1010 PRINTING GROUP LIMITED
匯星印刷集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1127)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The Board of Directors (the "Board") of 1010 Printing Group Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013 together with the comparative unaudited figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

		(Unaudited) Six months ended 30 June	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**542,201**	311,797
Direct operating costs		**(395,751)**	(242,890)
Gross profit		**146,450**	68,907
Other income		**14,769**	14,715
Selling and distribution costs		**(74,745)**	(31,549)
Administrative expenses		**(18,111)**	(9,845)
Other expenses		**(2,934)**	(4,534)
Finance costs	*4*	**(1,505)**	(1,284)
Profit before income tax	*5*	**63,924**	36,410
Income tax expense	*6*	**(11,894)**	(7,015)
Profit for the period		**52,030**	29,395
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		**4,562**	70
Other comprehensive income for the period, net of tax		**4,562**	70
Total comprehensive income for the period		**56,592**	29,465

***** For identification purpose only***

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

	Notes	(Unaudited) Six months ended 30 June 2013 HK$'000	2012 HK$'000
Profit for the period attributable to:			
Owners of the Company		**51,968**	30,226
Non-controlling interests		**62**	(831)
		52,030	29,395
Total comprehensive income attributable to:			
Owners of the Company		**56,523**	30,295
Non-controlling interests		**69**	(830)
		56,592	29,465
Earnings per share for profit attributable to owners of the Company during the period	*7*		
- Basic		**HK7.56 cents**	HK4.88 cents
- Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	(Unaudited) At 30 June 2013 HK$'000	(Audited) At 31 December 2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*8*	**211,330**	213,382
Investment properties	*9*	**10,345**	-
Intangible assets		**66,302**	66,487
Deferred tax assets		**4,112**	3,803
		292,089	283,672
Current assets			
Inventories		**116,671**	73,523
Trade and other receivables and deposits	*10*	**394,152**	399,738
Financial assets at fair value through profit or loss		**2,312**	-
Pledged cash and bank balances		**16,827**	7,297
Cash and cash equivalents		**122,713**	96,193
		652,675	576,751
Current liabilities			
Trade and other payables	*11*	**190,430**	189,435
Financial liabilities at fair value through profit or loss		**-**	718
Bank borrowings	*12*	**78,709**	112,327
Finance lease liabilities	*13*	**3,661**	6,227
Loan from intermediate holding company		**-**	33,500
Provision for taxation		**31,889**	32,157
		304,689	374,364
Net current assets		**347,986**	202,387
Total assets less current liabilities		**640,075**	486,059
Non-current liabilities			
Other payable		**32,000**	32,000
Finance lease liabilities	*13*	**-**	526
Deferred tax liabilities		**1,206**	1,576
		33,206	34,102
Net assets		**606,869**	451,957

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 (CONTINUED)

	Notes	**(Unaudited) At 30 June 2013** ***HK$'000***	(Audited) At 31 December 2012 *HK$'000*
EQUITY			
Share capital	*14*	**7,700**	5,000
Reserves		**598,741**	446,161
Equity attributable to owners of the Company		**606,441**	451,161
Non-controlling interests		**428**	796
Total equity		**606,869**	451,957

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	(Unaudited) For the six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Net cash generated from operating activities	**57,353**	66,078
Investing activities		
Interest received	**40**	71
Increase in pledged cash and bank balances	**(9,530)**	-
Purchases of property, plant and equipment	**(20,382)**	(16,196)
Proceeds from disposals of property, plant and equipment	**314**	-
Acquisition of additional interest in subsidiaries	**(475)**	-
Payment on acquisition of subsidiaries	**(28,000)**	-
Net cash used in investing activities	**(58,033)**	(16,125)
Financing activities		
Decrease in loan from intermediate holding company	**(33,500)**	-
Proceeds from rights issue	**100,000**	-
Share issue expenses	**(1,205)**	-
Bank borrowings raised	**-**	46,529
Repayment of bank borrowings	**(33,498)**	(72,944)
Interest on bank borrowings paid	**(1,175)**	(1,126)
Capital element of finance lease liabilities paid	**(3,092)**	(3,008)
Interest element of finance lease payments	**(75)**	(158)
Interest paid to intermediate holding company	**(255)**	-
Dividends paid	**-**	(15,000)
Net cash generated from (used in) financing activities	**27,200**	(45,707)
Net increase in cash and cash equivalents	**26,520**	4,246
Cash and cash equivalents at the beginning of the period	**96,193**	77,339
Cash and cash equivalents at the end of the period	**122,713**	81,585
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**122,713**	81,585

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	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*	Contributed surplus *HK$'000*	Other reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2013 (Audited)	5,000	76,983	(970)	(136,875)	310,125	-	196,898	451,161	796	451,957
Rights issue of shares (note 14)	2,000	98,000	-	-	-	-	-	100,000	-	100,000
Bonus issue of shares (note 14)	700	(700)	-	-	-	-	-	-	-	-
Share issue expenses	-	(1,205)	-	-	-	-	-	(1,205)	-	(1,205)
Acquisition of additional interest in subsidiaries (Note)	-	-	-	-	-	(38)	-	(38)	(437)	(475)
Transactions with owners	2,700	96,095	-	-	-	(38)	-	98,757	(437)	98,320
Profit for the period	-	-	-	-	-	-	51,968	51,968	62	52,030
Other comprehensive income										
Currency translation	-	-	4,555	-	-	-	-	4,555	7	4,562
Total comprehensive income for the period	-	-	**4,555**	-	-	-	51,968	56,523	69	56,592
Balance at 30 June 2013 (Unaudited)	**7,700**	**173,078**	**3,585**	**(136,875)**	**310,125**	**(38)**	**248,866**	**606,441**	**428**	**606,869**

Note: On 22 January 2013 and 25 January 2013, the Group acquired a further 20% of equity interests in two subsidiaries, Oceanic Graphic International Inc. and O.G. Printing Productions Limited, which are engaged in printing and production of graphic design services, increasing its equity interests from 80% to 100%, by acquiring the interests at a cash consideration of HK$155,000 and HK$320,000 respectively. The difference of HK$38,000 between the proportionate share of the carrying amount of their net assets and the consideration paid for the additional interests have been debited to other reserve.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

	Attributable to owners of the Company								Non-controlling interests	Total Equity
	Share capital	Share premium	Exchange reserve	Merger reserve	Contributed surplus	Proposed final dividend	Retained earnings	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2012 (Audited)	5,000	76,983	(747)	(136,875)	310,125	15,000	138,600	408,086	946	409,032
Dividend paid (note 16)	-	-	-	-	-	(15,000)	-	(15,000)	-	(15,000)
Transactions with owners	-	-	-	-	-	(15,000)	-	(15,000)	-	(15,000)
Profit for the period	-	-	-	-	-	-	30,226	30,226	(831)	29,395
Other comprehensive income										
Currency translation	-	-	69	-	-	-	-	69	1	70
Total comprehensive income for the period	-	-	69	-	-	-	30,226	30,295	(830)	29,465
Balance at 30 June 2012 (Unaudited)	**5,000**	**76,983**	**(678)**	**(136,875)**	**310,125**	**-**	**168,826**	**423,381**	**116**	**423,497**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

The Company was incorporated in Bermuda on 9 March 2011 under the Bermuda Companies Act as an exempted limited liability company. The Company and its subsidiaries (the “Group”) is principally engaged in the provision of printing services. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 25 July 2011.

2. Basis of preparation

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values.

The accounting policies used in preparing the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2012 except for the change in accounting policies disclosed below and the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations as disclosed below in this note.

Investment properties

Investment properties are buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose.

2. Basis of preparation (Continued)

Investment properties (Continued)

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is provided so as to write off the cost of investment property less their estimated residual value using straight-line method over the lease term. The asset's estimated residual value, depreciation method and estimated useful live are reviewed and adjusted if appropriate, at each reporting date.

Transfer from property, plant and equipment to investment property shall be made when, and only when, there is a change in use, evidenced by the end of owner-occupation. The transfers between owned-occupied property and investment property which are measured at cost less accumulated depreciation and impairment losses do not change the carrying amount of the property transferred and the cost of that property on transfer.

Inventories

The cost of the Group's inventories was determined using first-in, first-out method, and comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present location and condition as at 31 December 2012.

With effect from 1 January 2013, the Group changed its accounting policy in its inventory valuation and the cost of inventories is determined using weighted average cost method. The Group considers that a weighted-average unit cost can be applied to the units in the ending inventory so that it better smoothes out the unit cost changes as well as simplifying the inventory valuation procedures.

In accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", change in accounting policy has been accounted for retrospectively.

Due to the short inventory turnover period of the Group during the year ended 31 December 2012 and the six months ended 30 June 2013, the change in accounting policy has had no material effect on the consolidated statement of financial position as at 1 January 2012, 31 December 2012 and 30 June 2013, and the comparative figures have not been restated and the third statement of financial position as at 1 January 2012 is not presented.

2. Basis of preparation (Continued)

In the current interim period, the Group has also applied, for the first time, the following new or revised standards and interpretations issued by the HKICPA:

HKAS 1 (Amendments)	*Presentation of Items of Other Comprehensive Income*
HKAS 19 (As revised in 2011)	*Employee Benefits*
HKAS 27 (As revised in 2011)	*Separate Financial Statements*
HKAS 28 (As revised in 2011)	*Investments in Associates and Joint Ventures*
HKFRSs (Amendments)	*Annual Improvements to HKFRSs 2009-2011 Cycle*
HKFRS 1 (Amendments)	*Government Loans*
HKFRS 7 (Amendments)	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 13	*Fair Value Measurement*
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine*

Amendments to HKAS 1 (Revised) - Presentation of Items of Other Comprehensive Income

This standard is effective for accounting periods beginning on or after 1 July 2012. The amendments change the disclosure of items presented in other comprehensive income in the statement of comprehensive income and require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income". The Group has applied the new terminology to rename 'statement of comprehensive income' as 'statement of profit or loss and other comprehensive income' and made disclosures in the other comprehensive income section such that items of other comprehensive income may be recycled subsequently to profit or loss is disclosed.

HKFRS 13 Fair Value Measurement

The adoption of HKFRS 13 did not result in a change in the accounting policy relating to fair value measurement. HKFRS 13 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. In accordance with HKFRS 13, some of the disclosures for financial instruments required for annual financial statements are included in note 19 to these unaudited condensed consolidated financial statements.

The adoption of the other new HKFRSs had no material impact on the unaudited condensed consolidated financial statements of the Group for the current and prior accounting period.

2. Basis of preparation (Continued)

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these new HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results of operations and financial position.

3. Segment information

The executive directors have identified that the Group has only one reportable segment, which is the provision of printing services. The analysis of the Group's revenue by geographical location is as follows:

Revenue – based on the country in which the customer is located, are analysed as follows:

	30.6.2013	30.6.2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
United States	**223,000**	135,188
Spain	**68,129**	346
Australia	**65,894**	62,640
United Kingdom	**77,052**	56,974
Mexico	**32,645**	1,271
Germany	**17,569**	14,925
Hong Kong (domicile)	**15,589**	16,000
New Zealand	**13,923**	5,493
Others	**28,400**	18,960
	542,201	311,797

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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Reportable segment profit	**65,429**	37,694
Finance costs	**(1,505)**	(1,284)
Profit before income tax	**63,924**	36,410

4. Finance costs

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest charges on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	**1,175**	1,126
Interest expenses payable to intermediate holding company	**255**	-
Finance lease charges	**75**	158
	1,505	1,284

5. Profit before income tax

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**185**	-
Depreciation	**15,397**	14,779
Employee benefit expenses	**62,399**	42,692
Minimum lease payments paid under operating leases or leases in respect of rented premises and production facilities	**6,307**	4,437
Loss on disposals of property, plant and equipment	**208**	-
Net foreign exchange loss (gain)	**4,843**	(1,614)
(Gain) loss on financial assets at fair value through profit or loss	**(3,983)**	994
Interest income	**(40)**	(71)

6. Income tax expense

The amount of income tax expense charged/(credited) to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong profits tax		
- Current year	**10,697**	17,487
Overseas tax		
- Current year	**1,704**	-
- Under provision in prior years	**60**	28
Deferred taxation – current year	**(567)**	(10,500)
	11,894	7,015

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. Earnings per share

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings for the purposes of basic earnings per share for the period	**51,968**	30,226

	Number of shares (*'000*)	
	2013	2012
		(restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	**687,395**	618,975

The weighted average number of ordinary shares for the six months ended 30 June 2012 has been restated to reflect the rights issue and bonus issue of shares (note 14) in 2013. No diluted earnings per share is presented as the Group has no dilutive potential shares during the six months ended 30 June 2013 and 2012.

8. Property, plant and equipment

	Leasehold land and buildings *HK$'000*	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Leasehold improve-ments *HK$'000*	Computer equipment and systems *HK$'000*	Motor vehicles *HK$'000*	Machinery *HK$'000*	Total *HK$'000*
At 1 January 2013								
Cost	16,590	4,365	4,494	43,126	9,835	1,554	266,950	346,914
Accumulated depreciation	(548)	(3,030)	(2,835)	(26,284)	(8,978)	(1,080)	(90,777)	(133,532)
Net book amount	16,042	1,335	1,659	16,842	857	474	176,173	213,382
Period ended 30 June 2013								
Opening net book amount	16,042	1,335	1,659	16,842	857	474	176,173	213,382
Exchange differences	-	(2)	18	(1)	4	15	3,796	3,830
Transfer to investment properties (note 9)	(10,370)	-	-	-	-	-	-	(10,370)
Additions	-	202	379	6,057	473	1,140	12,131	20,382
Disposals	-	(4)	(47)	(27)	(2)	(254)	(188)	(522)
Depreciation	(156)	(367)	(355)	(2,391)	(310)	(177)	(11,616)	(15,372)
Closing net book amount	5,516	1,164	1,654	20,480	1,022	1,198	180,296	211,330
At 30 June 2013								
Cost	5,790	4,499	4,742	49,129	10,303	1,821	282,937	359,221
Accumulated depreciation	(274)	(3,335)	(3,088)	(28,649)	(9,281)	(623)	(102,641)	(147,891)
Net book amount	5,516	1,164	1,654	20,480	1,022	1,198	180,296	211,330

The net book amount of property, plant and equipment includes the net carrying amount of HK$18,400,000 (31 December 2012: HK$20,876,000) in respect of assets held under finance leases.

As at 30 June 2013, the Group’s leasehold land and buildings with net book amount of HK$5,516,000 (31 December 2012: HK$16,042,000) were pledged to secure general banking facilities granted to the Group and certain of the Group’s property, plant and equipment with net book amount of HK$190,000 (31 December 2012: HK$186,000) were collaterised against the banking facilities granted to the Group.

During the six months ended 30 June 2013, certain of the leasehold land and buildings were transferred to investment properties as those properties were held for lease to independent third parties to earn rental income.

9. Investment properties

	HK$'000
At 1 January 2013	-
Transfer from leasehold land and building (note 8)	10,370
Depreciation	(25)
Closing net book amount	10,345
At 30 June 2013	
Cost	10,370
Accumulated depreciation	(25)
Net book amount	10,345

The investment properties as at 30 June 2013 were pledged to secure general banking facilities granted to the Group.

As at 30 June 2013, the fair value of the investment properties were approximately HK$17,600,000 which were based on the valuation performed by BMI Appraisals Limited, an independent professional valuer. For the portion of the property which is subject to tenancy, the valuation was arrived at by taking into account the current passing rent of this portion being held under existing tenancy and the reversionary potential of the tenancy if it has been or would be let to tenant. For the remaining portion of the property, the Comparison Approach was adopted assuming sales in its existing state with the benefit of vacant possession and making reference to comparable sales evidence as available in the relevant market.

10. Trade and other receivables and deposits

The Group allows a credit period from 45 to 180 days to its trade customers. Aging analysis of trade receivables as at 30 June 2013, based on sales invoice date and net of provisions, is as follows:

	At 30 June 2013 (Unaudited) ***HK$'000***	At 31 December 2012 (Audited) *HK$'000*
0 - 30 days	**92,520**	85,956
31 - 60 days	**102,030**	82,351
61 - 90 days	**103,816**	71,619
91 - 120 days	**51,856**	63,214
121 - 150 days	**16,494**	57,525
Over 150 days	**5,673**	30,246
Total trade receivables	**372,389**	390,911
Other receivables and deposits	**21,763**	8,827
	394,152	399,738

11. Trade and other payables

As at 30 June 2013, the aging analysis of trade payables based on invoice date is as follows:

	At 30 June 2013 (Unaudited) ***HK$'000***	At 31 December 2012 (Audited) *HK$'000*
0 - 30 days	**46,150**	39,250
31 - 60 days	**30,515**	24,100
61 - 90 days	**16,064**	17,752
91 - 120 days	**3,367**	1,444
Over 120 days	**836**	3,342
Total trade payables	**96,932**	85,888
Other payables and accruals	**93,498**	103,547
	190,430	189,435

12. Bank borrowings

During the six months ended 30 June 2013, repayments of bank loans amounting to HK$33,498,000 (30 June 2012: HK$72,944,000) were made in line with the relevant repayment terms. No new bank borrowings were raised for the six months ended 30 June 2013 (30 June 2012: HK$46,529,000).

All bank borrowings as at 30 June 2013 are secured by the corporate guarantees from the Company and bank borrowings of HK$9.4 million (31 December 2012: HK$10.0 million) are further secured by personal guarantee from the director and non-controlling shareholder of a subsidiary and the Group's leasehold land and buildings of HK$5,516,000 (31 December 2012: HK$16,042,000) and investment properties of HK$10,345,000 (31 December 2012: Nil).

13. Finance lease liabilities

The analysis of the obligations under finance lease is as follows:

	At 30 June 2013 (Unaudited) ***HK$'000***	At 31 December 2012 (Audited) *HK$'000*
Total minimum lease payments:		
Due within one year	**3,695**	6,335
Due in the second to fifth years	**-**	527
	3,695	6,862
Future finance charges on finance lease	**(34)**	(109)
Present value of finance lease liabilities	**3,661**	6,753

13. Finance lease liabilities (Continued)

	At 30 June 2013 (Unaudited) *HK$'000*	At 31 December 2012 (Audited) *HK$'000*
Present value of minimum lease payments:		
Due within one year	**3,661**	6,227
Due in the second to fifth years	**-**	526
	3,661	6,753
Less: Portion due within one year included under current liabilities	**(3,661)**	(6,227)
Non-current portion included under non-current liabilities	**-**	526

As at 30 June 2013 and 31 December 2012, all finance lease liabilities are secured by the corporate guarantees from the Company.

14. Share capital

	No. of shares *('000)*	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each	1,000,000	10,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 1 January 2013	500,000	5,000
Rights issue of shares (note (i))	200,000	2,000
Bonus issue of shares (note (ii))	70,000	700
At 30 June 2013	**770,000**	**7,700**

Notes:

(i) On 10 April 2013, the Company allotted and issued 200,000,000 shares by way of rights issue at a subscription price of HK$0.50 per rights share on the basis of two new shares for every five existing shares held by shareholders on 14 March 2013.

(ii) On 8 May 2013, the Company allotted and issued 70,000,000 bonus shares by way of one bonus share for every ten existing shares held by shareholders on 2 May 2013. The bonus shares had been credited as fully paid by an amount of HK$700,000 in the share premium account of the Company.

15. Capital commitments

As at 30 June 2013, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK$709,000 (31 December 2012: HK$902,000).

16. Dividends

(a) Dividends attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Final dividend in respect of the year ended 31 December 2011, approved and paid during the interim period of HK$0.03 per share	**-**	15,000

(b) Dividends attributable to the interim period

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividends declared - HK$0.02 (2012: HK$0.02) per share (note)	**15,400**	10,000

Note:

The amount of the interim dividend declared for the six months ended 30 June 2013, which will be payable in cash, has been calculated by reference to the 770,000,000 issued ordinary shares outstanding as at the date of this report. The interim dividend is not reflected as dividend payable in the condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2013.

17. Related party transactions

(a) Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties for the six months ended 30 June 2013 are disclosed as follows:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Rental expenses paid to a related company	**-**	156
Interest expenses paid to intermediate holding company	**255**	-

In the opinion of the directors, the related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms. The above related party transactions also constitute exempted connected transactions as defined in Chapter 14A of the Listing Rule.

(b) Compensation of key management personnel

The directors of the Company were considered to be key management personnel of the Group. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**1,963**	1,479
Post-employment benefit	**8**	6
	1,971	1,485

18. Contingent liabilities

As at 30 June 2013, the Group had no significant contingent liabilities (31 December 2012: Nil).

19. Fair value measurement

(i) Recurring fair value measurements

	Level 2	
	At 30 June 2013 (Unaudited)	At 31 December 2012 (Audited)
	HK$'000	*HK$'000*
Assets		
Derivative financial instruments:		
- Forward foreign exchange contracts	**2,312**	-
Liabilities		
Derivative financial instruments:		
- Forward foreign exchange contracts	**-**	(718)

(ii) Fair values of financial instruments carried at other than fair value

Trade and other receivables, trade and other payables, bank borrowings, finance lease liabilities and loan from intermediate holding company are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2013 and 31 December 2012.

(iii) Measurement of fair values

The fair value of forward foreign exchange contracts is measured using forward exchange market rates at the reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover for the six months ended 30 June 2013 increased 73.9% to approximately HK$542.2 million (2012: HK$311.8 million) was mainly attributable to the contribution from the new print management subsidiary, Asia Pacific Offset Limited {"APOL"}, which acquired in late December 2012.

Gross profit grew 112.5% to approximately HK$146.5 million (2012: HK$68.9 million), whilst profit for the period attributable to owners of the Company jumped 71.9% to approximately HK$52.0 million (2012: HK$30.2 million).

Selling and distribution costs increased by 136.9% to approximately HK$74.7 million (2012: HK$31.5 million) mainly due to the increases in staff costs and agency commission in the new print management division. Administrative expenses increased 84.0% to approximately HK$18.1 million due to the additional overhead expenses from APOL and the exchange loss incurred during the period.

Despite a challenging operating environment, the Group's net margin for the period was maintained at a stable 9.6%. The is attributable to lower material costs through strategic procurement practices and synergy from the successful APOL merger.

BUSINESS REVIEW

The book printing industry continued to struggle in the first half of 2013, as more readers turn to digital formats. As such, diminished order sizes, coupled with rising labor costs have pushed out financially weaker printing operators. Nonetheless, selective capacity closure in recent years has improved the market environment significantly for remaining players which succeed in gaining market share. Large printers with solid financial position, like our Group, have benefited from this tough competition, as our turnover and profit has grown substantially during the period.

Following the successful integration with APOL, one of the largest print management companies in the world, the Group has now repositioned itself as an integrated print management company with in-house printing capability. The United States and United Kingdom remain our key export markets for the period. They achieved growth rates of 65.0% and 35.2% respectively. Moreover, the merger with APOL has also opened access to new markets across the value chain, significantly enhancing the Group's customer reach.

Moreover, a larger order book and procurement budget has also reaped significant and sustainable cost savings over our competitors. This new business alignment has also enhanced the Group's control in its order book allocation, creating flexibility between self-production and outsourcing. This in turn will effectively improve our cost and risk management in the long term.

BUSINESS REVIEW (CONTINUED)

To assimilate and streamline the internal process between our print management and printing divisions, further enhancement has been made to our proprietary ERP system. This enables the Group to efficiently align and allocate resources amongst our departments and better serve our clients in a timely manner. Such endeavour has contributed significantly to our gross margin enhancement, which increased to 27.0% from 22.1% last year. The Group anticipates further gross margin upside in the coming year as greater economies of scale materialize.

PROSPECTS

Our order on hand remains strong, and is in line with our forecasts, hence we are confident that the organic growth of our existing business will be satisfactory for the remainder of 2013. Despite external challenges, the management perceives this as an opportune time to consolidate and gain scale through vertical and/or horizontal mergers, replicating the success of the recent APOL acquisition. The Group will review the prevailing market conditions to identify areas where we can add value and implement development plans accordingly.

The Group will also ensure that appropriate cost control measures and stringent inventory management will be enforced throughout business divisions, so as to ensure a healthy financial position for future development.

Looking ahead, the global book export market remains unpredictable, and those that are to survive must stay one step ahead of its competitors. The Group believes that we have taken the first step to fulfill this mission with our recent business integration and our new positioning within the value chain will enchance our prospects in becoming a leader in the global book printing supply chain in the long run. Our order book for Q3, 2013 is solid and may register a healthy increase over Q3 of 2012, a record for the company. Looking into the rest of 2013, we are optimistic of prospects and committed to the same dividend payout ratio that has been in place since July, 2011.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2013, the Group had net current assets of approximately HK$348.0 million (31 December 2012: HK$202.4 million) of which the cash and bank deposits were approximately HK$139.5 million (31 December 2012: HK$103.5 million). The Group's current ratio was approximately 2.1 (31 December 2012: 1.5).

Total bank borrowings and finance lease liabilities were HK$82.4 million (31 December 2012: HK$118.6 million). As at 30 June 2013, borrowings of HK$41.8 million (31 December 2012: HK$106.3) and HK$40.6 million (31 December 2012: HK$46.2 million) are denominated in Hong Kong dollars and US dollars respectively. All borrowings are at floating rates and repayable within five years except an amount of HK$3.5 million (31 December 2012: HK$4.1 million) being repayable after five years and subject to a repayable on demand clause. The Group's gearing ratio as at 30 June 2013 was 13.6% (31 December 2012: 33.8%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (CONTINUED)

During the period, the Group had acquired machinery for printing division at approximately HK$12.1 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment as at 30 June 2013 includes net carrying amount of HK$18.4 million (31 December 2012: HK$20.9 million) in respect of assets held under finance leases. On 30 June 2013, the net book amount of the leasehold land and building of approximately HK$5.5 million (31 December 2012: HK$16.0 million) and investment properties of approximately HK$10.3 million (31 December 2012: Nil) were pledged to secure general banking facilities granted to the Group.

As at 30 June 2013, the banking facilities of one of the Group's subsidiaries are secured by a charge over proceeds from documentary credit and an all monies debenture over the assets and an undertaking of the subsidiary. The banking facilities utilised by the subsidiary as at 30 June 2013 was HK$9.3 million (31 December 2012: HK$9.3 million). The assets collaterised included property, plant and equipment of HK$0.2 million (31 December 2012: HK$0.2 million), inventories of HK$28.1 million (31 December 2012: HK$11.5 million), trade and other receivables of HK$164.5 million (31 December 2012: HK$151.4 million) and bank balances and cash of HK$16.8 million (31 December 2012: HK$7.3 million).

The Group's policy is to 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 COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2013, the Group had committed to acquire machinery of approximately HK$0.7 million. The acquisition will be financed by bank borrowings and the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2013.

OTHER DISCLOSURES

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK$0.02 per ordinary share for the six months ended 30 June 2013 (2012: HK$0.02) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 5 September 2013. The register of shareholders will be closed from 3 September 2013 to 5 September 2013, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 2 September 2013. The relevant dividend warrants will be despatched to shareholders on or around 13 September 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2013, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

(i) Long Position in the shares and underlying shares of the Company

Name of Directors	Personal Interests *(Shares)*	Family Interests *(Shares)*	Corporate Interests *(Shares)*	Total Interests *(Shares)*	Percentage to the issued share capital of the Company *(%)*
Mr. Lau Chuk Kin *(Note 1)*	171,906	Nil	473,090,392	473,262,298	61.46
Mr. Li Hoi David	6,160,000	Nil	Nil	6,160,000	0.80
Mr. Lam Wing Yip	18,548	Nil	Nil	18,548	0.00

(ii) Long Position in the shares of Cinderella Media Group Limited ("Cinderella Media"), an associated corporation of the Company

Name of Directors	Personal Interests *(Shares)*	Family Interests *(Shares)*	Corporate Interests *(Shares)*	Total Interests *(Shares)*	Percentage to the issued share capital of Cinderella Media *(%)*
Mr. Lau Chuk Kin *(Note 2)*	Nil	Nil	183,632,000	183,632,000	55.45

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Continued)

(iii) Long Position in the shares of ER2 Holdings Limited ("ER2 Holdings"), an associated corporation of the Company

Name of Directors	Personal Interests *(Shares)*	Family Interests *(Shares)*	Corporate Interests *(Shares)*	Total Interests *(Shares)*	Percentage to the issued share capital of ER2 Holdings *(%)*
Mr. Lau Chuk Kin	8,375	Nil	Nil	8,375	67.00

(iv) Options to subscribe for shares in Cinderella Media, an associated corporation of the Company

				Number of share options				
Name of Directors	Date of grant	Exercisable period	Exercise price HK$	Outstanding at 1.1.2013	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30.6.2013
Mr. Yang Sze Chen, Peter	23.6.2010	23.6.2011 to 22.6.2015	1.636	600,000	-	-	-	600,000
	23.6.2010	23.6.2012 to 22.6.2015	1.636	600,000	-	-	-	600,000
Mr. Lam Wing Yip	23.6.2010	23.6.2012 to 22.6.2015	1.636	450,000	-	-	-	450,000

Note 1: Of 473,090,392 shares, 461,838,155 shares, 68,000 shares, 10,779,266 shares and 404,971 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of Cinderella Media, Cinderella Media, City Apex Limited and ER2 Holdings respectively. As at 30 June 2013, Cinderella Media was owned as to 53.73% by City Apex Ltd and as to 1.72% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex Limited of which 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 Securities and Futures Ordinance.

Note 2: Of 183,632,000 shares, 5,678,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings and City Apex Limited respectively. As at 30 June 2013, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2 Holdings, which is the ultimate holding company of City Apex Limited. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Saved as disclosed above, as at 30 June 2013, to the knowledge of the Company, none of the directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the following persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest			Percentage to the issued share capital of the Company *(%)*
	Beneficial Owner *(Shares)*	Interest in controlled corporation *(Shares)*	Total Interests *(Shares)*	
Mr. Lau Chuk Kin *(Note)*	171,906	473,090,392	473,262,298	61.46
ER2 Holdings Limited *(Note)*	404,971	472,685,421	473,090,392	61.44
City Apex Limited *(Note)*	10,779,266	461,906,155	472,685,421	61.39
Cinderella Media Group Limited *(Note)*	68,000	461,838,155	461,906,155	59.99
Recruit (BVI) Limited *(Note)*	461,838,155	Nil	461,838,155	59.98
Mr. Chen Huang Zhi	87,499,804	Nil	87,499,804	11.36

Note:

Of 473,090,392 shares, 461,838,155 shares, 68,000 shares, 10,779,266 shares and 404,971 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of Cinderella Media, Cinderella Media, City Apex Limited and ER2 Holdings respectively. As at 30 June 2013, Cinderella Media was owned as to 53.73% by City Apex Ltd and as to 1.72% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex Limited. 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 Securities and Futures Ordinance.

Save as disclosed above, as at 30 June 2013, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Cinderella Media has adopted a share option scheme approved by a resolution passed by its shareholders on 13 July 2007, under which it may grant options to directors, employees, any advisors and service providers of any member of the Group to subscribe for its shares.

The following table discloses movements in the share options held by the directors of the Company and the Group's employees during the period:

	Number of share options			
	Outstanding at 1.1.2013	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30.6.2013
Directors	1,650,000	-	-	1,650,000
Employees	1,126,000	750,000	-	376,000
Total	2,776,000	750,000	-	2,026,000

Details of the share options granted to Directors and the Group's employees are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share (HK$)
18.8.2008	2,400,000	18.8.2008 to 17.8.2009	18.8.2009 to 17.8.2013	0.93
18.8.2008	2,400,000	18.8.2008 to 17.8.2010	18.8.2010 to 17.8.2013	0.93
29.10.2009	300,000	29.10.2009 to 28.04.2010	29.04.2010 to 28.10.2014	0.902
29.10.2009	300,000	29.10.2009 to 28.10.2011	29.10.2011 to 28.10.2014	0.902
11.6.2010	675,000	11.6.2010 to 10.6.2011	11.6.2011 to 10.6.2015	1.60
11.6.2010	675,000	11.6.2010 to 10.6.2012	11.6.2012 to 10.6.2015	1.60
23.6.2010	2,100,000	23.6.2010 to 22.6.2011	23.6.2011 to 22.6.2015	1.636
23.6.2010	2,100,000	23.6.2010 to 22.6.2012	23.6.2012 to 22.6.2015	1.636

Note:

As at 30 June 2013, 2,026,000 share options are exercisable and the weighted average exercise price of these share options is HK$1.64 (31 December 2012: HK$1.64).

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2013, 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 provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provision") contained in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2013.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2013, the Group had around 1049 full-time employees (30 June 2012: 1010). 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 employee benefits include provident fund, insurance and medical cover. As at 30 June 2013, outstanding options to subscribe for the shares of its holding company, Cinderella Media of an aggregate of 2,026,000 shares of the Company had been granted to certain full-time employees, including two executive directors of the Company, pursuant to the share option scheme of Cinderella Media. Exercise prices of which are ranged from HK$1.600 to HK$1.636.

AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Dr. Ng Lai Man, Carmen, Mr. Yeung Ka Sing and Mr. Tsui King Chung, David, with terms of reference in compliance with the Listing Rules. The audit committee review the Group's financial reporting, internal controls and make relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2013 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board
Yeung Ka Sing
Chairman

Hong Kong, 15 August 2013

As at the date of this announcement, the Board comprises Mr. Yang Sze Chen, Peter, Mr. Lau Chuk Kin , Mr. Li Hoi David, Mr. Lam Wing Yip 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.