



1010 Printing Group Limited
匯星印刷集團有限公司

Stock Code: 1127

Interim Report 2015



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Management Discussion and Analysis

BUSINESS REVIEW

The Group had a difficult first half in 2015 with total comprehensive income attributable to owners of the Company declined by 4% to HK\$ 52.5 million despite a 50% increase in sales turnover. The latter was attributed from the sales turnover contributed by our 62% owned subsidiary, the ASX listed, OPUS Group Limited (“OPUS”).

As highlighted in our 2014 annual report, the Group suffered from the strength of the US dollar and the Chinese Renminbi against currencies in our major export markets: Australia, the UK, Europe and Latin America.

For selected “strategic” accounts, the Group had to suffer significant margin erosion to “save” the relationship. Our gross profit margin, therefore, has suffered. Management is taking a cautious approach in identifying and keeping the strategic accounts and has “walked” away from accounts which do not make it commercially viable for us to serve.

On a brighter note, the restructuring at our ASX listed subsidiary, OPUS is making good progress with its first half net earnings coming in at HK\$17.0 million. We expect the OPUS Group to continue to provide a meaningful contribution to the earnings of the 1010 Group in the foreseeable future.

Sales turnover and earnings at 1010 Printing Group Limited excluding OPUS Group suffered single digit decline in the first half.

PROSPECTS

Towards the end of the second quarter, we saw the strong demand for adult coloring books from the US and European markets and management is cautiously optimistic of the results in the second half of the year.

Management continue to focus our efforts on automating the production line and fine tuning its supply chain. The latter has proved to be critical in 1010 gaining a large share of business which demand quick delivery at short notice.

FINANCIAL REVIEW

On 3 November 2014, the Group converted its loan to shares in OPUS Group Limited. OPUS Group Limited became subsidiary of the Group. The results of OPUS Group Limited therefore was included in the consolidated statement of profit or loss and other comprehensive income of the Group from 3 November 2014.

Turnover for the six months ended 30 June 2015 increased by 50% to approximately HK\$837.3 million (2014: HK\$559.4 million) was attributable to the inclusion of the result of OPUS Group Limited in this year.

Gross profit for the period increased from approximately HK\$150.9 million to approximately HK\$224.5 million with gross profit ratio maintained at 27%. Profit for the period increased by 20% to approximately HK\$68.2 million (2014: HK\$56.6 million).

Other income increased by approximately HK\$6.9 million mainly contributed by 1) increase in gain on disposal of property, plant and equipment of HK\$4.0 million; 2) increase in impairment of trade receivable written back of HK\$5.2 million; 3) increase in gain on financial assets at fair value through profit or loss of HK\$0.7 million and 4) increase in others, such as interest income, insurance compensation etc.. Such increase was net with decrease in exchange gain of HK\$6.7 million.

Selling and distribution costs increased by 19% to approximately HK\$92.1 million (2014: HK\$77.5 million) with the selling and distribution costs to sales ratio dropped to 11% from 14%. It is due to lower selling and distribution costs to sales ratio contributed by OPUS Group Limited. Administrative expenses increased from HK\$17.7 million to HK\$70.0 million mainly due to the inclusion of OPUS Group Limited administrative expenses and the increase in exchange loss of HK\$3.2 million, net with decrease in fair value loss on forward contract of HK\$1.8 million.

The Group's total comprehensive income attributable to owners of the Company amounted to approximately HK\$52.5 million (2014: HK\$54.9 million).



LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2015, the Group had net current assets of approximately HK\$405.1 million (31 December 2014: HK\$362.0 million) of which the cash and bank deposits were approximately HK\$183.7 million (31 December 2014: HK\$158.3 million). The Group's current ratio was approximately 2.1 (31 December 2014: 1.8).

Total bank borrowings and finance lease liabilities were HK\$100.2 million (31 December 2014: HK\$128.5 million). As at 30 June 2015, bank borrowings of HK\$74.1 million and HK\$17.4 million were denominated in Hong Kong dollars and US dollars respectively and finance lease liabilities of HK\$8.0 million and HK\$0.7 million were denominated in Australian dollars and New Zealand dollars respectively. As at 31 December 2014, borrowings of HK\$80.1 million, HK\$23.3 million and HK\$25.1 million were denominated in Hong Kong dollars, 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 30 June 2015 was 12.3% (31 December 2014: 16.2%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest.

During the period, the Group had acquired property, plant and equipment at approximately HK\$9.2 million. The purchase was financed by internal resources. As at 30 June 2015, the net book amount of property, plant and equipment included net carrying amount of approximately HK\$2.0 million (31 December 2014: HK\$3.5 million) in respect of assets held under finance lease.

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.



FOREIGN CURRENCY MANAGEMENT

The Group's sales were denominated in a mixture of currencies, primarily US dollars, Australian dollars, Euros and Pound Sterling. In addition, the Group's costs and expenses are mainly denominated in US dollars, Hong Kong dollars and Renminbi. From time to time the Group enters into foreign currency exchange contracts to hedge its currency risk.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2015, the Group had committed to acquire machinery of approximately HK\$6.8 million. The acquisition will be financed by bank borrowings and the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2015.

The Board of Directors (the “Board”) of 1010 Printing Group Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	(Unaudited)	
		Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
Turnover	3	837,306	559,407
Direct operating costs		(612,826)	(408,555)
Gross profit		224,480	150,852
Other income		24,862	17,960
Selling and distribution costs		(92,055)	(77,475)
Administrative expenses		(69,742)	(17,680)
Other expenses		(7,252)	(3,121)
Finance costs	4	(1,917)	(1,078)
Profit before income tax	5	78,376	69,458
Income tax expense	6	(10,202)	(12,836)
Profit for the period		68,174	56,622
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		(8,437)	(1,845)
Other comprehensive income for the period, net of tax		(8,437)	(1,845)
Total comprehensive income for the period		59,737	54,777
Profit for the period attributable to:			
Owners of the Company		57,680	56,695
Non-controlling interests		10,494	(73)
		68,174	56,622
Total comprehensive income attributable to:			
Owners of the Company		52,520	54,850
Non-controlling interests		7,217	(73)
		59,737	54,777
Earnings per share for profit attributable to owners of the Company during the period	7		
– Basic		HK7.49 cents	HK7.36 cents
– Diluted		N/A	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	(Unaudited) At 30 June 2015 HK\$'000	(Audited) At 31 December 2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	225,474	249,186
Intangible assets		175,836	175,836
Other non-current assets		5,743	6,370
Deferred tax assets		12,588	9,696
		419,641	441,088
Current assets			
Interest in associate		187	2,079
Inventories		123,315	111,345
Trade and other receivables and deposits	9	482,123	529,963
Financial assets at fair value through profit or loss		–	2,697
Cash and bank balances		183,700	158,348
		789,325	804,432
Current liabilities			
Trade and other payables	10	250,835	277,006
Financial liabilities at fair value through profit or loss		955	–
Bank borrowings	11	91,502	115,263
Finance lease liabilities	12	5,302	7,116
Provisions		26,949	31,794
Provision for taxation		8,695	11,267
		384,238	442,446
Net current assets		405,087	361,986
Total assets less current liabilities		824,728	803,074
Non-current liabilities			
Provisions		2,952	3,837
Finance lease liabilities	12	3,378	6,120
Deferred tax liabilities		729	222
		7,059	10,179
Net assets		817,669	792,895
EQUITY			
Share capital	13	7,700	7,700
Reserves		763,994	746,437
Equity attributable to owners of the Company		771,694	754,137
Non-controlling interests		45,975	38,758
Total equity		817,669	792,895

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash generated from operating activities	96,158	72,135
Investing activities		
Interest received	694	119
Decrease in pledged cash and bank balances	–	33,365
Purchases of property, plant and equipment	(9,154)	(13,867)
Dividend received from associate	1,770	–
Proceeds from disposals of property, plant and equipment	4,006	205
Payment on acquisition of assets	(3,078)	–
Increase in held-to-maturity investments	–	(61,849)
Net cash used in investing activities	(5,762)	(42,027)
Financing activities		
Bank borrowings raised	40,000	40,000
Repayment of bank borrowings	(63,791)	(14,745)
Interest on bank borrowings paid	(1,503)	(1,077)
Capital element of finance lease liabilities paid	(3,391)	(526)
Interest element of finance lease payments	(414)	(1)
Dividends paid	(34,650)	(30,800)
Purchase of shares under shares award scheme	(215)	–
Payments to employees under shares award scheme	(1,080)	(1,062)
Net cash used in financing activities	(65,044)	(8,211)
Net increase in cash and cash equivalents	25,352	21,897
Cash and cash equivalents at the beginning of the period	158,348	112,035
Cash and cash equivalents at the end of the period	183,700	133,932
Analysis of balances of cash and cash equivalents		
Bank balances and cash	183,700	133,932

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 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		
Balance at 1 January 2015 (Audited)	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	-	-	-	-	-	-	-	-	(34,650)	-	(34,650)	-	(34,650)
Recognition of equity-settled share based payment expense	-	-	-	-	-	-	982	-	-	-	982	-	982
Shares vested under share award scheme	-	-	-	-	-	-	(1,380)	548	-	(248)	(1,080)	-	(1,080)
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(215)	-	-	(215)	-	(215)
Transactions with owners	-	-	-	-	-	-	(398)	333	(34,650)	(248)	(34,963)	-	(34,963)
Profit for the period	-	-	-	-	-	-	-	-	-	57,680	57,680	10,494	68,174
Other comprehensive income													
Currency translation	-	-	(5,160)	-	-	-	-	-	-	-	(5,160)	(3,277)	(8,437)
Total comprehensive income for the period	-	-	(5,160)	-	-	-	-	-	-	57,680	52,520	7,217	59,737
Balance at 30 June 2015 (Unaudited)	7,700	173,078	(7,896)	(136,875)	310,125	(473)	4,256	(288)	-	422,067	771,694	45,975	817,669

Condensed Consolidated Statement of Changes in Equity (Unaudited) (continued)

For the six months ended 30 June 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	Proposed final dividend	Retained earnings	Total		
Balance at 1 January 2014 (Audited)	7,700	173,078	3,231	(136,875)	310,125	(201)	976	30,800	272,164	660,998	475	661,473
2015 final dividend paid	-	-	-	-	-	-	-	(30,800)	-	(30,800)	-	(30,800)
Recognition of equity-settled share based payment expense	-	-	-	-	-	-	3,838	-	-	3,838	-	3,838
Repurchase of vested shares and settlement of the award shares	-	-	-	-	-	-	(1,572)	-	-	(1,572)	-	(1,572)
Transactions with owners	-	-	-	-	-	-	2,266	(30,800)	-	(28,534)	-	(28,534)
Profit for the period	-	-	-	-	-	-	-	-	56,695	56,695	(73)	56,622
Other comprehensive income												
Currency translation	-	-	(1,845)	-	-	-	-	-	-	(1,845)	-	(1,845)
Total comprehensive income for the period	-	-	(1,845)	-	-	-	-	-	56,695	54,850	(73)	54,777
Balance at 30 June 2014 (Unaudited)	7,700	173,078	1,386	(136,875)	310,125	(201)	3,242	-	328,859	687,314	402	687,716

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

The Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial statements are unaudited but have been reviewed by the Company’s audit committee.

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

The accounting policies used in preparing the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations as disclosed below in this note.

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

Amendments to HKFRS

Amendments to HKFRS

Amendments to HKAS 19

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

Defined Benefit Plans – Employee Contributions

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

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

3. SEGMENT INFORMATION

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

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
United States of America	217,540	216,707
Australia	346,936	79,889
United Kingdom	111,637	98,066
Spain	59,338	82,136
New Zealand	30,614	6,105
Mexico	26,446	32,646
Germany	14,972	12,277
Singapore	10,155	81
Brazil	3,951	6,932
Hong Kong (domicile)	4,762	6,579
Others	10,955	17,989
	837,306	559,407

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Reportable segment profit	81,275	73,864
Equity-settled share-based payments	(982)	(3,328)
Finance costs	(1,917)	(1,078)
Profit before income tax	78,376	69,458

4. FINANCE COSTS

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Interest charges on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	1,503	1,077
Finance lease charges	414	1
	1,917	1,078

5. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	–	186
Depreciation	27,086	15,734
Employee benefit expenses	179,849	70,626
Minimum lease payments paid under operating leases in respect of rented premises and production facilities	17,898	5,125
(Gain)/Loss on disposals of property, plant and equipment	(3,991)	135
(Gain)/Loss on financial assets at fair value through profit or loss	(734)	1,807
Net foreign exchange loss/(gain)	3,163	(6,744)
Interest income	(694)	(119)

6. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	8,767	12,489
Overseas tax		
– Current year	3,799	647
Deferred taxation – current year	(2,364)	(300)
	10,202	12,836

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic earnings per share for the period	57,680	56,695
	Number of shares ('000)	
	2015	2014
Weighted average number of ordinary shares for the purposes of basic earnings per share	770,000	770,000

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Furniture and fixtures	Office equipment	Leasehold improve- ments	Computer equipment and systems	Motor vehicles	Machinery	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Period ended 30 June 2015								
Opening net book amount	12,352	973	2,510	21,338	3,495	2,140	206,378	249,186
Exchange differences	(1,071)	(1)	(50)	(175)	(164)	(29)	(4,275)	(5,765)
Additions	–	7	975	349	179	–	7,644	9,154
Disposals	–	–	(11)	–	–	–	(4)	(15)
Depreciation	(520)	(225)	(429)	(3,346)	(1,072)	(341)	(21,153)	(27,086)
Closing net book amount	10,761	754	2,995	18,166	2,438	1,770	188,590	225,474
At 30 June 2015								
Cost	11,433	5,115	7,667	55,244	14,327	3,036	354,923	451,745
Accumulated depreciation	(672)	(4,361)	(4,672)	(37,078)	(11,889)	(1,266)	(166,333)	(226,271)
Net book amount	10,761	754	2,995	18,166	2,438	1,770	188,590	225,474

At 30 June 2015 and 31 December 2014, the Group's freehold land and buildings were situated in Australia. Net book amount of property, plant and equipment as at 30 June 2015 includes the net carrying amount of HK\$2,033,000 (31 December 2014: HK\$3,509,000) held under finance lease.

9. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group allows a credit period from 30 to 150 days to its trade customers. Ageing analysis of trade receivables as at 30 June 2015, based on sales invoice date and net of provisions, is as follows:

	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	156,462	136,528
31 – 60 days	101,402	92,175
61 – 90 days	98,568	86,939
91 – 120 days	56,738	70,058
121 – 150 days	18,265	76,204
Over 150 days	24,303	41,507
Total trade receivables	455,738	503,411
Other receivables and deposits	26,385	26,552
	482,123	529,963

10. TRADE AND OTHER PAYABLES

As at 30 June 2015, the ageing analysis of trade payables based on invoice date is as follows:

	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	HK\$'000	HK\$'000
0 – 30 days	81,070	78,626
31 – 60 days	31,763	42,717
61 – 90 days	12,660	17,621
91 – 120 days	602	2,582
Over 120 days	687	2,049
Total trade payables	126,782	143,595
Other payables and accruals	124,053	133,411
	250,835	277,006

11. BANK BORROWINGS

During the six months ended 30 June 2015, bank borrowings of HK\$40,000,000 (30 June 2014: HK\$40,000,000) were raised and repayments of bank loans amounting to HK\$63,791,000 (30 June 2014: HK\$14,745,000) were made in line with the relevant repayment terms.

All bank borrowings as at 30 June 2015 are secured by the corporate guarantees from the Company or/and guarantee from the Government of the Hong Kong Special Administrative Region.

12. FINANCE LEASE LIABILITIES

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

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Total minimum lease payments:		
Due within one year	5,751	7,872
Due in the second to fifth years	3,462	6,404
	9,213	14,276
Future finance charges on finance lease	(533)	(1,040)
Present value of finance lease liabilities	8,680	13,236
Present value of minimum lease payments:		
Due within one year	5,302	7,116
Due in the second to fifth years	3,378	6,120
	8,680	13,236
Less: Portion due within one year included under current liabilities	(5,302)	(7,116)
Non-current portion included under non-current liabilities	3,378	6,120

The Group entered into finance lease for various items of machineries. The lease runs for an initial period of 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.

13. SHARE CAPITAL

	No. of shares	Amount
	('000)	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	1,000,000	10,000
Issued and fully paid:		
At 1 January 2015 and 30 June 2015	770,000	7,700

14. CAPITAL COMMITMENTS

As at 30 June 2015, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$6,829,000 (31 December 2014: HK\$6,837,000).

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31 December 2014, approved and paid during the interim period of HK\$0.045 (2014:HK\$0.04) per share	34,650	30,800

(b) Dividends attributable to the interim period

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividends declared – HK\$0.025 (2014: HK\$0.025) per share (note)	19,250	19,250

Note:

The amount of the interim dividend declared for the six months ended 30 June 2015, which will be payable in cash, has been calculated by reference to the 770,000,000 issued ordinary shares outstanding as at the date of this report. The interim dividend is not reflected as dividend payable in the condensed consolidated interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2015.

16. RELATED PARTY TRANSACTIONS**(a) Related party transactions**

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties for the six months ended 30 June 2015 are disclosed as follows:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Rental expenses paid to a related company	330	80

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

(b) Compensation of key management personnel

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

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	4,284	2,840
Post-employment benefit	58	8
	4,342	2,848

17. CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities (31 December 2014: Nil).

18. FAIR VALUE MEASUREMENT**(i) Recurring fair value measurements**

	Level 2	
	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
	HK\$'000	HK\$'000
Assets		
Derivative financial instruments:		
– Forward foreign exchange contracts	–	2,697
Liabilities		
Derivative financial instruments:		
– Forward foreign exchange contracts	955	–

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

Trade and other receivables, trade and other payables, bank borrowings and finance lease liabilities are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

(iii) Measurement of fair values

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

Other Disclosures

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

Long Position in the shares of the Company

Name of Directors	Personal Interests	Family Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note 1)	35,371,906	Nil	267,111,627	302,483,533	39.28
Mr. Yang Sze Chen, Peter (Note 2)	556,000	Nil	Nil	556,000	0.07
Mr. Li Hoi David	6,160,000	Nil	Nil	6,160,000	0.80
Ms. Lam Mei Lan	3,408,688	Nil	Nil	3,408,688	0.44
Mr. Lam Wing Yip (Note 2)	1,060,048	Nil	Nil	1,060,048	0.14

Note 1: Of 267,111,627 shares, 678,910 shares, 258,135,326 shares and 8,297,391 shares are beneficially owned by Cinderella Media Group Limited ("Cinderella Media"), City Apex Limited and ER2 Holdings Limited ("ER2 Holdings") respectively. As at 30 June 2015, Cinderella Media was owned as to 53.31% by City Apex Limited and as to 1.70% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex Limited of which Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.

Note 2: These shares were awarded to directors and fully vested on 31 December 2014. The said shares will be transferred to directors in 2015.

Saved as disclosed above, as at 30 June 2015, to the knowledge of the Company, none of the directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the following persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Nature of interest			Percentage to the issued share capital of the Company (%)
	Beneficial Owner (Shares)	Interest in controlled corporation (Shares)	Total Interests (Shares)	
ER2 Holdings Limited (Note 1)	8,297,391	258,814,236	267,111,627	34.69
City Apex Limited (Note 1)	258,135,326	678,910	258,814,236	33.61
Mr. Webb David Michael (Note 2)	16,433,168	38,539,808	54,972,976	7.14
JobStreet Corporation Berhad	54,112,030	Nil	54,112,030	7.03
Mr. Chen Huang Zhi	52,299,804	Nil	52,299,804	6.79
Preferable Situation Assets Limited (Note 2)	38,539,808	Nil	38,539,808	5.00

Note 1: 678,910 shares, 258,135,326 shares and 8,297,391 shares are beneficially owned by Cinderella Media, City Apex Limited and ER2 Holdings respectively. As at 30 June 2015, Cinderella Media was owned as to 53.31% by City Apex Ltd and as to 1.70% by ER2 Holdings. ER2 Holdings was the ultimate holding company of City Apex Limited.

Note 2: Of 54,972,976 shares, 38,539,808 shares are beneficially owned by Preferable Situation Assets Limited. As at 30 June 2015, Preferable Situation Assets Limited is 100% directly owned by Mr. Webb David Michael and therefore Mr. Webb is deemed to be interested in the said shares held by Preferable Situation Assets Limited.

Save as disclosed above, as at 30 June 2015, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE AWARD SCHEME

On 30 December 2013, the Company adopted a share award scheme to recognise and motivate the contribution of participants and to incentivise them to further the operation and development and to attract suitable personnel for the Company. The share award scheme shall be valid and effective for a term of ten years commencing from the adoption date.

During the six months period ended 30 June 2015, no new share award was granted to employees. Equity-settled share-based payment expenses of HK\$982,000 have been recognised in profit or loss for the period.

SHARE AWARD SCHEME (continued)

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

	Number of unvested award shares			At 30.6.2015
	At 1.1.2015	Vested and settled by cash (Note)	Cancelled/lapsed during the period	
Employees	5,150,000	(1,000,000)	–	4,150,000
Total	5,150,000	(1,000,000)	–	4,150,000

Details of the unvested award shares granted to the Group's employees are as follows:

Date of grant	No. of shares awarded	Vesting date	Vesting period	Average fair value per share (HK\$)
30.12.2013	4,000,000	28.12.2015	25 months	0.97
30.12.2013	150,000	31.12.2015	25 months	0.97

Note: As the purchased shares held by the Company were not sufficient to transfer to the grantees on the vesting date, the grantees agreed to settle the share award by cash. As a result, 1,000,000 share awards were settled by cash of HK\$1,080,000. The difference between the share price at vesting date and the price of awarded shares at the grant date has been debited to retained earnings and the related expense of the granted shares vested has been transferred from employee compensation reserve.

During the six months period ended 30 June 2015, the Group purchased 184,000 shares under the 1010 Share Award Scheme. As a result, an amount of HK\$215,000 has been debited to shares held under share award scheme and deducted from total equity directly. 460,000 shares which had already been vested in 2014 were transferred to employees in shares during the period.

SHARE OPTION SCHEME

A share option scheme (the "1010 Share Option Scheme") was adopted by the Group, pursuant to its resolution passed on 22 April 2013 and effective for a period of ten years commencing from the adoption date. The purpose of the 1010 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Group and its shares for the benefit of the Company and its shareholders as a whole. The directors may, at its discretion, offer to directors, employees of any member of the Group, any advisors and service providers of any member of the Group, options to subscribe for the shares in the Company at a price not less than the highest of: (i) the closing price of the shares of the Company on the SEHK on the date of offer of the option; (ii) the average of the closing prices of the shares on the SEHK for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of a share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option irrespective of numbers of share options granted. The options vest on the condition that the grantee is a director or employee of any member of the Group or any advisor and service provider of any member of the Group from the date of options grant to the commencement date of the exercisable period of the options.

The options are exercisable at any time during the period to be determined and notified by the directors of the Company to the grantee at the time of making an offer in respect of any particular option which shall not expire later than 10 years from the date of grant.

The share-based employee compensation is to be settled by the issue of the ordinary shares of the Company. The Group has no legal or constructive obligation to repurchase or settle the options other than in the ordinary shares of the Company. During the six month period ended 30 June 2015, there was no share option issued under the 1010 Share Option Scheme. As at 30 June 2015 and 31 December 2014, the total number of share options available for issue under the 1010 Share Option Scheme was 70,000,000, representing 10% of the total issued shares of the Company as at 30 June 2015 and 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code Provision") contained in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2015.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2015, the Group had around 1606 full-time employees (30 June 2014: 1065). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employee benefits include share award, provident fund, insurance and medical cover.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.025 per ordinary share for the six months ended 30 June 2015 (2014: HK\$0.025) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 11 September 2015. The register of shareholders will be closed from 10 September 2015 to 11 September 2015, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited whose share registration public offices are located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 9 September 2015. The relevant dividend warrants will be despatched to shareholders on or around 23 September 2015.

AUDIT COMMITTEE

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

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2015 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board
Yeung Ka Sing
Chairman

Hong Kong, 25 August 2015

Corporate Information

Board of Directors

Executive Directors

Mr. Yang Sze Chen, Peter
Mr. Lau Chuk Kin
Mr. Li Hoi, David
Ms. Lam Mei Lan
Mr. Lam Wing Yip
Mr. Chu Chun Wan

Independent Non-Executive Directors

Mr. Yeung Ka Sing (Chairman)
Prof. Lee Hau Leung
Mr. Tsui King Chung, David
Dr. Ng Lai Man, Carmen

Company Secretary

Ms. Tan Lai Ming FCPA, FCCA

Compliance Officer

Mr. Lau Chuk Kin

Authorised Representatives

Mr. Lau Chuk Kin
Ms. Tan Lai Ming

Bermuda Resident Representative

Codan Services Limited

Audit Committee

Dr. Ng Lai Man, Carmen (Chairman)
Mr. Yeung Ka Sing
Mr. Tsui King Chung, David

Nomination Committee

Mr. Yeung Ka Sing (Chairman)
Mr. Lau Chuk Kin
Mr. Tsui King Chung, David
Dr. Ng Lai Man, Carmen

Remuneration Committee

Mr. Yeung Ka Sing (Chairman)
Mr. Lau Chuk Kin
Mr. Tsui King Chung, David
Dr. Ng Lai Man, Carmen

Auditor

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Legal Adviser

Cheung Tong & Rosa Solicitors
Room 501, 5/F., Sun Hung Kai Centre
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Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
No. 1 Queen's Road Central
Hong Kong

Australia and New Zealand Bank Group Limited
22/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Share Registrars and Transfer Offices

Principal Registrar

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69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Registrar

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Registered Office

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