals of write-downs made in prior years and affect the Group's net asset value.

(b) Impairment of assets

The Group reviews the carrying amounts of assets at the end of the reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flows to assess the differences between the carrying amount and value in use and makes provision for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease the provision for impairment loss and affect the Group's financial position.

Provisions for impairment of trade and other receivables are assessed and provided based on the management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the management when assessing the credit worthiness and past collection history of each individual customer. An increase or decrease in the above provision for impairment loss would affect the Group's profit or loss in future years.

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company issued 14,666 shares at $1 each, fully paid by cash at par.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, interpretations and new standards which are not yet effective for the nine months ended 30 September 2012 and which have not been adopted in the financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*	1 July 2012
HKFRS 10, *Consolidated financial statements*	1 January 2013
HKFRS 13, *Fair value measurement*	1 January 2013
HKFRS 27, *Separate financial statements (2011)*	1 January 2013
Annual improvements to HKFRSs 2009-2011 Cycle	1 January 2013
Amendments to HKFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to HKAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
HKFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standard and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

C SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 September 2012.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is the unaudited pro forma statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information") which has been prepared in accordance with paragraph 4.29 of Listing Rules for the purpose of illustrating the effect on the financial position of the Enlarged Group as if the proposed acquisition of the entire issued share capital of APOL had been completed on 30 June 2012.

To provide additional financial information, the Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 June 2012 has been prepared based on:

(a) the historical unaudited condensed consolidated statement of financial position of the Group as at 30 June 2012 which has been extracted from the interim report for the six-month period ended 30 June 2012 of the Company;

(b) the audited consolidated statement of financial position of the APOL Group as at 30 September 2012 which has been extracted from Appendix II to this Circular; and

(c) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the Acquisition might have affected the historical financial information in respect of the Group as if the Acquisition had been completed on 30 June 2012.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the Accountants' Report on the APOL Group as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by 1010 PGL Directors for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not reflect the true picture of the financial position of the Enlarged Group as at 30 June 2012 or at any future date.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2012

	1010 PGL Group as at 30 June 2012	APOL Group as at 30 September 2012	Unaudited pro forma adjustments		Unaudited pro forma of the Enlarged Group
			Note 1	*Note 2*	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	224,600	228			224,828
Deferred tax assets	–	886			886
Other intangible assets	–	–	711		711
Goodwill	9,614	–	36,950		46,564
	234,214	1,114			272,989
Current assets					
Inventories	88,513	34,796			123,309
Trade and other receivables	208,417	125,494			333,911
Cash and cash equivalents	81,585	51,684	(100,000)	(1,330)	31,939
	378,515	211,974			489,159
Current liabilities					
Trade and other payables	68,686	82,530	60,000		211,216
Financial liabilities at fair value through profit or loss	35	–			35
Bank borrowings	84,836	46			84,882
Finance lease liabilities	6,142	–			6,142
Provision for taxation	22,919	8,062			30,981
	182,618	90,638			333,256
Net current assets	195,897	121,336			155,903
Total assets less current liabilities	430,111	122,450			428,892
Non-current liabilities					
Finance lease liabilities	3,660	–			3,660
Deferred tax liabilities	2,954	–	111		3,065
	6,614	–			6,725
Net assets	423,497	122,450			422,167

Notes:

1. The adjustment reflects the effect of the Acquisition assuming the completion of the Acquisition had taken place on 30 June 2012, as follows:

	HK$'000
The fair values of assets and liabilities of the APOL Group acquired:	
Property, plant and equipment	228
Deferred tax assets	886
Inventories	34,796
Trade and other receivables	125,494
Cash and cash equivalents	51,684
Trade and other payables	(82,530)
Bank borrowings	(46)
Provision for taxation	(8,062)
Deferred tax liabilities	(111)
	122,339
Goodwill arising from the completion of the Acquisition	36,950
Other intangible assets (non competition covenants given by the Vendors (except Mr. Clarke))	711
Total consideration satisified by cash	160,000
To be financed by:	
Cash and bank balances	100,000
Other payables	60,000
	160,000

In accordance with the Share Transfer Agreement, Post Completion Payments of HK$28 million and HK$32 million are payable on 28 February 2013 and 28 December 2014 respectively. These amounts are included in trade and other payables.

Goodwill represented the excess of the cost of investment over the estimated fair value of the net identifiable assets (including the intangible assets and related deferred tax liabilities) of the APOL Group. 1010 PGL Group has engaged an independent professional valuer, Ascent Partners Valuation Service Limited, to assess the fair value of the intangible assets which represent non competition covenants given by the Vendors (except Mr. Clarke) under the Share Transfer Agreement.

The valuation of the aforesaid non competition covenants given by the Vendors (except Mr. Clarke) is based on income approach using discounted cash flow method. The valuation of the intangible assets is based on the amount set out in the draft valuation report as at 30 September 2012 (the "Valuation Date") assuming there was no significant difference in the valuation of the non competition covenants given by the Vendors (except Mr. Clarke) between 30 June 2012, the date on which the Acquisition is assumed to have been taken place, and the Valuation Date. Upon completion of the Acquisition, valuation of the intangible assets will be performed in subsequent reporting periods for the purpose of determining the deemed cost or recoverable amount of the intangible assets.

Since the fair value of the identifiable net assets of the APOL Group as at the date of completion of the Acquisition may be substantially different from the respective value used in the unaudited pro forma statement of assets and liabilities of the Enlarged Group, the final amount of goodwill may be different from the amount presented above.

For the purpose of this Unaudited Pro Forma Financial Information, the 1010 PGL Directors have assessed whether there is any impairment on the goodwill as at 30 June 2012 on a pro forma basis, in accordance with Hong Kong Accounting Standard 36 Impairment of Assets ("HKAS 36"). Based on the 1010 PGL Directors' assessment on the business plan to be executed and the recoverable amount of the business to be acquired, the 1010 PGL Directors consider that there is no impairment loss on the goodwill arising from the Acquisition as at 30 June 2012 on the assumption that the Acquisition was completed on the same date.

The 1010 PGL Directors will apply consistent accounting policies and principal assumptions to assess the impairment of goodwill in subsequent reporting periods in accordance with the requirements of HKAS 36.

The reporting accountants concurred with the 1010 PGL Directors' assessment of impairment of goodwill in this Unaudited Pro Forma Financial Information and adoption of consistent accounting policies.

2. The transaction costs for the Acquisition are estimated to be HK$1,330,000 which consist mainly of the legal and professional fees directly attributable to the Acquisition.

3. No other adjustments have been made to reflect any trading result or other transactions of the Group and the APOL Group entered into subsequent to 30 June 2012.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, received from the reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, prepared for the sole purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

To the Directors of 1010 Printing Group Limited

We report on the unaudited pro forma statement of assets and liabilities of 1010 Printing Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and Asia Pacific Offset Limited ("APOL") and its subsidiary (the "APOL Group"), together with the Group collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Financial Information"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the entire issued share capital of APOL might have affected the financial information presented, for inclusion in Appendix III of the Company's circular dated 14 January 2013 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 75 to 78 of Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review performed in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Au Yiu Kwan
Practising Certificate no. P05018

Hong Kong, 14 January 2013

1. RESPONSIBILITY OF THE DIRECTORS

This circular, for which 1010 PGL Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to 1010 PGL. 1010 PGL Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of 1010 PGL Directors and chief executive of 1010 PGL in the shares, underlying shares or debentures of 1010 PGL or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to 1010 PGL and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to 1010 PGL and the Stock Exchange, were as follows:

(a) Interests in Shares of 1010 PGL

Name of 1010 PGL Director	Nature of interest	No. of 1010 PGL Shares held	Approximate % of issued share capital of 1010 PGL
Lau Chuk Kin *(Note 1)*	Beneficial owner/ Interests of controlled corporation	307,269,028	61.45%
Lam Wing Yip	Beneficial owner	12,000	0.003%

(b) Interests in shares of associated corporation of 1010 PGL

Name of 1010 PGL Director	Name of associated corporation	Nature of interest	No. of shares held	Approximate % of issued share capital of the relevant associated corporation
Lau Chuk Kin *(Note 2)*	Cinderella	Interest in controlled corporation	183,632,000	55.96%
Lau Chuk Kin	ER2 Holdings Limited ("ER2 Holding")	Beneficial owner	8,375	67%

(c) Long positions in underlying shares of Cinderella, an associated corporation of 1010 PGL – share options

Name of 1010 PGL Director	Nature of interest	No. of share options held	Approximate % of issued share capital of Cinderella
Yang Sze Chen, Peter	Beneficial owner	1,200,000	0.37%
Lam Wing Yip	Beneficial owner	450,000	0.14%

Notes:

1. Of 307,269,028 shares, 299,894,907 shares, 6,999,524 shares, 262,969 shares and 111,628 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of Cinderella, City Apex, ER2 Holdings and Mr. Lau Chuk Kin respectively. Cinderella was owned as to 54.23% by City Apex and as to 1.73% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex, of which Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.

2. Of 183,632,000 shares, 5,678,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings and City Apex respectively. ER2 Holdings, which is the ultimate holding company of City Apex, is beneficially owned as to 67% by Mr. Lau Chuk Kin. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the 1010 PGL Directors and chief executive of 1010 PGL had any interests or short positions in the shares, underlying shares or debentures of 1010 PGL or any of its associated corporation (within the meaning of the SFO) which were required (i) to be notified to 1010 PGL and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to 1010 PGL and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS OF 1010 PGL

As at the Latest Practicable Date, so far as was known to any 1010 PGL Directors or chief executive of 1010 PGL, the following persons had, or were deemed or taken to have interests or short positions in the shares or underlying shares of 1010 PGL which would fall to be disclosed to 1010 PGL and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of 1010 PGL Group or had any options in respect of such capital:

Interests in 1010 PGL:

Name of 1010 PGL Shareholders	Nature of interests	No. of 1010 PGL Shares held	Approximate % of issued share capital of 1010 PGL
Mr. Lau Chuk Kin *(Note)*	Beneficial owner/ Interest in controlled corporation	307,269,028	61.45%
ER2 Holdings *(Note)*	Beneficial owner/ Interest in controlled corporation	307,157,400	61.43%
City Apex *(Note)*	Beneficial owner/ Interest in controlled corporation	306,894,431	61.38%
Cinderella *(Note)*	Interest in controlled corporation	299,894,907	59.98%
Recruit (BVI) Limited *(Note)*	Beneficial owner	299,894,907	59.98%
Mr. Chen Huang Zhi	Beneficial owner	56,818,055	11.36%

Note:

Of 307,157,400 shares, 299,894,907 shares, 6,999,524 shares and 262,969 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of Cinderella, City Apex and ER2 Holdings respectively. Cinderella was owned as to 54.23% by City Apex and as to 1.73% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex. Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Save as disclosed above, there is no person known to 1010 PGL Directors or chief executive of 1010 PGL, who, as at the Latest Practicable Date, had, or were deemed or taken to have interests or short positions in the shares or underlying shares of 1010 PGL which would fall to be disclosed to 1010 PGL and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of 1010 PGL Group, or had any options in respect of such capital.

4. MATERIAL ADVERSE CHANGES

1010 PGL Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse changes in the financial or trading position of 1010 PGL Group since 31 December 2011, being the date of the latest audited consolidated financial statements of 1010 PGL Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the 1010 PGL Directors had any existing or proposed service contract with 1010 PGL or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. INTEREST IN CONTRACTS AND ASSETS

Save as disclosed herein, none of 1010 PGL Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of 1010 PGL Directors or proposed 1010 PGL Directors was interested, directly or indirectly, in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of 1010 PGL were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

7. EXPERT'S QUALIFICATION, CONSENT AND INTEREST

The following are the qualifications of the experts who have given their opinion or advice on the information contained in this circular:

Name	Qualification
BDO Limited	Certified Public Accountants
KPMG	Certified Public Accountants

BDO Limited and KPMG have given and have not withdrawn their written consent to the issue of this circular with their letter or report and/or references to their names included in the form and context in which they are included.

As at the Latest Practicable Date, BDO Limited and KPMG:

(a) did not have any shareholding in any member of 1010 PGL Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of 1010 PGL Group; and

(b) were not interested, directly or indirectly, in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of 1010 PGL were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration or claim of material importance, and no such litigation arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(a) an instrument of transfer and bought and sold notes dated 20 June 2011 whereby Recruit (BVI) Limited transferred 647,773,000 shares in 1010 Group Limited to 1010 PGL in consideration of the issue and allotment of 299,894,906 1010 PGL Shares and the crediting as fully paid the one nil-paid share;

(b) an instrument of transfer and bought and sold notes dated 20 June 2011 whereby Chen Huang Zhi transferred 122,727,000 shares in 1010 Group Limited to 1010 PGL in consideration of the issue and allotment of 56,818,055 1010 PGL Shares to him;

(c) an instrument of transfer and bought and sold notes dated 20 June 2011 whereby Cheung Ning transferred 19,750,000 shares in 1010 Group Limited to 1010 PGL in consideration of the issue and allotment of 9,143,519 1010 PGL Shares to him;

(d) an instrument of transfer and bought and sold notes dated 20 June 2011 whereby Pang Tak Hang transferred 19,750,000 shares in 1010 Group Limited to 1010 PGL in consideration of the issue and allotment of 9,143,519 1010 PGL Shares to him;

(e) an instrument of transfer and bought and sold notes dated 19 April 2011 whereby 1010 Group Limited transferred 1 share in Mega Form Inc. Limited to Recruit (BVI) Limited at a consideration of HK$1.00;

(f) the share swap agreement dated 20 June 2011 entered into among Recruit (BVI) Limited, Chen Huang Zhi, Cheung Ning, Pang Tak Hung and 1010 PGL for the transfer of the entire share capital of 1010 Group Limited to 1010 PGL in consideration of and exchange for the issue and allotment of 299,894,906, 56,818,055, 9,143,519 and 9,143,519 1010 PGL Shares credited as fully paid respectively by 1010 PGL to Recruit (BVI) Limited, Chen Huang Zhi, Cheung Ning and Pang Tak Hung and the crediting as fully paid the one nil-paid 1010 PGL Share held by Recruit (BVI) Limited;

(g) the deed of reorganization dated 20 June 2011 entered into among Recruit (BVI) Limited, Chen Huang Zhi, Cheung Ning, Pang Tak Hung, 1010 Group Limited and 1010 PGL for the purpose of agreeing, acknowledging and adopting the corporate reorganisation which 1010 PGL Group underwent prior to the issue of prospectus of 1010 PGL on 30 June 2011;

(h) the deed of non-competition undertaking dated 29 June 2011 entered into between 1010 PGL and Cinderella;

(i) the conditional public offer underwriting agreement dated 29 June 2011 relating to the offer of the 12,504,000 1010 PGL Shares for subscription by the public in Hong Kong and entered into by, among others, Investec Capital Asia Limited, Haitong International Securities Company Limited, Guosen Securities (HK) Capital Company Limited, Kingston Securities Limited, 1010 PGL, Cinderella and Recruit (BVI) Limited;

(j) the deed of indemnity dated 30 June 2011 entered into by Recruit (BVI) Limited, Chen Huang Zhi, Cheung Ning and Pang Tak Hung in favour of 1010 PGL; and

(k) the Share Transfer Agreement.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of 1010 PGL in Hong Kong at 26th Floor, 625 King's Road, North Point, Hong Kong during the normal business hours from 10 a.m. to 5 p.m. on any business day for a period of 14 days from the date of this circular:

(a) the memorandum of association and bye-laws of 1010 PGL;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(c) the prospectus of 1010 PGL containing financial information for two financial years ended 31 December 2009 and 31 December 2010 respectively;

(d) the annual report of 1010 PGL for the financial year ended 31 December 2011;

(e) the interim report of 1010 PGL for the six months ended 30 June 2012;

(f) the accountants' report issued by KPMG on the financial information on APOL Group as set out in Appendix II to this circular;

(g) the report issued by BDO Limited relating to the unaudited pro forma financial information on the Enlarged Group as set out in Appendix III to this circular;

(h) the written consents referred to in the paragraph headed "Expert's Qualification, Consent and Interest" in this Appendix; and

(i) this circular.

11. COMPETING INTERESTS

As at the Latest Practicable Date, 1010 PGL Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of 1010 PGL Group which would fall to be discloseable under the Listing Rules.

12. GENERAL

(a) The company secretary of 1010 PGL is Tan Lai Ming, a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants;

(b) 1010 PGL's Hong Kong branch registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;

(c) The registered office of 1010 PGL is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;

(d) The head office and principal place of business of 1010 PGL is at Units 2&3, 5/F, Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Hong Kong;

(e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.