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 2013

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 2013, together with the comparative figures for the year ended 31 December 2012 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Turnover	3	1,163,542	700,065
Direct operating costs		(851,271)	(542,791)
Gross profit		312,271	157,274
Other income	5	37,200	26,554
Selling and distribution costs		(164,952)	(70,696)
Administrative expenses		(29,698)	(21,417)
Other expenses		(5,483)	(7,620)
Finance costs	6	(2,395)	(2,263)
Profit before income tax	7	146,943	81,832
Income tax expense	8	(25,522)	(13,682)
Profit for the year		121,421	68,150
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		4,199	(225)
Other comprehensive income for the year, net of tax		4,199	(225)
Total comprehensive income for the year		125,620	67,925

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013 (Continued)

	Notes	2013 HK$'000	2012 HK$'000
Profit for the year attributable to:			
Owners of the Company		121,466	68,298
Non-controlling interests		(45)	(148)
		121,421	68,150
Total comprehensive income attributable to:			
Owners of the Company		125,667	68,075
Non-controlling interests		(47)	(150)
		125,620	67,925
Earnings per share for profit attributable to owners of the Company during the year	10		(Restated)
Basic		HK16.66 cents	HK11.03 cents
Diluted		N/A	N/A

Consolidated Statement of Financial Position
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	196,070	213,382
Investment properties	12	10,192	-
Intangible assets	13	66,117	66,487
Deferred tax assets		10,614	3,803
		282,993	283,672
Current assets			
Inventories	14	79,802	73,523
Trade and other receivables and deposits	15	399,445	399,738
Financial assets at fair value through profit or loss	16	694	-
Pledged cash and bank balances		33,365	7,297
Cash and cash equivalents		112,035	96,193
		625,341	576,751
Current liabilities			
Trade and other payables	17	177,692	189,435
Financial liabilities at fair value through profit or loss	16	-	718
Bank borrowings	18	64,612	112,327
Finance lease liabilities	19	526	6,227
Loan from intermediate holding company		-	33,500
Provision for taxation		3,064	32,157
		245,894	374,364
Net current assets		379,447	202,387
Total assets less current liabilities		662,440	486,059
Non-current liabilities			
Other payables		-	32,000
Finance lease liabilities	19	-	526
Deferred tax liabilities		967	1,576
		967	34,102
Net assets		661,473	451,957
EQUITY			
Share capital		7,700	5,000
Reserves		653,298	446,161
Equity attributable to owners of the Company		660,998	451,161
Non-controlling interests		475	796
Total equity		661,473	451,957

Consolidated Statement of Changes in Equity
For the year ended 31 December 2013

	Attributable to owners of the Company										Non-controlling interest	Total equity
	Share capital	Share premium	Exchange reserve	Merger reserve	Contributed surplus	Other reserve	Employee compensation reserve	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	HK$'000	HK$'000
Balance as at 1 January 2012	5,000	76,983	(747)	(136,875)	310,125	-	-	15,000	138,600	408,086	946	409,032
2011 final dividend paid (Note 9(b))	-	-	-	-	-	-	-	(15,000)	-	(15,000)	-	(15,000)
2012 interim dividend paid (Note 9(b))	-	-	-	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Transactions with owners	-	-	-	-	-	-	-	(15,000)	(10,000)	(25,000)	-	(25,000)
Profit for the year	-	-	-	-	-	-	-	-	68,298	68,298	(148)	68,150
Other comprehensive income Currency translation	-	-	(223)	-	-	-	-	-	-	(223)	(2)	(225)
Total comprehensive income for the year	-	-	(223)	-	-	-	-	-	68,298	68,075	(150)	67,925
Balance at 31 December 2012 and 1 January 2013	5,000	76,983	(970)	(136,875)	310,125	-	-	-	196,898	451,161	796	451,957
2013 interim dividend paid (Note 9(b))	-	-	-	-	-	-	-	-	(15,400)	(15,400)	-	(15,400)
Rights issue of shares	2,000	98,000	-	-	-	-	-	-	-	100,000	-	100,000
Bonus issue of shares	700	(700)	-	-	-	-	-	-	-	-	-	-
Share issue expenses	-	(1,205)	-	-	-	-	-	-	-	(1,205)	-	(1,205)
Acquisition of non-controlling interests (Note 21)	-	-	-	-	-	(201)	-	-	-	(201)	(274)	(475)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	976	-	-	976	-	976
Transactions with owners	2,700	96,095	-	-	-	(201)	976	-	(15,400)	84,170	(274)	83,896
Profit for the year	-	-	-	-	-	-	-	-	121,466	121,466	(45)	121,421
Other comprehensive income Currency translation	-	-	4,201	-	-	-	-	-	-	4,201	(2)	4,199
Total comprehensive income for the year	-	-	4,201	-	-	-		-	121,466	125,667	(47)	125,620
2013 proposed final dividend (Note 9(a))	-	-	-	-	-	-	-	30,800	(30,800)	-	-	-
Balance at 31 December 2013	7,700	173,078	3,231	(136,875)	310,125	(201)	976	30,800	272,164	660,998	475	661,473

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 Units 2&3, 5/F, Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong, Kowloon, 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 2013, 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, 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 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. Change of accounting policies and adoption of new or amended HKFRSs

Change of accounting policies

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 years ended 31 December 2012 and 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 31 December 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. Change of accounting policies and adoption of new or amended HKFRSs (Continued)

Adoption of new or amended HKFRSs

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

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

The directors of the Company (the "Directors") considers that the change in accounting policy on inventories has had no material effect on the consolidated statement of financial position as at 1 January 2012, 31 December 2012 and 31 December 2013. As a result, the comparative figures have not been restated and the third statement of financial position as at 1 January 2012 is not presented.

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

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. 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. The Group has adopted the amendments retrospectively for the year ended 31 December 2013. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

2. Change of accounting policies and adoption of new or amended HKFRSs (Continued)

Adoption of new or amended HKFRSs (Continued)

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The adoption of this standard has no material impact on the Group's financial statements.

HKFRS 12 - Disclosure of Interests in Other Entities

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

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

2. Change of accounting policies and adoption of new or amended HKFRSs (Continued)

Adoption of new or amended HKFRSs (Continued)

HKFRS 13 – Fair Value Measurement

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

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

New/revised HKFRSs that have been issued and have been early adopted

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash-generating units ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1 January 2014. The Group has early adopted the amendments to HKAS 36 in the current period.

2. Change of accounting policies and adoption of new or amended HKFRSs (Continued)

New/amended HKFRSs that have been issued but are not yet effective

At the date of this result 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. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

This standard is effective for accounting periods beginning on or after 1 January 2014. The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

3. Turnover

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

4. 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 (excluding deferred tax assets)	
	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
People's Republic of China	-	-	189,069	191,774
United States	458,720	289,390	189	92
United Kingdom	217,615	160,140	6	13
Australia	161,041	135,951	34	42
Spain	83,179	679	-	-
Brazil	52,647	1,647	-	-
Mexico	33,723	1,271	-	-
New Zealand	28,848	19,227	-	-
Germany	26,293	36,328	-	-
Chile	21,651	-	-	-
Hong Kong (domicile)	19,367	22,260	83,081	87,948
Peru	12,967	2,817	-	-
Others	47,491	30,355	-	-
	1,163,542	700,065	272,379	279,869

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based on (1) the physical location of the assets (for property, plant and equipment) and (2) location of operations (for intangible assets).

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:

	2013	2012
	HK$'000	HK$'000
Reportable segment profit	150,314	84,095
Equity-settled share-based payments	(976)	-
Finance costs	(2,395)	(2,263)
Profit before income tax	146,943	81,832
Reportable segment liabilities	181,282	294,563
Deferred tax liabilities	967	1,576
Borrowings	64,612	112,327
Group liabilities	246,861	408,466

5. Other income

	2013 HK$'000	2012 HK$'000
Sales of scrapped paper and by-products	18,681	19,424
Net foreign exchange gains	3,332	4,769
Gain on financial assets at fair value through profit or loss	5,544	-
Impairment of trade receivables written back	5,784	294
Bad debts recovered	175	-
Interest income	173	110
Gain on disposals of property, plant and equipment	-	77
Rental income	215	-
Gain on early settlement of payables to the vendors for the acquisition of a subsidiary (Note 20)	1,760	-
Sundry income	1,536	1,880
	37,200	26,554

6. Finance costs

	2013 HK$'000	2012 HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause,		
- wholly repayable within five years	1,799	1,977
- not wholly repayable within five years	233	-
Interest expenses to intermediate holding company	255	10
Finance lease charges	108	276
	2,395	2,263

7. Profit before income tax

	2013 HK$'000	2012 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (Note (i) below)	880	740
Impairment of receivables	5,413	7,620
Bad debts written off	70	-
Cost of inventories recognised as expense	431,069	377,615
Write-down of inventories	5,071	4,896
Reversal of write-down of inventories	(78)	(2,900)
Depreciation of property, plant and equipment (Note (ii) below)		
- Owned	28,690	29,839
- Held under finance leases	1,864	644
Depreciation of investment properties	178	-
Amortisation of intangible assets	370	-
Loss/(Gain) on disposals of property, plant and equipment	2,316	(77)
(Gain)/Loss on financial assets/liabilities at fair value through profit or loss	(5,544)	1,682
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	9,923	9,017
Direct operating expenses arising from investment properties that generated rental income	45	-
Staff costs	158,702	100,970

Notes:

(i) Auditor's remuneration for other services paid during the year was HK$100,000 (2012: HK$100,000).

(ii) Depreciation charges of HK$29,348,000 (2012: HK$27,974,000) and HK$1,206,000 (2012: HK$2,509,000) have been included in direct operating costs and administrative expenses respectively.

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

	2013 HK$'000	2012 HK$'000
Hong Kong profits tax		
Current year	30,500	28,155
Over-provision in prior years	(149)	(230)
	30,351	27,925
Overseas tax		
Current year	2,478	753
Over-provision in prior years	-	(79)
	2,478	674
Deferred tax		
Current year	(7,307)	(14,917)
	25,522	13,682

9. Dividends

(a) Dividends attributable to the year:

	2013 HK$'000	2012 HK$'000
Interim dividend of HK$0.02 (2012: HK$0.02) per share	15,400	10,000
Proposed final dividend of HK$0.04 (2012: Nil) per share	30,800	-
	46,200	10,000

Final dividends proposed after the reporting date was not recognised as a liability at the reporting date, but reflected as an appropriation of retained earnings for the year ended 31 December 2013.

(b) Dividends approved and paid during the year:

	2013 HK$'000	2012 HK$'000
Interim dividend of HK$0.02 (2012: HK$0.02) per share	15,400	10,000
No final dividend per share in respect of the previous financial year (2012: HK$0.03)	-	15,000
	15,400	25,000

10. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$121,466,000 (2012: HK$68,298,000) and on the weighted average number of 729,037,000 (2012: 618,975,000 (restated)) ordinary shares in issue during the year, after adjusting for the rights issue and bonus issue of shares.

The weighted average number of ordinary shares for the year ended 31 December 2012 has been restated to reflect the rights issue and bonus issue of shares in 2013.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2012: Nil).

11. 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 2012								
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
Year ended 31 December 2012								
Opening net book amount	16,489	1,639	1,726	20,646	1,889	719	180,019	223,127
Exchange differences	-	1	4	-	2	(1)	63	69
Additions	-	288	629	859	616	-	19,540	21,932
Acquisition of subsidiaries	-	56	18	1	97	14	-	186
Disposals	-	-	(10)	-	-	-	(1,439)	(1,449)
Depreciation	(447)	(649)	(708)	(4,664)	(1,747)	(258)	(22,010)	(30,483)
Closing net book amount	16,042	1,335	1,659	16,842	857	474	176,173	213,382
At 31 December 2012								
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
Year ended 31 December 2013								
Opening net book amount	16,042	1,335	1,659	16,842	857	474	176,173	213,382
Exchange differences	-	(3)	18	-	4	14	3,796	3,829
Additions	-	248	642	8,347	673	2,024	15,628	27,562
Disposals	-	(4)	(56)	(678)	(2)	(254)	(6,785)	(7,779)
Transfer to investment properties (Note 12)	(10,370)	-	-	-	-	-	-	(10,370)
Depreciation	(328)	(629)	(683)	(4,741)	(610)	(390)	(23,173)	(30,554)
Closing net book amount	5,344	947	1,580	19,770	922	1,868	165,639	196,070
At 31 December 2013								
Cost	5,790	4,550	4,962	48,991	10,505	2,476	278,258	355,532
Accumulated depreciation	(446)	(3,603)	(3,382)	(29,221)	(9,583)	(608)	(112,619)	(159,462)
Net book amount	5,344	947	1,580	19,770	922	1,868	165,639	196,070

As at 31 December 2013, the Group's leasehold land and buildings were situated in Hong Kong and were held under medium-term leases.

Net book amount of property, plant and equipment as at 31 December 2013 includes the net carrying amount of HK$19,012,000 (2012: HK$20,876,000) held under finance leases.

As at 31 December 2013, the Group's leasehold land and buildings with net book amount of HK$5,344,000 (2012: HK$16,042,000) were pledged to secure bank borrowings granted to the Group.

As at 31 December 2013, certain of the Group's property, plant and equipment with net book amount of HK$442,000 (2012: HK$186,000) were collateralised against the banking facilities granted to the Group.

During the year, 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 or held for capital appreciation.

12. Investment properties

All of the Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

Changes to the carrying amounts presented in the statement of financial position can be summarised as follows:

	2013 HK$'000	2012 HK$'000
Opening net book amount	-	-
Transfer from leasehold land and buildings (Note 11)	10,370	-
Depreciation	(178)	-
Closing net book amount	10,192	-
At 31 December		
Cost	10,370	-
Accumulated depreciation	(178)	-
Net book amount	10,192	-

All investment properties as at 31 December 2013 were pledged to secure bank borrowings granted to the Group (2012: Nil). As at 31 December 2013, the Group's investment properties were situated in Hong Kong and were held under medium-term leases.

13. Intangible assets

	Goodwill HK$'000	Non competition covenants HK$'000	Total HK$'000
Carrying amount at 1 January 2012	9,614	-	9,614
Acquired through business combination (Note 20)	56,132	741	56,873
Carrying amount at 31 December 2012 and 1 January 2013	65,746	741	66,487
Amortisation	-	(370)	(370)
Carrying amount at 31 December 2013	65,746	371	66,117

14. Inventories

	2013 HK$'000	2012 HK$'000
Raw materials	56,788	49,231
Work-in-progress	22,737	23,002
Finished goods	277	1,290
	79,802	73,523

As at 31 December 2013, the Group's inventories of HK$17,317,000 (2012: HK$11,529,000) were collateralised against the banking facilities granted to the Group.

15. Trade and other receivables and deposits

Ageing analysis of trade receivables, net of provision as at 31 December 2013, based on the invoice date, is as follows:

	2013 HK$'000	2012 HK$'000
0 - 30 days	84,793	85,956
31 - 60 days	68,167	82,351
61 - 90 days	65,442	71,619
91 - 120 days	92,354	63,214
121 - 150 days	42,438	57,525
Over 150 days	32,637	30,246
Total trade receivables	385,831	390,911
Other receivables and deposits	13,614	8,827
	399,445	399,738

The Group allows a credit period from 45 to 150 days (2012: 45 to 180 days) to its trade customers. As at 31 December 2013, the Group's trade and other receivables of HK$139,365,000 (2012: HK$151,383,000) were collateralised against the banking facilities granted to the Group.

16. Financial assets/(liabilities) at fair value through profit or loss

This relates to the forward foreign exchange contracts which are considered by management as 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.

17. Trade and other payables

As at 31 December 2013, ageing analysis of trade payables based on invoice date is as follows:

	2013 HK$'000	2012 HK$'000
0 – 30 days	43,508	39,250
31 – 60 days	17,309	24,100
61 – 90 days	10,187	17,752
91 – 120 days	1,127	1,444
Over 120 days	2,049	3,342
	74,180	85,888
Other payables and accruals	103,512	103,547
	177,692	189,435

Credit terms granted by the suppliers are generally 0 – 90 days (2012: 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 to their fair values.

18. Bank borrowings

	2013 HK$'000	2012 HK$'000
Current portion		
- Bank loans due for repayment within one year	23,139	24,636
- Bank loans due for repayment after one year which contain a repayment on demand clause	41,473	87,691
Total bank borrowings	64,612	112,327

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:

	2013 HK$'000	2012 HK$'000
Within one year	23,139	47,760
In the second year	21,859	23,124
In the third to fifth year	16,598	37,263
Wholly repayable within 5 years	61,596	108,147
After five years	3,016	4,180
	64,612	112,327

19. Finance lease liabilities

	2013 HK$'000	2012 HK$'000
Total minimum lease payments:		
Due within one year	527	6,335
Due in the second to fifth years	-	527
	527	6,862
Future finance charges on finance leases	(1)	(109)
Present value of finance lease liabilities	526	6,753

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

The Group entered into finance lease for various items of machineries. The lease runs for an initial period of four years (2012: four years) and does 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.

20. Business combination

On 12 December 2012, the Group entered into the share transfer agreement (the "Original Share Transfer Agreement") with independent third parties (the "Vendors") to acquire the entire issued share capital of Asia Pacific Offset Limited ("APOL") at a consideration of HK$160 million. APOL is engaged in the business of printing, binding, colour separation and other printed and non-printed books, magazines and other printed material. The acquisition of this company allowed the Group to broaden its clientele base in the Europe and the United States of America.

The acquisition was completed on 28 December 2012. On 28 December 2012, the Group owned 93.33% equity interest in APOL whilst the remaining equity interest in APOL was transferred to the Group on 28 December 2013. According to the Original Share Transfer Agreement, the Group has already obtained all the rights for the entire equity interest of APOL (including the right to all dividends declared) since 28 December 2012. Goodwill of HK$56,132,000 arose on the acquisition of APOL, reflecting the benefits of revenue growth and future market development of APOL contributed to the Group's existing printing services. Amounts of HK$100 million and HK$28 million were paid in December 2012 and February 2013 respectively. According to the Original Share Transfer Agreement, the remaining consideration of HK$32 million shall be payable on 28 December 2014. On 27 December 2013, the Group, APOL and the Vendors entered into a supplemental agreement to the Original Share Transfer Agreement, pursuant to which:

(a) the remaining consideration of HK$32 million was lowered by 5.5% from HK$32,000,000 to HK$30,240,000; and

(b) the due date of the remaining consideration was changed from 28 December 2014 to the subsequent completion date (i.e. 28 December 2013).

An amount of HK$30,240,000 was settled in December 2013 accordingly. Gain on early settlement of payables to the Vendors for the acquisition of APOL amounted to HK$1,760,000 has been recognised in other income (Note 5).

21. Acquisition of non-controlling interests

On 22 January 2013, the Group acquired a further 20% of equity interests in a subsidiary, Oceanic Graphic International Inc., which is engaged in printing services, increasing its equity interests from 80% to 100%, by acquiring the interests at a cash consideration of HK$155,000. The difference of HK$37,000 between the proportionate share of the carrying amount of its net assets and the consideration paid for the additional interests have been debited to other reserve.

On 25 January 2013, the Group acquired a further 20% of equity interests in a subsidiary, O.G. Printing Productions Limited, which is engaged in production of graphic design services, increasing its equity interests from 80% to 100%, by acquiring the interests at a cash consideration of HK$320,000. The difference of HK$1,000 between the proportionate share of the carrying amount of its net assets and the consideration paid for the additional interests have been debited to other reserve.

On 18 November 2013, the Group acquired a further 1.5% of equity interests in a subsidiary, 1010 Printing (UK) Limited, which is engaged in printing agency, increasing its equity interests from 98.5% to 100%, by acquiring the interests at a cash consideration of HK$12. The difference of HK$163,000 between the proportionate share of the carrying amount of its net liabilities and the consideration paid for the additional interests have been debited to other reserve.

21. Acquisition of non-controlling interests (Continued)

The transactions have been accounted for as equity transactions with the non-controlling interests as follows:

	Oceanic Graphic International Inc. HK$'000	O.G. Printing Productions Limited HK$'000	1010 Printing (UK) Limited HK$'000	Total HK$'000
Consideration paid for 20%/20%/1.5% ownership interest	155	320	-	475
Net assets/(liabilities) attributable to 20%/20%/1.5% ownership interest	118	319	(163)	274
Decrease in equity attributable to owners of the Company (included in other reserve)	37	1	163	201

CHAIRMAN'S STATEMENT

1010 Printing Group Limited ("1010 Printing") has an outstanding year when sales revenue and net profit after tax broke records (HK$1.16 billion and HK$121 million). Our core manufacturing business continued to do well and Asia Pacific Offset Limited ("APOL"), our wholly owned subsidiary acquired in 2012 made a strong contribution to our earnings.

The business environment of the book printing industry remains daunting with consolidation among our publishing clients continuing to gain momentum. Three of our top 20 customers went through ownership changes. However, contrary to our forecast, consolidation in the supply side did not take place. Though a number of medium sized book printers in the Pearl River Delta were rumored to be on sale or going into voluntary liquidation, no major deal was consummated. Despite the escalation of operating costs, with too many printers chasing after too few customers, pricing power has stayed with the buyers. As long as the global interest rate remains at the current low level, financially weak printers will continue to survive and we will have to continue innovate to succeed in a tough trading environment.

1010 Printing's financial position has been strengthened by the HK$100 million rights issue in April, 2013 and our retained profits. The strong cash flow has enabled 1010 Printing to execute its supply chain strategy in tandem with our paper suppliers and subcontractors. The ability to deliver within tight production lead time by using existing paper stock kept in 1010 Printing's warehouse is one of the key factors for the Group to maintain "traction" with our key customers.

Whilst 1010 Printing and APOL share many common traits : leadership position in our respective category, and "AAA" rating in paying vendors and business practices, the merger of two companies with different culture and background is always difficult. I am pleased to report that to-date the merger has been a success, though much work needs to be done. Overlapping of customers among the two companies has been minimal and when that happened, management of 1010 Printing and APOL were able to work out solutions which met the needs of our customers. The economy of scale in combining the procurement budgets of the two companies has already resulted in significant cost savings to the Group. Further, the extensive network in the printing industry established by APOL through its long history has enabled 1010 Printing to fine tune its business process and tap into under a talent and vendor pool. The board extends its appreciation to the APOL management led by Leo Chu and Andrew Clarke for their contribution in making the merger a success.

With advance in technology, book printing is increasingly a "commodity" industry. Against this backdrop, people is what makes the difference. Hence, a big thank you to our staff who have made 1010 Printing a success in a tough industry. You made us proud!

Yeung Ka Sing
Chairman
Hong Kong, 26 February 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2013 was a watershed year for 1010 Printing when sales revenue broke through the HK$1.1 billion mark and net profit after tax exceeded HK$120 million for the first time in our history.

The quality of our earnings has also improved and we have a portfolio of loyal customers. Against strong pricing pressure from our competitors, we were able to improve our industry leading gross profit margin by 5 percentage points to 27%.

1010 Printing's strong financial position, close partnership with customers and effective supply chain management are our key success factors. The overriding reason for our success, however hinges on our single minded focus on printing books. In 2013, 1010 Printing printed over 90 million copies of books for publishers of illustrated and education titles.

In 2006 when 1010 Printing started operations, management correctly identified the trend of shortened print run and quicker production lead time. Our machinery, warehousing capacity and production process were commissioned to meet these requirements. We are pleased to report that our efforts are bearing fruits today and the Group has the momentum to maintain our leadership position in the foreseeable future.

In 2010, we saw the threats of operating labor intensive business in the Pearl River Delta : ever rising cost of hiring/keeping workers and the onerous labor regulations. Management took a decision to switch to an "asset-light" mode. Whilst continuing to invest in hardware and software to improve our cost effectiveness and quality, management began to allocate resources to areas where our know-how on managing the book printing process and our strong balance sheet can generate a better return. In 2011, we acquired O.G. Printing Productions Limited ("OGP") and set up Oceanic Graphic International Inc. which is a print management company based in New Jersey, USA managed by David Li, our current executive director. This was followed by the acquisition of Asia Pacific Offset Limited ("APOL") in 2012. To-date, the two acquisitions have performed well and we are able to retain the service of senior management of APOL and OGP.

Our next phase of expansion is the operation of a print management supply chain business that serves the needs of different stakeholders in the industry: customers, raw material vendors and printers. Steady progress has been made on this front and we look forward to updating our shareholders on this in the future.

PROSPECT

We are negotiating with a number of major book publishing groups for long term supplier contracts and the results will be known in second/third quarter of 2014. We are cautiously optimistic of our prospects of winning the tenders and our overall results in 2014.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2013 was approximately HK$1,163.5 million and represented an increase of 66% from the previous corresponding year (2012: HK$700.1 million). The increase in revenue was contributed from the new print management subsidiary, Asia Pacific Offset Limited ("APOL"), which was acquired in late December 2012.

Gross profit margin for the year improved from 22% to 27%. This is driven by the decrease in cost of raw materials contributed by the effective procurement practices and the synergy from the successful APOL merger.

Selling and distribution costs increased by 133% to approximately HK$165.0 million (2012: HK$70.7 million). The increase was mainly caused by the increase in staff costs and agency commission in the new print management division.

Administrative expenses increased by approximately 39% were mainly attributable to the inclusion of additional overhead expenses in APOL.

Other expenses for the year represented provision for impairment on trade receivables. A decrease of 28% in other expenses was a result of the improvement in debtor repayment performance in the year.

The Group's total comprehensive income attributable to owners of the Company amounted to approximately HK$125.7 million (2012: HK$68.1 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group had net current assets of approximately HK$379.4 million (31 December 2012: HK$202.4 million) of which the cash and bank deposits were approximately HK$145.4 million (31 December 2012: HK$103.5 million). The Group's current ratio was approximately 2.5 (31 December 2012: 1.5).

Total borrowings for the Group amounted to HK$65.1 million (31 December 2012: HK$152.6 million). Borrowings of the Group in 2013 comprised of bank borrowings and finance lease while for 2012 also included loan from intermediate holding company. As at 31 December 2013, borrowings of HK$30.3 million and HK$34.8 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$3.0 million being repayable after five years and subject to a repayable on demand clause. The Group's gearing ratio as at 31 December 2013 was 9.8% (31 December 2012: 33.8%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity.

LIQUIDITY AND FINANCIAL RESOURCES (CONTINUED)

The Group adopts centralized financing and treasury policies in order to ensure the Group funding is utilized efficiently. The Group also regularly monitors 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$27.6 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of approximately HK$19.0 million (31 December 2012: HK$20.9 million) in respect of assets held under finance leases.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2013, the Group had around 978 employees (2012: 1,011). 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$0.04 per share (the "Final Dividend") for the year ended 31 December 2013 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 22 May 2014. The register of shareholders will be closed on 22 May 2014, 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 21 May 2014. The relevant dividend warrants will be dispatched to shareholders on or around 30 May 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 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 Corporate Governance Code and Corporate Governance Report during the year contained in Appendix 14 of the Listing Rules.

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 2013.

On behalf of the Board
Lau Chuk Kin
Executive Director

Hong Kong, 26 February 2014

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

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 2013 of the Company will also be published on the aforesaid websites in due course.