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

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

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

AUDITED RESULTS

The board of directors (the "Board") of 1010 Printing Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010 as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	4	**640,102**	521,989
Direct operating costs		**(518,393)**	(419,538)
Gross profit		**121,709**	102,451
Other income	6	**31,191**	29,504
Selling and distribution costs		**(56,223)**	(46,885)
Administrative expenses		**(16,525)**	(13,865)
Other expenses		**(4,863)**	(546)
Finance costs	7	**(2,288)**	(4,272)
Profit before income tax	8	**73,001**	66,387
Income tax expense	9	**(10,647)**	(4,731)
Profit for the year		**62,354**	61,656
Other comprehensive income			
Exchange gain/(loss) on translation of financial statements of foreign operations		**43**	(182)
Other comprehensive income for the year, net of tax		**43**	(182)
Total comprehensive income for the year		**62,397**	61,474

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011 (Continued)

	Notes	2011 HK$'000	2010 HK$'000
Profit for the year attributable to:			
Owners of the Company		**62,307**	61,677
Non-controlling interests		**47**	(21)
		62,354	61,656
Total comprehensive income attributable to:			
Owners of the Company		**62,350**	61,495
Non-controlling interests		**47**	(21)
		62,397	61,474
Earnings per share for profit attributable to owners of the Company during the year	11		
Basic		**HK14.50 cents**	HK16.45 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	**223,127**	199,517
Goodwill		**9,614**	-
		232,741	199,517
Current assets			
Inventories	13	**63,874**	59,905
Trade and other receivables and deposits	14	**266,013**	211,336
Financial assets at fair value through profit or loss	15	**1,023**	-
Amounts due from fellow subsidiaries		**-**	688
Cash and cash equivalents		**77,339**	16,134
		408,249	288,063
Current liabilities			
Trade and other payables	16	**85,531**	66,865
Financial liabilities at fair value through profit or loss	17	**-**	5,174
Bank borrowings	18	**111,251**	83,316
Finance lease liabilities	19	**6,060**	7,003
Amounts due to intermediate holding company		**-**	1,509
Amounts due to fellow subsidiaries		**-**	940
Provision for taxation		**8,912**	1,744
		211,754	166,551
Net current assets		**196,495**	121,512
Total assets less current liabilities		**429,236**	321,029
Non-current liabilities			
Finance lease liabilities	19	**6,750**	12,814
Deferred tax liabilities		**13,454**	10,747
		20,204	23,561
Net assets		**409,032**	297,468
EQUITY			
Share capital		**5,000**	81,000
Reserves		**403,086**	216,503
Equity attributable to owners of the Company		**408,086**	297,503
Non-controlling interests		**946**	(35)
Total equity		**409,032**	297,468

Consolidated Statement of Changes in Equity
For the year ended 31 December 2011

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Merger reserve HK$'000	Proposed final dividend HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
Balance at 1 January 2010	33,000	-	(608)	-	-	89,620	122,012	(14)	121,998
Issue of shares	48,000	96,000	-	-	-	-	144,000	-	144,000
Dividend paid (Note 10)	-	-	-	-	-	(30,004)	(30,004)	-	(30,004)
Transactions with owners	48,000	96,000	-	-	-	(30,004)	113,996	-	113,996
Profit for the year	-	-	-	-	-	61,677	61,677	(21)	61,656
Other comprehensive income Currency translation	-	-	(182)	-	-	-	(182)	-	(182)
Total comprehensive income for the year	-	-	(182)	-	-	61,677	61,495	(21)	61,474
Balance at 31 December 2010 and 1 January 2011	81,000	96,000	(790)	-	-	121,293	297,503	(35)	297,468
Reorganisation	(81,000)	(96,000)	-	(136,875)	-	-	(313,875)	-	(313,875)
Issue of shares pursuant to the Group Reorganisation	3,750	310,125	-	-	-	-	313,875	-	313,875
Issue of shares upon listing	1,250	86,250	-	-	-	-	87,500	-	87,500
Share issue expenses	-	(9,267)	-	-	-	-	(9,267)	-	(9,267)
Dividend paid (Note 10)	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Acquisition of subsidiaries	-	-	-	-	-	-	-	780	780
Contribution from non-controlling interests	-	-	-	-	-	-	-	154	154
Transactions with owners	(76,000)	291,108	-	(136,875)	-	(30,000)	48,233	934	49,167
Profit for the year	-	-	-	-	-	62,307	62,307	47	62,354
Other comprehensive income Currency translation	-	-	43	-	-	-	43	-	43
Total comprehensive income for the year	-	-	43	-	-	62,307	62,350	47	62,397
Proposed final dividend (Note 10)	-	-	-	-	15,000	(15,000)	-	-	-
Balance at 31 December 2011	5,000	387,108	(747)	(136,875)	15,000	138,600	408,086	946	409,032

1. General information

1010 Printing Group Limited (the "Company") was incorporated in Bermuda under the Bermuda Companies Act as an exempted limited liability company on 9 March 2011. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Suite 1704, 17/F, 625 King's Road, North Point, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") on 25 July 2011.

As at 31 December 2011, the Company's ultimate holding company is ER2 Holdings Limited which was incorporated in Hong Kong and the Company's intermediate holding company is Cinderella Media Group Limited (formerly Recruit Holdings Limited) ("Cinderella Media"), which was incorporated in the Cayman Islands and redomiciled to Bermuda and is also a listed company on the Main Board of the SEHK.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

2. Group Reorganisation and Basis of Presentation

Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of shares of the Company on the Main Board of the SEHK and for the purpose of rationalising the Group's structure on 20 June 2011, the Company became the holding company of the subsidiaries comprising the Group on 20 June 2011. Details of the Reorganisation are set out in the prospectus of the Company dated 30 June 2011. The Reorganisation involved business combinations of entities under common control before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the controlling parties that existed prior to the Reorganisation. The Group is regarded and accounted for as a continuing group resulting from the Reorganisation since all of the entities which took part in the Reorganisation were under common control in a manner similar to pooling of interests. Accordingly, the consolidated financial statements has been prepared by applying the principles of merger accounting in accordance with the Accounting Guideline No. 5, "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The consolidated statement of comprehensive income, consolidated statement of changes in equity of the Group include the results of the Company and its subsidiaries from 1 January 2010, or since the Company's and its subsidiaries' respective dates of incorporation whichever is shorter, as if the current group structure had been in existence throughout the period. The consolidated statement of financial position of the Group as at 31 December 2010 has been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates.

2. Group Reorganisation and Basis of Presentation (Continued)

As a part of the Reorganisation, all assets and liabilities of its subsidiaries namely Mega Form Inc. Limited and 1010 Printing (USA) Inc. (the "Excluded Companies") have been transferred out of the Group to a fellow subsidiary. For the purpose of these consolidated financial statements, the consolidated financial statements have been prepared as if the transfer had taken place on 1 January 2010. Accordingly, the results of the Excluded Companies during the years ended 31 December 2010 and up to the date of Reorganisation and all assets and liabilities directly related to the Excluded Companies have been carved out and excluded in the consolidated financial statements as follows:

	2011 HK$'000	2010 HK$'000
Revenue	-	-
Loss for the year	(11)	(20)
Total assets	-	28
Total liabilities	-	(693)
Net liabilities	-	(665)

3. Adoption of new or amended HKFRSs

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting year and relevant to the Group. Except as explained below, the adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

HKFRS 3(Amendments) – Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements as the NCI in the business acquisition in 2011 represented such present ownership interests.

3. Adoption of new or amended HKFRSs (Continued)

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has revised its accounting policy for the identification of its related parties and has reassessed counterparties of transactions in accordance with the revised definition. The reassessment did not result in new related parties being identified. Related parties identified in prior years remain unchanged under the new accounting policy and the Group concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

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

At the date of this announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements.

4. Turnover

Turnover represents the revenue from printing income earned by the Group during the year.

5. Segment information

The executive directors have identified that, the Group has only one reportable segment, which is the provision of printing services.

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Mainland China	**-**	-	**204,044**	195,887
United States	**233,504**	149,169	**111**	-
Australia	**160,198**	127,211	**48**	81
United Kingdom	**141,295**	122,886	**15**	71
Hong Kong (domicile)	**15,554**	19,082	**28,523**	3,478
Germany	**29,820**	39,238	**-**	-
New Zealand	**18,393**	22,771	**-**	-
Netherland	**10,639**	13,201	**-**	-
Belgium	**8,309**	10,202	**-**	-
France	**3,321**	2,125	**-**	-
Others	**19,069**	16,104	**-**	-
	640,102	521,989	**232,741**	199,517

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based on the physical location of the assets. No customer attributed more than 10% of the group's total revenue (2010: Nil).

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

	2011	2010
	HK$'000	HK$'000
Reportable segment profit	**75,641**	71,285
Share-based payment	**(352)**	(626)
Finance costs	**(2,288)**	(4,272)
Profit before income tax	**73,001**	66,387
Reportable segment liabilities	**107,253**	96,049
Deferred tax liabilities	**13,454**	10,747
Borrowings	**111,251**	83,316
Group liabilities	**231,958**	190,112

6. Other income

	2011 HK$'000	2010 HK$'000
Gain from sales of scrapped paper and by-products	**23,846**	17,724
Net foreign exchange gain	**4,414**	9,619
Gain on financial assets at fair value through profit or loss	**1,370**	-
Impairment of trade receivables written back	**497**	1,421
Interest income	**116**	89
Gain on disposals of property, plant and equipment	**-**	155
Sundry income	**948**	496
	31,191	29,504

7. Finance costs

	2011 HK$'000	2010 HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	**1,667**	1,030
Interest charges on other bank borrowing, wholly repayable within five years	**4**	-
Interest expenses payable to intermediate holding company	**195**	2,658
Finance lease charges	**422**	584
	2,288	4,272

8. Profit before income tax

	2011 HK$'000	2010 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	**536**	402
Impairment of receivables	**1,267**	546
Cost of inventories recognised as expense	**338,742**	263,280
Including provision of inventories made	**-**	3,000
Depreciation	**27,739**	24,364
Net foreign exchange gain	**(4,414)**	(9,619)
Loss/(Gain) on disposals of property, plant and equipment	**436**	(155)
(Gain)/Loss on financial assets/liabilities at fair value through profit or loss	**(1,370)**	1,220
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	**8,777**	8,606
Staff costs	**32,121**	16,070

8. Profit before income tax (Continued)

Notes:

Auditor's remuneration for other services paid during the year is HK$542,000 (2010: Nil).
Depreciation charges of HK$25,524,000 (2010: HK$22,081,000) and HK$2,215,000 (2010: HK$2,283,000) have been included in direct operating costs and administrative expenses respectively.

9. Income tax expense

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

	2011 HK$'000	2010 HK$'000
Hong Kong profits tax		
Current year	8,218	1,811
Under provision in prior years	201	-
	8,419	1,811
Overseas profits tax		
Current year	53	3
Under/ (Over) provision in prior years	102	(202)
	155	(199)
Deferred tax		
Current year	2,073	3,119
	10,647	4,731

10. Dividends

(a) Dividends attributable to the year:

	2011 HK$'000	2010 HK$'000
Interim dividends (Note)	20,000	30,004
Interim dividend of HK$0.02 per share	10,000	-
Proposed final dividend of HK$0.03 (2010: Nil) per share	15,000	-
	45,000	30,004

Final dividends proposed after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation of retained earnings for the year ended 31 December 2011 to the proposed final dividends reserve.

Proposed final dividends are to be distributed subsequent to the reporting date and are subject to the approval of the Company's equity holders in the forthcoming annual general meeting.

Note:

Interim dividends represented those declared by 1010 Group Limited to its shareholders prior to the Reorganisation. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful for these financial statements.

10. Dividends (Continued)

(b) Dividends approved and paid during the year:

	2011 HK$'000	2010 HK$'000
Interim dividends	**30,000**	30,004

11. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$62,307,000 (2010: HK$61,677,000) and on the weighted average number of 429,794,521 (2010: 375,000,000) ordinary shares in issue during the year, as adjusted to reflect ordinary shares issued for the Group Reorganisation.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2010: Nil).

12. Property, plant and equipment

	Leasehold land and buildings HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Computer equipment and systems HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Total HK$'000
At 1 January 2010								
Cost	-	2,181	2,496	35,187	7,862	1,090	168,703	217,519
Accumulated depreciation	-	(1,246)	(931)	(13,017)	(3,312)	(421)	(32,479)	(51,406)
Net book amount	-	935	1,565	22,170	4,550	669	136,224	166,113
Year ended 31 December 2010								
Opening net book amount	-	935	1,565	22,170	4,550	669	136,224	166,113
Exchange differences	-	3	-	1	2	(3)	-	3
Additions	-	1,268	702	5,454	657	545	49,182	57,808
Disposals	-	-	(5)	-	-	(3)	(35)	(43)
Depreciation	-	(558)	(570)	(4,127)	(2,076)	(218)	(16,815)	(24,364)
Closing net book amount	-	1,648	1,692	23,498	3,133	990	168,556	199,517
At 31 December 2010								
Cost	-	3,452	3,191	40,643	8,522	1,521	217,832	275,161
Accumulated depreciation	-	(1,804)	(1,499)	(17,145)	(5,389)	(531)	(49,276)	(75,644)
Net book amount	-	1,648	1,692	23,498	3,133	990	168,556	199,517
Year ended 31 December 2011								
Opening net book amount	-	1,648	1,692	23,498	3,133	990	168,556	199,517
Exchange differences	-	5	-	1	1	1	(3)	5
Additions	5,790	281	662	1,486	333	-	32,415	40,967
Acquisition of subsidiaries	10,800	278	-	138	262	10	-	11,488
Disposals	-	(5)	-	(2)	(4)	-	(1,100)	(1,111)
Depreciation	(101)	(568)	(628)	(4,475)	(1,836)	(282)	(19,849)	(27,739)
Closing net book amount	16,489	1,639	1,726	20,646	1,889	719	180,019	223,127
At 31 December 2011								
Cost	16,590	4,016	3,853	42,266	9,118	1,537	248,837	326,217
Accumulated depreciation	(101)	(2,377)	(2,127)	(21,620)	(7,229)	(818)	(68,818)	(103,090)
Net book amount	16,489	1,639	1,726	20,646	1,889	719	180,019	223,127

Net book amount of property, plant and equipment includes the net carrying amount of HK$21,520,000 (2010: HK$37,615,000) held under finance leases.

As at 31 December 2011, the Group's leasehold land and buildings were situated in Hong Kong, which located on medium-term leasehold land.

13. Inventories

	2011 HK$'000	2010 HK$'000
Raw materials	**46,265**	44,259
Work-in-progress	**20,256**	19,422
Finished goods	**1,335**	206
	67,856	63,887
Less : Provision for net realisable value	**(3,982)**	(3,982)
	63,874	59,905

14. Trade and other receivables and deposits

Ageing analysis of trade receivables, net of provision as at 31 December 2011, based on the invoice date, is as follows:

	2011 HK$'000	2010 HK$'000
0 - 30 days	**60,262**	49,773
31 - 60 days	**44,427**	33,653
61 - 90 days	**31,924**	23,376
91 - 120 days	**45,024**	27,191
121 - 150 days	**36,295**	31,826
Over 150 days	**37,747**	22,728
Total trade receivables	**255,679**	188,547
Other receivables and deposits	**10,334**	22,789
	266,013	211,336

The Group allows a credit period from 45 to 180 days (2010: 45 to 180 days) to its trade customers.

15. Financial assets at fair value through profit or loss

This relates to the forward foreign exchange contracts which are considered by management to be part of economic hedging arrangements but have not been formally designated as hedges in accordance with HKAS 39. These foreign exchange contracts were stated at fair value.

16. Trade and other payables

As at 31 December 2011, ageing analysis of trade payables based on invoice date is as follows:

	2011 HK$'000	2010 HK$'000
0 – 30 days	**30,482**	24,601
31 – 60 days	**12,177**	9,701
61 – 90 days	**4,654**	3,079
91 – 120 days	**208**	836
Over 120 days	**350**	1,343
	47,871	39,560
Other payables and accruals	**37,660**	27,305
	85,531	66,865

Credit terms granted by the suppliers are generally 0 - 90 days (2010: 0 - 90 days). All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

17. Financial liabilities at fair value through profit or loss

This related to the forward foreign exchange contracts which were considered by management to be part of economic hedge arrangements but had not been formally designated as hedges in accordance with HKAS 39. These foreign exchange contracts were stated at fair value.

18. Bank borrowings

	2011 HK$'000	2010 HK$'000
Current portion		
Bank loans due for repayment within one year	**47,824**	10,000
Bank loans due for repayment after one year which contain a repayment on demand clause	**63,427**	73,316
Total bank borrowings	**111,251**	83,316

The current portion includes bank borrowings of HK$63,427,000 (2010: HK$73,316,000) that are not scheduled to repay within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these bank loans due from repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

Assuming that the banks do not request the clause for repayment on demand and based on the repayment dates as scheduled in the loan agreements, the Group's bank borrowings are due for repayments, as at each of the reporting dates, as follows:

	2011 HK$'000	2010 HK$'000
Within one year	**72,004**	31,624
In the second year	**18,256**	21,624
In the third to fifth year	**20,991**	30,068
Wholly repayable within 5 years	**111,251**	83,316

19. Finance lease liabilities

The analysis of the Group's obligations under finance leases is as follows :

	2011 HK$'000	2010 HK$'000
Total minimum lease payments :		
Due within one year	**6,326**	7,434
Due in the second to fifth years	**6,854**	13,190
	13,180	20,624
Future finance charges on finance leases	**(370)**	(807)
Present value of finance lease liabilities	**12,810**	19,817

19. Finance lease liabilities (Continued)

	2011 HK$'000	2010 HK$'000
Present value of minimum lease payments :		
Due within one year	**6,060**	7,003
Due in the second to fifth years	**6,750**	12,814
	12,810	19,817
Less : Portion due within one year included under current liabilities	**(6,060)**	(7,003)
Non-current portion included under non-current liabilities	**6,750**	12,814

The Group entered into finance leases for various items of machineries. These leases run for initial periods of three to five years (2010: three to five years). These leases do not have options to renew or any contingent rental provisions. Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2011 was a challenging year for the global book printing industry. Weighed down by weak export demand and escalating manufacturing costs, printers in China experienced unprecedented operating difficulties. The debacle of the international book retailer "Borders Group" that went out of business, is a vivid reflection of the severity that the industry faces.

As success may come to those who persevere, in spite of the economic adversity, we executed decisive yet carefully considered actions that helped us to maintain our leading position in the book printing services industry. By concentrating on better margin products that match our production capability, we achieved significant operating efficiency without incurring additional labour costs. Supply chain management was streamlined to enhance production flexibility which further optimized operating efficiency. These control mechanisms underpinned and contributed to our profit and margins for the financial year.

I am encouraged by our performance and financial results which have proved that our persistence and endurance during difficult times has paid off.

2011 was also a memorable and critical year of corporate development for the Group. Following the successful spin-off from our parent company, Cinderella Media (stock code: 550), and listing separately on the Main Board of the SEHK, the Group is now positioned to further diversify its expertise within the printing related industry. Though slow industry recovery is anticipated, we will continue to implement cautious but proactive measures when expanding into new business segments and markets. Supported by our sound financial position, long-term relationship with our clients and suppliers, and proven internal control, I foresee steady growth for the Group and that we are well on track to emerge as one of the leading players in the global book printing industry.

Appreciation

I would like to take this opportunity to thank our management team and employees for their hard work and their unwavering dedication to make all our accomplishments possible. In addition, I convey my deepest gratitude to our customers, business partners and shareholders for their continual confidence and support.

Yeung Ka Sing
Chairman
Hong Kong, 22 February 2012

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1010 Printing Group Limited is an established book printing company with production bases in the People's Republic of China (the "PRC"). The Group has been providing specialized and comprehensive printing services to renowned international book publishers, trade, professional and educational book printing conglomerates, and print media companies. The Group has achieved accreditation of international quality standards, and together with our global sales and service teams in Hong Kong, United Kingdom, USA and Australia, we have built a vast global client base.

For the year ended 31 December 2011, the Group's turnover increased by approximately 23% to approximately HK$640.1 million (2010: HK$522.0 million). Gross profit increased by approximately 19% to HK$121.7 million (2010: HK$102.5 million). Net profit attributable to owners of the Company grew slightly to approximately HK$62.3 million (2010: HK$61.7 million). Excluding the one-off listing expense of HK$3.6 million, the adjusted net profit from normal operations is approximately HK$65.9 million, representing a year-on-year growth of approximately 7%. The relatively flat growth in net profit was mainly attributable to increases in income tax expenses during the year.

Sales to the United States, Australia and United Kingdom achieved growth rates of approximately 56.5%, 25.9% and 15.0% respectively and accounted for approximately 83.6% of the Group's overall sales for the year. Recognizing the economic uncertainty caused by the European debt crisis, the Group will consider expansion into other emerging markets in the near future, diversifying our business risk.

Rising production and labour costs continued to dampen the profit levels of book printers. However, thanks to proactive measures deployed internally, the Group's gross and net profit margins were sustained at a stable level of approximately 19% and 10% respectively. This was partly due to the Group's cash-rich financial position, which enabled strategic bulk purchasing strategies for raw materials, and partly due to our flexibility in supply chain management thus resulting in better operating efficiency.

The Group spun-off from our parent company Cinderella Media (stock code: 550) and was separately listed on the Main Board of the SEHK on 25 July 2011. Net proceeds from the initial public offering amounted to approximately HK$78 million and currently approximately 20% was utilized for the purchasing of new machinery and equipment approximately. 2% was used to develop the electronic book conversion services.

PROSPECTS

Looking ahead, the global export market will continue to face challenges in the coming year. The Group, however, strongly believes that behind every obstacle there lies opportunities and that perseverance is the key to greater accomplishments. Backed by our solid financial position, the Group will cautiously assess external markets, so as to capitalize on new business ventures with incremental value.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2011 was approximately HK$640.1 million and represented an increase of 23% from the previous corresponding year (2010: HK$522.0 million). The increase in revenue was mainly attributable to satisfying order growth from our existing clients.

The increase in other income from HK$29.5 million last year to HK$31.2 million was mainly due to increase in gain from sales of scrapped paper and by-products and gain on financial assets at fair value through profit or loss. Such increase was partially offset by the decrease in exchange gains being realized from the foreign currencies trade receipts during the year.

The increase in selling and distribution costs was in line with the increase in turnover. The administrative expenses increased by approximately HK$2.7 million which was mainly due to increase in staff costs.

For the purposes of listing the Group on the Main Board of the SEHK, one-off listed expenses of HK$3.6 million was recorded for the year, which represented professional fees and other related expenses incurred during the process. It caused significant increase in other expenses as compared to 2010.

The Group's total comprehensive income attributable to owners of the Company amounted to approximately HK$62.4 million (2010: HK$61.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group had net current assets of approximately HK$196.5 million (31 December 2010: HK$121.5 million) of which the cash and bank deposits were approximately HK$77.3 million (31 December 2010: HK$16.1 million). The Group's current ratio was approximately 1.9 (31 December 2010: 1.7).

Total bank borrowings and finance lease liabilities were approximately HK$124.1 million (31 December 2010: HK$103.1 million). Approximately HK$24.4 million bank borrowing is denominated in Renminbi, at a fixed rate and repayable within one year. The rest of the bank borrowings and finance lease liabilities are denominated in Hong Kong dollars, at floating rates and repayable within five years. The Group's gearing ratio as at 31 December 2011 was 30.3% (31 December 2010: 35.2%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity.

The Group adopts centralized financing and treasury policies in order to ensure the group funding is utilized efficiently. The Group also regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

FOREIGN CURRENCY MANAGEMENT

The Group's sales were denominated in a mixture of currencies, primarily US dollars, Australian dollars, Euros and Pound Sterling. In addition, the Group's costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. From time to time the Group enters into foreign currency exchange contracts to hedge its currency risk.

CAPITAL EXPENDITURE

During the year, the Group had acquired property, plant and equipment at approximately HK$41.0 million. The purchase is financed by internal resources and proceeds generated from the listing. The net book amount of property, plant and equipment includes net carrying amount of approximately HK$21.5 million (31 December 2010: HK$37.6 million) in respect of assets held under finance leases.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group had no material contingent liabilities.

USE OF PROCEEDS

As at 31 December 2011, the balance of the Company's net proceeds from the listing of its shares, after deducting underwriting fees and related expenses, were placed with reputable financial institutions for interest income.

The proceeds have been and will be used in accordance to the purposes stated in the prospectus dated 30 June 2011 issued by the Company. For the proceeds that have been used, approximately HK$15.8 million of the proceeds have been used to purchase new machinery and equipment; approximately HK$1.4 million have been used on the development of electronic book conversion services and approximately HK$1.5 million have been used on funding working capital and general corporate purposes.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2011, the Group had around 978 employees (2010: 27). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees benefits include provident fund, insurance and medical cover.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HK$0.03 per share (the "Final Dividend") for the year ended 31 December 2011 to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 23 April 2012. The register of shareholders will be closed from 20 April 2012 to 23 April 2012, both days inclusive, during which period no transfer of shares will be registered. To qualify for the Final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, whose share registration public offices are located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19 April 2012. The relevant dividend warrants will be dispatched to shareholders on or around 2 May 2012.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code on corporate governance practices (the "Code") as set out in Appendix 14 of the Listing Rules for the year.

AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mr. Yeung Ka Sing, Mr. Tsui King Chung, David and Dr. Ng Lai Man, Carmen with terms of reference in compliance with the Listing Rules. The audit committee has reviewed the audited financial results of the Group for the year ended 31 December 2011.

On behalf of the Board
Lau Chuk Kin
Executive Director

Hong Kong, 22 February 2012

As at the date of this announcement, the Board comprises Mr. Yang Sze Chen, Peter, Mr. Lau Chuk Kin and Ms. Choi Ching Kam, Dora as executive directors; Mr. Yeung Ka Sing, Prof. Lee Hau Leung, Mr. Tsui King Chung, David and Dr. Ng Lai Man, Carmen as independent non-executive directors.

This final results announcement is published on the website of Hong Kong Stock Exchange at www.hkex.com.hk and on the Company's website at www.1010printing.com. The annual report 2011 of the Company will also be published on the aforesaid websites in due course.

** For identification purpose only*