



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

**Interim  
Report  
中期報告  
2011**

Stock code 股份代號 : 1127

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## BOARD OF DIRECTORS

### Executive Directors

Mr. Yang Sze Chen, Peter  
Mr. Lau Chuk Kin  
Ms. Choi Ching Kam, Dora

### 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 *HKICPA, ACCA*

## 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

## REMUNERATION COMMITTEE

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

## AUDITOR

BDO Limited

## LEGAL ADVISER

P.C. Woo & Co.

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

## SHARE REGISTRARS AND TRANSFER OFFICES

### Principal Registrar

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road,  
Pembroke HM08, Bermuda

### Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712 – 1716, 17th Floor, Hopewell Centre  
183 Queen's Road East, Wan Chai, Hong Kong

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 1704, 17/F, 625 King's Road  
North Point, Hong Kong

## STOCK CODE

1127

## WEBSITE

[www.1010printing.com](http://www.1010printing.com)

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2011 together with the comparative unaudited figures for the corresponding period in 2010 as follows:

		(Unaudited)	
		Six months ended	
		30 June	
	Notes	2011 HK\$'000	2010 HK\$'000
<b>Revenue and turnover</b>	3	<b>284,627</b>	243,795
Direct operating costs		<b>(232,533)</b>	(198,224)
<b>Gross profit</b>		<b>52,094</b>	45,571
Other income		<b>25,514</b>	12,721
Selling and distribution costs		<b>(24,087)</b>	(19,506)
Administrative expenses		<b>(11,778)</b>	(5,356)
Listing expenses		<b>(3,136)</b>	–
Other expenses		<b>(1,823)</b>	(1,191)
Finance costs	4	<b>(1,148)</b>	(2,185)
<b>Profit before income tax</b>	5	<b>35,636</b>	30,054
Income tax expense	6	<b>(4,598)</b>	(3,088)
<b>Profit for the period</b>		<b>31,038</b>	26,966
<b>Other comprehensive income</b>			
Exchange (loss)/gain on translation of financial statements of foreign operations		<b>(311)</b>	125
<b>Other comprehensive income for the period</b>		<b>(311)</b>	125
<b>Total comprehensive income for the period</b>		<b>30,727</b>	27,091

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

		(Unaudited)	
		Six months ended	
		30 June	
		2011	2010
Notes		HK\$'000	HK\$'000
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>31,058</b>	26,971
Non-controlling interests		<b>(20)</b>	(5)
		<hr/> <b>31,038</b>	<hr/> 26,966
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>30,751</b>	27,095
Non-controlling interests		<b>(24)</b>	(4)
		<hr/> <b>30,727</b>	<hr/> 27,091
<b>Earnings per share for profit attributable to owners of the Company during the period</b>			
	7		
– Basic		<b>HK8.28 cents</b>	HK7.19 cents
– Diluted		<b>N/A</b>	N/A

# Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	191,562	199,517
<b>Current assets</b>			
Inventories		79,722	59,905
Trade and other receivables	9	218,385	211,336
Amounts due from fellow subsidiaries		–	688
Cash and cash equivalents		21,576	16,134
		<b>319,683</b>	288,063
<b>Current liabilities</b>			
Trade and other payables	10	78,085	66,865
Financial liabilities at fair value through profit or loss		2,550	5,174
Bank borrowings	11	89,552	83,316
Finance lease liabilities	12	5,982	7,003
Amount due to intermediate holding company		–	1,509
Amounts due to fellow subsidiaries		–	940
Provision for taxation		5,761	1,744
		<b>181,930</b>	166,551
<b>Net current assets</b>		<b>137,753</b>	121,512
<b>Total assets less current liabilities</b>		<b>329,315</b>	321,029
<b>Non-current liabilities</b>			
Finance lease liabilities	12	9,800	12,814
Deferred tax liabilities		11,320	10,747
		<b>21,120</b>	23,561
<b>Net assets</b>		<b>308,195</b>	297,468

# Condensed Consolidated Statement of Financial Position

As at 30 June 2011

		(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
	Notes		
<b>EQUITY</b>			
Share capital	13	3,750	81,000
Reserves		304,504	216,503
<b>Equity attributable to owners of the Company</b>		<b>308,254</b>	297,503
<b>Non-controlling interests</b>		<b>(59)</b>	(35)
<b>Total equity</b>		<b>308,195</b>	297,468

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2011

	(Unaudited)	
	For the six months ended	
	30 June	
	2011	2010
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	<b>31,122</b>	(4,330)
Investing activities		
Purchases of property, plant and equipment	<b>(5,406)</b>	(8,888)
Interest received	<b>51</b>	14
Proceeds from disposals of property, plant and equipment	<b>131</b>	40
Net cash used in investing activities	<b>(5,224)</b>	(8,834)
Financing activities		
(Decrease)/Increase in amount due to intermediate holding company	<b>(1,704)</b>	23,479
Bank borrowings raised	<b>27,048</b>	–
Repayment of bank borrowings	<b>(20,812)</b>	(13,506)
Interest on bank borrowings paid	<b>(722)</b>	(466)
Capital element of finance lease liabilities paid	<b>(4,035)</b>	(4,569)
Capital injection from non-controlling interests	<b>–</b>	21,818
Interest element of finance lease payments	<b>(231)</b>	(287)
Dividends paid	<b>(20,000)</b>	(20,000)
Net cash (used in)/generated from financing activities	<b>(20,456)</b>	6,469
Net increase/(decrease) in cash and cash equivalents	<b>5,442</b>	(6,695)
Cash and cash equivalents at the beginning of the period	<b>16,134</b>	38,558
Cash and cash equivalents at the end of the period	<b>21,576</b>	31,863
Analysis of balances of cash and cash equivalent		
Bank balances and cash	<b>21,576</b>	31,863

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the Company					Non-controlling interests		
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Total HK\$'000	
Balance at 1 January 2011 (Audited)	81,000	96,000	(790)	–	121,293	297,503	(35)	297,468
Share swap pursuant to group reorganisation	(77,250)	214,126	–	(136,876)	–	–	–	–
Dividend paid	–	–	–	–	(20,000)	(20,000)	–	(20,000)
<b>Transactions with owners</b>	<b>(77,250)</b>	<b>214,126</b>	<b>–</b>	<b>(136,876)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>–</b>	<b>(20,000)</b>
Profit for the period	–	–	–	–	31,058	31,058	(20)	31,038
<b>Other comprehensive income</b>								
Currency translation loss	–	–	(307)	–	–	(307)	(4)	(311)
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>(307)</b>	<b>–</b>	<b>31,058</b>	<b>30,751</b>	<b>(24)</b>	<b>30,727</b>
<b>Balance at 30 June 2011 (Unaudited)</b>	<b>3,750</b>	<b>310,126</b>	<b>(1,097)</b>	<b>(136,876)</b>	<b>132,351</b>	<b>308,254</b>	<b>(59)</b>	<b>308,195</b>
Balance at 1 January 2010 (Audited)	33,000	–	(608)	–	89,620	122,012	(14)	121,998
Issue of shares	48,000	96,000	–	–	–	144,000	–	144,000
Dividend paid	–	–	–	–	(20,000)	(20,000)	–	(20,000)
<b>Transactions with owners</b>	<b>48,000</b>	<b>96,000</b>	<b>–</b>	<b>–</b>	<b>(20,000)</b>	<b>124,000</b>	<b>–</b>	<b>124,000</b>
<b>Profit for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>26,971</b>	<b>26,971</b>	<b>(5)</b>	<b>26,966</b>
<b>Other comprehensive income</b>								
Currency translation gain	–	–	124	–	–	124	1	125
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>124</b>	<b>–</b>	<b>26,971</b>	<b>27,095</b>	<b>(4)</b>	<b>27,091</b>
<b>Balance at 30 June 2010 (Unaudited)</b>	<b>81,000</b>	<b>96,000</b>	<b>(484)</b>	<b>–</b>	<b>96,591</b>	<b>273,107</b>	<b>(18)</b>	<b>273,089</b>

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

### (a) Corporate 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”) is 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.

### (b) Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It does not include all the information required in the annual financial statements, and should be read in conjunction with the Group’s annual financial information for the year ended 31 December 2010 as set out in Appendix I of the prospectus dated 30 June 2011 issued by the Company in connection with the placing, public offer and preferential offer of its shares on the Main Board of the Stock Exchange (the “Prospectus”).

Pursuant to a reorganisation (the “Reorganisation”) as explained in the section headed “A. Further information about the Company – 4. Corporate Reorganisation” in the Prospectus, which was completed on 20 June 2011, the company became the holding company of its subsidiaries. The Reorganisation involved business combinations of entities under common control before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the controlling parties that existed prior to the Reorganisation. The Group is regarded and accounted for as a continuing group resulting from the Reorganisation since all of the entities which took part in the Reorganisation were under common control in a manner similar to pooling of interests. Accordingly, for the purpose of this report, the condensed consolidated financial statements has been prepared by applying the principles of merger accounting in accordance with the Accounting Guidelines No. 5, “Merger Accounting for Common Control Combination” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six-months ended 30 June 2010 include the results and cash flows of the Company and its subsidiaries from 1 January 2010, or since the Company’s and its subsidiaries’ respective dates of incorporation whichever is shorter, as if the current group structure had been in existence throughout the period. The consolidated statement of financial position of the Group as at 31 December 2010 and 30 June 2010 have been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates.

# Notes to the Condensed Consolidated Financial Statements

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION (cont'd)

### (b) Basis of preparation (cont'd)

As a part of Reorganisation, all assets and liabilities of its subsidiaries namely Mega Form Inc. Limited and 1010 Printing (USA) Inc. (the “Excluded Companies”) have been transferred out of the Group to a fellow subsidiary. For the purpose of this interim report, the Condensed consolidated financial statements have been prepared as if the transfer had taken place on 1 January 2010. Accordingly, the results of Excluded Companies during the six months periods ended 30 June 2011 and 30 June 2010 and all assets and liabilities directly related to the Excluded Companies have been carved out and excluded in the Condensed consolidated financial statements as follows:

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	–	–
Loss for the year	(11)	(2)
	<hr/>	
	As at 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Total assets	–	41
Total liabilities	–	(687)
	–	(646)

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values. The interim results are unaudited but have been reviewed by the Company's audit committee.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of combined financial information of the Group for the three years ended 31 December 2010 included in the Prospectus, except for the accounting policies described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

- *Improvements to HKFRSs issued in 2010*
- *HKAS 24 (as revised in 2009) Related Party Disclosure*
- *Amendments to HKAS 32 Classification of Rights Issues*
- *Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement*
- *HK(IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments.*

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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.

# Notes to the Condensed Consolidated Financial Statements

## 3. SEGMENT INFORMATION

The directors have identified the Group has only one reportable segment, which is 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:

	<b>30.6.2011</b> <b>(Unaudited)</b> <b>HK\$'000</b>	30.6.2010 (Unaudited) HK\$'000
United States	<b>85,424</b>	68,730
Australia	<b>71,048</b>	54,460
United Kingdom	<b>54,972</b>	49,199
Hong Kong (domicile)	<b>24,200</b>	10,748
Germany	<b>20,159</b>	21,595
Netherlands	<b>7,687</b>	11,313
Belgium	<b>6,965</b>	9,474
New Zealand	<b>5,824</b>	7,492
Sweden	<b>5,006</b>	5,685
Others	<b>3,342</b>	5,099
	<hr/> <b>284,627</b> <hr/>	<hr/> 243,795 <hr/>

## 4. FINANCE COSTS

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interest charges on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	722	466
Interest expenses payable to intermediate holding company	195	1,432
Finance lease charges	231	287
	<b>1,148</b>	<b>2,185</b>

## 5. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Depreciation	13,212	11,425
Employee benefit expenses	10,867	6,892
Loss/(Gain) on financial assets at fair value through profit or loss	6,010	(4,398)
Minimum lease payments paid under operating leases or leases in respect of rented premises and production facilities	4,354	4,244
Loss/(Gain) on disposals of property, plant and equipment	31	(37)
Net foreign exchange (gain)/loss	(14,489)	496
Interest income	(51)	(14)

# Notes to the Condensed Consolidated Financial Statements

## 6. INCOME TAX EXPENSE

The amount of income tax expense charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	4,025	365
Overseas profits tax		
– Over provision in prior years	–	(202)
Deferred taxation – current year	573	2,925
	<hr/>	<hr/>
	4,598	3,088
	<hr/>	<hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the period. Overseas profits tax 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.

The Group did not have any significant unprovided deferred taxation for the period.

## 7. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of basic earnings per share for the period	<b>31,058</b>	26,971
	<hr/>	
	<b>Number of shares ('000)</b>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>375,000</b>	375,000
	<hr/>	

The weighted average number of shares of 375,000,000 used to calculate the basic earnings per share for the period ended 30 June 2010, as if the shares are issued since 1 January 2010, comprised of 1 ordinary share of the Company allotted and issued upon incorporation and 374,999,999 ordinary shares of the Company issued, pursuant to the Reorganisation.

No diluted earnings per share is presented as the Group has no dilutive potential shares during the six months ended 30 June 2011 and 2010.

# Notes to the Condensed Consolidated Financial Statements

## 8. PROPERTY, PLANT AND EQUIPMENT

	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 2011							
Cost	3,452	3,191	40,643	8,522	1,521	217,832	275,161
Accumulated depreciation	(1,804)	(1,499)	(17,145)	(5,389)	(531)	(49,276)	(75,644)
Net book amount	1,648	1,692	23,498	3,133	990	168,556	199,517
Period ended 30 June 2011							
Opening net book amount	1,648	1,692	23,498	3,133	990	168,556	199,517
Exchange differences	8	–	1	2	2	–	13
Additions	64	288	445	132	–	4,477	5,406
Disposals	(5)	–	(2)	(4)	–	(151)	(162)
Depreciation	(269)	(296)	(2,203)	(918)	(141)	(9,385)	(13,212)
Closing net book amount	1,446	1,684	21,739	2,345	851	163,497	191,562
At 30 June 2011							
Cost	3,531	3,479	41,088	8,660	1,534	222,113	280,405
Accumulated depreciation	(2,085)	(1,795)	(19,349)	(6,315)	(683)	(58,616)	(88,843)
Net book amount	1,446	1,684	21,739	2,345	851	163,497	191,562

The net book amount of property, plant and equipment includes the net carrying amount of HK\$ 26,769,000 (31 December 2010: HK\$37,615,000) in respect of assets held under finance leases.

## 9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period from 45 days to 180 days to its trade customers.

Aging analysis of trade receivables, as at 30 June 2011 based on sales invoice date and net of provisions at the reporting date, is as follows:

	<b>At 30 June 2011 (Unaudited) HK\$'000</b>	At 31 December 2010 (Audited) HK\$'000
0 – 30 days	<b>65,173</b>	49,773
31 – 60 days	<b>44,671</b>	33,653
61 – 90 days	<b>32,983</b>	23,376
91 – 120 days	<b>28,489</b>	27,191
121 – 150 days	<b>9,782</b>	31,826
151 – 180 days	<b>7,279</b>	19,334
Over 180 days	<b>1,527</b>	3,394
	<hr/>	<hr/>
Total trade receivables	<b>189,904</b>	188,547
Other receivables and deposits	<b>28,481</b>	22,789
	<hr/>	<hr/>
	<b>218,385</b>	211,336

# Notes to the Condensed Consolidated Financial Statements

## 10. TRADE AND OTHER PAYABLES

The following is the aging analysis of trade payables by invoice date:

	<b>At 30 June 2011 (Unaudited) HK\$'000</b>	At 31 December 2010 (Audited) HK\$'000
0 – 30 days	<b>30,478</b>	24,601
31 – 60 days	<b>12,226</b>	9,701
61 – 90 days	<b>5,163</b>	3,079
91 – 120 days	<b>121</b>	836
Over 120 days	<b>1,038</b>	1,343
	<hr/>	<hr/>
Total trade payables	<b>49,026</b>	39,560
Other payables and accruals	<b>29,059</b>	27,305
	<hr/>	<hr/>
	<b>78,085</b>	66,865
	<hr/>	<hr/>

## 11. BANK BORROWINGS

During the period, repayments of bank loans amounting to HK\$20,812,000 (2010: HK\$13,506,000) were made in line with the relevant repayment terms. New bank borrowings of HK\$27,048,000 were raised for the six months period in 2011 (2010: nil).

## 12. FINANCE LEASE LIABILITIES

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

	<b>At 30 June 2011 (Unaudited) HK\$'000</b>	At 31 December 2010 (Audited) HK\$'000
<b>Total minimum lease payments:</b>		
Due within one year	<b>6,324</b>	7,434
Due in the second to fifth years	<b>10,015</b>	13,190
	<b>16,339</b>	20,624
Future finance charges on finance lease	<b>(557)</b>	(807)
Present value of finance lease liabilities	<b>15,782</b>	19,817
<b>Present value of minimum lease payments:</b>		
Due within one year	<b>5,982</b>	7,003
Due in the second to fifth years	<b>9,800</b>	12,814
	<b>15,782</b>	19,817
Less: Portion due within one year included under current liabilities	<b>(5,982)</b>	(7,003)
Non-current portion included under non-current liabilities	<b>9,800</b>	12,814

# Notes to the Condensed Consolidated Financial Statements

## 13. SHARE CAPITAL

	<b>No. of shares</b>	<b>Amount</b> HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised ordinary shares at the date of incorporation (note 1)	10,000,000	100
Increase in authorised ordinary shares (note 2)	990,000,000	9,900
	<hr/>	<hr/>
At 30 June 2011	1,000,000,000	10,000
	<hr/>	<hr/>
Issued and fully paid:		
Issue of ordinary shares at the date of incorporation (note 1)	1	–
Issue of ordinary shares on Group Reorganisation (note 3)	374,999,999	3,750
	<hr/>	<hr/>
At 30 June 2011	375,000,000	3,750
	<hr/>	<hr/>

Note 1: The Company was incorporated in Bermuda on 9 March 2011 with the authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares of HK\$0.01 each, of which 1 share was issued and allotted on 16 March 2011.

Note 2: On 20 June 2011, the authorised share capital of the Company was increased from HK\$100,000 to HK\$10,000,000 by the creation of 990,000,000 ordinary shares of HK\$0.01 each.

Note 3: On 20 June 2011, the Company entered the share swap agreements with all the shareholders of 1010 Group Limited to acquire the entire issued share capital of 1010 Group Limited. The Company issued 374,999,999 ordinary shares of HK\$0.01 each to the shareholders of 1010 Group Limited as the consideration. Since then, the Company became the holding company of the subsidiaries now comprising the Group.

The Group's share capital balance as at 31 December 2010 represented the issued and paid up share capital of 1010 Group Limited.

## 14. CAPITAL COMMITMENTS

As at 30 June 2011, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$19,055,000 (31 December 2010: HK\$16,334,000).

## 15. DIVIDENDS

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interim dividends paid (note i)	20,000	20,000
Interim dividends declared – HK\$0.02 (2010: Nil) per share (note ii)	10,000	–

Notes:

- (i) The dividends paid represented those declared by 1010 Group Limited prior to the Reorganisation. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful for this report.
- (ii) The amount of the interim dividend declared for the six months ended 30 June 2011, which will be payable in cash, has been calculated by reference to the 500,000,000 issued ordinary shares outstanding as at the date of this report. The interim dividend is not reflected as dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2011.

# Notes to the Condensed Consolidated Financial Statements

## 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 2011 are disclosed as follows:

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Administration service fee paid to a fellow subsidiary	<b>50</b>	300
Computer service fee paid to fellow subsidiaries	<b>30</b>	210
Interest expense paid to intermediate holding company	<b>195</b>	1,432

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 transactions has been discontinued upon the listing of the Company.

### (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.

	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>775</b>	250
Post-employment benefit	<b>5</b>	–
	<b>780</b>	250

## 17. CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no significant contingent liabilities (31 December 2010: Nil).

## 18. EVENTS AFTER THE REPORTING DATE

In addition to those disclosed elsewhere in the interim financial report, the Group had the following material events after 30 June 2011:

- (i) 125,000,000 ordinary shares of HK\$0.01 each were allotted and issued on 25 July 2011.
- (ii) The ordinary shares of the Company have been listed on the Main Board of the Stock Exchange since 25 July 2011.

## FINANCIAL REVIEW

Turnover for the six months ended 30 June 2011 was approximately HK\$284.6 million (2010: HK\$243.8 million) which increased by HK\$40.8 million, a 16.7% increase over same period of last year.

The increase in other income from HK\$12.7 million to HK\$25.5 million was mainly due to the exchange gains of HK\$16.2 million being realised from the foreign currencies trade receipts in the current period. The Group has entered into foreign currency forward exchange contracts to partially hedge against the associated currency risks. As a result, the Group recorded losses of approximately HK\$6.0 million loss on the fair value of the forward contracts during the period. The loss was charged to the administrative expenses and was a main reason for the increase in administrative expenses.

For the purpose of listing of the Company to the Stock Exchange, listing expenses of HK\$3.1 million was recorded for the period ended 30 June 2011 which represented professional fees and other expenses incurred in the preparation for the listing of the Company's shares on the Stock Exchange.

The Group's total comprehensive income attributable to owners of the Company amounted to HK\$30.8 million (2010: HK\$27.1 million), a 13.5 % increase over the same period last year.

## BUSINESS REVIEW

With our cost-efficient production base in the People's Republic of China (the "PRC"), the Group has been providing specialized and comprehensive printing services to renowned international book publishers, trade, professional and educational book printing conglomerates, and print media companies. The Group has achieved accreditation of international quality standards, and together with our global sales and service teams in Hong Kong, United Kingdom and Australia, these contribute to our close relationship with the global client base.

25 July 2011 marked a milestone in the history of the 1010 when it was successfully spun off from our parent group, Recruit Holdings Limited (stock code: 550) to be listed on the Main Board of the Hong Kong Stock Exchange. This listing will enable the Group to diversify its business within the printing related industry and focus on different sets of growth strategies. And with our consistent effort in maintaining corporate transparency, we believe our Group is now positioned to become Asia's top book printing company.

For the six-month period ended 30 June 2011, the Group's turnover increased by approximately 16.7% year-on-year to HK\$284.6 million whilst the profit for the period of the Company excluding listing expenses recorded a substantial year-on-year increase of 26.7% to HK\$34.2 million. The satisfying growth in revenue and net profit was partly attributable to the order growth from our existing clients and partly due to the Group's dedicated efforts in enforcing stringent cost control.

Sales to the United States, Australia and United Kingdom markets achieved growth rates of 24.3%, 30.5% and 11.7% respectively and these countries continue to be the Group's three largest export regions. They accounted for approximately 74% of the consolidated revenue for the period.

## BUSINESS REVIEW (Cont'd)

Despite the challenging business environment with surging material costs during the period, the Group has successfully maintained our gross and net margin at a stable level at 18.3% and 10.9% respectively. Through a series of continuous and proactive management actions, such as strategic bulk purchase plan and effective internal control, the Group managed to offset the increased material costs and sustained our profitability. With the integration of the Group's self-developed in-house Mercury ERP system, the internal workflow will be further streamlined by effective production scheduling and equipment utilisation, thus contributing the margin of the Group in the future.

## PROSPECTS

The net proceeds from the initial public offering after the deduction of related listing expenses is approximately HK\$74 million. The Group intends to utilize the raised capital to ramp up our existing operations and explore new business ventures in the PRC, extending our growth momentum in the global book printing industry.

With aspirations to tap into the PRC book publishing brokerage and promotion business, the Group will leverage on our existing network of, and access to publishers acting as an intermediary for Western language book titles to be translated, printed and distributed in the PRC book market. Such development will further extend our book printing services to a global level.

Going forward, the Board is highly confident of the Group's future business prospects. Whilst the growth in electronic books is notable in recent years, the demand for conventional printed books continues to be substantial. Publication such as illustrated leisure and lifestyle books, and children's books, being our core products, would less likely to be transferred onto digital format. Furthermore, the book printing industry has witnessed a wave of consolidation amongst medium sized book printers in Hong Kong and the PRC respectively, thus benefiting leading players like 1010 to capture greater market share. Backed by our all-rounded business scale, prudent cost control, expanding customer profile and high operating efficiency, the Group is confident that it will continue achieving sustainable profitability in the long run and ultimately achieve our plan in becoming a prominent book printer in Asia for the international book publishing market.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2011, the Group had net current assets of approximately HK\$137.8 million (31 December 2010: HK\$121.5 million) of which the cash and bank deposits were approximately HK\$21.6 million (31 December 2010: HK\$16.1 million). The Group's current ratio was approximately 1.8 (31 December 2010: 1.7).

Total bank borrowings and finance lease liabilities were HK\$105.3 million (31 December 2010: HK\$103.1 million). All the borrowings are denominated in Hong Kong dollars, at floating rates and repayable within five years. The Group's gearing ratio as at 30 June 2011 was 34.2% (31 December 2010: 35.2%), 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 machinery for printing division at approximately HK\$4.5 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of HK\$26.8 million (31 December 2010: HK\$37.6 million) in respect of assets held under finance leases.

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 2011, the Group had committed to acquire printing machinery of approximately HK\$19.1 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 2011.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to recommend the payment of an interim dividend of HK\$0.02 per ordinary share for the six months ended 30 June 2011 to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 9 September 2011. The register of shareholders will be closed from 5 September 2011 to 9 September 2011, 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 2 September 2011. The relevant dividend warrants will be despatched to shareholders on or around 19 September 2011.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES**

The Company was listed on the Stock Exchange on 25 July 2011 ("Date of Listing"). No disclosure of interests or short position of the directors and chief executives in any shares or underlying shares of the Company were made to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Future Ordinance ("SFO") as of 30 June 2011.

At the Date of Listing, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

### **(i) Long Position in the shares and underlying shares of the Company**

<b>Name of Directors</b>	<b>Personal Interests</b> (Shares)	<b>Family Interests</b> (Shares)	<b>Corporate Interests</b> (Shares)	<b>Total Interests</b> (Shares)	<b>Percentage to the issued share capital of the Company</b> (%)
Mr. Lau Chuk Kin (Note 1)	111,628	Nil	306,969,400	307,081,028	61.42

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Cont'd)

### (ii) Long Position in the shares of Recruit Holdings Limited, an associated corporation of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital (%)
Mr. Lau Chuk Kin (Note 2)	2,838,000	Nil	179,860,000	182,698,000	57.24
Ms. Choi Ching Kam, Dora	300,000	Nil	Nil	300,000	0.09

### (iii) Long Position in the shares of ER2 Holdings Limited, an associated corporation of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital (%)
Mr. Lau Chuk Kin	8,375	Nil	Nil	8,375	67.00

### (iv) Options to subscribe for shares in Recruit Holdings Limited, an associated corporation of the Company

Name of Directors	Number of share options				Outstanding at 30.6.2011
	Outstanding at 1.1.2011	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
Mr. Yang Sze Chen, Peter	1,200,000	–	–	–	1,200,000
Ms. Choi Ching Kam, Dora	1,200,000	–	300,000	–	900,000

Note 1: Of 306,969,400 shares, 299,894,907 shares, 6,999,524 shares and 74,969 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of Recruit Holdings Ltd, City Apex Limited and ER2 Holdings Limited respectively. As at the Date of Listing, Recruit Holdings Ltd was owned as to 55.75% by City Apex Ltd, as to 0.60% by ER2 Holdings Limited and as to 0.89% by Mr. Lau Chuk Kin personally. ER2 Holdings Limited was the ultimate holding company of City Apex Limited, Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings Limited and accordingly, he is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.

Note 2: Of 179,860,000 shares, 1,906,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited and City Apex Limited respectively. As at 30 June 2011, ER2 Holdings Limited, which is the ultimate holding company of City Apex Limited, is beneficially owned as to 67% by Mr. Lau Chuk Kin. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.

Saved as disclosed above, as at the Date of Listing, 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 the shares have only been listed on the main board of the Stock Exchange since the Date of Listing, no disclosure of interests or short positions in any shares or underlying shares of the Company were made to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as of 30 June 2011.

As at the Date of Listing, 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)	
Mr. Lau Chuk Kin (Note 1)	111,628	306,969,400	307,081,028	61.42
ER2 Holdings Limited (Note 1)	74,969	306,894,431	306,969,400	61.39
City Apex Limited (Note 1)	6,999,524	299,894,907	306,894,431	61.38
Recruit Holdings Limited (Note 1)	Nil	299,894,907	299,894,907	59.98
Recruit (BVI) Limited (Note 1)	299,894,907	Nil	299,894,907	59.98
Mr. Chen Huang Zhi	56,818,055	Nil	56,818,055	11.36

Note 1: Of 306,969,400 shares, 299,894,907 shares, 6,999,524 shares and 74,969 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of Recruit Holdings Ltd, City Apex Limited and ER2 Holdings Limited respectively. As at the Date of Listing, Recruit Holdings Ltd was owned as to 55.75% by City Apex Ltd, as to 0.60% by ER2 Holdings Limited and as to 0.89% by Mr. Lau Chuk Kin personally. ER2 Holdings Limited was the ultimate holding company of City Apex Limited. Mr. Lau Chuk Kin owned 67% of the issued share capital of ER2 Holdings Limited and accordingly, Mr. Lau is deemed to be interested in the said shares pursuant to Part XV of the Securities and Futures Ordinance.

Save as disclosed above, as at the Date of Listing, 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 OPTION SCHEME

Recruit Holdings Limited has adopted a share option scheme approved by a resolution passed by its shareholders on 13 July 2007, under which it may grant options to directors, employees, any advisors and service providers of any member of the Group to subscribe for its shares.

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

	Number of share options				Outstanding at 30.6.2011
	Outstanding at 1.1.2011	Staff transferred in from fellow subsidiaries	Exercised during the period	Cancelled/ lapsed during the period	
<b>Directors</b>	2,400,000	–	300,000	–	2,100,000
<b>Employees</b>	4,650,000	1,800,000	2,172,000	150,000	4,128,000
<b>Total</b>	7,050,000	1,800,000	2,472,000	150,000	6,228,000

Details of the share options are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share (HK\$)
18.8.2008	4,800,000	18.8.2008 to 17.8.2009	18.8.2009 to 17.8.2013	0.93
18.8.2008	4,800,000	18.8.2008 to 17.8.2010	18.8.2010 to 17.8.2013	0.93
29.10.2009	300,000	29.10.2009 to 28.04.2010	29.04.2010 to 28.10.2014	0.902
29.10.2009	300,000	29.10.2009 to 28.10.2011	29.10.2011 to 28.10.2014	0.902
11.6.2010	2,190,000	11.6.2010 to 10.6.2011	11.6.2011 to 10.6.2015	1.60
11.6.2010	2,190,000	11.6.2010 to 10.6.2012	11.6.2012 to 10.6.2015	1.60
23.6.2010	4,860,000	23.6.2010 to 22.6.2011	23.6.2011 to 22.6.2015	1.636
23.6.2010	4,860,000	23.6.2010 to 22.6.2012	23.6.2012 to 22.6.2015	1.636

Note:

As at 30 June 2011, 3,378,000 share options are exercisable and the weighted average exercise price of these share options is HK\$1.44 (31 December 2010: HK\$0.93).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

As the Company's shares were not yet listed on the Stock Exchange for the six months ended 30 June 2011, 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**

As the Company's shares were not yet listed on the Stock Exchange for the six months ended 30 June 2011, the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the period. The Company has adopted the Code as its corporate governance code of practices upon listing on the Stock Exchange and is in compliance with all the mandatory code provisions in the Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

As the Company's shares were not yet listed on the Stock Exchange for the six months ended 30 June 2011, the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules was not applicable to the Company for the period. The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors upon listing on the Stock Exchange. Having made specific enquiry to all the Directors, all the Directors have confirmed that they have complied with the required standard of the Model Code since the listing of the Company.

## **EMPLOYEES AND EMOLUMENT POLICY**

As at 30 June 2011, the Group had around 36 full-time employees (30 June 2010: 25). 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 provident fund, insurance and medical cover. As at 30 June 2011, outstanding options to subscribe for the shares of its holding company, Recruit Holdings Limited of an aggregate of 6,228,000 shares of the Company had been granted to certain full-time employees, including two executive directors of the Company, pursuant to the share option scheme of Recruit Holdings Limited. Exercise prices of which are ranged from HK\$0.902 to HK\$1.636.

## 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 2011 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, 19 August 2011

