

2015

Interim Report 中期報告



鴻興印刷集團有限公司
HUNG HING PRINTING GROUP LIMITED

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Corporate Information

EXECUTIVE DIRECTORS

Yum Chak Ming, Matthew, Executive Chairman
Sung Chee Keung

NON-EXECUTIVE DIRECTORS

Hirofumi Hori
Sadatoshi Inoue
Katsuaki Tanaka
Yam Hon Ming, Tommy

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Chi Hong
Luk Koon Hoo
Yap, Alfred Donald

COMPANY SECRETARY

Shek Kwok Man

REGISTERED OFFICE

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17–19 Dai Hei Street
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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

KPMG

SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
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 June 2015 as follows:

Consolidated Income Statement

	Note	For the six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	5	1,395,420	1,345,372
Cost of sales	7	(1,207,426)	(1,189,654)
Gross profit		187,994	155,718
Other income and gains	5	17,394	13,229
Distribution costs		(34,214)	(34,106)
Administrative and selling expenses	7	(142,042)	(139,678)
Other operating expenses	7	(4,538)	(40,997)
Operating profit/(loss)		24,594	(45,834)
Finance costs	6	(3,396)	(4,422)
Profit/(loss) before income tax		21,198	(50,256)
Income tax	8	(9,172)	(2,078)
Profit/(loss) for the period		12,026	(52,334)
Attributable to:			
Equity shareholders of the Company		10,927	(52,463)
Non-controlling interests		1,099	129
		12,026	(52,334)
		HK cents	HK cents
Earnings/(loss) per share attributable to equity shareholders of the Company			
Basic	9	1.2	(5.8)
Diluted		1.2	(5.8)
		HK\$'000	HK\$'000
Dividend	10	13,618	9,079

The notes on pages 9 to 24 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(loss) for the period	12,026	(52,334)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(291)	(26,677)
Change in value of intangible assets	300	–
Change in value of available-for-sale financial assets	3,046	35
Other comprehensive income for the period, with nil tax effect	3,055	(26,642)
Total comprehensive income for the period	15,081	(78,976)
Attributable to:		
Equity shareholders of the Company	14,012	(74,562)
Non-controlling interests	1,069	(4,414)
Total comprehensive income for the period	15,081	(78,976)

The notes on pages 9 to 24 form part of this interim financial report.

Consolidated Statement of Financial Position

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
	Note		
Assets			
Non-current assets			
Property, plant and equipment	11	1,205,017	1,256,678
Land use rights	12	85,687	87,249
Intangible assets		9,505	9,438
Available-for-sale financial assets	13	46,968	43,929
Properties under construction		1,910	1,910
Deferred income tax assets		11,620	12,050
Deposits for acquisition of non-current assets		28,581	17,669
		<hr/>	<hr/>
Total non-current assets		1,389,288	1,428,923
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		566,450	515,293
Trade and bills receivables	14	799,078	781,007
Other receivables, deposits and prepayments		45,420	40,149
Income tax recoverable		1,025	1,340
Pledged time deposits	15	84,751	82,558
Time deposits with original maturity over three months	15	246,757	47,549
Cash and cash equivalents	15	639,913	917,658
		<hr/>	<hr/>
Total current assets		2,383,394	2,385,554
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		3,772,682	3,814,477
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Equity			
Equity attributable to equity shareholders of the Company			
Share capital	18	1,652,854	1,652,854
Reserves		1,014,632	1,014,238
Proposed dividend		13,618	18,157
		<hr/>	<hr/>
		2,681,104	2,685,249
Non-controlling interests		159,872	158,803
		<hr/>	<hr/>
Total equity		2,840,976	2,844,052
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Consolidated Statement of Financial Position (Continued)

	Note	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Liabilities			
Non-current liabilities			
Borrowings	17	90,000	194,667
Deferred income tax liabilities		56,353	56,858
Total non-current liabilities		146,353	251,525
Current liabilities			
Trade and bills payables	16	305,624	244,317
Other payables and accrued liabilities		171,983	166,309
Income tax liabilities		11,855	14,467
Derivative financial instruments		759	3,749
Borrowings	17	295,132	290,058
Total current liabilities		785,353	718,900
Total liabilities		931,706	970,425
Total equity and liabilities		3,772,682	3,814,477
Net current assets		1,598,041	1,666,654
Total assets less current liabilities		2,987,329	3,095,577

The notes on pages 9 to 24 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 (Unaudited)

Note	Attributable to equity shareholders of the Company													
	Share capital HK\$'000	Share premium HK\$'000	Other capital reserves 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 January 2014	90,787	1,559,461	(4,564)	5,150	20,387	128,238	162,783	4,034	739,415	48,117	2,753,808	161,589	2,915,397	
Comprehensive income														
Loss for the period	-	-	-	-	-	-	-	-	(52,463)	-	(52,463)	129	(52,334)	
Other comprehensive income					35		(22,134)				(22,099)	(4,543)	(26,642)	
Total comprehensive income					35		(22,134)		(52,463)		(74,562)	(4,414)	(78,976)	
Total transactions with equity shareholders of the Company, recognised directly in equity														
Transfer on 3 March 2014 upon adoption of the new Hong Kong Companies Ordinance	18	1,562,067	(1,559,461)	(2,606)	-	-	-	-	-	-	-	-	-	
Final dividend for the year ended 31 December 2013		-	-	-	-	-	-	-	-	(48,117)	(48,117)	-	(48,117)	
Equity compensation expenses	23	-	-	-	-	-	-	183	-	-	183	-	183	
Shares vested under restricted share award scheme	23	-	-	2,339	-	-	-	(4,217)	1,878	-	-	-	-	
Allocation from legal reserve		-	-	-	-	(102)	-	-	102	-	-	-	-	
Interim dividend	10	-	-	-	-	-	-	-	(9,079)	9,079	-	-	-	
Total transactions with equity shareholders of the Company, recognised directly in equity		1,562,067	(1,559,461)	(267)	-	(102)	-	(4,034)	(7,099)	(39,038)	(47,934)	-	(47,934)	
At 30 June 2014		1,652,854	-	(4,831)	5,150	20,422	128,136	140,649	-	679,853	9,079	2,631,312	157,175	2,788,487

The notes on pages 9 to 24 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2015 (Unaudited)

	Attributable to equity shareholders of the Company										
	Share capital	Other capital reserves	Intangible assets revaluation reserve	Available-for-sale investment revaluation reserve	Legal reserve	Exchange fluctuation reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015	1,652,854	(4,831)	5,100	21,895	131,580	141,865	718,629	18,157	2,685,249	158,803	2,844,052
Comprehensive income											
Profit for the period	-	-	-	-	-	-	10,927	-	10,927	1,099	12,026
Other comprehensive income											
	-	-	300	3,046	-	(261)	-	-	3,085	(30)	3,055
Total comprehensive income	-	-	300	3,046	-	(261)	10,927	-	14,012	1,069	15,081
Total transactions with equity shareholders of the Company, recognised directly in equity											
Final dividend for the year ended 31 December 2014	-	-	-	-	-	-	-	(18,157)	(18,157)	-	(18,157)
Allocation from legal reserve	-	-	-	-	(43)	-	43	-	-	-	-
Interim dividend	10	-	-	-	-	-	(13,618)	13,618	-	-	-
Total transactions with equity shareholders of the Company, recognised directly in equity	-	-	-	-	(43)	-	(13,575)	(4,539)	(18,157)	-	(18,157)
At 30 June 2015	<u>1,652,854</u>	<u>(4,831)</u>	<u>5,400</u>	<u>24,941</u>	<u>131,537</u>	<u>141,604</u>	<u>715,981</u>	<u>13,618</u>	<u>2,681,104</u>	<u>159,872</u>	<u>2,840,976</u>

The notes on pages 9 to 24 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating activities		
Cash generated from/(used in) operations	61,053	(16,204)
Income tax paid	(11,525)	(33,094)
Net cash generated from/(used in) operating activities	49,528	(49,298)
Investing activities		
Interest received	12,091	8,332
Purchase of property, plant and equipment	(8,613)	(16,568)
Deposits for acquisition of property, plant and equipment	(12,185)	(4,751)
Increase in pledged time deposits	(2,193)	(14,614)
Increase in time deposits with original maturity over three months	(199,209)	(124,242)
Other cash flows arising from investing activities	4,741	(3,149)
Net cash used in investing activities	(205,368)	(154,992)
Financing activities		
Dividend paid to equity shareholders of the Company	(18,157)	(48,117)
Proceeds from borrowings	56,525	260,295
Repayments of borrowings	(156,118)	(90,613)
Other cash flows arising from financing activities	(3,949)	(4,353)
Net cash (used in)/generated from financing activities	(121,699)	117,212
Net decrease in cash and cash equivalents	(277,539)	(87,078)
Cash and cash equivalents at 1 January	917,658	608,906
Effect of foreign exchange rate changes	(206)	(10,048)
Cash and cash equivalents at 30 June	639,913	511,780
Analysis of balances of cash and cash equivalents		
Cash and bank balances	312,350	237,885
Time deposits with original maturity less than three months	327,563	273,895
	639,913	511,780

The notes on pages 9 to 24 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

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 (together the “Group”) are engaged in the following principal activities:

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

This interim financial report is presented in thousands of HK dollars (HK\$’000), unless otherwise stated. This condensed consolidated interim financial report was approved for issue by the Board of Directors on 27 August 2015.

2. Basis of Preparation

This interim financial report for the six months ended 30 June 2015 has not been audited and has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements as set out in Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except that certain financial assets are stated at fair values and which should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (“Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Hong Kong Companies Ordinance (Cap. 32)).

Notes to the Unaudited Interim Financial Report (Continued)

3. Accounting Policies

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of the changes in accounting policies are described below.

The HKICPA has issued the following amendments to standards that are first effective for the current accounting period of the Group.

- | | |
|------------------------------|---|
| • HKAS 19 (2011) (Amendment) | Defined benefit plans: Employee contributions |
| • HKFRSs (Amendment) | Annual improvements to HKFRSs 2010-2012 cycle |
| • HKFRSs (Amendment) | Annual improvements to HKFRSs 2011-2013 cycle |

The adoption of these revised standards and amendments to existing standards do not result in any substantial changes to the Group's accounting policy nor any impact on these interim financial statements.

The Group has not applied any new standard or amendment to standards that is not yet effective for the current accounting period. Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's 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 and other senior management, that are used to make strategic decisions and assess performance.

Management committee 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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Management assesses the performance of the operating segments based on a measure of gross profit less distribution costs, administrative and selling expenses, and other operating 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 basis.

Notes to the Unaudited Interim Financial Report (Continued)

4. Segment Information (Continued)

	For the six months ended 30 June 2015					
	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	760,656	329,576	84,401	220,787	-	1,395,420
Inter-segment sales	339	104	45,114	203,631	(249,188)	-
Total	<u>760,995</u>	<u>329,680</u>	<u>129,515</u>	<u>424,418</u>	<u>(249,188)</u>	<u>1,395,420</u>
Segment results	<u>24,536</u>	<u>(4,321)</u>	<u>3,322</u>	<u>9,196</u>	<u>(1,087)</u>	<u>31,646</u>
Interest, dividend income and other gains						12,250
Corporate and unallocated expenses						<u>(19,302)</u>
Operating profit						24,594
Finance costs						<u>(3,396)</u>
Profit before income tax						21,198
Income tax						<u>(9,172)</u>
Profit for the period						<u>12,026</u>

Notes to the Unaudited Interim Financial Report (Continued)

4. Segment Information (Continued)

	For the six months ended 30 June 2014					
	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	727,958	338,729	88,948	189,737	–	1,345,372
Inter-segment sales	412	1,368	43,999	280,904	(326,683)	–
Total	<u>728,370</u>	<u>340,097</u>	<u>132,947</u>	<u>470,641</u>	<u>(326,683)</u>	<u>1,345,372</u>
Segment results	<u>(6,756)</u>	<u>(4,429)</u>	<u>(3,141)</u>	<u>11,119</u>	<u>(4,299)</u>	<u>(7,506)</u>
Interest, dividend income and other gains						9,489
Corporate and unallocated expenses						<u>(47,817)</u>
Operating loss						(45,834)
Finance costs						<u>(4,422)</u>
Loss before income tax						(50,256)
Income tax						<u>(2,078)</u>
Loss for the period						<u>(52,334)</u>

Notes to the Unaudited Interim Financial Report (Continued)

5. Revenue, Other Income and Gains

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

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue:		
Sale of goods	<u>1,395,420</u>	<u>1,345,372</u>
Other income and gains:		
Bank interest income	12,077	9,349
Dividend income from available-for-sale financial assets	173	140
Reversal of provision for impairment of trade receivables	667	–
Sundry income	<u>4,477</u>	<u>3,740</u>
	<u>17,394</u>	<u>13,229</u>

6. Finance Costs

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	<u>3,396</u>	<u>4,422</u>

Notes to the Unaudited Interim Financial Report (Continued)

7. Expenses by Nature

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

	For the six months ended	
	30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Depreciation	51,836	53,688
Amortisation of land use rights	1,551	1,607
Amortisation of intangible assets	418	260
Employee benefit expense (including directors' emoluments)	383,537	382,144
Foreign exchange loss, net	2,656	15,044
Fair value loss on derivative financial instruments not qualified as hedges, net	679	22,563
Provision for impairment of inventories, net	167	2,141
Provision for impairment of trade receivables	–	888
Loss on disposals of property, plant and equipment	1,203	2,976

8. Income Tax

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

	For the six months ended	
	30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current income tax		
– Hong Kong profits tax	990	1,253
– PRC corporate income tax	8,239	2,040
Total current tax	9,229	3,293
Deferred income tax	(57)	(1,215)
Income tax	9,172	2,078

Notes to the Unaudited Interim Financial Report (Continued)

9. Earnings/(loss) per Share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity shareholders 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 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity shareholders of the Company (HK\$'000)	10,927	(52,463)
Weighted average number of ordinary shares in issue (thousands)	907,865	907,865
Weighted average number of own held shares for share awarded scheme (thousands)	(1,633)	(2,273)
	<u>906,232</u>	<u>905,592</u>
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share (thousands)		
	<u>906,232</u>	<u>905,592</u>
Basic earnings/(loss) per share (HK cents per share)	<u>1.2</u>	<u>(5.8)</u>

(b) Diluted earnings/(loss) per share

For the six months ended 30 June 2015 and 2014, diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there was no dilutive potential ordinary shares.

10. Dividend

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK 1.5 cents (2014: HK 1 cent) per ordinary share	<u>13,618</u>	<u>9,079</u>

Notes to the Unaudited Interim Financial Report (Continued)

11. Property, Plant and Equipment

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Opening net book amount at 1 January 2015/2014	1,256,678	1,307,708
Additions	8,613	60,356
Transfer from properties under construction	–	8,723
Transfer from deposit for acquisition of non-current assets	1,394	9,074
Disposals	(9,624)	(7,100)
Depreciation	(51,836)	(108,054)
Exchange differences	(208)	(14,029)
	<u>1,205,017</u>	<u>1,256,678</u>
Closing net book amount at 30 June 2015/31 December 2014	<u>1,205,017</u>	<u>1,256,678</u>

Certain buildings of the Group with a total net book amount of HK\$70,288,000 (31 December 2014: HK\$71,730,000) have been pledged to secure banking facilities granted to the Group.

12. Land Use Rights

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Opening net book amount at 1 January 2015/2014	87,249	105,069
Amortisation	(1,551)	(1,738)
Reclassification	–	(15,138)
Exchange differences	(11)	(944)
	<u>85,687</u>	<u>87,249</u>
Closing net book amount at 30 June 2015/31 December 2014	<u>85,687</u>	<u>87,249</u>

Certain land use rights of the Group with a total net book amount of HK\$16,341,000 (31 December 2014: HK\$16,603,000) have been pledged to banks to secure banking facilities granted to the Group.

Notes to the Unaudited Interim Financial Report (Continued)

13. Available-for-sale Financial Assets

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Unlisted equity investments, at fair value	34,370	34,377
Unlisted equity investments, at cost	80	80
Club debentures, at fair value	891	891
Hong Kong listed equity investments, at fair value	11,627	8,581
	46,968	43,929

During the period, a fair value gain of the Group's available-for-sale financial assets of HK\$3,046,000 (2014: HK\$35,000) was recognised directly in the available-for-sale investment revaluation reserve.

14. Trade and Bills Receivables

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Trade receivables	817,296	800,046
Less: provision for impairment of trade receivables	(23,999)	(24,708)
	793,297	775,338
Trade receivables due from related parties	1,961	1,746
Total trade receivables, net	795,258	777,084
Bills receivables	3,820	3,923
	799,078	781,007

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.

Notes to the Unaudited Interim Financial Report (Continued)

14. Trade and Bills Receivables (Continued)

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.

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
1–30 days	378,001	322,043
31–60 days	189,980	184,295
61–90 days	113,567	95,625
Over 90 days	113,710	175,121
	<u>795,258</u>	<u>777,084</u>

Bills receivables are bank accepted bills mainly with maturity dates of within six months.

15. Cash and Cash Equivalents and Time Deposits

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Cash at banks and on hand	312,350	269,055
Time deposits with original maturity less than three months	327,563	648,603
Cash and cash equivalents	639,913	917,658
Time deposits with original maturity over three months	246,757	47,549
Pledged time deposits	84,751	82,558
	<u>971,421</u>	<u>1,047,765</u>

At of 30 June 2015, time deposits of HK\$84,438,000 (31 December 2014: HK\$82,558,000) and HK\$313,000 (31 December 2014: HK\$nil) were pledged as collaterals for the issuance of bills payables and the Group's banking facilities, respectively.

Notes to the Unaudited Interim Financial Report (Continued)

16. Trade and Bills Payables

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Trade payables	276,235	196,289
Bills payables	29,389	48,028
	<u>305,624</u>	<u>244,317</u>

At of 30 June 2015, the bills payables of HK\$23,375,000 (31 December 2014: HK\$45,752,000) are secured by the pledged time deposits of HK\$84,438,000 (31 December 2014: HK\$82,558,000) (Note 15).

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

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
1–30 days	208,525	142,908
31–90 days	64,141	48,904
Over 90 days	3,569	4,477
	<u>276,235</u>	<u>196,289</u>

Bills payables are mainly repayable within six months.

Notes to the Unaudited Interim Financial Report (Continued)

17. Borrowings

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Current		
Bank loans – guaranteed (Note a)	295,132	290,058
Non-current		
Bank loans – guaranteed (Note a)	90,000	194,667
	<u>385,132</u>	<u>484,725</u>

Notes:

- (a) As of 30 June 2015 and 31 December 2014, all bank loans are secured by the corporate guarantees issued by the Company.
- (b) Certain bank loan facilities are secured by the pledge of certain of the Group's buildings and land use rights, which had an aggregate carrying value at the end of the reporting period of approximately HK\$86,629,000 (31 December 2014: HK\$88,333,000) (Notes 11 and 12). As of 30 June 2015 and 31 December 2014, no such secured bank loan facilities are utilized.

18. Share Capital

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Number of shares	Share capital HK\$'000	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid				
At 1 January 2015/2014	907,864,974	1,652,854	907,864,974	90,787
Transfer from share premium account and capital redemption reserve account upon transition to no-par value regime on 3 March 2014 (Note)	–	–	–	1,562,067
At 30 June 2015/31 December 2014	<u>907,864,974</u>	<u>1,652,854</u>	<u>907,864,974</u>	<u>1,652,854</u>

Notes to the Unaudited Interim Financial Report (Continued)

18. Share Capital (Continued)

During the six months ended 30 June 2015, the Company did not repurchase any of its own shares (2014: Nil).

Note: In accordance with the transitional provisions set out in section 37 of Schedule 11 to Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium account and capital redemption reserve have become part of the Company's share capital. At 3 March 2014, share premium account of HK\$1,559,461,000 and capital redemption reserve of HK\$2,606,000 which was grouped under other capital reserve were transferred to share capital.

19. Related Party Transactions

(a) Transactions with related parties

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

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of raw materials or finished goods to:		
– A substantial shareholder	4,398	2,114
– Parties under control of a substantial shareholder	4,379	3,598
Purchase of raw materials from:		
– Parties under control of a substantial shareholder	<u>–</u>	<u>187</u>

The above transactions were carried out in the normal course of business of the Group and on terms as agreed with the parties.

(b) Compensation of key management personnel of the Group

	For the six months ended	
	30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employment benefits	13,991	10,382
Post-employment benefits	270	267
	<u>14,261</u>	<u>10,649</u>

Notes to the Unaudited Interim Financial Report (Continued)

20. Operating Lease Commitments

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

At the end of the reporting period, the Group had total future aggregate minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Not later than one year	6,390	6,447
Later than one year and not later than five years	14,249	15,479
Later than five years	59,964	61,296
	<u>80,603</u>	<u>83,222</u>

21. Capital Commitments

In addition to the operating lease commitments disclosed in Note 20 above, the Group had the following capital commitments for plant and machinery at the end of the reporting period:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Contracted for, but not provided for	31,597	9,149

22. Contingent Liabilities

As at 30 June 2015, the Group has provided corporate guarantees to the extent of HK\$19,375,000 (31 December 2014: HK\$19,388,000) to secure the banking facilities of a former related company. The amount drawn against the banking facilities was HK\$19,375,000 (31 December 2014: HK\$19,388,000).

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Group under any of these guarantees.

Notes to the Unaudited Interim Financial Report (Continued)

23. 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 expired on 30 June 2015 and has been extended to 30 June 2018.

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. There was no share offered and awarded to the participants during the periods ended 30 June 2015 and 2014.

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.

Movement in the number of shares awarded and their related average fair value is as follows:

	For the six months ended 30 June 2014 (Unaudited)	
	Average fair value per share	Number of shares awarded
At 1 January		933,657
Shares vested	2.51	<u>(933,657)</u>
At 30 June		<u><u>–</u></u>

During the period ended 30 June 2014, share-based payment of HK\$183,000 was recognised in the consolidated income statement as employee benefit expense. All the shares awarded had been fully vested during the period ended 30 June 2014 and HK\$1,878,000 was transferred from equity compensation reserve to retained earnings during the period accordingly. There was no share vested during the period ended 30 June 2015.

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

	Number of shares	
	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)
At 1 January 2015/2014	1,632,944	2,566,601
Shares vested	<u>–</u>	<u>(933,657)</u>
At 30 June 2015/31 December 2014	<u><u>1,632,944</u></u>	<u><u>1,632,944</u></u>

There was no purchase of share for the Scheme during the period (2014: Nil).

Notes to the Unaudited Interim Financial Report (Continued)

24. Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2015:

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Assets:				
Available-for-sale financial assets				
– Club debentures	–	–	891	891
– Unlisted equity investments	–	–	34,370	34,370
– Listed equity investments	11,627	–	–	11,627
	<u>11,627</u>	<u>–</u>	<u>–</u>	<u>11,627</u>
Total assets	<u>11,627</u>	<u>–</u>	<u>35,261</u>	<u>46,888</u>
Liabilities:				
Derivative financial instruments	–	–	759	759
	<u>–</u>	<u>–</u>	<u>759</u>	<u>759</u>

The fair value of club debentures is determined with reference to quoted market prices at the end of the reporting period without any deduction for transaction costs.

The fair values of unlisted equity instruments and derivative financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2015:

	Club debentures (Unaudited) HK\$'000	Unlisted equity investments (Unaudited) HK\$'000	Derivative financial instruments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Opening balance	891	34,377	(3,749)	31,519
Recognised to consolidated income statement	–	–	(679)	(679)
Exchange differences	–	(7)	–	(7)
Retired on maturity	–	–	3,669	3,669
	<u>891</u>	<u>34,370</u>	<u>(759)</u>	<u>34,502</u>
Closing balance	<u>891</u>	<u>34,370</u>	<u>(759)</u>	<u>34,502</u>
Total loss for the period included in profit or loss for assets/(liabilities) held at the end of the reporting period	<u>–</u>	<u>–</u>	<u>(679)</u>	<u>(679)</u>

Management Discussion and Analysis

During the six months ended 30 June 2015 the Group recorded aggregate revenues of HK\$1,395 million, an increase of 3.7% over the corresponding period in 2014. The revenue growth was the result of a series of initiatives taken to strengthen our offerings and capabilities which significantly surpassed customer expectations and enabled us to take advantage of consolidation in the industry during continued economic uncertainty.

Due to increased automation and improvements in workflow leading to enhanced operating efficiency, the Group achieved an operating profit of HK\$25 million during the period under review. This compares to a loss of HK\$46 million during the first six months of last year, of which HK\$38 million was attributable to currency fluctuations.

Core strengths lead to improved performance amid industry consolidation

The first half of 2015 was characterized by increased consolidation activity within the industry. Thanks to our strong competitive position, including a skilled team, economies of scale, state-of-the-art technology, strong reputation and robust balance sheet, Hung Hing was successful in securing business from new as well as existing clients in this environment.

The Group has systematically invested in the equipment, technologies and skills required to succeed in the future. We have expanded our design capabilities through the establishment of a design hub and made ongoing investments in the latest design and printing technology. These competencies have enabled us to work more closely and collaboratively with existing clients while helping us acquire new customers. With innovative and patented technology we have already established the foundation for our presence in the electronic and interactive publishing and packaging sectors.

As a result of improvements in operational efficiency, the Group was able to reduce headcount of direct labour by around 10% on average during the period under review, offsetting pressure from continued increases in the minimum wage in China.

The Group's strong liquidity position enables us to invest in new channels and innovate to make our products and services more attractive to existing and new customers.

Diversified customer and product portfolio to generate new revenue streams

The six months under review saw weak consumer sentiment and business confidence in Europe, as well as in the Group's domestic market of mainland China. These conditions led to customers adopting a cautious approach, resulting in tighter order quantities and shorter lead times. The situation has improved during the latter part of Q2 and we expect that orders will pick up during the second half of the year as customers prepare for the peak season.

To address unpredictable order patterns, the Group re-adjusted its business mix and penetrated a new customer segment: corporate marketing and communications, which require printing of promotional display and merchandising materials. This new customer segment will help us secure an additional revenue stream in addition to our long-standing areas of strength such as conventional books, greeting cards, children's books and packaging.

Management Discussion and Analysis (Continued)

Beluga range of interactive books launches products in the region

The Group entered the electronic publishing market in 2011 with the launch of the BelugaBloo kids e-bookstore. During the period under review the service continued to innovate and progress with the world's first BridgingBook technology-enabled book, *Meet the Animals*, being launched at the Hong Kong Education Expo in association with a local education centre. The product was praised as an innovative and smart learning product for the new generation of young readers. The Group is also working closely with a number of major customers for the application of this innovative technology in packaging.

Strong liquidity position maintained

Based on confidence in improvement of business performance during the rest of the year and backed by the Group's solid cash and financial position, the Board of Directors has declared an interim dividend of HK1.5 cents per share.

BUSINESS UNIT REPORTS

Hung Hing Printing Group is comprised of four key business units: Book and Package Printing (BPP), Consumer Product Packaging (CPP), Corrugated Box (CB) and Paper Trading (PT).

Book and Package Printing (BPP)

Book and Package Printing is the Group's largest business unit, with 55% of external sales.

BPP is one of the world's leading producers of folding cartons and packaging for toys, cosmetics and other consumer products, and conventional and children's novelty books.

The business unit operates three plants in Shenzhen and Heshan in China's Guangdong province, and Hong Kong with a combined production space of 300,000 square meters and employs around 7,500 employees.

Corrugated Box (CB)

The Corrugated Box business unit accounts for about 6% of the Group's external sales. In addition, the business unit also recorded HK\$45 million in inter-segment sales.

CB supplies corrugated cartons for packaging to a wide range of companies, including toy, food and beverage, electronics and household product manufacturers. Over 60% of the CB business is generated from exports out of mainland China.

The business unit operates a manufacturing facility in Shenzhen and a distribution center in Hong Kong.

Consumer Product Packaging (CPP)

Consumer Product Packaging accounts for 23% of the Group's external sales.

CPP provides high quality packaging solutions for customers worldwide, with a particular focus on mainland China's fast-growing consumer market.

Production is done at facilities in Zhongshan in southern China and Wuxi near Shanghai with a combined production space of 180,000 square meters and a skilled workforce of approximately 1,900.

Paper Trading (PT)

The Paper Trading business unit accounts for about 16% of the Group's external sales. In addition, the business unit also recorded HK\$204 million in inter-segment sales.

PT is one of the largest paper trading operators in Asia (ex-Japan) and can supply a large variety of paper types and quantities with short lead times at competitive prices. Apart from sales to external customers the business unit serves as a stable and economical source of paper supply to the Group's printing and packaging businesses.

The business unit operates a 60,000-ton paper storage facility in Shenzhen.

* All figures are at end June 2015

Management Discussion and Analysis (Continued)

During the period, the Group's largest business unit, Book and Package Printing, as well as Paper Trading, recorded an increase in turnover, which enabled the Group to grow overall revenues over the same period in 2014. Revenues for the Consumer Product Packaging and Corrugated Box business units declined slightly from the first six months of last year.

Profit contribution from the majority of the Group's four business units improved in general. Book and Package Printing and Corrugated Boxes recorded a positive profit contribution, compared to a loss recorded last year, while the profit contribution of the Paper Trading and Consumer Product Packaging business units remained relatively stable and declined slightly under the current very competitive environment.

Book and Package Printing (BPP)

The BPP business reported the following results for the first half of the year:

- Revenues of HK\$761 million, up 4.5% from HK\$728 million the previous year
- Profit contribution of HK\$25 million, vs. a loss of HK\$7 million last year

The BPP business unit benefited from a slight improvement in macro-economic conditions in North America which partially offset challenging conditions in other parts of the world. The product mix of the business unit was realigned to increase the extent of automation used in order to gain improvements in productivity. In addition, diversification of the customer base into printing of marketing and display materials enabled the development of new revenue streams. These strategies, together with other measures to enhance efficiency, enabled the Group to overcome the impact of adverse ordering patterns and the continued increase in labor costs in China during the year.

Consumer Product Packaging (CPP)

The CPP business reported the following results for the first half of the year:

- External revenues of HK\$329 million, a decline of 2.7% from HK\$339 million the previous year
- Loss of HK\$4.3 million, vs. a loss of HK\$4.4 million last year

During the period under review China's GDP growth slowed, and other indicators of economic activity also weakened, including growth in industrial production, investment and imports^[1]. Uncertainties in the Renminbi exchange rate and stock markets have affected foreign direct investment into the country. These factors led to a decrease in consumer and business confidence, rendering the consumer packaging market in mainland China relatively soft during the first half of the year. The Group was not immune to this slump, and a small decline in revenues for this business unit was experienced during the period. The Group has invested in new equipment and adopted new operating processes in order to further diversify our product lines and customer base.

^[1] <http://www.brookings.edu/research/testimony/2015/04/22-sustainable-growth-china-prasad>

Management Discussion and Analysis (Continued)

Corrugated Box (CB)

The CB business reported the following results for the first half of the year:

- External revenues of HK\$84 million, down 5% from HK\$89 million the previous year
- Profit contribution of HK\$3.3 million, up from a loss of HK\$3.1 million last year

The CB business faced the same challenges as the BPP and CPP business units during the period under review, with slowdowns being observed in Chinese domestic as well as export demand during the first half of the year. The CB business unit focused on growing existing key customers and securing new ones by leveraging Hung Hing's diversified manufacturing base. Our extended geographic coverage and economies of scale render us well placed to capture more market share.

Paper Trading (PT)

The PT business reported the following results for the first half of the year:

- External revenues of HK\$221 million, up 16.4% from HK\$190 million the previous year
- Profit contribution of HK\$9.2 million, down 17.3% from HK\$11 million last year

Competition from paper suppliers intensified during the period under review, as companies across the supply chain looked towards consolidation to help improve their position. Overall the paper trading industry is expected to grow at an irregular pace in the immediate term.

The Group's emphasis on streamlining operating procedures enabled us to improve efficiencies and maintain a competitive position, achieving growth both from existing and new customers. The Group also diversified its customer base geographically, expanding from a focus on export manufacturers in South China to growth across other markets in South East Asia and beyond.

The volatility in the paper trading market is expected to persist until the global economy stabilizes further and uncertainties from industry consolidation will continue. With its long-standing presence and strong financial position, Hung Hing is in an advantageous position to gain momentum in the long term.

Management Discussion and Analysis (Continued)

Liquidity and Capital Resources

During the six months under review the Group continued to maintain a strong financial position. As of 30 June 2015, the Group had net cash on hand (total cash net of bank borrowings) of HK\$586 million. This robust cash position renders the Group well placed to seize development opportunities and address future requirements.

Total cash on hand amounted to HK\$971 million as of 30 June 2015, most of which was held in Renminbi to support the Group's core operational and development needs in mainland China. Of the Group's total cash on hand, 88% was held in Renminbi, 4% in USD, 4% in HKD and 4% in Pound Sterling, Euros and Japanese Yen. During the period under review, total interest income was HK\$12 million, 29% higher than the same period last year. As movements of Renminbi in the second half of 2015 may likely less predictable vis-à-vis the first half, the Group will closely monitor the situation and prudently adjust our portfolio of cash holdings as necessary.

As of 30 June 2015, the Group brought total bank borrowings down to HK\$385 million. The Group's gearing ratio (total bank borrowings against total equity) stood at 14% compared with 20% in the previous year. Based on the Group's agreed loan repayment schedules, HK\$290 million is repayable within one year, HK\$25 million is repayable within 1-2 years, and HK\$70 million is repayable within 2-4 years. Leveraging a strong financial position, the Group constantly reviews and updates its funding strategy for optimization of short-term and long-term needs.

Of the Group's total bank borrowings, 27% comprised trade loans in US dollars. 70% was owed to banks in Hong Kong in HK dollars at HIBOR or the banks' cost of funds plus some mark-up. The remaining 3%, also in Hong Kong dollars, was owed to banks in mainland China at the banks' cost of funds plus some mark-up. During the period, the Group made effective use of trade loan facilities under competitive terms and advantageous interest rates at LIBOR plus a lower spread. Total interest costs during the period reduced by 23% to HK\$3.4 million. This reduced interest cost, together with increased total interest income from deposits, rendered net interest income 76% higher than the same period last year.

During the period under review, the Group invested HK\$10 million in automation and equipment upgrades. In total, HK\$40 million in capital commitment was made during the first half of 2015 for equipment primarily to acquire new capabilities and enhance production efficiency. Key investments included a new 5-colour printing press installed at the Heshan plant to expand capacity, and 7-colour printing press which arrived at the Zhongshan plant in August 2015.

Management Discussion and Analysis (Continued)

Contingent Liabilities and Pledge of Assets

As at 30 June 2015, the Group has provided corporate guarantees to the extent of HK\$19 million to secure the banking facilities of a former related company.

Certain buildings, land use rights and time deposits of the Group with a total carrying value of HK\$171 million as at 30 June 2015 have been pledged to secure banking facilities granted to the Group.

Environmental Sustainability

We continue to make improvements in our green manufacturing practice. During the period, our water consumption reduced by over 194,000 m³ to 438,000 m³ compared to the same period last year, while our electricity consumption remained stable at 29,000 Mwh. We also recycled 261 tons of plastic waste, 42 tons of metal waste and 24,200 tons of waste paper. Over 98% of our total solid waste was recycled.

In order to continuously reduce carbon emissions, the Group's Shenzhen plant participated in a government-organized carbon trade program and once again outperformed mandatory emissions targets with a quota surplus of over 9,166 tons in 2014, compared to 6,000 tons in 2013.

The Group supports well-managed and sustainable forestry across its business lines, with over 90% of our production during the period using certified or recycled paper. During the period the Group consumed 29,500 tons (2014: 19,000) of FSC paper and 4,700 tons (2014: 5,300) of PEFC paper. We also consumed 52,000 tons paper made of recycled fiber.

Our People

The dedication, hard work and skill of our employees are the factors that drive our continued success. To attract and retain the best employees we offer competitive remuneration and equal opportunities to all.

At the end of June 2015, the Group had 11,825 employees (First half of 2014: 12,246). The safety and well-being of our employees is our foremost priority, with total incident rates at 0.25 in the six months under review, well under our target of 0.5.

We develop our employees' careers through a comprehensive training program covering employee rights, occupational health and safety as well as product quality requirements. Over 168,000 training hours (2014: 86,000) were offered to 51,000 attendees (2014: 34,100) during the period under review.

Management Discussion and Analysis (Continued)

Prospects

Economic recovery is making patchy progress across the world, with markets in Europe expected to stabilize in the second half of the year. The Group's domestic market of mainland China will likely improve going forward. Heading into the festive and export peak season the Group expects increased order levels from key customers. In this context the Group is cautiously optimistic about the prospects for the second half of the year.

The Group continues to invest in the tools and skills needed to be able to take advantage of the consolidation and macro-economic circumstances in the coming months. We are well positioned to go beyond the role of a traditional OEM by finding proactive and innovative solutions to address our business partners' printing and packaging needs at every stage of the process from design to finished product. To achieve this objective and showcase our technical capabilities we will continue to make capital investments and increase our presence during the rest of the year to expand our capabilities in both traditional and interactive e-book technologies.

An innovation hub has been established with the mandate of continued expansion of the Group's design capabilities via a two-fold approach of talent development and technology acquisition. Through the development of our own value-added technology and products, we are cautiously confident of being able to attract business all along the value chain with partnership opportunities to explore mutually beneficial business ventures.

The Group is well prepared for industry consolidation and short-term market adjustments and is confident of success and growth over the long term.

Information Provided in accordance with the Listing Rules

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK1.5 cents (2014: HK1 cent) per share. The interim dividend will be paid on 28 October 2015 to shareholders whose names appear on the Register of Members of the Company on 2 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 September 2015 to 2 October 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 25 September 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's securities during the period.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2015, the interests of the directors in the shares 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			Percentage of the Company's issued share
	Directly beneficially owned	Through spouse or minor children	Total	
Yum Chak Ming, Matthew	24,383,030	–	24,383,030	2.69
Sung Chee Keung	1,423,064	60,000	1,483,064	0.16
Yap, Alfred Donald	27,504	–	27,504	–

Save as disclosed above, as at 30 June 2015, 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 23 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 directors 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 June 2015, the following interest of 5% or more of the issued share 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	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share
C.H. Yam International Limited* (Note)	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited (Note)	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited (Note)	Directly beneficially owned	199,263,190	21.95
Rengo Co., Ltd.	Directly beneficially owned	271,552,000	29.91

* C.H. Yam International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy and other immediate family members of the founder as at 30 June 2015. 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 Hon Ming, Tommy or any other members of the family.

Note: 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.

Information Provided in accordance with the Listing Rules (Continued)

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

Save as disclosed above, as at 30 June 2015, 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.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions listed in the Corporate Governance Code (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:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The role of the chief executive officer has been undertaken by Mr. Yum Chak Ming, Matthew, the Executive Chairman of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Mr. Yum should hold these offices. The Board believes that it is effective to monitor and assess business performance in a manner that properly protects the interests of shareholders.
2. Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term. However under the Articles of Association of the Company, one-third of the directors who have served longest on the Board shall retire from office by rotation every year at the annual general meeting. All directors of the Company retire by rotation at least once every three years and hence the terms of appointment of the non-executive directors are limited accordingly.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 audit committee of the Company has reviewed the interim results for the six months ended 30 June 2015 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee comprises of three independent non-executive directors and a non-executive director of the Company.

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

Hong Kong, 27 August 2015

