



鴻興印刷集團有限公司
HUNG HING Printing Group Limited

中 期 報 告
— 2011/2012 —
INTERIM REPORT



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Corporate Information

EXECUTIVE DIRECTORS

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Sung Chee Keung

NON-EXECUTIVE DIRECTORS

Hiroyuki Kimura
Yoshitaka Ozawa
Katsuaki Tanaka
Yam Ho Ming, Michael

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Chi Hong
Luk Koon Hoo
Yap, Alfred Donald

COMPANY SECRETARY

Tung Yu Bui

REGISTERED OFFICE

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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
BNP Paribas

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRAR

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Interim Results

The directors of Hung Hing Printing Group Limited ("the Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2011 as follows:

Condensed Consolidated Income Statement

	Note	For the six months ended 30 September	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	5	1,573,062	1,559,548
Cost of sales	7	(1,364,340)	(1,223,958)
Gross profit		208,722	335,590
Other income and gains	5	21,109	18,257
Distribution costs		(38,925)	(41,370)
Administrative and selling expenses	7	(134,764)	(131,458)
Other expenses	7	(352)	(2,298)
Operating profit		55,790	178,721
Finance costs	6	(4,670)	(5,666)
Share of losses of associates		(6,291)	(8,386)
Profit before income tax		44,829	164,669
Income tax expense	8	(12,391)	(33,068)
Profit for the period		32,438	131,601
Profit attributable to:			
Equity holders of the Company		30,986	129,221
Non-controlling interests		1,452	2,380
		32,438	131,601
		HK cents	HK cents
Earnings per share for profit attributable to the equity holders of the Company			
Basic	9	3.4	14.3
Diluted		3.4	14.2
		HK\$'000	HK\$'000
Dividend	10	18,157	199,730

The notes on pages 9 to 27 form part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	32,438	131,601
Other comprehensive income:		
Cash flow hedges, net of tax	(326)	4,822
Currency translation differences	22,707	22,248
Fair value gain/(loss) on intangible assets	1,400	(100)
Fair value loss on available-for-sale financial assets	(503)	(231)
Total other comprehensive income for the period, net of tax	23,278	26,739
Total comprehensive income for the period	55,716	158,340
Total comprehensive income for the period attributable to:		
Equity holders of the Company	50,814	152,759
Non-controlling interests	4,902	5,581
	55,716	158,340

The notes on pages 9 to 27 form part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

		30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	11	1,357,608	1,330,903
Land use rights	12	110,320	110,951
Intangible assets	13	10,960	9,405
Available-for-sale financial assets	14	8,150	8,653
Properties under construction	15	36,087	35,255
Interests in associates		50,692	54,018
Deferred income tax assets		12,083	10,926
Deposits paid for acquisition of property, plant and equipment		4,399	8,492
		1,590,299	1,568,603
Total non-current assets			
Current assets			
Inventories		692,897	682,574
Trade and bills receivables	16	845,678	558,893
Prepayments, deposits and other receivables		50,167	34,869
Derivative financial instruments		–	1,844
Amounts due from associates		4,257	4,524
Tax recoverable		3,555	6,099
Pledged time deposits		122,786	94,573
Cash and cash equivalents	17	626,569	692,940
		2,345,909	2,076,316
Total current assets			
		3,936,208	3,644,919
Total assets			
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	90,787	90,787
Reserves		2,563,843	2,537,564
Proposed dividend		18,157	45,393
		2,672,787	2,673,744
Non-controlling interests			
		140,420	138,427
Total equity			
		2,813,207	2,812,171

Condensed Consolidated Statement of Financial Position (Continued)

	Note	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Non-current liabilities			
Borrowings	19	320,903	10,714
Deferred income tax liabilities		48,568	46,117
Total non-current liabilities		<u>369,471</u>	<u>56,831</u>
Current liabilities			
Trade and bills payables	18	272,895	204,467
Current income tax liabilities		23,034	23,986
Other payables and accrued liabilities		146,862	142,154
Derivative financial instruments		1,285	823
Amounts due to associates		9,024	4,489
Borrowings	19	300,430	399,998
Total current liabilities		<u>753,530</u>	<u>775,917</u>
Total liabilities		<u>1,123,001</u>	<u>832,748</u>
Total equity and liabilities		<u>3,936,208</u>	<u>3,644,919</u>
Net current assets		<u>1,592,379</u>	<u>1,300,399</u>
Total assets less current liabilities		<u>3,182,678</u>	<u>2,869,002</u>

The notes on pages 9 to 27 form part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2010 (Unaudited)

Note	Attributable to equity holders of the Company													Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other capital reserves HK\$'000	Hedging reserve HK\$'000	Intangible assets revaluation reserve HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Legal reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Equity compensation reserve HK\$'000	Retained earnings HK\$'000	Proposed dividend HK\$'000	Total HK\$'000			
At 1 April 2010	91,158	1,559,461	(6,488)	(6,925)	4,400	(96)	114,725	89,947	3,303	836,614	172,989	2,859,088	128,378	2,987,466	
Comprehensive income															
Profit for the period	-	-	-	-	-	-	-	-	-	129,221	-	129,221	2,380	131,601	
Other comprehensive income/(loss)															
Cash flow hedges, net of tax	-	-	-	4,822	-	-	-	-	-	-	-	4,822	-	4,822	
Loss on revaluation	-	-	-	-	(100)	(231)	-	-	-	-	-	(331)	-	(331)	
Currency translation differences	-	-	-	-	-	-	-	19,047	-	-	-	19,047	3,201	22,248	
Total other comprehensive income/(loss) for the period	-	-	-	4,822	(100)	(231)	-	19,047	-	-	-	23,538	3,201	26,739	
Total comprehensive income/(loss) for the period	-	-	-	4,822	(100)	(231)	-	19,047	-	129,221	-	152,759	5,581	158,340	
Transactions with owners															
Final 2010 dividend declared	-	-	-	-	-	-	-	-	-	-	(172,831)	(172,831)	-	(172,831)	
Shares repurchased and cancelled	(194)	-	194	-	-	-	-	-	-	(4,692)	-	(4,692)	-	(4,692)	
Purchase of shares for restricted share award scheme	-	-	(1,237)	-	-	-	-	-	-	-	-	(1,237)	-	(1,237)	
Equity compensation expenses	-	-	-	-	-	-	-	-	2,112	-	-	2,112	-	2,112	
Reduction in final 2010 dividend due to repurchase of shares	-	-	-	-	-	-	-	-	-	158	(158)	-	-	-	
Interim 2011 dividend	10	-	-	-	-	-	-	-	-	(45,393)	45,393	-	-	-	
Special 2011 dividend	10	-	-	-	-	-	-	-	-	(154,337)	154,337	-	-	-	
Total transactions with owners	(194)	-	(1,043)	-	-	-	-	-	2,112	(204,264)	26,741	(176,648)	-	(176,648)	
At 30 September 2010	90,964	1,559,461	(7,531)	(2,103)	4,300	(327)	114,725	108,994	5,415	761,571	199,730	2,835,199	133,959	2,969,158	

The notes on pages 9 to 27 form part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2011 (Unaudited)

		Attributable to equity holders of the Company													
Note	Share capital HK\$'000	Share premium HK\$'000	Other capital reserves HK\$'000	Hedging reserve HK\$'000	Intangible assets revaluation reserve HK\$'000	Available-for-sale investment revaluation reserve HK\$'000	Legal reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Equity compensation reserve HK\$'000	Retained earnings HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	
	At 1 April 2011	90,787	1,559,461	(7,354)	(285)	4,400	(79)	118,699	116,769	10,299	735,654	45,393	2,673,744	138,427	2,812,171
	Comprehensive income														
	Profit for the period	-	-	-	-	-	-	-	-	30,986	-	30,986	1,452	32,438	
	Other comprehensive income/(loss)														
	Cash flow hedges, net of tax	-	-	-	(326)	-	-	-	-	-	-	(326)	-	(326)	
	Gain/(loss) on revaluation	-	-	-	-	1,400	(503)	-	-	-	-	897	-	897	
	Currency translation differences	-	-	-	-	-	-	19,257	-	-	-	19,257	3,450	22,707	
	Total other comprehensive income/(loss) for the period	-	-	-	(326)	1,400	(503)	19,257	-	-	-	19,828	3,450	23,278	
	Total comprehensive income/(loss) for the period	-	-	-	(326)	1,400	(503)	19,257	-	30,986	-	50,814	4,902	55,716	
	Transactions with owners														
	Final 2011 dividend declared	-	-	-	-	-	-	-	-	-	(45,393)	(45,393)	-	(45,393)	
	Purchase of shares for restricted share award scheme	25	-	(9,737)	-	-	-	-	-	-	-	(9,737)	-	(9,737)	
	Shares vested under restricted share award scheme	-	-	3,049	-	-	-	-	(3,049)	-	-	-	-	-	
	Equity compensation expenses	-	-	-	-	-	-	-	3,359	-	-	3,359	-	3,359	
	Allocation to legal reserve	-	-	-	-	-	23	-	-	(23)	-	-	-	-	
	Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(2,909)	(2,909)	
	Interim 2012 dividend	10	-	-	-	-	-	-	-	(18,157)	18,157	-	-	-	
	Total transactions with owners	-	-	(6,688)	-	-	23	-	310	(18,180)	(27,236)	(51,771)	(2,909)	(54,680)	
	At 30 September 2011	90,787	1,559,461	(14,042)	(611)	5,800	(582)	118,722	136,026	10,609	748,460	18,157	2,672,787	140,420	2,813,207

The notes on pages 9 to 27 form part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from:		
Operating activities	(130,302)	8,326
Investing activities	(192,902)	(120,008)
Financing activities	<u>148,656</u>	<u>(225,198)</u>
Net decrease in cash and cash equivalents	(174,548)	(336,880)
Cash and cash equivalents at beginning of period	692,940	1,108,778
Effect of foreign exchange rate changes, net	<u>5,675</u>	<u>6,710</u>
Cash and cash equivalents at end of period	<u><u>524,067</u></u>	<u><u>778,608</u></u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	266,547	402,678
Time deposits with original maturity of less than three months when acquired	<u>257,520</u>	<u>375,930</u>
	<u><u>524,067</u></u>	<u><u>778,608</u></u>

The notes on pages 9 to 27 form part of the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1. General information

Hung Hing Printing Group Limited (the "Company") is a limited liability company incorporated in Hong Kong. The address of its registered office is Hung Hing Printing Centre, 17–19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries are collectively referred to as the "Group". The Group is engaged in the following principal activities:

- Book and package printing;
- Consumer product packaging;
- Corrugated box; and
- Trading of paper.

These unaudited condensed consolidated interim financial information are presented in thousands of HK dollars (HK\$'000), unless otherwise stated. These unaudited condensed consolidated interim financial information were approved by the Board of Directors for issue on 28 November 2011.

2. Basis of Preparation

These condensed consolidated interim financial information for the six months ended 30 September 2011 are unaudited and have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

3. Accounting Policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) The following amendments and interpretations to existing standards are mandatory for the first time for the financial year beginning 1 April 2011:

- | | |
|----------------------------------|---|
| • HKAS 24 (Revised) | Related party disclosures |
| • HKAS 32 (Amendment) | Classification of right issues |
| • HK(IFRIC) – Int 14 (Amendment) | Prepayments of a minimum funding requirement |
| • HK(IFRIC) – Int 19 | Extinguishing financial liabilities with equity instruments |
| • Improvements to HKFRSs 2010 | |

The adoption of the above amendments and interpretations to existing standards had no material financial impact on the consolidated financial statements of the Group.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

3. Accounting Policies (Continued)

(b) The following new or revised standards and interpretations have been issued but not effective for the financial year beginning 1 April 2011 and have not been early adopted:

• HKAS 1 (Amendment)	Presentation of financial statements – presentation of items of other comprehensive income
• HKAS 19 (Amendment)	Employee benefits
• HKAS 27 (Amendment)	Consolidated and separate financial statements
• HKAS 28 (Amendment)	Investments in associates and joint ventures
• HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets
• HKFRS 9	Financial instruments
• HKFRS 10	Consolidated financial statements
• HKFRS 11	Joint arrangements
• HKFRS 12	Disclosure of interests in other entities
• HKFRS 13	Fair value measurement

The Group will adopt the above new or revised standards and interpretations as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

4. Segment Information

The management committee (being the chief operating decision-maker) has determined the operating segments based on the reports reviewed by the management committee. The management committee, comprising the executive chairman, the chief executive officer and other senior management, that are used to make strategic decisions and assess performance.

Management has determined the operating segments based on these reports. The Group is organised into four business segments:

- a. Book and Package Printing segment;
- b. Consumer Product Packaging segment;
- c. Corrugated Box segment; and
- d. Paper Trading segment.

Management assesses the performance of the operating segments based on a measure of gross profit less distribution costs, administrative and selling expenses, and other expenses that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at arm's length.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4. Segment Information (Continued)

	For the six months ended 30 September 2011					Total (Unaudited) HK\$'000
	Book and Package Printing (Unaudited) HK\$'000	Consumer Product Packaging (Unaudited) HK\$'000	Corrugated Box (Unaudited) HK\$'000	Paper Trading (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	
Segment revenue						
Sales to external customers	860,058	389,406	147,456	176,142	–	1,573,062
Intersegment sales	1,331	5,390	55,635	275,449	(337,805)	–
Total	<u>861,389</u>	<u>394,796</u>	<u>203,091</u>	<u>451,591</u>	<u>(337,805)</u>	<u>1,573,062</u>
Segment results	<u>13,820</u>	<u>10,479</u>	<u>20,387</u>	<u>21,338</u>	<u>(893)</u>	65,131
Interest, dividend income and other gains						5,675
Corporate and unallocated expenses						<u>(15,016)</u>
Operating profit						55,790
Finance costs						(4,670)
Share of losses of associates						<u>(6,291)</u>
Profit before income tax						44,829
Income tax expense						<u>(12,391)</u>
Profit for the period						<u>32,438</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4. Segment Information (Continued)

	For the six months ended 30 September 2010					
	Book and Package Printing (Unaudited) HK\$'000	Consumer Product Packaging (Unaudited) HK\$'000	Corrugated Box (Unaudited) HK\$'000	Paper Trading (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue						
Sales to external customers	865,998	340,090	170,036	183,424	–	1,559,548
Intersegment sales	<u>2,568</u>	<u>4,468</u>	<u>62,323</u>	<u>227,824</u>	<u>(297,183)</u>	<u>–</u>
Total	<u>868,566</u>	<u>344,558</u>	<u>232,359</u>	<u>411,248</u>	<u>(297,183)</u>	<u>1,559,548</u>
Segment results	<u>104,635</u>	<u>10,001</u>	<u>35,648</u>	<u>46,125</u>	<u>(3,836)</u>	<u>192,573</u>
Interest, dividend income and other gains						7,256
Corporate and unallocated expenses						<u>(21,108)</u>
Operating profit						178,721
Finance costs						(5,666)
Share of losses of associates						<u>(8,386)</u>
Profit before income tax						164,669
Income tax expense						<u>(33,068)</u>
Profit for the period						<u>131,601</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5. Revenue, Other Income and Gains

The Group's revenue, other income and gains consists of the following:

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue:		
Sale of goods	<u>1,573,062</u>	<u>1,559,548</u>
Other income and gains:		
Bank interest income	4,395	3,739
Dividend income from available-for-sale financial assets	278	278
Fair value gain on derivative financial instruments not qualified as hedges, net	283	2,450
Foreign exchange gain, net	10,808	7,370
Gain on disposal of intangible assets	–	897
Sundry income	<u>5,345</u>	<u>3,523</u>
	<u>21,109</u>	<u>18,257</u>

6. Finance Costs

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	<u>4,670</u>	<u>5,666</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

7. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses and other expenses are analysed as follows:

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	54,953	52,882
Amortisation of land use rights	1,581	1,549
Amortisation of intangible assets	344	415
Employee benefit expense (including directors' remuneration)	357,545	305,613
Write-down/(reversal of write-down) of inventories to net realisable value	13,836	(546)
Loss on disposals of property, plant and equipment	2,336	2,031
(Reversal of impairment)/impairment of trade receivables	(1,984)	267

8. Income Tax Expense

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

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	4,223	14,029
– PRC corporate income tax	6,292	16,655
Total current tax	10,515	30,684
Deferred tax	1,876	2,384
Income tax expense	12,391	33,068

Notes to the Condensed Consolidated Interim Financial Information (Continued)

8. Income Tax Expense (Continued)

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	For the six months ended 30 September 2011		
	Before tax (Unaudited)	Tax credit (Unaudited)	After tax (Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Cash flow hedges	(390)	64	(326)
Currency translation differences	22,707	–	22,707
Fair value gain/(loss):			
– Intangible assets	1,400	–	1,400
– Available-for-sale financial assets	(503)	–	(503)
	<u>23,214</u>	<u>64</u>	<u>23,278</u>
Other comprehensive income	<u>23,214</u>	<u>64</u>	<u>23,278</u>
	For the six months ended 30 September 2010		
	Before tax (Unaudited)	Tax charge (Unaudited)	After tax (Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Cash flow hedges	5,257	(435)	4,822
Currency translation differences	22,248	–	22,248
Fair value loss:			
– Intangible assets	(100)	–	(100)
– Available-for-sale financial assets	(231)	–	(231)
	<u>27,174</u>	<u>(435)</u>	<u>26,739</u>
Other comprehensive income	<u>27,174</u>	<u>(435)</u>	<u>26,739</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

9. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company.

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	30,986	129,221
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	903,633	906,591
Basic earnings per share (HK cents per share)	<u>3.4</u>	<u>14.3</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: shares repurchased for the purpose of share award scheme. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the outstanding shares to be granted.

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	30,986	129,221
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	906,472	912,058
Diluted earnings per share (HK cents per share)	<u>3.4</u>	<u>14.2</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

10. Dividend

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK 2 cents (2010: HK 5 cents) per ordinary share	18,157	45,393
Special dividend of HK nil cent (2010: HK 17 cents) per ordinary share	–	154,337
	<u>18,157</u>	<u>199,730</u>

11. Property, Plant and Equipment

	30 September	31 March
	2011	2011
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Opening net book amount at 1 April	1,330,903	1,304,175
Additions	53,317	89,068
Transfer from properties under construction (Note 15)	13,453	30,668
Transfer from deposits paid for acquisition of property, plant and equipment	6,882	–
Disposals	(5,865)	(12,554)
Depreciation	(54,953)	(107,618)
Exchange differences	13,871	27,164
	<u>1,357,608</u>	<u>1,330,903</u>
Closing net book amount at 30 September/31 March		

Certain buildings of the Group with a total net book amount of HK\$79,009,000 (31 March 2011: HK\$78,483,000) have been pledged to secure banking facilities granted to the Group.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12. Land Use Rights

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Opening net book amount at 1 April	110,951	112,328
Amortisation	(1,581)	(3,183)
Exchange differences	950	1,806
	<hr/>	<hr/>
Closing net book amount at 30 September/31 March	<u>110,320</u>	<u>110,951</u>

Certain land use rights of the Group with a total net book amount of HK\$17,826,000 (31 March 2011: HK\$17,646,000) have been pledged to banks to secure banking facilities granted to the Group.

13. Intangible Assets

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Opening net book amount at 1 April	9,405	8,698
Additions	499	1,913
Fair value changes	1,400	–
Disposals	–	(386)
Amortisation	(344)	(827)
Exchange differences	–	7
	<hr/>	<hr/>
Closing net book amount at 30 September/31 March	<u>10,960</u>	<u>9,405</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14. Available-for-sale Financial Assets

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Unlisted equity investments, at cost	80	97
Club debentures, at fair value	566	566
Hong Kong listed equity investments, at fair value	7,504	7,990
	8,150	8,653

During the period, a fair value loss of the Group's available-for-sale financial assets of HK\$503,000 (30 September 2010: HK\$231,000) was recognised directly in the available-for-sale investment revaluation reserve.

15. Properties Under Construction

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Opening net book amount at 1 April	35,255	249
Additions	13,327	65,667
Transfer from deposits paid for acquisition of property, plant and equipment	958	–
Transfer to property, plant and equipment (Note 11)	(13,453)	(30,668)
Exchange differences	–	7
Closing net book amount at 30 September/31 March	36,087	35,255

The properties under construction are located in Hong Kong and the PRC.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

16. Trade and Bills Receivables

	30 September	31 March
	2011	2011
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables	856,860	579,720
Less: provision for impairment of trade receivables	(20,993)	(24,591)
	<u>835,867</u>	<u>555,129</u>
Trade receivables, net	835,867	555,129
Bills receivables	9,811	3,764
	<u>845,678</u>	<u>558,893</u>

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 and 90 days from date of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk.

Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

The aging analysis of trade receivables at the end of the reporting period, based on invoice date and net of provisions, is as follows:

	30 September	31 March
	2011	2011
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
1 – 30 days	308,377	248,782
31 – 60 days	210,855	107,027
61 – 90 days	149,245	97,105
Over 90 days	167,390	102,215
	<u>835,867</u>	<u>555,129</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17. Cash and Cash Equivalents

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Cash and bank balances	266,547	367,977
Time deposits	482,808	419,536
	749,355	787,513
Less: Pledged time deposits	(122,786)	(94,573)
	626,569	692,940

The pledged time deposits were pledged as collateral for the Group's banking facilities.

18. Trade and Bills Payables

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Trade payables	188,016	204,331
Bills payables	84,879	136
	272,895	204,467

The aging analysis of trade payables at the end of the reporting period, based on invoice date, is as follows:

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
1 – 30 days	113,707	162,963
31 – 60 days	48,539	28,579
61 – 90 days	10,874	9,886
Over 90 days	14,896	2,903
	188,016	204,331

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19. Borrowings

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Current		
Bank loans – unsecured	211,679	321,630
Bank loans – secured	88,751	78,368
	300,430	399,998
Non-current		
Bank loans – unsecured	320,903	10,714
	621,333	410,712

Note:

- (a) Bank loans amounting to HK\$607,475,000 (31 March 2011: HK\$407,141,000) are secured by the corporate guarantees issued by the Company (Note 24).
- (b) The Group's banking facilities amounting to HK\$194,048,000 (31 March 2011: HK\$159,171,000), of which HK\$88,751,000 (31 March 2011: HK\$78,368,000) had been utilised at the end of the reporting period, are secured by the pledge of certain of the Group's buildings, land use rights and time deposits, which had an aggregate net carrying value at the end of the reporting period of approximately HK\$219,621,000 (31 March 2011: HK\$190,702,000) (Notes 11, 12 and 17).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

20. Share Capital

	30 September 2011 Number of shares	31 March 2011 Number of shares	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Authorised ordinary shares of HK\$0.10 each	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>120,000</u>	<u>120,000</u>
Issued and fully paid ordinary shares of HK\$0.10 each	<u>907,864,974</u>	<u>907,864,974</u>	<u>90,787</u>	<u>90,787</u>
			Number of shares in issue	Issued capital HK\$'000
Opening balance at 1 April 2010			911,576,974	91,158
Shares repurchased and cancelled			<u>(3,712,000)</u>	<u>(371)</u>
At 31 March, 1 April and 30 September 2011			<u><u>907,864,974</u></u>	<u><u>90,787</u></u>

During the six months ended 30 September 2011, the Company did not repurchase any of its own shares. During the year ended 31 March 2011, the Company repurchased 3,712,000 of its own shares from the open market. The total amount paid to acquire these shares was HK\$8,842,000 and was deducted from retained earnings. These shares had been cancelled accordingly.

As a result of the share repurchases, an amount equivalent to the par value of the shares repurchased of HK\$371,000 was transferred from share capital to the other capital reserves.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. Related Party Transactions

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial information, the Group had the following transactions with related parties during the period:

	Note	For the six months ended	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Sales of raw materials to associates	(i)	21,223	11,972
Purchase of raw materials from associates	(i)	37,550	39,155
Rental income from an associate	(i)	9	43
Advisory fee paid to a company in which a former non-executive director of the Company is controlling shareholder	(ii)	57	503
Service fees paid to substantial shareholders	(iii)	<u>143</u>	<u>75</u>

Note:

- (i) The transactions with associates were carried out in the normal course business of the Group and on terms as agreed with the associates.
- (ii) The advisory fee paid to a company in which a former non-executive director of the Company is controlling shareholder was charged based on a mutually agreed basis.
- (iii) The service fees were payable respectively to Asia Packaging Company Limited and Rengo Co. Ltd., both are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. The service fees were charged on a mutually agreed basis.

(b) Outstanding balances with related parties

Save as disclosed elsewhere in these financial statements, there were no outstanding balances with related parties as at 30 September 2011 (31 March 2011: Nil).

Notes to the Condensed Consolidated Interim Financial Information (Continued)

21. Related Party Transactions (Continued)

(c) Compensation of key management personnel of the Group

	For the six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employment benefits, including share-based payments	13,994	11,903
Post-employment benefits	273	266
	<u>14,267</u>	<u>12,169</u>

22. Operating Lease Commitments

The Group leases certain of its office properties, warehouse, staff quarters and directors' quarters under non-cancellable operating lease arrangements.

At 30 September 2011, the Group had total future aggregate minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September	31 March
	2011	2011
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Not later than one year	6,582	4,785
Later than one year and not later than five years	11,891	11,615
Later than five years	72,145	68,103
	<u>90,618</u>	<u>84,503</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. Commitments

In addition to the operating lease commitments disclosed above, the Group had the following capital commitments at the end of the reporting period:

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
Contracted for, but not provided for:		
Plant and machinery	50,566	64,418
Land and buildings	–	8,255
Furniture, fixtures and equipment	–	1,246
	<u>50,566</u>	<u>73,919</u>
Authorised but not contracted for:	<u>–</u>	<u>–</u>

24. Contingent Liabilities

As at 30 September 2011, the Company has provided corporate guarantees to the extent of HK\$2,199,983,000 (31 March 2011: HK\$1,758,382,000) to secure the banking and trading facilities of subsidiaries and associates. The amount drawn against the banking and trading facilities was HK\$661,707,000 as at 30 September 2011 (31 March 2011: HK\$453,365,000).

25. Restricted Share Award Scheme

The Restricted Share Award Scheme (the "Scheme") was adopted by the Company on 21 December 2009 as an incentive to attract, motivate and retain employees of the Group. It will expire on 30 June 2012.

Eligible participants of the Scheme are senior management and directors of the Group.

Under the rules of the Scheme, shares will be awarded to the participants of the Scheme when certain performance target is met and shares will be awarded to the participants on or before 30 June of each financial year. The shares granted will be vested to the participants in three equal tranches upon certain vesting conditions are fulfilled. During the six months ended 30 September 2011, a total of 1,283,985 shares were vested to the eligible participants of the Group. As at 30 September 2011, the total number of shares held by the Trustee was 6,442,738.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

25. Restricted Share Award Scheme (Continued)

The fair value of the shares was determined based on the closing market price of the Company's shares that are publicly traded on the Stock Exchange on the grant date.

Share-based payment of HK\$3,359,000 (30 September 2010: HK\$2,112,000) has been recognised in the condensed consolidated income statement as employee benefit expense.

Shares held by Law Debenture Trust (Asia) Limited as Trustee for the purpose of the Scheme are listed below:

	Number of shares
At 1 April 2011	3,851,969
Shares purchased by the Trustee from the market during the period	3,874,754
Shares vested during the period	(1,283,985)
	<hr/>
At 30 September 2011	6,442,738
	<hr/> <hr/>

The total consideration paid for the purchase of 3,874,754 (30 September 2010: 517,969) shares was 9,737,000 (30 September 2010: HK\$1,237,000).

Management Discussion and Analysis

During the six months ended 30 September 2011, soft economic recovery in key global markets as well as rising production costs in China has led to a challenging time for manufacturers. Hung Hing was also impacted by these macro-economic conditions; the Group recorded a slight growth in revenue of 1% to HK\$1,573 million, and a decline in operating profit compared to the same period last year.

In our overseas markets, consumer confidence and willingness to spend are impacted by the economic uncertainty fuelled by the European debt crisis and the high unemployment rates in the United States and Europe. As a result, publishers and manufacturers in general have become more prudent in developing new titles/products, and in managing their purchasing activities and inventory levels. Although there has been a decrease in volume sold to the U.S. and Europe, this is partially offset by growth from emerging markets including China and Russia.

Production costs continue to rise in mainland China. Commodity prices, mainly paper cost, remain high. Worker wages in the Pearl River Delta also rose by a further 20% in 2011 following an increase of 20% in 2010. This has significantly impacted our labor-intensive children's book business. The continuing appreciation of Renminbi (RMB) further heightens the impact of the wage rate increase on manufacturing costs. With weaker demand and intense price competition, the rising costs have not been fully passed on to the Group's overseas customers.

Collectively, the above factors have posed challenges to the Group's export business. While the Group has maintained its market share and leadership position, its profit margin was significantly impacted. As a result, operating profit declined to HK\$56 million, down 69% from the same period last year. Profit attributable to shareholders for the period was HK\$31 million, down by 76% compared to the corresponding period in 2010. Basic earnings per share decreased 76% to HK 3.4 cents per share.

Despite the challenging economic conditions, the Group is on track to further develop its domestic consumer product packaging business, which reported a 15% growth in sales revenue and an addition of several multinational companies to its client base.

The Group also continues to invest in enhancing its capabilities. 'Dust-free' production zones have been added across our manufacturing plants in East and South China to cater for certain food and medical packaging requirements. This will add a competitive advantage to the Group, particularly among our target packaged food and pharmaceutical customers. These key investments and performance enhancements place the Group in a stronger position for recovery once the economic situation improves.

Further, the Group's balance sheet remains strong, with a net cash position of HK\$128 million as of 30 September 2011. Backed by the Group's solid cash-flow and financial position, the Board of Directors has declared an interim dividend of HK 2 cents per share.

Management Discussion and Analysis (Continued)

BUSINESS UNITS REPORT

Book and Package Printing

Hung Hing is one of the world's leading producers of folding cartons and packaging for toys, consumer products, packaged food and consumer electronics. It is also one of the world's largest manufacturers of children's novelty books. Book and Package Printing business operates three manufacturing facilities in South China – Shenzhen, Heshan and Hong Kong.

The business reported the following results for the first half-year:

- Revenue of HK\$860 million, at similar level compared to the same period last year
- Profit contribution of HK\$14 million, down 87%
- Profit contribution margin of 2%, compared to 12% in the same period last year

The Book and Package Printing business focuses on the export market – North America, Europe, Australia, and to a lesser extent, countries in Asia and South America. While shipments for books and toys packaging fell, the shortfall was partially offset by our growth in the rigid box packaging for luxury products over the reporting period.

While Hung Hing maintained its leading market share, particularly in children's book printing in Hong Kong and China, its profit margin decreased by 10% due to high material and labor costs, and the continuous appreciation of RMB. The 20% increase in workers' wages also had a particularly significant cost impact as children's books and some paper novelties involve labor-intensive production processes.

Consumer Product Packaging

Hung Hing provides high quality packaging solutions for customers through its production plants in Zhongshan in southern China and Wuxi near Shanghai. With a workforce of 1,990 and solid production capacity, these two plants are well-positioned to capture the growing consumer market in China.

The Consumer Product Packaging business unit reported the following results for the first half-year:

- Revenue of HK\$389 million, up 15% compared to the same period last year
- Profit contribution of HK\$10 million, up 5%
- Profit contribution margin of 3%, slightly below that of last year

Domestic packaging is a large yet highly fragmented market. While enjoying relatively high growth, the industry is also characterized by over-capacity and severe price competition.

The business is making solid progress along its strategic direction to become one of the leading packaging solutions providers in the domestic packaged food, healthcare, cosmetics and pharmaceutical segments. It has made good inroads into serving a number of nationwide and multinational companies, creating a solid foundation for future growth in the China market.

Management Discussion and Analysis (Continued)

Corrugated Box

Hung Hing operates a competitive corrugated box manufacturing business which supplies a wide range of customers including toy, food and beverage, electrical appliances, and household product manufacturers.

Close to 60% of the corrugated box sales are generated by Hong Kong-based exporters, while the remaining 40% comes from customers in China. The business unit operates a manufacturing facility in Shenzhen and a distribution center in Hong Kong.

The business unit reported the following results for the first half-year:

- Revenue of HK\$147 million, down 13% compared to the same period last year
- Profit contribution of HK\$20 million, down 43%
- Profit margin of 10%, compared to 15% in the same period last year

The business was impacted by the slowdown in export activities across the Pearl River Delta, reflecting the soft consumer demand in the U.S. and Europe. Further, its manufacturing facility in Shenzhen was faced with rising production costs including paper and labor costs which could not be fully passed on to the Group's customers due to intense competition.

During the period under review, the business unit has enhanced its sales development efforts in the domestic market, which helped to partially offset its shortfall in the export sector.

Paper Trading

Hung Hing is one of the largest paper trading operators in Asia. The business unit's well-managed warehouse facility in Shenzhen has a storage capacity of over 60,000 tons of paper, and can supply a large variety of paper to customers on short lead times at competitive prices.

The business unit serves a strategic purpose as an integral part of the Group's supply chain, providing a stable supply of paper at highly competitive prices to the Group's core printing and packaging business units.

The business reported the following results for the first half-year:

- Revenue of HK\$176 million, down 4% compared to the same period last year
- Profit contribution of HK\$21 million, down 54%
- Profit contribution margin of 5%, compared to 11% in the same period last year

The business was impacted by the slowdown in export activity across the Pearl River Delta. Volatility of paper price and tightened bank financing also prompted the Group's customers – printers and manufacturers – to reduce their paper stock levels. Our tightened credit risk management also impacted our trading volume during the reporting period.

Management Discussion and Analysis (Continued)

Associated Companies

Hung Hing has equity interests in two businesses: 17% stake in Rengo Hung Hing Paper Manufacturing located in Zhongshan, Guangdong Province, and 40% stake in Graphic Hung Hing Packaging (Shanghai) Co. Ltd. The Group's share of the losses from the two businesses in the six-month period amounted to HK\$6.3 million.

The paper manufacturing business operates three production lines at the Zhongshan plant, converting waste paper into corrugated medium and testliner. The paper is sold to outside converters as well as to Hung Hing's corrugated box operators.

Graphic Hung Hing Packaging (Shanghai) Co. Ltd. is a joint venture ("JV") with Graphic Packaging International, a leading provider of packaging solutions in the beverage industry. Based in Shanghai, the JV sells multi-pack beverage packaging cartons to customers throughout China.

Liquidity and Capital Resources

The Group remains in a sound financial position. As of 30 September 2011, the Group had a net cash on hand (total cash net of bank borrowings) of HK\$128 million.

Trade working capital of HK\$1,266 million, which comprises trade and bills receivable and inventories minus trade payable, was at a similar level as last year. We continued to further strengthen our effort to collect receivables on time and to maintain our inventory at an optimal level.

As part of our continuing commitment to improve efficiency and product quality, we invested and installed a large format six-color printing press which is geared to mass production in our Zhongshan plant. Two new presses, geared to quick set-up and short-order production, are being installed in our Shenzhen and Heshan plants and will be fully operational by the second half of 2011. Another printing press is scheduled to arrive at our Wuxi plant in the latter half of the financial year. Our total capital expenditure for the first half-year amounted to HK\$67 million.

During the period under review, we arranged new term loan facilities with durations of between 18 months to 5 years, and drew down a total loan amount of HK\$349 million. Part of the loan proceeds was used to repay scheduled payments of old loan facilities totaling HK\$139 million.

As of 30 September 2011, the Group's total bank borrowings amounted to HK\$621 million. In accordance with the repayment schedule in the loan agreements with banks, HK\$282 million was repayable within a year, HK\$86 million was repayable within one to two years, and HK\$253 million was repayable within two to five years.

Of our total borrowings, 85% was borrowed in Hong Kong dollars, 12% in U.S. dollars and 3% in Renminbi. With the tightening of liquidity in China, bank interest rates have increased. This has also impacted the interest rates in Hong Kong. As of 30 September 2011, 88% of our borrowings was owed to banks in Hong Kong, with interest rates mostly at HIBOR plus 0.75% to 1.75%, while the remaining 12% was owed to banks in China with interest rates either at 115% of the People's Bank of China (PBOC) base rate, or at the banks' costs of fund plus 1.5% to 2.0%. The Group's gearing ratio, comparing bank borrowings to total equity, was 22%.

Management Discussion and Analysis (Continued)

As of 30 September 2011, the Group's total cash on hand, including pledged time deposits, was HK\$749 million. Of the total cash on hand, 87% was held in Renminbi, 6% in U.S. dollars, 5% in Hong Kong dollars, and 2% in Euros and Pounds Sterling. As most of our operating expenses are denominated in RMB, holding RMB has helped us mitigate the impact of RMB appreciation.

Business Sustainability

The Group adopted a policy to purchase paper from sustainable sources as a priority whenever possible. Today, majority of the paper mills from which we make direct purchases are either Program for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council (FSC) certified paper manufacturers, or recycled paper manufacturers. This policy ensures the materials they use to produce paper do not come from illegal sources.

Our Shenzhen plant has been participating in the "Pengcheng Waste Reduction" program for two years, and this year we were awarded the "Pengcheng Waste Reduction Advanced Enterprise" (鵬城減廢先進企業) recognition for our efforts in waste reduction. During the period under review, we reduced chemical liquid waste by 10.3 tons, plastic waste by 2.3 tons and volatile organic compound (VOC) emissions by 16 tons.

The Group is conscious of the need to protect the environment, and has implemented measures across its operations to reduce the impact on the environment. Aside from reducing waste in our operations, we also scrutinize the raw materials we use and have replaced some of them to more environmental friendly substitutes. The efforts at our Heshan and Shenzhen plants were rewarded with the China Environmental Labeling certificate, which recognized that our raw materials and products comply with the requirements set by the authorities.

With the completion of our natural gas boiler project in Shenzhen, all of the Group's steam boilers now use either natural gas or biomass fuel to generate steam, which is mainly used for producing corrugated paper. The use of these types of fuel has helped us significantly reduce air pollution.

Employees

With the increasing employment cost in China, the Group is managing its workforce cautiously to ensure optimal headcount and utilization in a fairly seasonal and volatile business environment. As of 30 September 2011, the Group employed a total of 11,508 staff – of whom 360 were based in Hong Kong and 11,148 were based in China, representing a reduction of 14% compared to the same period last year.

We offer competitive wages and remuneration and equal opportunities to our employees. In addition to complying with the International Council of Toy Industries – Code of Business Practices (ICTI-COBP), we conduct internal reviews of business practices and employee treatment twice a year in all our factories. The findings are submitted to senior management for review. We also publish an internal monthly newsletter to inform our employees of the Group's activities, and to promote the importance of occupational health and safety and fire prevention knowledge.

Workplace health and safety has always been our top concern. All plants in our group have established a Health and Safety Committee, with members selected from all levels of employees. With the participation of front-line workers, it raises the awareness of workplace safety and helps to prevent unsafe work conditions or habits.

Management Discussion and Analysis (Continued)

Prospects

Our export business will continue to face challenges particularly in the second half of the year, which is traditionally a low season. However, we anticipate positive developments in the near term. Hung Hing continues to be viewed as one of the most trustworthy and reliable printing partners by publishers and manufacturers, positioning it well for an eventual recovery in the export market. We also anticipate costs to be passed on to our customers as competition opens up in the Pearl River Delta, a region renowned for quality and the most cost efficient printing services.

For our domestic consumer packaging business, we expect the growth momentum to continue, particularly in food, personal care, cosmetics and pharmaceutical packaging segments in which we have invested to better serve customers.

Cost and manufacturing efficiency continues to be a key strategic focus. We have an ongoing program to replace and upgrade printing presses with modern ones. These and other efforts will help position Hung Hing as a leader in quality and cost efficiency in the highly competitive printing and packaging industry.

Finally, the Group is in a sound financial position, which we believe will strengthen our business partners' confidence at a volatile time and give us ample resources to capture growth opportunities in the domestic and export markets. Our long term partner, Rengo, a leading Japanese paper and packaging group is now our shareholder. We look forward to closer business relationship through synergy and technological cooperation.

Information Provided in accordance with the Listing Rules

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK2 cents (2010: an interim dividend of HK5 cents and a special dividend of HK17 cents) per share. The interim dividend will be paid on 12 January 2012 to shareholders whose names appear on the Register of Members of the Company on 30 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28 December 2011 to 30 December 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 23 December 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 21 December 2009, the Company adopted a Restricted Share Award Scheme. During the period ended 30 September 2011, the Trustee of the Restricted Share Award Scheme purchased 3,874,754 shares at a total consideration of approximately HK\$9,737,000 on the Stock Exchange pursuant to the Scheme Rules and Trust Deed.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's securities during the six months ended 30 September 2011.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2011, the interests of the directors in the share capital and underlying shares of the Company or 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 by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of directors	Number of shares held, capacity and nature of interest					Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Share award scheme			
Yum Chak Ming, Matthew	11,129,997	–	–	1,669,033	12,799,030	1.41	
Sung Chee Keung	814,247	60,000	–	608,817	1,483,064	0.16	
Yap, Alfred Donald	27,504	–	–	–	27,504	–	

Save as disclosed above, as at 30 September 2011, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Information Provided in accordance with the Listing Rules (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Restricted Share Award Scheme, the executive directors are eligible participants of the Restricted Share Award Scheme, details of which are set out in note 25 to the financial information.

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2011, the following interest of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Note	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
C.H. Yam International Limited*	(a)	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited	(a)	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited	(a)	Directly beneficially owned	199,263,190	21.95
Rengo Co. Ltd.		Directly beneficially owned	271,552,000	29.91
CVC Capital Partners Asia III Limited	(b)	Through controlled corporation	69,024,445	7.60
CVC Capital Partners Asia Pacific III L.P.	(b)	Through controlled corporation	69,024,445	7.60
Asia Packaging Group Holdings Limited	(b)	Through controlled corporation	69,024,445	7.60
Asia Packaging Holdings Limited	(b)	Through controlled corporation	69,024,445	7.60
Asia Packaging Company Limited	(b)	Directly beneficially owned	69,024,445	7.60
Aberdeen Asset Management PLC		Through controlled corporation	64,272,000	7.08

* C.H. Yam International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Ho Ming, Michael and other immediate family members of the founder as at 30 September 2011. None of such interests renders C.H. Yam International Limited a controlled corporation (as defined in SFO) of any of Mr. Yum Chak Ming, Matthew, Mr. Yam Ho Ming, Michael or any other members of the family.

Information Provided in accordance with the Listing Rules (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Note:

- (a) C.H. Yam International Limited owns Hung Tai Industrial Company Limited as to 100% through its wholly-owned subsidiary, C.H. Yam Holding Limited.

There is a duplication of interests of 199,263,190 shares in the Company among C.H. Yam International Limited, C.H. Yam Holding Limited and Hung Tai Industrial Company Limited.

- (b) There is a duplication of interests of 69,024,445 shares in the Company among CVC Capital Partners Asia III Limited, CVC Capital Partners Asia Pacific III L.P., Asia Packaging Group Holdings Limited, Asia Packaging Holdings Limited and Asia Packaging Company Limited.

Save as disclosed above, as at 30 September 2011, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim results, with the exception that under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the interim results.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors and a non-executive director of the Company.

The audit committee of the Company has reviewed the interim results for the six months ended 30 September 2011 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

By Order of the Board
Hung Hing Printing Group Limited
Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 28 November 2011

