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 2016

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 2016, together with the comparative figures for the year ended 31 December 2015 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	3	1,615,831	1,754,640
Direct operating costs		(1,158,102)	(1,257,302)
Gross profit		457,729	497,338
Other income	5	70,449	49,201
Selling and distribution costs		(196,269)	(204,531)
Administrative expenses		(109,767)	(124,458)
Other expenses		(7,223)	(11,273)
Finance costs	6	(2,919)	(3,562)
Profit before income tax	7	212,000	202,715
Income tax expense	8	(41,479)	(13,800)
Profit for the year		170,521	188,915

* *For identification purpose only*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016 (Continued)

	Notes	2016 HK$'000	2015 HK$'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of financial statements of foreign operations		(5,785)	(47,476)
Other comprehensive income for the year, net of tax		(5,785)	(47,476)
Total comprehensive income for the year		164,736	141,439
Profit for the year attributable to:			
Owners of the Company		146,146	163,241
Non-controlling interests		24,375	25,674
		170,521	188,915
Total comprehensive income attributable to:			
Owners of the Company		140,706	120,238
Non-controlling interests		24,030	21,201
		164,736	141,439
Earnings per share for profit attributable to owners of the Company during the year	10		
Basic		HK18.98 cents	HK21.20 cents
Diluted		N/A	N/A

Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	133,919	194,492
Intangible assets	12	150,462	150,462
Other non-current assets		5,633	8,079
Deferred tax assets		35,676	29,615
		325,690	382,648
Current assets			
Inventories	13	82,850	123,458
Trade and other receivables and deposits	14	430,190	536,013
Financial assets at fair value through profit or loss	15	5,472	-
Cash and bank balances		461,155	262,895
		979,667	922,366
Current liabilities			
Trade and other payables	16	223,663	247,341
Financial liabilities at fair value through profit or loss	15	-	220
Bank borrowings	17	94,766	131,487
Finance lease liabilities	18	162	896
Provisions		21,816	27,920
Provision for taxation		6,133	13,780
		346,540	421,644
Net current assets		633,127	500,722
Total assets less current liabilities		958,817	883,370
Non-current liabilities			
Provisions		7,479	7,500
Finance lease liabilities	18	507	174
Deferred tax liabilities		5,092	845
		13,078	8,519
Net assets		945,739	874,851
EQUITY			
Share capital		7,700	7,700
Reserves		882,201	809,177
Equity attributable to owners of the Company		889,901	816,877
Non-controlling interests		55,838	57,974
Total equity		945,739	874,851

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

	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 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 and 1 January 2016	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
2015 final dividend paid (Note 9)	-	-	-	-	-	-	-	-	(34,650)	-	(34,650)	-	(34,650)
2016 interim dividend paid (Note 9)	-	-	-	-	-	-	-	-	-	(19,250)	(19,250)	-	(19,250)
Acquisition of non-controlling interests (Note 20(a))	-	-	-	-	-	(9,549)	-	-	-	-	(9,549)	9,549	-
Deemed acquisition of non-controlling interests (Note 20(b))	-	-	-	-	-	(2,358)	-	-	-	-	(2,358)	(8,614)	(10,972)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(27,101)	(27,101)
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(1,005)	-	-	(1,005)	-	(1,005)
Shares vested under share award scheme	-	-	-	-	-	-	(5,172)	5,489	-	(1,187)	(870)	-	(870)
Transactions with owners	-	-	-	-	-	(11,907)	(5,172)	4,484	(34,650)	(20,437)	(67,682)	(26,166)	(93,848)
Profit for the year	-	-	-	-	-	-	-	-	-	146,146	146,146	24,375	170,521
Other comprehensive income Currency translation	-	-	(5,440)	-	-	-	-	-	-	-	(5,440)	(345)	(5,785)
Total comprehensive income for the year	-	-	(5,440)	-	-	-	-	-	-	146,146	140,706	24,030	164,736
2016 proposed special dividend (Note 9)	-	-	-	-	-	-	-	-	11,550	(11,550)	-	-	-
2016 proposed final dividend (Note 9)	-	-	-	-	-	-	-	-	34,650	(34,650)	-	-	-
Balance at 31 December 2016	7,700	173,078	(51,179)	(136,875)	310,125	(12,380)	-	(5)	46,200	553,237	889,901	55,838	945,739

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

2.1 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.

Amendments to HKAS 16 and HKAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to HKAS 27 - Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

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

2.1 Adoption of new or amended HKFRSs (Continued)

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

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. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

2.2 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 HKAS 7 – Disclosure Initiative

This standard is effective for accounting periods beginning on or after 1 January 2017. The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

This standard is effective for accounting periods beginning on or after 1 January 2017. The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

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

2.2 New or amended HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

This standard is effective for accounting periods beginning on or after 1 January 2018. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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.

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

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

HKFRS 15 - Revenue from Contracts with Customers (Continued)

HKFRS 15 requires the application of a 5-step 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

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.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

This standard is effective for accounting periods beginning on or after 1 January 2018. The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

This standard is effective for accounting periods beginning on or after 1 January 2019. HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

2.3 Changes in accounting estimates

During the year, the Company revisited the estimated useful lives of printing and prepress machineries. The estimated useful lives of printing machineries were revised from 15 years to 10 years and the estimated useful lives of prepress machineries were revised from 10 years to 4 years. As a result, additional depreciation of HK$22,139,000 was charged to profit or loss for the year. The additional depreciation was included in direct operating costs in the consolidated statement of profit or loss and other comprehensive income.

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)	
	2016	2015	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
PRC	-	-	89,467	147,633
Australia	645,356	722,810	133,162	136,480
United States of America ("USA")	458,003	444,232	241	345
United Kingdom	282,799	279,444	7	3
Spain	78,332	69,210	-	-
New Zealand	23,236	58,984	175	299
Germany	22,572	27,561	-	-
Mexico	16,699	26,598	-	-
Chile	14,379	24,572	-	-
Singapore	14,372	17,528	8,331	9,350
Argentina	7,705	121	-	-
Peru	7,596	7,916	-	-
Bolivia	6,922	9,073	-	-
Costa Rica	5,632	2,746	-	-
Hong Kong (domicile)	5,294	8,230	58,631	58,923
Canada	5,143	2,917	-	-
Brazil	4,577	32,203	-	-
Others	17,214	20,495	-	-
	1,615,831	1,754,640	290,014	353,033

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:

	2016 HK$'000	2015 HK$'000
Reportable segment profit	214,919	208,175
Equity-settled share-based payments	-	(1,898)
Finance costs	(2,919)	(3,562)
Profit before income tax	212,000	202,715
Reportable segment liabilities	259,760	297,831
Deferred tax liabilities	5,092	845
Borrowings	94,766	131,487
Group liabilities	359,618	430,163

5. Other income

	2016 HK$'000	2015 HK$'000
Sales of scrapped paper and by-products	15,866	18,293
Gain on financial assets/liabilities at fair value through profit or loss	11,194	5,907
Impairment of trade receivables written back	6,710	7,384
Interest income	1,868	719
Rental income	163	186
Gain on disposal of a subsidiary (Note 19)	27,579	-
Gain on disposals of property, plant and equipment	-	3,491
Government grants	1,225	419
Written back of accruals	2,341	-
Impairment in associate written back	-	236
Dividend income	21	94
Gain on disposals of business in New Zealand	-	9,040
Over-provision of deferred payment of acquisition of assets	-	926
Sundry income	3,482	2,506
	70,449	49,201

6. Finance costs

	2016 HK$'000	2015 HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause	2,877	2,462
Finance lease charges	42	803
Interest paid for late tax payment	-	297
	2,919	3,562

7. Profit before income tax

	2016 HK$'000	2015 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration (Note (i))	2,392	2,746
Impairment of trade receivables	7,222	10,175
Bad debts written off	1	1,098
Cost of inventories recognised as expense	1,158,102	1,257,302
Write-down of inventories	3,620	6,264
Depreciation of property, plant and equipment (Note (ii))		
- Owned	61,044	52,818
- Held under finance leases	452	307
Amortisation of other non-current assets	2,858	835
Loss/(Gain) on disposals of property, plant and equipment	663	(3,491)
Write-off of property, plant and equipment	9,266	-
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	30,861	32,222
Net foreign exchange loss	3,385	6,497
Employee benefit expense (Note (iii))	312,648	353,972

Notes:

(i) Auditor's remuneration for other non-audit services of HK$183,000 was recognised during the year (2015: HK$342,000).

(ii) Depreciation charges of HK$57,350,000 (2015: HK$47,236,000) and HK$4,146,000 (2015: HK$5,889,000) have been included in direct operating costs and administrative expenses respectively.

(iii) Employee benefit expense of HK$213,255,000 (2015: HK$241,884,000), HK$51,661,000 (2015: HK$54,329,000) and HK$47,732,000 (2015: HK$57,759,000) 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% (2015: 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.

	2016 HK$'000	2015 HK$'000
Current tax - Hong Kong profits tax		
Tax for the year	25,206	24,149
Over-provision in prior years	(56)	(787)
	25,150	23,362
Current tax - overseas		
Tax for the year	20,429	9,249
Under-provision in prior years	211	988
	20,640	10,237
Deferred tax		
Current year	(4,311)	(19,799)
	41,479	13,800

9. Dividends

	2016 HK$'000	2015 HK$'000
Final dividend paid in respect of prior year HK$0.045 (2015: HK$0.045) per share	34,650	34,650
Interim dividend paid in respect of current year HK$0.025 (2015: HK$0.025) per share	19,250	19,250
	53,900	53,900

At a meeting held on 28 February 2017, the directors recommended a final dividend of HK$0.045 per ordinary share and a special dividend of HK$0.015 per ordinary share. Those proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2016.

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$146,146,000 (2015: HK$163,241,000) and on the weighted average number of ordinary shares in issue less shares held for share award scheme that have not been vested unconditionally in the employees during the year of 769,999,698 (2015: 770,000,000).

No diluted earnings per share are presented as the Group has no dilutive potential ordinary shares during the year (2015: Nil).

11. Property, plant and equipment

	Freehold 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 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 and 1 January 2016								
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
Year ended 31 December 2016								
Opening net book amount	9,206	591	2,658	14,076	1,580	1,972	164,409	194,492
Exchange differences	18	(2)	(118)	(94)	(11)	(24)	(2,832)	(3,063)
Additions	-	9	1,853	1,245	606	705	17,854	22,272
Disposals	-	-	-	-	(330)	-	(1,389)	(1,719)
Write-off	-	-	(374)	-	-	-	(8,892)	(9,266)
Disposed through disposal of subsidiaries	-	-	(161)	(417)	(109)	(36)	(6,578)	(7,301)
Depreciation	(987)	(260)	(744)	(5,155)	(1,163)	(773)	(52,414)	(61,496)
Closing net book amount	8,237	338	3,114	9,655	573	1,844	110,158	133,919
At 31 December 2016								
Cost	11,031	5,086	7,580	55,607	12,275	3,284	305,825	400,688
Accumulated depreciation	(2,794)	(4,748)	(4,466)	(45,952)	(11,702)	(1,440)	(195,667)	(266,769)
Net book amount	8,237	338	3,114	9,655	573	1,844	110,158	133,919

As at 31 December 2016 and 2015, the Group's freehold land and buildings were situated in Australia.

Net book amount of property, plant and equipment as at 31 December 2016 includes the net carrying amount of HK$674,000 (2015: HK$1,830,000) held under finance leases.

For the year ended 31 December 2016, there were write-off of office equipment and machinery of HK$374,000 and HK$8,892,000 respectively, due to those assets were not in use anymore and were unable to be resold (2015: Nil).

12. Intangible assets

	Goodwill HK$'000
Carrying amount at 1 January 2015	175,836
Exchange differences	(25,374)
Carrying amount at 31 December 2015, 1 January 2016 and 31 December 2016	150,462

13. Inventories

	2016 HK$'000	2015 HK$'000
Raw materials	55,750	82,742
Work-in-progress	23,842	36,378
Finished goods	3,258	4,338
	82,850	123,458

14. Trade and other receivables and deposits

Ageing analysis of trade receivables, net of provision as at 31 December 2016, based on the invoice date, is as follows:

	2016 HK$'000	2015 HK$'000
0 – 30 days	141,426	133,402
31 – 60 days	80,355	96,385
61 – 90 days	68,225	88,978
91 – 120 days	50,163	71,319
121 – 150 days	39,085	62,514
Over 150 days	21,637	53,807
Total trade receivables	400,891	506,405
Other receivables and deposits	29,299	29,608
	430,190	536,013

In general, the Group allows a credit period from 30 to 150 days (2015: 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 2016, ageing analysis of trade payables based on invoice date is as follows:

	2016 HK$'000	2015 HK$'000
0 – 30 days	63,487	59,254
31 – 60 days	20,262	36,437
61 – 90 days	5,466	11,670
91 – 120 days	461	2,648
Over 120 days	2,660	1,094
	92,336	111,103
Other payables and accruals	131,327	136,238
	223,663	247,341

Credit terms granted by the suppliers are generally 0 - 90 days (2015: 0 – 90 days).

17. Bank borrowings

	2016 HK$'000	2015 HK$'000
Current portion		
- Bank loans due for repayment within one year	25,400	36,721
- Bank loans due for repayment after one year which contain a repayment on demand clause	69,366	94,766
Total bank borrowings	94,766	131,487

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:

	2016 HK$'000	2015 HK$'000
Within one year	25,400	36,721
In the second year	28,401	25,401
In the third to fifth year	40,965	69,365
Wholly repayable within 5 years	94,766	131,487

18. Finance lease liabilities

	2016 HK$'000	2015 HK$'000
Total minimum lease payments:		
Due within one year	201	939
Due in the second to fifth years	573	184
	774	1,123
Future finance charges on finance leases	(105)	(53)
Present value of finance lease liabilities	669	1,070

	2016 HK$'000	2015 HK$'000
Present value of minimum lease payments:		
Due within one year	162	896
Due in the second to fifth years	507	174
	669	1,070
Less: Portion due within one year included under current liabilities	(162)	(896)
Non-current portion included under non-current liabilities	507	174

The Group entered into finance lease for various items of machineries and motor vehicles. The lease runs for an initial period of five years (2015: 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 subsidiary

In August 2016, the Group completed the disposal of its 61.88% indirect interest in Cactus Imaging Holdings Pty Limited which wholly owned Cactus Imaging Pty Limited ("Cactus Group") at cash consideration of approximately HK$33,525,000 resulting in a gain on disposal of approximately HK$27,579,000. The Cactus Group is engaged in outdoor media printing and display business.

19. Disposal of subsidiary (Continued)

The net assets of the Cactus Group at the date of disposal were as follows:

	1 August 2016	
	HK$'000	HK$'000
Property, plant and equipment	7,301	
Inventories	2,664	
Prepayments	66	
Deferred tax assets	2,017	
Accruals	(812)	
Finance lease liabilities	(194)	
Provisions	(5,226)	
		5,816
Transaction costs		130
Gain on disposal of subsidiaries included in profit or loss for the year		27,579
Total consideration		33,525
Satisfied by:		
Cash		33,525
Net cash inflow arising on disposal:		
Cash consideration		33,525

20. Non-controlling interests

(a) In May 2016, a wholly-owned subsidiary of the Company acquired the entire issued share capital of C.O.S. Printers Pte Ltd ("COS") from a 61.88% owned subsidiary of the Company at a consideration of HK$63,845,000. As a result of the transaction, the Group effectively acquired additional interests of 38.12% in COS from non-controlling shareholders and thereafter COS become the wholly owned subsidiary of the Company. The difference of HK$9,549,000 between the proportionate share of the carrying amount of net assets and the consideration paid for the additional interests have been debited to other reserve.

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

	COS
	HK$'000
Consideration paid for 38.12% ownership interest	24,340
Net assets attributable to 38.12% ownership interest	(14,791)
Decrease in equity attributable to owners of the Company (included in other reserve)	9,549

20. Non-controlling interests (Continued)

(b) In December 2016, OPUS implemented the buyback of its shares and these shares bought back were cancelled subsequently. As a result of the transaction, the shareholding in OPUS held by the Group was increased from 61.88% to 64.66% and the Group effectively acquired additional interests of 2.78% in OPUS from non-controlling shareholders. The difference of HK$2,358,000 between the proportionate share of the carrying amount of net assets and the consideration paid for the additional interests have been debited to other reserve.

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

	OPUS **HK$'000**
Consideration paid for 2.78% ownership interest	10,972
Net assets attributable to 2.78% ownership interest	(8,614)
Decrease in equity attributable to owners of the Company (included in other reserve)	2,358

CHAIRMAN'S STATEMENT

For the first time in the history of the Group, sales turnover and profit for the year attributable to the owners of the Company declined by 8% and 10% respectively. Overall, in terms of operations, the Group did well and improved the profit before income tax by approximately 5%. This was achieved in a tough trading environment which faced four hurdles: margin erosion, depreciation of Pound Sterling and Euros, increase in labour cost and consolidation in the book publishing industry which saw some of our customers exiting the scene when they were acquired by other publishers.

The global colour illustrated book market in which 1010 and APOL serve, had a quiet year in 2016. This was after the meteoric rise and subsequent downfall of the adult colouring books in 2015. Nonetheless, we are optimistic of the future prospects as the once feared growth of the digital books has slowed down noticeably and there remains a sustainable market for colour illustrated books.

The pricing pressure exerted by publishers has continued and will continue. The Group is favorably positioned as its core customers are the medium to small publishers which are willing to pay slightly higher prices in exchange for longer credit terms and technical support from 1010. In the past few years, the Group has struggled to develop adequate new customers to replace customers which were acquired by other publishers. New business development is a key focus for the Group in the future.

2017 will be a pivotal year for the Group when it adjusts to the retirement of Richard Celarc, Chairman of the OPUS Group and David Li, Executive Director responsible for our Oceanic Graphic subsidiary and 1010 Printing's US sales activities. Both will relinquish their day to day executive roles in mid 2017 but have agreed to stay on as Advisors to the Group to ensure a smooth transition. On behalf of my fellow directors, I would like to express my sincere appreciation for the contributions made by Richard and David and wish them a happy retirement.

The 1010 Group has diversified its business from the original print operations based in its single manufacturing site in Yuanzhou, China. Today, our business has three anchors: the original 1010 business, OPUS, our Australian listed subsidiary which serves the Australian market and APOL, our print management subsidiary. To reflect this, the Group will change its name to Lion Rock Group Limited as soon as approval from shareholders and relevant authorities in Bermuda is obtained. This is expected to take effect in the second quarter of 2017.

At 1010, we truly believe that having a dedicated workforce is the key to our success and will continue to invest in the training and development of our staff. I wish to extend my appreciation to our troops for their hard work and contributions in the past year.

Yeung Ka Sing
Chairman
Hong Kong, 28 February 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The decrease in sales turnover in 2016 was caused by a) continued margin erosion across our three business units. We were doing more for less; and b) the disposal of our wide format business, Cactus (a drop of HK$42 million in 2016 vs 2015).

In analyzing our net profit after tax picture, the following factors are relevant: 1) margin erosion; 2) devaluation of the Renminbi; 3) gain from the sale of Cactus (HK$28 million); 4) changes in machine depreciation rate to reflect more accurately the useful life of our machines (an extra HK$22 million charges); 5) increase of HK$30 million of income tax expenses in OPUS as compared with 2015 as unrecognised tax loss carried forward from previous years was fully utilized and there was recognition of previously unrecognised deferred tax assets in 2015. Against this background, the Group did well in improving its profit for the year by HK$18 million.

OPUS continued its turnaround and streamlined its operations by selling off Cactus, the wide format printing subsidiary. COS, a commercial printer based in Singapore was sold by OPUS to 1010, to enable the latter to take full control of the operations. The remaining three business units, McPhersons, Canprint and Ligare are leaders in the respective sectors in Australia and scored single digit growth in sales turnover in 2016. Looking ahead, most of the cost control measures had been completed and management will focus its efforts on increasing sales turnover through acquisitions and organic growth.

Back in 2014, we predicted the end of low cost paper made by China based mills which had provided printers like 1010 the edge to compete in the global book printing industry. Commencing January, 2017, price of paper produced by China paper mills had gone through a series of rapid increases, with corrugated paper price up by 40% and uncoated woodfree paper, the main staple for book printing up by 15%. Jury is still out if the price increase will be sustained. We are of the view that it will. The Group's operation in China current has a 6 months' supply of paper bought at favorable prices. Thereafter we will have to adjust to a more competitive environment caused by higher paper costs which cannot be passed in full to our customers.

The Group has started preliminary studies in establishing its own production facilities in the US either through greenfield operations, acquisition or joint venture with existing domestic printers.

PROSPECT

2017 has started slowly for the Group with incoming orders for the first 2 months slowing a 7% drop versus the same period last year. We believe that most of the cost savings through automation and supply chain management have been made. From now on, our operating profit margin is likely to be affected.

The search of a successor as CEO is continuing though initial efforts have stalled. The challenge is to attract a seasoned manager who has the entrepreneur aptitude to manage 1010 with its global footprint and unique customer driven DNA. Mr. Lau Chuk Kin has informed the board of his agreement to continue his executive role till 2019, if there is a need for him to do so. We will fast track our search effort knowing that the clock is ticking.

FINANCIAL REVIEW

Revenue for the year ended 31 December 2016 was approximately HK$1,615.8 million and represented a decrease of 8% from the previous corresponding year (2015: HK$1,754.6 million). The decrease in revenue was a result of the decrease in sales contribution from OPUS Group Limited ("OPUS") upon the disposal of the outdoor printing business in New Zealand and Australia in October 2015 and August 2016 respectively. Besides, the Group also ceased to receive orders from customers which contributed in low profit margin in the past.

Gross profit margin remain stable at 28% as compared with last year. During the year, the Group revisited the estimated useful lives of printing and prepress machineries. The estimated useful lives of printing machineries were revised from 15 years to 10 years and the estimated useful lives of prepress machineries were revised from 10 years to 4 years. As a result, additional depreciation of approximately HK$22.1 million was charged to direct operating costs. On the other hand, raw material and consumable costs, direct labour costs recorded a decrease and these offset the effect of additional depreciation charge for the year.

Other income increased from HK$49.2 million in 2015 to HK$70.4 million in 2016 was mainly contributed from the gain on disposal of the outdoor printing business in Australia of HK$27.6 million and the increase in gain on financial assets at fair value through profit or loss of HK$5.3 million. Such increase was partly offset by the decrease in gain on disposal of property, plant and equipment of HK$3.5 million and the gain on sales of outdoor printing business in New Zealand of HK$9 million in 2015.

Selling and distribution costs decreased by 4% to approximately HK$196.3 million (2015: HK$204.5 million) along with the decrease in sales.

Administrative expenses decreased from approximately HK$124.5 million in 2015 to approximately HK$109.8 million in 2016. The decrease was primarily due to the substantial decrease in corporate expenses in OPUS following the cost control measures implemented in the middle of 2015 and also the exclusion of overhead expenses upon the disposal of New Zealand and Australia outdoor printing business in October 2015 and August 2016 and the decrease in exchange loss of approximately HK$3.1 million. The effect of the decrease in administrative expenses was partly offset by the loss on disposal and write-off of property, plant and equipment of approximately HK$9.9 million.

Other expenses for the year represented provision for impairment on trade receivables. A decrease of approximately HK$4.1 million was due to improved customer settlement performance during the year.

Income tax expenses for the year increased to approximately HK$41.5 million. The lower income tax expenses of HK$13.8 million in 2015 was mainly due to the utilisation of unrecognised tax losses from previous years and the recognition of previously unrecognised deferred tax assets in OPUS entities.

Profit for the year attributable to owners of the Company amounted to approximately HK$146.1 million (2015: HK$163.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had net current assets of approximately HK$633.1 million (31 December 2015: HK$500.7 million) of which the cash and bank balances were approximately HK$461.2 million (31 December 2015: HK$262.9 million). The Group's current ratio was approximately 2.8 (31 December 2015: 2.2).

Total bank borrowings and finance lease liabilities for the Group amounted to HK$95.4 million (31 December 2015: HK$132.6 million). As at 31 December 2016, bank borrowings of HK$94.8 million were denominated in Hong Kong dollars and finance lease liabilities of HK$0.1 million and HK$0.5 million were denominated in US dollars and Australian 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 2016 was 10.1% (31 December 2015: 15.2%), 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$22.3 million. The purchase is mainly financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of approximately HK$0.7 million (31 December 2015: HK$1.8 million) in respect of assets held under finance leases.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2016, the Group had around 1,287 full-time employees (2015: 1,436). 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 (2015: HK$0.045) per share (the "Final Dividend") and special dividend of HK$0.015 (2015: nil) per share (the "Special Dividend") for the year ended 31 December 2016 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 8 May 2017. The register of shareholders will be closed on 8 May 2017, during which period no transfer of shares will be registered. To qualify for the Final Dividend and Special 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 5 May 2017. The relevant dividend warrants will be dispatched to shareholders on or around 17 May 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2016, 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 772,000 shares in the Company at a total consideration of approximately HK$1.0 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 2016.

On behalf of the Board
Lau Chuk Kin
Executive Director

Hong Kong, 28 February 2017

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. Guo Junsheng as non-executive director; 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 2016 of the Company will also be published on the aforesaid websites in due course.