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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 2015

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 2015, together with the comparative figures for the year ended 31 December 2014 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	3	1,754,640	1,316,216
Direct operating costs		(1,257,302)	(963,582)
Gross profit		497,338	352,634
Other income	5	49,201	65,989
Selling and distribution costs		(204,531)	(168,490)
Administrative expenses		(124,458)	(60,310)
Other expenses		(11,273)	(9,362)
Finance costs	6	(3,562)	(3,174)
Profit before income tax	7	202,715	177,287
Income tax expense	8	(13,800)	(27,177)
Profit for the year		188,915	150,110

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015 (Continued)

	Notes	2015 HK$'000	2014 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of financial statements of foreign operations		(47,476)	(9,101)
Other comprehensive income for the year, net of tax		(47,476)	(9,101)
Total comprehensive income for the year		141,439	141,009
Profit for the year attributable to:			
Owners of the Company		163,241	146,446
Non-controlling interests		25,674	3,664
		188,915	150,110
Total comprehensive income attributable to:			
Owners of the Company		120,238	140,479
Non-controlling interests		21,201	530
		141,439	141,009
Earnings per share for profit attributable to owners of the Company during the year	10		
Basic		HK21.20 cents	HK19.02 cents
Diluted		N/A	N/A

Consolidated Statement of Financial Position
As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	194,492	249,186
Intangible assets	12	150,462	175,836
Other non-current assets		8,079	6,370
Deferred tax assets		29,615	9,696
		382,648	441,088
Current assets			
Interest in associate		-	2,079
Inventories	13	123,458	111,345
Trade and other receivables and deposits	14	536,013	529,963
Financial assets at fair value through profit or loss	15	-	2,697
Cash and bank balances		262,895	158,348
		922,366	804,432
Current liabilities			
Trade and other payables	16	247,341	277,006
Financial liabilities at fair value through profit or loss	15	220	-
Bank borrowings	17	131,487	115,263
Finance lease liabilities	18	896	7,116
Provisions		27,920	31,794
Provision for taxation		13,780	11,267
		421,644	442,446
Net current assets		500,722	361,986
Total assets less current liabilities		883,370	803,074
Non-current liabilities			
Provisions		7,500	3,837
Finance lease liabilities	18	174	6,120
Deferred tax liabilities		845	222
		8,519	10,179
Net assets		874,851	792,895
EQUITY			
Share capital		7,700	7,700
Reserves		809,177	746,437
Equity attributable to owners of the Company		816,877	754,137
Non-controlling interests		57,974	38,758
Total equity		874,851	792,895

Consolidated Statement of Changes in Equity
For the year ended 31 December 2015

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Merger reserve	Contributed surplus	Other reserve	Employee compensation reserve	Shares held under share award scheme	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	HK$'000
Balance as at 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	-	-	-	-	-	(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	-	-	-	-	-	-	-	-	-	-	-	(377)	(377)
Non-controlling interests recognised through business combination	-	-	-	-	-	-	-	-	-	-	-	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 and 1 January 2015	7,700	173,078	(2,736)	(136,875)	310,125	(473)	4,654	(621)	34,650	364,635	754,137	38,758	792,895
2014 final dividend paid (Note 9)	-	-	-	-	-	-	-	-	(34,650)	-	(34,650)	-	(34,650)
2015 interim dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	(19,250)	(19,250)	-	(19,250)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,985)	(1,985)
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	1,898	-	-	-	1,898	-	1,898
Shares vested under share award scheme	-	-	-	-	-	-	(1,380)	548	-	(248)	(1,080)	-	(1,080)
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(4,416)	-	-	(4,416)	-	(4,416)
Transactions with owners	-	-	-	-	-	-	518	(3,868)	(34,650)	(19,498)	(57,498)	(1,985)	(59,483)
Profit for the year	-	-	-	-	-	-	-	-	-	163,241	163,241	25,674	188,915
Other comprehensive income													
Currency translation	-	-	(43,003)	-	-	-	-	-	-	-	(43,003)	(4,473)	(47,476)
Total comprehensive income for the year	-	-	(43,003)	-	-	-	-	-	-	163,241	120,238	21,201	141,439
2015 proposed final dividend (Note 9)	-	-	-	-	-	-	-	-	34,650	(34,650)	-	-	-
Balance at 31 December 2015	7,700	173,078	(45,739)	(136,875)	310,125	(473)	5,172	(4,489)	34,650	473,728	816,877	57,974	874,851

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 26/F, 625 King's Road, North Point, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") on 25 July 2011.

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

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS 16 has no impact on these financial statements as the Group's property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any.

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

Adoption of new or amended HKFRSs (Continued)

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

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

At the date of this announcement, certain new or 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 or 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 or amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

This standard is effective for accounting periods beginning on or after 1 January 2016. The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

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

New or 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 2018. 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 or 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. Revenue

Revenue represents the 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)	
	2015	2014	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
PRC	-	-	147,633	175,011
Australia	722,810	289,772	136,480	182,456
United States of America ("USA")	444,232	461,204	345	131
United Kingdom	279,444	241,795	3	5
Spain	69,210	95,539	-	-
New Zealand	58,984	29,451	299	1,912
Brazil	32,203	45,954	-	-
Germany	27,561	23,225	-	-
Mexico	26,598	45,582	-	-
Chile	24,572	18,853	-	-
Singapore	17,528	5,345	9,350	11,014
Bolivia	9,073	6,931	-	-
Hong Kong (domicile)	8,230	14,689	58,923	60,863
Peru	7,916	1,204	-	-
Italy	301	5,694	-	-
Others	25,978	30,978	-	-
	1,754,640	1,316,216	353,033	431,392

4. Segment information (Continued)

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:

	2015 HK$'000	2014 HK$'000
Reportable segment profit	208,175	187,102
Equity-settled share-based payments	(1,898)	(6,641)
Finance costs	(3,562)	(3,174)
Profit before income tax	202,715	177,287
Reportable segment liabilities	297,831	337,140
Deferred tax liabilities	845	222
Borrowings	131,487	115,263
Group liabilities	430,163	452,625

5. Other income

	2015 HK$'000	2014 HK$'000
Sales of scrapped paper and by-products	18,293	16,379
Gain on financial liabilities/assets at fair value through profit or loss	5,907	3,840
Impairment of trade receivables written back	7,384	5,050
Interest income	719	6,323
Rental income	186	346
Fair value gain on loan receivables	-	26,389
Gain on disposal of a subsidiary	-	4,091
Gain on disposals of property, plant and equipment	3,491	-
Government grants	419	-
Impairment in associate written back	236	-
Dividend income	94	-
Gain on disposals of business in New Zealand (Note 19)	9,040	-
Over-provision of deferred payment of acquisition of assets	926	-
Sundry income	2,506	3,571
	49,201	65,989

6. Finance costs

	2015 HK$'000	2014 HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause,		
- wholly repayable within five years	2,462	2,870
- not wholly repayable within five years	-	139
Finance lease charges	803	165
Interest paid for late tax payment	297	-
	3,562	3,174

7. Profit before income tax

	2015 HK$'000	2014 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	2,746	1,312
Impairment of receivables	10,175	9,201
Bad debts written off	1,098	160
Cost of inventories recognised as expense	622,385	463,562
Write-down of inventories	6,264	4,308
Reversal of write-down of inventories	-	(9,995)
Depreciation of property, plant and equipment		
- Owned	52,818	35,545
- Held under finance leases	307	349
Depreciation of investment properties	-	173
Amortisation of intangible assets	-	371
Amortisation of other non-current assets	835	149
(Gain)/Loss on disposals of property, plant and equipment	(3,491)	264
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	32,222	12,788
Net foreign exchange loss	6,497	7,733
Direct operating expenses arising from investment properties that generated rental income	-	49
Employee benefit expense	353,972	185,891

7. Profit before income tax (Continued)

Notes:

(i) No auditor's remuneration for other services was paid during the year (2014: HK$200,000).

(ii) Depreciation charges of HK$47,236,000 (2014: HK$33,532,000) and HK$5,889,000 (2014: HK$2,362,000) have been included in direct operating costs and administrative expenses respectively.

(iii) Employee benefit expense of HK$241,884,000 (2014: HK$119,628,000), HK$54,329,000 (2014: HK$48,083,000) and HK$57,759,000 (2014: HK$18,180,000) 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% (2014: 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.

	2015 HK$'000	2014 HK$'000
Current tax - Hong Kong profits tax		
Tax for the year	24,149	23,913
(Over)/Under-provision in prior years	(787)	62
	23,362	23,975
Current tax - overseas		
Tax for the year	9,249	5,472
Under-provision in prior years	988	50
	10,237	5,522
Deferred tax		
Current year	(19,799)	(2,320)
	13,800	27,177

9. Dividends

	2015 HK$'000	2014 HK$'000
Interim paid in respect of current year HK$0.025 (2014: HK$0.025) per share	19,250	19,250
Final paid in respect of prior year HK$0.045 (2014: HK$0.04) per share	34,650	30,800
	53,900	50,050

At a meeting held on 29 February 2016, the directors recommended a final dividend of HK$0.045 per ordinary share. The proposed dividends are not reflected as a dividend payable in these financial statements, but will reflected as an appropriation of retained earnings for the year ended 31 December 2015.

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$163,241,000 (2014: HK$146,446,000) and on the weighted average number of 770,000,000 (2014: 770,000,000) 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 (2014: 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 2014									
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	14,039	-	-	735	2,375	2,741	867	60,999	81,756
Disposals	-	-	-	-	(3)	-	(228)	(2,020)	(2,251)
Disposed through disposal of a subsidiary	-	(11,100)	-	-	-	-	-	-	(11,100)
Transfer from investment properties	-	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 and 1 January 2015									
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
Year ended 31 December 2015									
Opening net book amount	12,352	-	973	2,510	21,338	3,495	2,140	206,378	249,186
Exchange differences	(1,454)	-	(2)	(155)	(504)	(232)	(85)	(14,292)	(16,724)
Additions	-	-	7	1,157	459	312	627	14,707	17,269
Disposals	-	-	-	(11)	-	(84)	-	(2,019)	(2,114)
Depreciation	(1,692)	-	(387)	(843)	(7,217)	(1,911)	(710)	(40,365)	(53,125)
Closing net book amount	9,206	-	591	2,658	14,076	1,580	1,972	164,409	194,492
At 31 December 2015									
Cost	11,031	-	5,105	7,593	55,006	14,315	3,566	345,145	441,761
Accumulated depreciation	(1,825)	-	(4,514)	(4,935)	(40,930)	(12,735)	(1,594)	(180,736)	(247,269)
Net book amount	9,206	-	591	2,658	14,076	1,580	1,972	164,409	194,492

As at 31 December 2015 and 2014, the Group's freehold land and buildings were situated in Australia.

Net book amount of property, plant and equipment as at 31 December 2015 includes the net carrying amount of HK$1,830,000 (2014: HK$3,509,000) held under finance leases.

12. Intangible assets

	Goodwill HK$'000	Non competition covenants HK$'000	Total HK$'000
Carrying amount at 1 January 2014	65,746	371	66,117
Amortisation	-	(371)	(371)
Derecognised on disposal of a subsidiary	(8,320)	-	(8,320)
Acquired through business combination	118,410	-	118,410
Carrying amount at 31 December 2014 and 1 January 2015	175,836	-	175,836
Exchange difference	(25,374)	-	(25,374)
Carrying amount at 31 December 2015	150,462	-	150,462

13. Inventories

	2015 HK$'000	2014 HK$'000
Raw materials	82,742	75,270
Work-in-progress	36,378	32,111
Finished goods	4,338	3,964
	123,458	111,345

14. Trade and other receivables and deposits

Ageing analysis of trade receivables, net of provision as at 31 December 2015, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	133,402	136,528
31 – 60 days	96,385	92,175
61 – 90 days	88,978	86,939
91 – 120 days	71,319	70,058
121 – 150 days	62,514	76,204
Over 150 days	53,807	41,507
Total trade receivables	506,405	503,411
Other receivables and deposits	29,608	26,552
	536,013	529,963

In general, the Group allows a credit period from 30 to 150 days (2014: 30 to 150 days) to its customers.

15. 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.

16. Trade and other payables

As at 31 December 2015, ageing analysis of trade payables based on invoice date is as follows:

	2015 HK$'000	2014 HK$'000
0 – 30 days	59,254	78,626
31 – 60 days	36,437	42,717
61 – 90 days	11,670	17,621
91 – 120 days	2,648	2,582
Over 120 days	1,094	2,049
	111,103	143,595
Other payables and accruals	136,238	133,411
	247,341	277,006

Credit terms granted by the suppliers are generally 0 - 90 days (2014: 0 – 90 days).

17. Bank borrowings

	2015 HK$'000	2014 HK$'000
Current portion		
- Bank loans due for repayment within one year	36,721	77,461
- Bank loans due for repayment after one year which contain a repayment on demand clause	94,766	37,802
Total bank borrowings	131,487	115,263

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:

	2015 HK$'000	2014 HK$'000
Within one year	36,721	77,461
In the second year	25,401	21,136
In the third to fifth year	69,365	16,666
Wholly repayable within 5 years	131,487	115,263

18. Finance lease liabilities

	2015 HK$'000	2014 HK$'000
Total minimum lease payments:		
Due within one year	939	7,872
Due in the second to fifth years	184	6,404
	1,123	14,276
Future finance charges on finance leases	(53)	(1,040)
Present value of finance lease liabilities	1,070	13,236

	2015 HK$'000	2014 HK$'000
Present value of minimum lease payments:		
Due within one year	896	7,116
Due in the second to fifth years	174	6,120
	1,070	13,236
Less: Portion due within one year included under current liabilities	(896)	(7,116)
Non-current portion included under non-current liabilities	174	6,120

The Group entered into finance lease for various items of machineries and motor vehicles. The lease runs for an initial period from four to five years (2014: five 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.

19. Disposal of a business

On 30 October 2015, Cactus Imaging Holdings Limited (formerly known as Omnigraphics Limited), a 61.88% owned subsidiary of the Company in New Zealand, sold its trademark, plant and equipment, inventories and business operation, for consideration of approximately HK$10,355,000 resulting in a gain on disposals of HK$9,040,000. Cactus Imaging Holdings Limited is a provider of grand and large format printing for outdoor advertising in New Zealand.

19. Disposal of a business (Continued)

The net assets of Cactus Imaging Holdings Limited at the date of disposal were as follows:

	30 October 2015	
	HK$'000	HK$'000
Property, plant and equipment	1,007	
Prepayment	50	
Inventories	616	
Accruals	(413)	
Others	55	
		1,315
Gain on disposal of a business included in profit for the year (Note 5)		9,040
Total consideration		10,355
Satisfied by:		
Cash		10,355
Net cash inflow arising on disposal:		
Cash consideration		10,355

CHAIRMAN'S STATEMENT

2015 witnessed the results of several strategic moves implemented by the Group since 2011. Sales revenue broke the HK$1.8 billion mark for the first time and net profit after tax attributable to owners of the Company increased by 11% (vs 2014) to a record HK$163 million.

This is achieved in one of the toughest business environments that the Group has faced. The usual challenges continued to loom: erosion of margin, lack of pricing power and difficulty in recruiting and hiring experienced staff. The most daunting hurdle however was the effect of a very strong US dollar which had resulted in devaluation in excess of 15% of the major currencies that the Group trades in, ie, Australian Dollar, Euro, Brazilian Real, Mexico Peso. Against the odds of winning, I am pleased to report to our shareholders that 1010 Printing Group is able to rise up to the challenge.

2015 is the first full year for the results of our 62% owned subsidiary, OPUS Group Limited of Australia ("OPUS"), to be included in our accounts. The acquisition of OPUS is progressing ahead of our plan. Financial performance is in line with our budget and the integration of system and management is on solid ground.

Both the 1010 manufacturing unit (operating units of the Company excluding Asia Pacific Offset Limited ("APOL") and OPUS) and APOL suffered decline in sales revenue and net profit in the year, mainly brought about by a price war started by a major player in the industry. The price erosion is expected to continue in 2016.

Looking ahead, the Group has a balanced customer and geographic portfolio which will allow us to weather a down turn in the business environment. We expect to complete the integration of OPUS in 2016 and the Group is well positioned to progress to the next phase of strategic development which will take us to be a premier print management company in the world.

To our staff, well done and a big thank you.

Yeung Ka Sing
Chairman
Hong Kong, 29 February 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2015 was an interesting year for the Group. The initial results from the acquisition of OPUS were satisfying in terms of financial performance, synergistic effect of systems and people integration.

OPUS turned around to profitability after suffering AUS$21 million loss in 2014. Under the leadership of Executive Chairman, Richard Celarc, the Company managed to retain key managers and customers. We have reduced over AUS$10 million in overhead costs comprising interest, insurance premium, general administration and corporate staffing. Increasing sales revenue is now the key priority in 2016 and we are confident that it will be achieved.

The Group's other entities, 1010 and APOL, however suffered declines in sales revenues and profits. A price war started by a major competitor by slashing price over 15% was the main trigger. The weak Australian Dollar, Euro and Brazilian Real have resulted in clients reducing publishing projects and hence print demands. Our results would have been more disappointing had it not because of the surge of coloring books for adults in the US and Europe that gathered momentum in the second half of 2015. Among the top five bestselling adult coloring titles published in the US, three were printed by our Group. We also managed to adjust our cost base, through further automation, simplifying workflow and hedging of our currency exposure.

The prevailing irrational price war would unlikely prolong. In 2015, two book printers with annual sales revenues of HK$100-200 million exited the market. More could follow if the price war drags on. Our strong cash position will enable the Group to survive from this round and emerge in even a stronger position as customers recognize the importance of having reliable printers with rational and sustainable pricing. Our Group continues to exercise strict discipline in pricing our service. 1010 and its associate companies are known for providing quality service at competitive prices and at fast turnaround times. However, when the pricing is not sustainable, we are not shy in walking away from the accounts, particularly those for which we have concerns about credit quality. This practice has served the Group well in the past and we will continue this in the future. We are prepared to see a slight decline in our sales revenue in 2016 as a result of this. At the same time, we are fully aware of the business challenges that our publishing clients face and for those strategic customers, we shall work hand in hand with them in coming up with innovative solutions to help them meet the challenges.

PROSPECT

Another focus for the board is to manage the succession of key management. A special committee headed by the Chairman will be formed to identify suitable candidates to fill the position of the chief executive officer, both from internal and external sources. It has been difficult to recruit and retain key managers in the book printing industry. We recognize, as one of the leaders in the industry, our responsibility to train and build a team of solid middle level managers. This is one of the key priority areas for senior management.

PROSPECT (Continued)

2016 has started well for the Group. Bookings at 1010 Printing have turned the corner and are growing again. OPUS faces two important tenders at its McPhersons site, which if successful, will enable the site to reclaim its leadership position in printing novels in Australia.

Management's effort will continue to focus on back to basics and come up with 'left field' solutions to help our customers in a business environment that is fast changing.

FINANCIAL REVIEW

Revenue for the year ended 31 December 2015 was approximately HK$1,754.6 million and represented an increase of 33% from the previous corresponding year (2014: HK$1,316.2 million). The increase in revenue was contributed from the inclusion of full year results from the subsidiary, OPUS Group Limited ("OPUS"), which was acquired on 3 November 2014.

Gross profit margin raised slightly from 27% in 2014 to 28% in 2015 due to the decreased material cost and subcontracting costs.

Other income decreased from HK$66.0 million in 2014 to HK$49.2 million in 2015. The drop was mainly due to the substantial non-recurring gains incurred in 2014 which comprised of (1) the fair value gain of HK$26.4 million and interest received of HK$5.9 million on loan receivables with OPUS before acquisition; and (2) gain on disposal of subsidiary of HK$4.1 million. The effect of decrease in other income from these non-recurring gains in 2014 was offset by the current year gain on disposals of business in New Zealand of HK$9.0 million, gain on disposals of property, plant and equipment of HK$3.5 million, increase in fair value gain on forward contract by HK$2.1 million, increase in bad debt recovery by HK$2.3 million and increase in sales of scrap materials by HK$1.9 million.

Selling and distribution costs increased by 21% to approximately HK$204.5 million (2014: HK$168.5 million). The increase was mainly caused by the inclusion of full year OPUS results in 2015 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 106% to HK$124.5 million (2014: HK$60.3 million) were mainly attributable to the inclusion of additional overhead expenses in OPUS.

Other expenses for the year represented provision for impairment on trade receivables. An increase of 20% in other expenses due to the inclusion of provisions from OPUS.

Income tax dropped by 49% to HK$13.8 million in 2015 was mainly a result of the recognition of HK$16.4 million of deferred tax income in OPUS.

Profit for the year attributable to owners of the Company amounted to approximately HK$163.2 million (2014: HK$146.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had net current assets of approximately HK$500.7 million (31 December 2014: HK$362.0 million) of which the cash and bank balances were approximately HK$262.9 million (31 December 2014: HK$158.3 million). The Group's current ratio was approximately 2.2 (31 December 2014: 1.8).

Total bank borrowings and finance lease liabilities for the Group amounted to HK$132.6 million (31 December 2014: HK$128.5 million). As at 31 December 2015, bank borrowings of HK$119.9 million and HK$11.6 million were denominated in Hong Kong dollars and US dollars respectively and finance lease liabilities of HK$0.2 million, HK$0.6 million and HK$0.3 million were denominated in US dollars, Australian dollars and New Zealand dollars respectively. All bank borrowings are at floating rates and finance leases are in fixed rates with all borrowings repayable within five years. The Group's gearing ratio as at 31 December 2015 was 15.2% (31 December 2014: 16.2%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity.

The Group adopts centralized financing and treasury policies in order to ensure the Group funding is utilized efficiently. The Group also regularly 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$17.3 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of approximately HK$1.8 million (31 December 2014: HK$3.5 million) in respect of assets held under finance leases.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2015, the Group had around 1,436 employees (2014: 1,465). 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 (2014: HK$0.045) per share (the "Final Dividend") for the year ended 31 December 2015 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 2016. The register of shareholders will be closed on 5 May 2016, 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 2016. The relevant dividend warrants will be dispatched to shareholders on or around 16 May 2016.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities except that the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the share award scheme, purchased an aggregate of 4,078,910 shares in the Company at a total consideration of approximately HK$4.4 million.

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 2015.

On behalf of the Board
Lau Chuk Kin
Executive Director

Hong Kong, 29 February 2016

As at the date of this announcement, the Board comprises Mr. Lau Chuk Kin, Mr. Li Hoi David, Ms. Lam Mei Lan, Mr. Lam Wing Yip and Mr. Chu Chun Wan 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 2015 of the Company will also be published on the aforesaid websites in due course.