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

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

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014, together with the comparative figures for the year ended 31 December 2013 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	3	1,316,216	1,163,542
Direct operating costs		(963,582)	(851,271)
Gross profit		352,634	312,271
Other income	5	65,989	37,200
Selling and distribution costs		(168,490)	(164,952)
Administrative expenses		(60,310)	(29,698)
Other expenses		(9,362)	(5,483)
Finance costs	6	(3,174)	(2,395)
Profit before income tax	7	177,287	146,943
Income tax expense	8	(27,177)	(25,522)
Profit for the year		150,110	121,421

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014 (Continued)

	Notes	2014 HK$'000	2013 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		(9,101)	4,199
Other comprehensive income for the year, net of tax		(9,101)	4,199
Total comprehensive income for the year		141,009	125,620
Profit for the year attributable to:			
Owners of the Company		146,446	121,466
Non-controlling interests		3,664	(45)
		150,110	121,421
Total comprehensive income attributable to:			
Owners of the Company		140,479	125,667
Non-controlling interests		530	(47)
		141,009	125,620
Earnings per share for profit attributable to owners of the Company during the year	10		
Basic		HK19.02 cents	HK16.66 cents
Diluted		N/A	N/A

Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	249,186	196,070
Investment properties	12	-	10,192
Intangible assets	13	175,836	66,117
Other non-current assets		6,370	-
Deferred tax assets		9,696	10,614
		441,088	282,993
Current assets			
Interest in associate		2,079	-
Inventories	14	111,345	79,802
Trade and other receivables and deposits	15	529,963	399,445
Financial assets at fair value through profit or loss	16	2,697	694
Pledged cash and bank balances		-	33,365
Cash and bank balances		158,348	112,035
		804,432	625,341
Current liabilities			
Trade and other payables	17	277,006	177,692
Bank borrowings	18	115,263	64,612
Finance lease liabilities	19	7,116	526
Provisions		31,794	-
Provision for taxation		11,267	3,064
		442,446	245,894
Net current assets		361,986	379,447
Total assets less current liabilities		803,074	662,440
Non-current liabilities			
Provisions		3,837	-
Finance lease liabilities	19	6,120	-
Deferred tax liabilities		222	967
		10,179	967
Net assets		792,895	661,473
EQUITY			
Share capital		7,700	7,700
Reserves		746,437	653,298
Equity attributable to owners of the Company		754,137	660,998
Non-controlling interests		38,758	475
Total equity		792,895	661,473

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	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	Employee compensation reserve HK$'000	Shares held under share award scheme HK$'000	Proposed final dividend HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
Balance as at 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)	-	-	-	-	-	-	-	-	-	(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	-	-	-	-	-	(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)	-	-	-	-	-	-	-	-	30,800	(30,800)	-	-	-
Balance at 31 December 2013 and 1 January 2014	7,700	173,078	3,231	(136,875)	310,125	(201)	976	-	30,800	272,164	660,998	475	661,473
2013 final dividend paid (Note 9)	-	-	-	-	-	-	-	-	(30,800)	-	(30,800)	-	(30,800)
2014 interim dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	(19,250)	(19,250)	-	(19,250)
Acquisition of non-controlling interests (Note 22)	-	-	-	-	-	(272)	-	-	-	-	(272)	272	-
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	6,641	-	-	-	6,641	-	6,641
Shares vested under share award scheme	-	-	-	-	-	-	(2,796)	-	-	(242)	(3,038)	-	(3,038)
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(621)	-	-	(621)	-	(621)
Lapse of recognised equity-settled share-based payment expenses	-	-	-	-	-	-	(167)	-	-	167	-	-	-
Non-controlling interest derecognised through disposal of subsidiary (Note 20)	-	-	-	-	-	-	-	-	-	-	-	(377)	(377)
Non-controlling interests recognised through business combination (Note 21)	-	-	-	-	-	-	-	-	-	-	-	37,858	37,858
Transactions with owners	-	-	-	-	-	(272)	3,678	(621)	(30,800)	(19,325)	(47,340)	37,753	(9,587)
Profit for the year	-	-	-	-	-	-	-	-	-	146,446	146,446	3,664	150,110
Other comprehensive income													
Currency translation	-	-	(5,967)	-	-	-	-	-	-	-	(5,967)	(3,134)	(9,101)
Total comprehensive income for the year	-	-	(5,967)	-	-	-	-	-	-	146,446	140,479	530	141,009
2014 proposed final dividend (note 9)	-	-	-	-	-	-	-	-	34,650	(34,650)	-	-	-
Balance at 31 December 2014	7,700	173,078	(2,736)	(136,875)	310,125	(473)	4,654	(621)	34,650	364,635	754,137	38,758	792,895

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.

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 ("HKAS") 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. Adoption of Hong Kong Financial Reporting Standards

Adoption of new or amended HKFRSs

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

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

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. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

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

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

The directors of the Company (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.

2. Adoption of Hong Kong Financial Reporting Standards (Continued)

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

HKFRS 9 - Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 - Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2017. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

2. Adoption of Hong Kong Financial Reporting Standards (Continued)

New/amended HKFRSs that have been issued but are not yet effective (continued)
HKFRS 15 - Revenue from Contracts with Customers (Continued)

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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)	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
PRC	-	-	175,011	189,069
United States of America ("USA")	461,204	458,720	131	189
United Kingdom	241,795	217,615	5	6
Australia	289,772	161,041	182,456	34
Spain	95,539	83,179	-	-
Brazil	45,954	52,647	-	-
Mexico	45,582	33,723	-	-
New Zealand	29,451	28,848	1,912	-
Germany	23,225	26,293	-	-
Chile	18,853	21,651	-	-
Hong Kong (domicile)	14,689	19,367	60,863	83,081
Bolivia	6,931	7,656	-	-
Italy	5,694	1,866	-	-
Singapore	5,345	246	11,014	-
Peru	1,204	12,967	-	-
Others	30,978	37,723	-	-
	1,316,216	1,163,542	431,392	272,379

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).

4. Segment information (Continued)

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:

	2014 HK$'000	2013 HK$'000
Reportable segment profit	187,102	150,314
Equity-settled share-based payments	(6,641)	(976)
Finance costs	(3,174)	(2,395)
Profit before income tax	177,287	146,943
Reportable segment liabilities	337,140	181,282
Deferred tax liabilities	222	967
Borrowings	115,263	64,612
Group liabilities	452,625	246,861

5. Other income

	2014 HK$'000	2013 HK$'000
Sales of scrapped paper and by-products	16,379	18,681
Net foreign exchange gains	-	3,332
Gain on financial assets at fair value through profit or loss	3,840	5,544
Impairment of trade receivables write back	5,050	5,784
Bad debts recovered	-	175
Interest income	6,323	173
Rental income	346	215
Gain on early settlement of payables to the vendors for the acquisition of a subsidiary	-	1,760
Fair value gain on loan receivables (Note 21)	26,389	-
Gain on disposal of a subsidiary (Note 20)	4,091	-
Write back of accruals	2,700	-
Sundry income	871	1,536
	65,989	37,200

6. Finance costs

	2014 HK$'000	2013 HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause,		
- wholly repayable within five years	2,870	1,799
- not wholly repayable within five years	139	233
Interest expenses to former intermediate holding company	-	255
Finance lease charges	165	108
	3,174	2,395

7. Profit before income tax

	2014 HK$'000	2013 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	1,312	880
Impairment of receivables	9,201	5,413
Bad debts written off	160	70
Cost of inventories recognised as expense	463,562	431,069
Write-down of inventories	4,308	5,071
Reversal of write-down of inventories	(9,995)	(78)
Depreciation of property, plant and equipment		
- Owned	35,545	28,690
- Held under finance leases	349	1,864
Depreciation of investment properties	173	178
Amortisation of intangible assets	371	370
Amortisation of other non-current assets	149	-
Loss on disposals of property, plant and equipment	264	2,316
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	12,788	9,923
Net foreign exchange loss	7,733	-
Direct operating expenses arising from investment properties that generated rental income	49	45
Staff costs	185,891	158,702

Notes:

(i) Auditor's remuneration for other services paid during the year was HK$200,000 (2013: HK$100,000).

(ii) Depreciation charges of HK$33,532,000 (2013: HK$29,348,000) and HK$2,535,000 (2013: HK$1,206,000) have been included in direct operating costs and administrative expenses respectively.

7. Profit before income tax (Continued)

Notes: (Continued)

(iii) Staff cost of HK$119,628,000 (2013: HK$99,055,000), HK$48,083,000 (2013: HK$52,200,000) and HK$18,180,000 (2013: HK$7,447,000) have been included in direct operating costs, selling and distribution costs and administrative expenses respectively.

8. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 HK$'000	2013 HK$'000
Current tax - Hong Kong profits tax		
Tax for the year	23,913	30,500
Under/(Over)-provision in prior years	62	(149)
	23,975	30,351
Current tax - overseas		
Tax for the year	5,472	2,478
Under-provision in prior years	50	-
	5,522	2,478
Deferred tax		
Current year	(2,320)	(7,307)
	27,177	25,522

9. Dividends

(a) Dividends attributable to the year:

	2014 HK$'000	2013 HK$'000
Interim dividend of HK$0.025 (2013: HK$0.02) per share	19,250	15,400
Proposed final dividend of HK$0.045 (2013: HK$0.04) per share	34,650	30,800
	53,900	46,200

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 2014.

(b) Dividends approved and paid during the year:

	2014 HK$'000	2013 HK$'000
Interim dividend of HK$0.025 (2013: HK$0.02) per share	19,250	15,400
Final dividend of HK$0.04 (2013: Nil) per share	30,800	-
	50,050	15,400

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$146,446,000 (2013: HK$121,466,000) and on the number of 770,000,000 (2013: weighted average number of 729,037,000) ordinary shares in issue during the year.

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2013: Nil).

11. Property, plant and equipment

	Freehold land and buildings HK$'000	Leasehold land and buildings HK$'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 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
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
Year ended 31 December 2014									
Opening net book amount	-	5,344	947	1,580	19,770	922	1,868	165,639	196,070
Exchange differences	(1,497)	-	(1)	(75)	(281)	(267)	(65)	(6,934)	(9,120)
Additions	-	-	614	992	4,970	1,128	273	15,762	23,739
Acquired through business combination (Note 21)	14,039	-	-	735	2,375	2,741	867	60,999	81,756
Disposals	-	-	-	-	(3)	-	(228)	(2,020)	(2,251)
Disposed through disposals of a subsidiary (Note 20)	-	(11,100)	-	-	-	-	-	-	(11,100)
Transfer from investment properties (Note 12)	-	5,986	-	-	-	-	-	-	5,986
Depreciation	(190)	(230)	(587)	(722)	(5,493)	(1,029)	(575)	(27,068)	(35,894)
Closing net book amount	12,352	-	973	2,510	21,338	3,495	2,140	206,378	249,186
At 31 December 2014									
Cost	12,536	-	5,116	6,727	55,373	14,286	2,950	347,831	444,819
Accumulated depreciation	(184)	-	(4,143)	(4,217)	(34,035)	(10,791)	(810)	(141,453)	(195,633)
Net book amount	12,352	-	973	2,510	21,338	3,495	2,140	206,378	249,186

As at 31 December 2014, the Group's freehold land and buildings were situated in Australia.

Net book amount of property, plant and equipment as at 31 December 2014 includes the net carrying amount of HK$3,509,000 (2013: HK$19,012,000) held under finance leases.

During the year, certain of the investment properties were transferred to leasehold land and buildings as those properties were owner-occupied, rather than leased to the independent third parties to earn rental income or held for capital appreciation.

12. Investment properties

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

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

	2014 HK$'000	2013 HK$'000
Opening net book amount	10,192	-
Transfer from leasehold land and buildings (Note 11)	-	10,370
Transfer to leasehold land and buildings (Note 11)	(5,986)	-
Depreciation	(173)	(178)
Disposed through disposal of a subsidiary (Note 20)	(4,033)	-
Closing net book amount	-	10,192
At 31 December		
Cost	-	10,370
Accumulated depreciation	-	(178)
Net book amount	-	10,192

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

13. Intangible assets

	Goodwill HK$'000	Non competition covenants HK$'000	Total HK$'000
Carrying amount at 1 January 2013	65,746	741	66,487
Amortisation	-	(370)	(370)
Carrying amount at 31 December 2013 and 1 January 2014	65,746	371	66,117
Amortisation	-	(371)	(371)
Derecognised on disposal of a subsidiary (Note 20)	(8,320)	-	(8,320)
Acquired through business combination (Note 21)	118,410	-	118,410
Carrying amount at 31 December 2014	175,836	-	175,836

14. Inventories

	2014 HK$'000	2013 HK$'000
Raw materials	75,270	56,788
Work-in-progress	32,111	22,737
Finished goods	3,964	277
	111,345	79,802

15. Trade and other receivables and deposits

Ageing analysis of trade receivables, net of provision as at 31 December 2014, based on the invoice date, is as follows:

	2014 HK$'000	2013 HK$'000
0 – 30 days	136,528	84,793
31 – 60 days	92,175	68,167
61 – 90 days	86,939	65,442
91 – 120 days	70,058	92,354
121 – 150 days	76,204	42,438
Over 150 days	41,507	32,637
Total trade receivables	503,411	385,831
Other receivables and deposits	26,552	13,614
	529,963	399,445

In general, the Group allows a credit period from 30 to 150 days (2013: 45 to 150 days) to its customers.

16. Financial assets 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 2014, ageing analysis of trade payables based on invoice date is as follows:

	2014 HK$'000	2013 HK$'000
0 – 30 days	78,626	43,508
31 – 60 days	42,717	17,309
61 – 90 days	17,621	10,187
91 – 120 days	2,582	1,127
Over 120 days	2,049	2,049
	143,595	74,180
Other payables and accruals	133,411	103,512
	277,006	177,692

Credit terms granted by the suppliers are generally 0 - 90 days (2013: 0 – 90 days).

18. Bank borrowings

	2014 HK$'000	2013 HK$'000
Current portion		
- Bank loans due for repayment within one year	77,461	23,139
- Bank loans due for repayment after one year which contain a repayment on demand clause	37,802	41,473
Total bank borrowings	115,263	64,612

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:

	2014 HK$'000	2013 HK$'000
Within one year	77,461	23,139
In the second year	21,136	21,859
In the third to fifth year	16,666	16,598
Wholly repayable within 5 years	115,263	61,596
After five years	-	3,016
	115,263	64,612

19. Finance lease liabilities

	2014 HK$'000	2013 HK$'000
Total minimum lease payments:		
Due within one year	7,872	527
Due in the second to fifth years	6,404	-
	14,276	527
Future finance charges on finance leases	(1,040)	(1)
Present value of finance lease liabilities	13,236	526
Present value of minimum lease payments:		
Due within one year	7,116	526
Due in the second to fifth years	6,120	-
	13,236	526
Less: Portion due within one year included under current liabilities	(7,116)	(526)
Non-current portion included under non-current liabilities	6,120	-

The Group entered into finance lease for various items of machineries. The lease runs for an initial period of five years (2013: 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. Disposal of a subsidiary

On 1 September 2014, the Group disposed of its entire 80% interest in a subsidiary, Express Ocean Investment Limited ("Express Ocean") which is engaged in the property investment, to a related company. The net assets of Express Ocean at the date of disposal were as follows:

	1 September 2014	
	HK$'000	HK$'000
Leasehold land and buildings (Note 11)	11,100	
Investment properties (Note 12)	4,033	
Other receivables	17	
Cash and bank balances	253	
Tax recoverable	16	
Attributable goodwill (Note 13)	8,320	
Bank borrowings	(8,060)	
Other payables	(2,801)	
Amount due to fellow subsidiary	(2,055)	
Deferred tax liabilities	(617)	
Non-controlling interests	(377)	
		9,829
Gain on disposal of a subsidiary included in profit for the year (Note 5)		4,091
Total consideration		13,920
Satisfied by:		
Cash		13,920
Net cash inflow arising on disposal:		
Cash consideration	13,920	
Cash and bank balances disposed of	(253)	
		13,667

21. Business combination

On 25 July 2014, Commonwealth Bank of Australia ("CBA") accepted in-principle the offer letters issued by Bookbuilders BVI Limited (the "Bookbuilders"), an indirectly wholly owned subsidiary of the Company, pursuant to which the Bookbuilders would acquire the outstanding debt (including charges but excluding interest) (the "CBA Debt"), which owed by OPUS Group Limited ("OPUS") to CBA, by way of novation. The novation documentation had been signed by the Bookbuilders and CBA on 30 July 2014 to reflect the terms of offer letters and other conditions suggested by CBA when giving its acceptance in-principle. A cash consideration of Australian Dollars ("AUD$")20,880,000 was paid on 31 July 2014 by the Group to CBA.

21. Business combination (Continued)

On 4 September 2014, the Bookbuilders (as creditor) and OPUS (as debtor) entered into the recapitalisation deed (the "Recapitalisation Deed") which involves the conversion of the CBA Debt into the OPUS's shares. Pursuant to the Recapitalisation Deed, (i) Bookbuilders agreed to convert approximately AUD$20.88 million, representing the entire consideration paid by Bookbuilders to acquire the CBA Debt, to 59,657,143 OPUS's shares and forgave the balance of principal amount of the CBA Debt; (ii) OPUS issued to Bookbuilders of 20,000,000 options to subscribe for 20,000,000 shares in OPUS at an exercise price of AUD$0.35 per share, exercisable at any time up to and including 30 September 2017; (iii) there was placement of a total of 20,000,000 OPUS's shares to a director of OPUS and his related party, and professional and sophisticated investors at an issue price of AUD$0.35 per OPUS's shares (the "Placement"); and (iv) there was share purchase plan by issuing up to 3,000,000 OPUS's shares to eligible existing OPUS's shareholders at an issue price of AUD$0.35 per OPUS's shares (the "Share Purchase Plan"). Upon the expiration of the Share Purchase Plan, 1,642,824 OPUS's shares have been issued.

On 3 November 2014, the Group converted the CBA debt into 59,657,143 OPUS's shares which represents 61.88% of the entire issued share capital of OPUS, after taking into account of the Placement and Share Purchase Plan. The principal activity of OPUS is distribution of published content. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence.

After taking into account of the Placement and Share Purchase Plan, the fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

	HK$'000	HK$'000
Property, plant and equipment (Note 11)	81,756	
Interest in associates	3,379	
Other non-current assets	6,959	
Inventories	34,006	
Trade and other receivables	143,285	
Cash and bank balances	68,213	
Trade and other payables	(122,277)	
Amount due to fellow subsidiaries	(31,500)	
Bank loan	(13,300)	
Finance lease obligations	(15,586)	
Liabilities for staff benefits	(41,968)	
Tax liabilities	(10,406)	
Deferred tax liabilities	(3,256)	
Net assets	99,305	
Non-controlling interests (38.12%)	(37,858)	
Acquisition of 61.88%		61,447
Fair value of consideration transfer:		
Fair value of the loan receivables (note i)		(179,857)
Goodwill		118,410
Purchase consideration of the CBA Debt settled in cash		(153,468)
Cash and bank balances acquired on acquisition of subsidiaries		68,213

21. Business combination (Continued)

Note:

(i) As the Group acquired OPUS on 3 November 2014, the loan receivables from OPUS before acquisition was a pre-existing relationship between the Group and OPUS. The fair value of the loan receivables was valued as at 3 November 2014 on the discounted cashflow basis by an independent firm of valuers. The difference of HK$26,389,000 between the carrying amount of the loan and its fair value at the acquisition date has been recognised in other income (Note 5). The fair value gain on the loan from July 2014 to November 2014 was mainly attributable to the restructuring exercise which was performed by OPUS during August to October 2014. After the completion of the restructuring, the repayment period of the loan was expected to be shorter and therefore, the fair value of the loan increased.

Goodwill of HK$118,410,000, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The Group has elected to measure the non-controlling interests in this acquisition at proportionate share of the acquiree's identifiable net assets.

The fair value of trade and other receivables amounted to HK$143,285,000 whilst their gross amount was HK$144,829,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

22. Acquisition of non-controlling interests

On 19 October 2014, the Group acquired a further 40% equity interests in a subsidiary, Mega Form Inc. Limited ("Mega Form"), which is engaged in investment holding company, increasing its equity interests from 60% to 100%, by acquiring the interests at a cash consideration of HK$400. The difference of HK$272,000 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.

CHAIRMAN'S STATEMENT

2014 was another year of solid performance of the group with sales turnover and net profit setting new records. Our throughput of HK$1.32 billion and 100 million copies of books has firmly established 1010 as a leading global supplier of printed books. The Group's proven record in supply chain management and close business ties with strategic customers have paved the foundation of a sustainable future.

In May 2014, our former controlling shareholder, the Hong Kong listed Cinderella Media Group Limited distributed its 60.2% stake in the Group to its existing shareholders. As a result, City Apex Limited, with its 33.5% stake, became the group's major shareholder. City Apex is majority owned and controlled by Mr. C.K. Lau, director and founder of 1010.

In November 2014, the Group completed the acquisition of OPUS Group, a AUD$110 million sales turnover company whose shares are traded on the Australia Stock Exchange ("ASX"). OPUS, with plants in Australia, Singapore and New Zealand is one of the premier print service providers in Australia serving corporate customers in the book publishing and government sectors. It has one of the largest installations of digital printing equipment in the Southern Hemisphere. Whilst OPUS does not fall into the asset-light criteria that 1010 prefers, its scale of operations, particularly in digital printing and the projected return on investment make it an attractive tactical acquisition for the Group. We expect OPUS to make a meaning contribution to our 2015 earnings.

The OPUS acquisition is the first major cross border deal for 1010 and for that matter, any Hong Kong/China based printer. It presents unique opportunities for the 1010 management team to learn from an overseas operation and transfer practices that have worked well at 1010. We are confident that our staff will rise up to the challenge.

To our new colleagues from OPUS, we extend a warm welcome and to our existing staff, a big thank you for the hard work and contributions that you have made in the past year.

Yeung Ka Sing
Chairman
Hong Kong, 27 February 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In China, the Group has stayed the course of its asset-light strategy and did not expand its in-house production capacity. However, it has made significant investment in the purchase of automated assembly line and improvement of production workflow. Our single site manufacturing facility in Yuanzhou, China has improved its operating efficiency, most noticeably in the binding section. We believe that Yuanzhou, with its annual output of over 70 million copies of books, ranks among one of the most efficient facilities in the book printing industry in the world. Going forward, the Group will continue that strategy with the aim of reducing its reliance on unskilled workers.

The Group faces daunting challenges. Some have been with us for a long time: margin erosion and escalating labor costs. Foreign exchange exposure, however, is becoming a critical and urgent issue for the Group since September, 2014 when the US Dollar started its rapid appreciation against all major currencies. The Group's long standing policy of hedging its foreign currency exposure by selling forward its foreign currency denominated account receivables had successfully mitigated our potential loss. Management correctly read the trend of the Renminbi and did not fully hedge the currencies risk by entering into forward buying contracts in the Chinese currency which declined vs the Hong Kong dollar in 2014. This has translated into a saving of about HK$3 million to the Group. However, the strong US dollar has eroded the buying power of our Australian and European publishing customers. In recent months, we have seen some customers having to cancel their publishing projects because of the weakness of their local currencies. This will have a sizable impact on the sales turnover of the Group.

At OPUS, our ASX listed 62% owned subsidiary where 1010 management has been closely involved in the management since August, 2014, a major resetting of its cost base has resulted in the elimination of AUD$14 million annual expenses, mostly relating to staff, interest, corporate and procurement issues. The integration of OPUS IT and procurement functions into the 1010's Group system is making good progress and expected to be completed by the first half of 2015. The next phase is to increase OPUS' sales turnover to targeted corporate customers, partly leveraging on the existing relationships that 1010 has in the book publishing sector. The recent decline in the value of the Australian dollar is already attracting business from customers to bring back their print orders on-shore. The reduced cost base of OPUS has enabled its management to offer more aggressive pricing to customers. Initial response has been positive. Management is confident that OPUS will be a meaningful contributor to 1010's earnings in 2015.

PROSPECT

Whilst the 2014 financial results saw the Group scaling new heights, we are cautious of the prospects in 2015. A major player in the printing industry in Hong Kong has recently issued a warning of the drop in its profit results for 2014. Our industry faces tough challenges posted by margin erosion and double digit annual increase in labor costs. A key success factor for the book printing industry in China has been the access to quality paper supply at very competitive prices and short delivery lead time. Until now, it has been a buyer's market. The tipping point is fast approaching. Paper has been sold at price levels which do not allow the mills to make a meaningful return on their capital investment. Already, we have come across cases when mills had walked away from orders which previously they would have taken on. The expansion in production capacity in the paper industry is coming to an end and no new coated art paper mills are on the drawing board. We believe that the excess production capacity will eventually be absorbed by the growing domestic Chinese demand. Most industry experts forecast that 2018 will be the beginning of a seller's market for text paper in China, and for that matter, the world. By that time, global price for coated art and uncoated woodfree paper for the publishing industry will increase significantly and exert pressure on China based book printers.

Looking ahead, 2015 will see our long maintained 10% net profit on sales margin come under tremendous pressure as trading conditions remain challenging. Much will depend on the strength of the US dollar in 2015.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2014 was approximately HK$1,316.2 million and represented an increase of 13% from the previous corresponding year (2013: HK$1,163.5 million). The increase in revenue was contributed from the subsidiary, OPUS Group Limited ("OPUS"), which was acquired on 3 November 2014. Gross profit margin for the year maintained at 27% which was same as last year.

The significantly increase in other income was caused by the non-recurring gains recorded in 2014. In September 2014, the Group recorded HK$4.1 million gain on disposal of subsidiary, Express Ocean Investment Limited ("EOIL"). EOIL is a property holding company. In July 2014, the Group purchased a debt amounted to AUD$51.4 million owed by OPUS from Commonwealth Bank of Australia at consideration of AUD$20.88 million (the "CBA Debt"). The Group converted the CBA Debt to equity of OPUS on 3 November 2014. Before converting the CBA Debt, OPUS had paid HK$5.9 million interest to the Group. There was a fair value gain of HK$ 26.4 million on the CBA Debt as at the date of debt conversion.

Selling and distribution costs increased by 2% to approximately HK$168.5 million (2013: HK$165.0 million). The increase was mainly caused by the inclusion of OPUS results starting from November 2014 and OPUS's selling and distribution costs to turnover ratio was lower when compared with other subsidiaries of the Company.

Administrative expenses increased significantly by approximately 103% to HK$60.3 million (2013: HK$29.7 million) were mainly attributable to the inclusion of additional overhead expenses in OPUS and increase in equity-settled share-based payments of HK$5.7 million.

Other expenses for the year represented provision for impairment on trade receivables. An increase of 71% in other expenses was a result of management conservative assessment on the debtor repayment performance in the year.

The Group's total comprehensive income attributable to owners of the Company amounted to approximately HK$140.5 million (2013: HK$125.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had net current assets of approximately HK$362.0 million (31 December 2013: HK$379.4 million) of which the cash and bank balances were approximately HK$158.3 million (31 December 2013: HK$145.4 million). The Group's current ratio was approximately 1.8 (31 December 2013: 2.5).

Total borrowings for the Group amounted to HK$128.5 million (31 December 2013: HK$65.1 million). Borrowings of the Group comprised of bank borrowings and finance lease liabilities. As at 31 December 2014, borrowings of HK$80.1 million, HK$23.3 million and HK$25.1 million are denominated in Hong Kong dollars, US dollars and Australian dollars respectively. All borrowings are at floating rates and repayable within five years. The Group's gearing ratio as at 31 December 2014 was 16.2% (31 December 2013: 9.8%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity.

The Group adopts centralized financing and treasury policies in order to ensure the Group funding is utilized efficiently. The Group also regularly 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$23.7 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of approximately HK$3.5 million (31 December 2013: HK$19.0 million) in respect of assets held under finance leases.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2014, the Group had around 1,465 employees (2013: 978). 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$0.045 (2013: HK$0.040) per share (the "Final Dividend") for the year ended 31 December 2014 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 5 May 2015. The register of shareholders will be closed on 5 May 2015, 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 4 May 2015. The relevant dividend warrants will be dispatched to shareholders on or around 15 May 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2014, 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 2014.

On behalf of the Board
Lau Chuk Kin
Executive Director

Hong Kong, 27 February 2015

As at the date of this announcement, the Board comprises Mr. Yang Sze Chen, Peter, Mr. Lau Chuk Kin, Mr. Li Hoi David, Ms. Lam Mei Lan 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 2014 of the Company will also be published on the aforesaid websites in due course.