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

2015
Annual Report
年度報告

STOCK CODE 股份代號：0450

CONTENT

CORPORATE PROFILE

Founded in 1950 as a small printing shop in Hong Kong, Hung Hing has developed over the past six decades into one of the largest and most trusted printers in Asia, with significant operations in book and package printing, consumer product packaging, corrugated box and paper trading.

Headquartered at the Tai Po Industrial Estate in Hong Kong, Hung Hing has plants at four locations across China, including three in the Guangdong province in Shenzhen, Zhongshan and Heshan, and one in Wuxi, near Shanghai. Its total production floor space reaches 500,000 square meters, with a workforce of around 9,500 in Hong Kong and China.

With a strong emphasis on providing reliable and value-added services to achieve customers' success, Hung Hing harnesses the latest in technology and ideas to create print solutions through sustainable operating practices, and services multinational corporations from the US and Europe as well as companies from Hong Kong and China.

Hung Hing's financial objective is to deliver consistent and superior returns to shareholders from a leading position in its industry. The strategy to achieve this involves long-term investments in fixed and human assets, and an unwavering focus on quality, efficiency and customer service.

CORPORATE INFORMATION

Executive Directors	Yum Chak Ming, Matthew, Executive Chairman Sung Chee Keung
Non-Executive Directors	Sadatoshi Inoue Hirofumi Hori Katsuaki Tanaka Yam Hon Ming, Tommy
Independent Non-Executive Directors	Lo Chi Hong Luk Koon Hoo Yap, Alfred Donald
Company Secretary	Shek Kwok Man

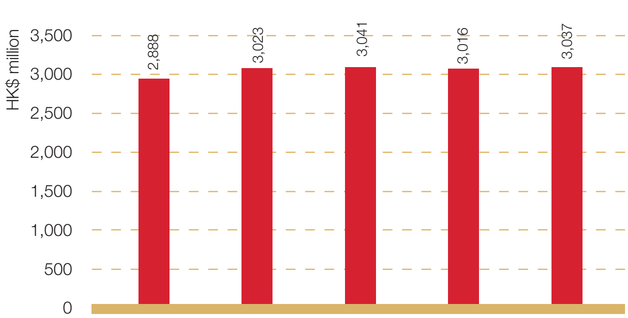
Registered Office	Hung Hing Printing Centre 17–19 Dai Hei Street Tai Po Industrial Estate New Territories, Hong Kong Tel: (852) 2664 8682 Fax: (852) 2664 2070 E-mail: info@hunghingprinting.com
Principal Bankers	The Hongkong and Shanghai Banking Corporation Limited Hang Seng Bank Limited The Bank of Tokyo-Mitsubishi UFJ, Ltd. BNP Paribas
Auditor	KPMG
Share Registrar	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

FINANCIAL HIGHLIGHTS

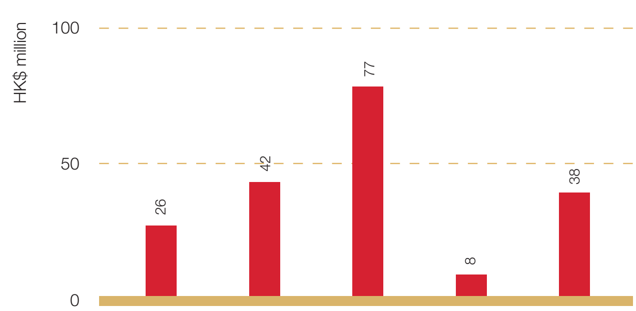
	Year ended 31 December 2015 HK$'000	Year ended 31 December 2014 HK$'000 (Restated)
Revenue	**3,036,933**	3,015,918
Profit	**42,511**	9,393
Profit Attributable to Equity Shareholders of the Company	**38,199**	7,914
Basic Earnings per Share (HK cents)	**4.2**	0.9
Dividends per Share (HK cents)		
Interim Dividend	**1.5**	1.0
Final Dividend	**2.5**	2.0
	4.0	3.0

	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000
Property, Plant and Equipment	**1,183,805**	1,256,678
Net Current Assets	**1,599,677**	1,666,654
Total Assets	**3,533,033**	3,814,477
Equity Attributable to Equity Shareholders of the Company	**2,656,691**	2,685,249

Revenue (Restated)



Profit Attributable to Equity Shareholders of the Company



* Year ended 31 March
\+ Year ended 31 December 2012 (Unaudited)
\# Year ended 31 December

EXECUTIVE CHAIRMAN

YUM CHAK MING, MATTHEW

The printing and packaging sector is evolving with the needs of both consumers and businesses. We believe that being prepared for these changes will help us achieve sustained business growth.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the 2015 financial results of Hung Hing Printing Group. In 2015 we achieved solid performance from our core businesses against a backdrop of continuing economic stabilization in both the domestic and overseas markets. We delivered revenues of HK$3,037 million during the year, achieving modest growth which was in line with our expectations. We also produced a profit attributable to equity shareholders of the company of HK$38 million compared to HK$8 million in 2014, a nearly four-fold increase of 383%. This growth was largely due to our cost controls, margin management, and prudent hedging strategies to counter the impact of currency fluctuations.

EVOLVING OUR BUSINESS FOR THE DEMANDS OF THE FUTURE

The printing and packaging sector is evolving with the needs of both consumers and businesses. We believe that being prepared for these changes will help us achieve sustained business growth. For this reason we are going beyond the role of a traditional printer by expanding our value-added offerings, and supporting clients with proactive, out-of-the-box solutions.

In 2015 the Group made strong progress on this front. We invested in modern equipment and technologies, and developed more services and products. One example is our new upstream service that helps owners of popular book titles promote publication rights to domestic and overseas publishers. This service has led to more printing and service business for us.

We continued to invest in innovation through our Beluga range of 'print + digital' products, employing modern, patented technologies and expanding our team. Our customers have responded positively to this enhanced portfolio of design, ideation, product development and technical support services. We also broadened our range of offerings in the corporate marketing materials sector, going beyond the role of a traditional printer to offer comprehensive printing solutions.

The continuing requirement for faster, shorter-run production means that market players have to reshape their businesses to achieve improved productivity. During the year we made several strategic capital investments in automation and implemented workflow improvements. These have not only improved operational performance and efficiency in the short term, but also put us in a strong position to prepare for future market developments.

STRONG FUNDAMENTALS UNDERPINNING GROWTH

Hung Hing's market leadership position rests on four key competitive advantages.

- A healthy financial position and strong cash flow that give us the financial strength to weather today's sluggish macroeconomic climate and make us a preferred long-term business partner. It also helps us make appropriate strategic investments in equipment, manpower and marketing.

- Our combination of vertically integrated operations and comprehensive suite of services. We continuously enhance our product range, in particular by expanding our capabilities in design and 'print + digital' products. As a result, we are becoming the go-to partner for local and international clients in the printing, publishing and packaging sectors.

- A diversified customer base with a balanced business portfolio in terms of industry and geography, avoiding excessive dependence on particular sectors. During the year we increased our sales to key clients and also established strong partnerships in important customer sectors.

- Our most important competitive advantage is our team of skilled employees. We strive to offer a caring working environment in order to keep staff motivated and loyal, especially in the context of a mainland China labor market that remains competitive due to wage inflation and high turnover. We also offer extensive training and development opportunities to ensure that our people achieve and enhance both technical competence that meets the needs of the business, and a high degree of personal satisfaction.

PRUDENT FINANCIAL STRATEGIES FOR STABILITY

In 2015 the Group achieved a conservative gearing ratio of 10% and re-aligned our funding portfolio to avoid uncertainty in the current interest rate environment. We also followed prudent currency strategies, managing our exposure to forward contracts to maintain stability in the face of ongoing exchange rate adjustments. We ended the year with cash on hand of HK$813 million, which continues to give us the financial leverage to invest for future growth.

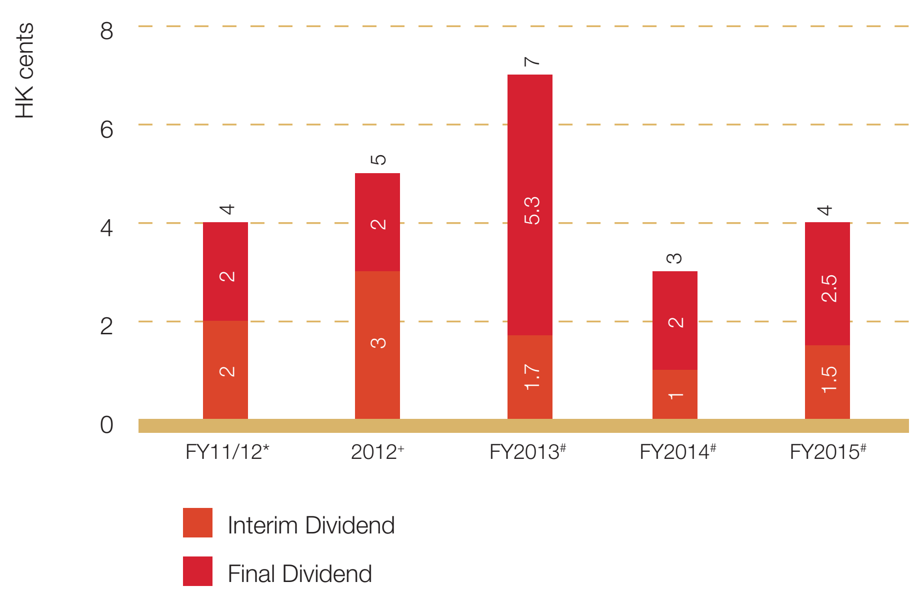
RESULTS AND DIVIDENDS

Group revenue for 2015 grew modestly to HK$3,037 million, compared to HK$3,016 million in 2014. Profit from the Group's operating activities increased by 75% to HK$71.7 million. Profit attributable to equity shareholders of the Company increased 383% to HK$38 million, compared to HK$8 million in 2014.

Basic earnings per share was HK4.2 cents, compared to HK0.9 cents for the previous year.

Based on our confidence in the Group's solid business performance, and backed by our strong cash and financial positions, the Board of Directors has proposed a final dividend of HK2.5 cents. This, together with the interim dividend of HK1.5 cents, brings the total dividend for the year to HK4 cents, which represents an increase of 33% compared to HK3 cents in the previous period. Subject to shareholders' approval, the dividend will be paid to shareholders whose names appeared on the Register of Members of the Company as of 8 June 2016.

Dividend Per Share



* Year ended 31 March
\+ Period from 1 April to 31 December 2012
\# Year ended 31 December

BUSINESS OUTLOOK

We expect business in the mainland China domestic market to grow steadily, including long-term increases in the demand for children's products and packaging. Globally, market conditions are likely to remain soft over the coming few quarters. Despite the prevailing uncertainties of the external environment, we remain cautiously optimistic about prospects in our export markets. The US is expected to achieve modest economic recovery through 2016 with consumer confidence remaining stable.

Operating costs in the year ahead will be affected by a number of factors such as ongoing increases in wages, paper price adjustments, and fluctuations in interest and exchange rates. To address these uncertainties, we will maintain cost controls, improve efficiency, promote our value-added services and actively pursue higher-margin business across all our business units. We will also follow the cautious inventory and financial strategies of 2015, adapting them in accordance with market developments.

Consolidation within the printing industry will continue to enable financially sound companies to increase market share. We believe that our core strengths – high quality, a strong financial position, vertically integrated operations and a team of skilled employees – will give us a competitive advantage.

I would like to offer my heartfelt thanks to the Board, our senior management and staff, whose skill and effort underpin our enduring growth and success.

Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 24 March 2016

Hung Hing receives the 2015 HKIM Market Leadership Award from Hong Kong Institute of Marketing in recognition of our marketing initiatives to increase market share and improve customer engagement.

MANAGEMENT DISCUSSION AND ANALYSIS

IMPROVED PERFORMANCE IN A CONSOLIDATING MARKET

The Group achieved modest growth in 2015 with whole-year revenues reaching HK$3,037 million (2014: HK$3,016 million). Most of the Group's business units, especially Book and Package Printing and Paper Trading, delivered improved revenues and profit contributions as a result of increased marketing efforts across key markets, strengthened partnerships with major customers and prudent financial strategies.

PROFIT FROM OPERATING ACTIVITIES GROWS BY 75% YEAR-ON-YEAR

The Group deployed a range of measures across business units to improve operating profits. An augmented management structure helped streamline operations and business processes in the Book and Package Printing business unit. At all our facilities, operating efficiency was enhanced through workflow analysis and rationalization. Organization-wide efforts to reduce costs continued and savings were recorded in both distribution costs and other selling expenses.

Efforts were stepped up to secure higher margin business, including special projects with comprehensive investment and value-added services. These initiatives were effective in counteracting the effects of unpredictable paper prices and pressures of competitive margins, enabling us to increase profit from operating activities to HK$72 million (2014: HK$41 million).

NET PROFIT TRIPLES DUE TO CAUTIOUS HEDGING STRATEGIES AND CASH MANAGEMENT

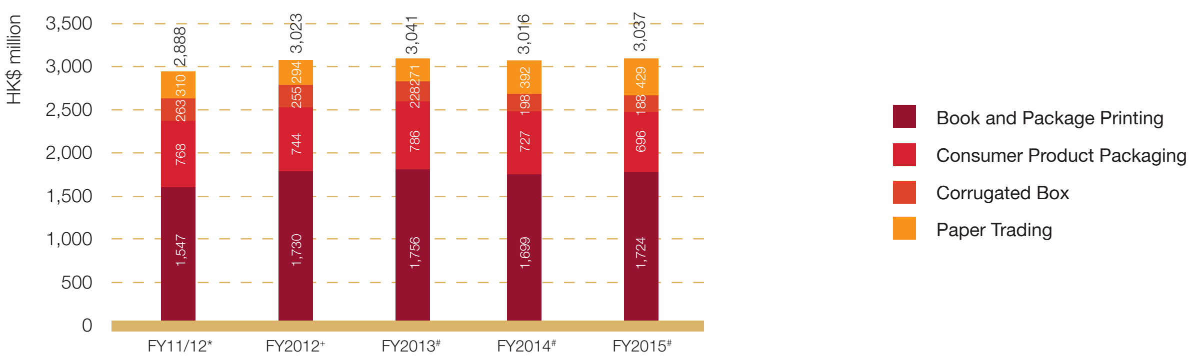
The Group pursued more agile hedging strategies throughout the year to manage our exposure to abrupt adjustments in global exchange rates, particularly in the Renminbi. These were adapted dynamically in response to market developments, reducing the negative impact on business due to exchange differences.

We also rebalanced our funding portfolio and paid down debts to proactively address potential adversities in interest rates. Consequently profit attributable to equity shareholders of the company increased by 383% year-on-year to HK$38 million.

STRONG LIQUIDITY POSITION WITH NET CASH STANDING AT HK$539 MILLION

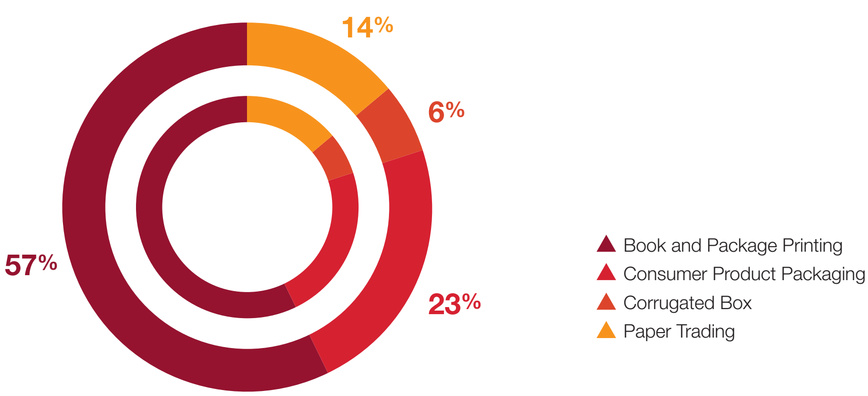
As at 31 December 2015, the Group continued to maintain strong net cash on hand (total cash net of bank borrowings) of HK$539 million, which represents a slight drop from HK$563 million in 2014. Capital investment of around HK$63 million was funded by cash generated from operating activitives of HK$79 million. We also increased the funds placed in time deposits over three months by HK$133 million to generate higher interest income, while reducing gearing ratio (total bank borrowings divided by total equity) to a more conservative level of 10% (2014: 17%).

Revenue by Business Unit (Restated)



* Year ended 31 March
\+ Year ended 31 December 2012 (Unaudited)
\# Year ended 31 December

Revenue by Business Unit in Year 2015



To meet operating needs, approximately 75% of cash was held in RMB, with the bulk of the remainder held in HKD (11%) and USD (10%). Loans were also confined to HKD and USD to control currency exposures and reduce interest expenses. We also carefully managed our loan portfolio, using a balanced mix of floating and fixed interest rate facilities depending on market conditions to minimize interest rate risk.

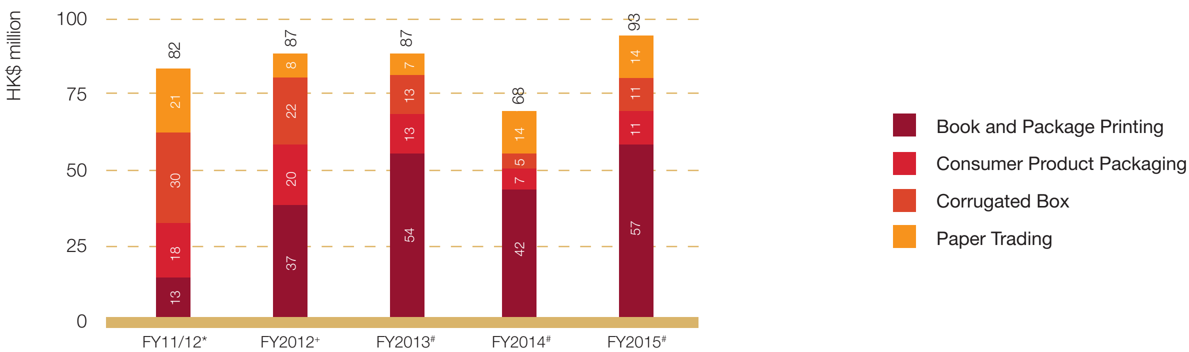
Analysis of the Group's potential exposure to the fluctuations in exchange rates and credit risk are included in notes 36(b) and 36(c) to the financial statements for reference.

MARKET FACTORS

The Chinese domestic economy grew by 6.9% in 2015, a more settled growth pattern that reflects slack demand from developed economies[1]. However, consumer confidence remains encouraging with retail sales in December up 11.2% from a year ago. The adoption of the two-child policy in China will contribute to recovery based on domestic consumption rather than exports. This will be favorable to the Group's packaging and children's books business in the medium to long term.

[1] Wall Street Journal article dated 19 Jan 2016 by Mark Magnier

Profit Contribution by Business Unit



* Year ended 31 March
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\# Year ended 31 December

Globally, economic activitives remained subdued with restrained customer demand. There was modest recovery in certain advanced economies such as the USA, our primary export markets. Commodity prices softened[2] while paper prices remained volatile throughout the year. Through agile inventory management and capacity utilization, we were able to take advantage of these persistent adjustments to improve margins in the paper trading and book and package printing business units.

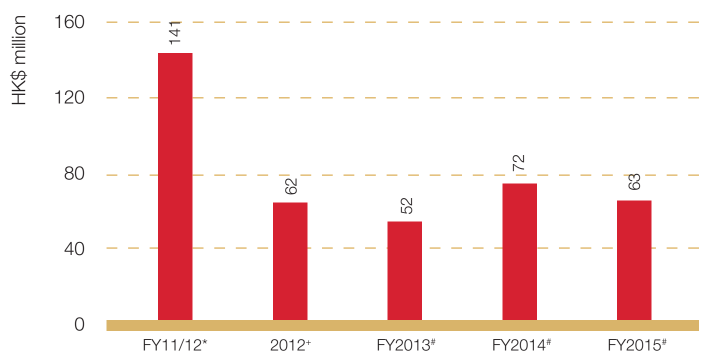
In Mainland China the Central Government continued to implement reforms designed to encourage environmental compliance. In 2014 the Standing Committee of the National People's Congress passed the first set of amendments to China's Environmental Protection Law (EPL)[3]. To adhere to new regulations limiting the use of Volatile Organic Chemicals (VOCs), the Group increased its use of water-based materials instead of solvent-based materials reducing over half (109 tons) of VOC consumption. It also installed air filters in all plants with a total filtering capacity of 298.9 million cubic meters per year.

The Group pursued a multi-fold diversification strategy to achieve growth in this global environment. Firstly, we broadened our geographic footprint through expanded sales and marketing in order to minimize our exposure to any one economy. Secondly, we sourced business from a wide range of industry sectors including toys, cosmetics, personal healthcare and hygiene, fast-moving consumer goods (FMCG) and publishing. Last but not least, we recognize the importance of upgrading our offerings and moving up the value chain to achieve sustainable growth. As an additional service offering, we have begun, on behalf of rights owners, to promote the publication rights of popular book titles to domestic and overseas publishers. This service of connecting publishers in different markets has been well received by clients and led to increased book printing and service revenues for the Group.

With a strong balance sheet and cash position, the group is well placed to continue to invest in automation and advanced equipment to achieve competitive advantage. Over HK$63 million was invested during the year on advanced machinery and equipment, including two new printing press of five-colour and seven-colour.

[2] https://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf
[3] http://www.latham.london/2015/11/what-multinationals-need-to-know-about-chinas-amended-environmental-protection-law/

Capital Expenditure



* Year ended 31 March
\+ Period from 1 April to 31 December 2012
\# Year ended 31 December

ENVIRONMENTAL SUSTAINABILITY

The Group follows principles of sustainable manufacturing and strives to minimize energy use, emissions, and waste produced. During the year, we consumed 64,400 Mwh of power (2014: 61,000 Mwh), controlling our increase in consumption to just 6% despite more equipment being installed to support new businesses and drive process automation. Following concerted efforts by all business units, water consumed reduced by 1% to 965,300 cubic meters (2014: 971,000 cubic meters). Natural gas consumption also dropped 5% from 2014 to 1.88 million cubic meters.

During the year 46,200 tons of paper, 532 tons of plastic waste and 86,700 kilograms of metal waste were recycled.

The Group's support of recycled paper and responsible forestry continues to increase. Consumption of FSC™ (Forest Stewardship Council™) and PEFC (Programme for the Endorsement of Forest Certification) paper increased from 68,000 tons in 2014 to 68,500 tons in 2015. Certified and recycled paper accounted for up to 91% of the Group's manufacturing consumption in 2015 (2014: 90%).

OUR PEOPLE

Hung Hing believes in bringing in the right people and providing the right environment and tools to develop them to their full potential. As at 31 December 2015, we employed 9,510 skilled employees, a decline of 5% from 9,990 at the end of 2014.

We continue to be an employer of choice in China's competitive labor market by offering attractive remuneration packages together with opportunities for career advancement.

Training is an important way to enhance staff productivity and safety awareness. During the year, we provided on-site health and safety demonstrations and training to our workers. Both internal and external training programs were offered, covering employees' rights, health and safety, skill development and production automation. A total of 251,500 classroom training hours (2014: 272,000) were provided.

As a result of these measures, we achieved a low total incident rate (TIR) of 0.22 (2014: 0.19).

These steps have helped enhance efficiency, allowing the Group to manage wage inflation, which has been a challenge to all manufacturers in Mainland China.

BUSINESS UNIT REPORT

The Hung Hing Printing Group comprises four key business units: Book and Package Printing, Consumer Product Packaging, Corrugated Box, and Paper Trading.

BOOK AND PACKAGE PRINTING (BPP)

Book and Package Printing is the Group's largest business unit, with 57% of total 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 workers.

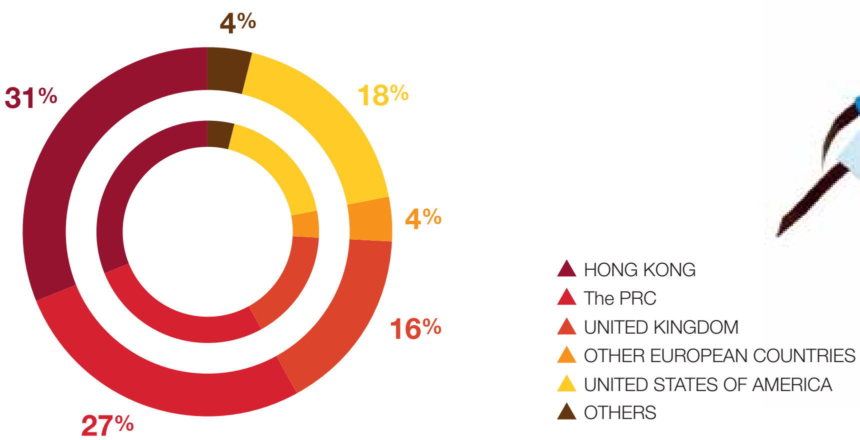
The BPP business reported the following results in 2015:

- Revenues of HK$1,724 million, an increase of 2% over the previous year's revenues of HK$1,698 million
- Profit contribution of HK$57 million, a 36% increase over HK$42 million in 2014

Review of Operations

The BPP business unit generated improved revenues from export markets such as the US and the UK, which served to offset sluggish European markets, largely due to economic uncertainty and currency depreciation. Steady demand was observed for books, printing and packaging services, especially products with an increased proportion of machine work and automation. During the year, the BPP business unit was successful in penetrating a new market segment – marketing and display materials – generating additional revenue streams for the business.

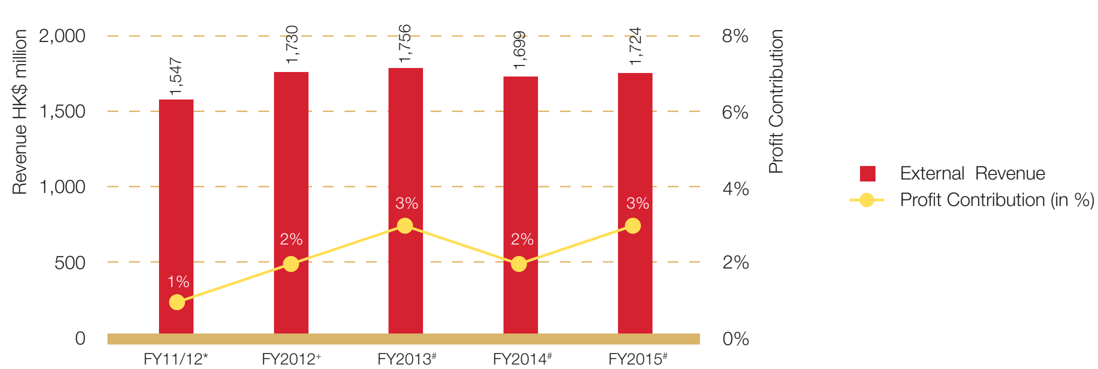
Revenue by Region in Year 2015



The Group continued to embrace new technologies and product designs. During the year the Group launched the world's first BridgingBook technology-enabled book, *Meet the Animal*, an innovative and smart learning product for young readers. Through Beluga Limited, a creative service provider and a subsidiary of the Group that was established four years ago, we extended our capabilities beyond printing production to include complementary design, marketing and distribution services. These expanded capabilities have helped us enhance relationships with existing customers and capture opportunities in new service and geographic areas.

The division's widespread geographical footprint exposed it to exchange rate volatility, which was managed through a disciplined hedging strategy. Improved revenues combined with streamlined workflow and cost controls enabled the division to achieve a significant increase in profit contribution of 36% over the previous year.

Revenue & Profit Contribution (Restated) (in %)



* Year ended 31 March
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\# Year ended 31 December

CONSUMER PRODUCT PACKAGING (CPP)

Consumer Product Packaging accounts for 23% of the Group's total revenues.

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.

The CPP business reported the following results in 2015:

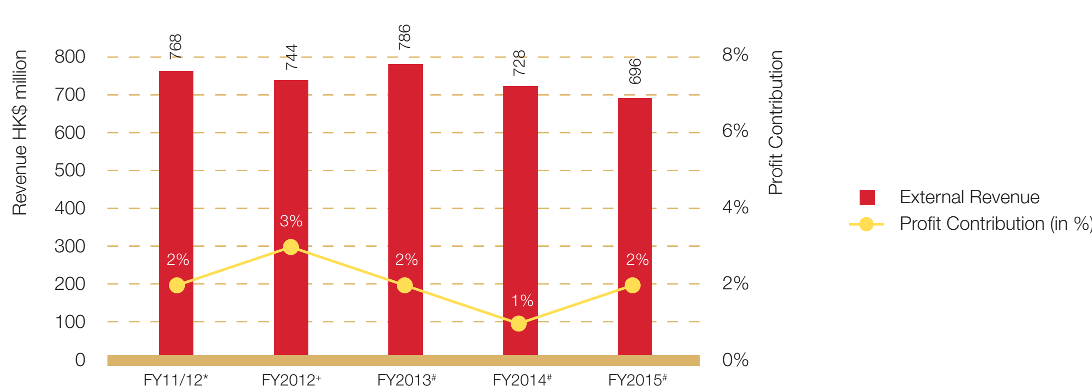
- Revenue of HK$696 million, down 4% from the HK$728 million recorded in the previous year
- Profit contribution of HK$11 million, a 57% increase over HK$7 million in 2014

Review of Operations

In 2015, a transition in mainland China's economic reforms had a dampening effect on the China domestic high-end consumer packaging market. In the second half of the year, the Group implemented a range of initiatives to expand the unit's capabilities and achieve business transformation. This included new equipment such as a new seven-color printing press, revamped operating processes, and diversification of product lines and customer base. Sales strategies were adjusted to boost profit contribution. Rewards and skills enhancement programs introduced during the year had a positive impact on productivity and staff retention.

The business transformation program enabled the CPP unit to successfully improve profit contribution and grow its business with key clients.

Revenue & Profit Contribution (in %)



* Year ended 31 March
\+ Year ended 31 December 2012 (Unaudited)
\# Year ended 31 December

CORRUGATED BOX (CB)

The Corrugated Box business unit recorded revenues of HK$286 million, including HK$188 million in external sales and HK$98 million in inter-business unit 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.

The CB business reported the following results in 2015:

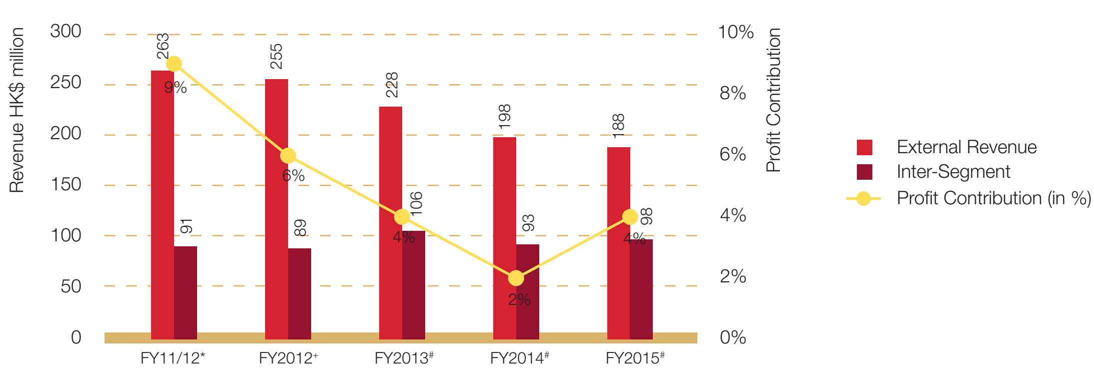
- External revenues of HK$188 million, down 5% from the HK$198 million recorded in the previous year
- Profit contribution of HK$11 million, an increase of over twice the HK$5 million achieved during the previous year

Review of Operations

The CB business faced similar challenges as the BPP and CPP business units during the period under review with respect to domestic and export demand.

Through improved operating practices, cost controls and re-alignment of the customer portfolio, the business significantly enhanced operating margins and profitability. The CB business followed a disciplined material control policy and worked closely with key suppliers, which enabled it to increase profits despite increased pressures from upward adjustments in paper prices.

Revenue & Profit Contribution (in %)



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\# Year ended 31 December

PAPER TRADING (PT)

The Paper Trading business unit recorded revenues of HK$814 million, including HK$429 million in external sales and HK$385 million in inter-business unit 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 key strategic partner for paper supply to the Group's other business units.

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

The PT business reported the following results in 2015:

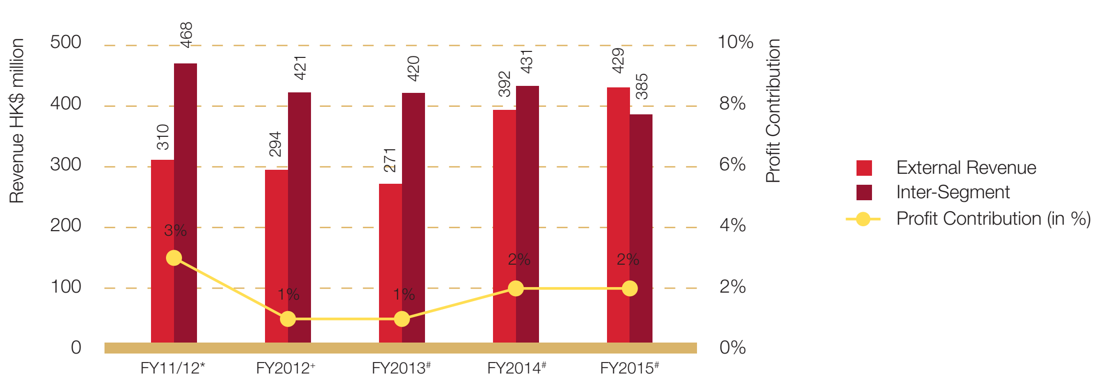
- External revenues of HK$429 million, an increase of 10% from HK$392 million in 2014
- Profit contribution of HK$14 million, an increase of 5% from HK$13.5 million the previous year

Review of Operations

The PT unit maintained strong partnerships with existing clients and reported stable growth during the year. There was increased export business to customers in South East Asia, which represents a growing geography for the division. The Group was able to take advantage of economies of scale to consolidate orders from various internal and external printers so as to obtain competitive sourcing terms during paper procurement.

In addition to warehousing and distribution services, the division enlarged its service portfolio and expertise to cover an expanded range of suppliers and materials. New paper cutting equipment has been installed that now enable it to offer new services at a superior quality. In tandem with growing demand for paper and printing supplies from sustainable sources, the business is able to offer a larger proportion of environmentally friendly and recycled materials.

Revenue & Profit Contribution (in %)



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\# Year ended 31 December

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year consisted of investment holding and the provision of management services.

The principal activities of the Group during the year consisted of the book and package printing, the consumer product packaging, the corrugated box and the trading of paper. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A review of the business of the Group during the year as required by Schedule 5 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are covered in different sections of this annual report as set out below, which shall form part of this directors' report.

A fair review of the Group's business, a discussion of the principal risks and uncertainties facing the Group and an indication of likely future development since the Group's business, can be found in the Chairman's Statement, Management Discussion and Analysis and Business Unit Report set out on pages 6 to 18.

RESULTS AND DIVIDENDS

The Group's profit for the year and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 128.

An interim dividend of HK1.5 cents per share was paid on 28 October 2015. The directors recommend the payment of a final dividend of HK2.5 cents per share to shareholders on the register of members on 8 June 2016. This recommendation has been incorporated in the financial statements as an allocation of retained earnings within the equity section of the statement of financial position.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years/period is set out below. This summary does not form part of the audited financial statements.

Results

	Year ended 31 December				Period from 1 April to 31 December	Year ended 31 March
	2015	2014	2013	2012	2012	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Revenue	**3,036,933**	3,015,918	3,041,095	3,023,219	2,434,645	2,887,715
Operating profit	**71,659**	41,038	111,757	84,912	89,022	72,891
Finance costs	**(6,632)**	(9,538)	(6,729)	(10,372)	(7,214)	(10,973)
Share of losses of associates	**–**	–	–	(14,312)	(10,669)	(16,423)
Profit before income tax	**65,027**	31,500	105,028	60,228	71,139	45,495
Income tax	**(22,516)**	(22,107)	(22,869)	(14,968)	(15,232)	(16,383)
Profit for the year/period	**42,511**	9,393	82,159	45,260	55,907	29,112
Profit attributable to:						
Equity shareholders of the Company	**38,199**	7,914	77,209	42,482	53,930	25,539
Non-controlling interests	**4,312**	1,479	4,950	2,778	1,977	3,573
	42,511	9,393	82,159	45,260	55,907	29,112
Earnings per share						
Basic	**4.2 cents**	0.9 cent	8.5 cents	4.7 cents	6.0 cents	2.8 cents
Diluted	**4.2 cents**	0.9 cent	8.5 cents	4.7 cents	6.0 cents	2.8 cents

SUMMARY FINANCIAL INFORMATION (CONTINUED)

Assets, liabilities and non-controlling interests

	At 31 December				At 31 March
	2015	2014	2013	2012	2012
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**1,183,805**	1,256,678	1,307,708	1,352,430	1,366,117
Land use rights	**82,641**	87,249	105,069	107,162	109,215
Properties under construction	**1,219**	1,910	10,084	12,262	19,391
Intangible assets	**9,735**	9,438	8,501	8,940	11,140
Deposits paid for acquisition of non-current assets	**23,364**	17,669	8,744	–	3,064
Interests in associates	**–**	–	–	–	41,080
Available-for-sale financial assets	**46,231**	43,929	42,929	22,463	8,034
Deferred tax assets	**8,675**	12,050	14,090	9,664	14,103
Trade receivables	**–**	–	1,797	7,006	–
Current assets	**2,177,363**	2,385,554	2,319,120	2,109,296	2,214,422
Total assets	**3,533,033**	3,814,477	3,818,042	3,629,223	3,786,566
Current liabilities	**577,686**	718,900	653,233	538,812	624,437
Bank borrowings	**85,000**	194,667	195,000	228,937	313,614
Deferred tax liabilities	**58,472**	56,858	54,412	47,749	44,568
Total liabilities	**721,158**	970,425	902,645	815,498	982,619
Non-controlling interests	**155,184**	158,803	161,589	149,190	142,064
Equity attributable to equity shareholders of the Company	**2,656,691**	2,685,249	2,753,808	2,664,535	2,661,883

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital during the year are set out in note 29 to the financial statements.

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 year.

RESERVES

Details of the movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 32 to the financial statements, respectively.

DISTRIBUTABLE RESERVES

The Company's distributable reserve as at 31 December 2015, calculated under Part 6 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and with reference to the "Guidance on the Determination of Realised Profit and Losses in the Context of Distributions under the Hong Kong Companies Ordinance" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), amounted to HK$26,064,000 (2014: HK$24,621,000), of which HK$22,697,000 (2014: HK$18,157,000) has been proposed as a final dividend for the year.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK$162,000 (2014: HK$146,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 36% of the total purchases for the year and purchases from the largest supplier included therein amounted to 12%.

None of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Yum Chak Ming, Matthew
Sung Chee Keung

Non-executive directors:

Sadatoshi Inoue
Hirofumi Hori
Katsuaki Tanaka
Yam Hon Ming, Tommy

Independent non-executive directors:

Lo Chi Hong
Luk Koon Hoo
Yap, Alfred Donald

In accordance with the Company's articles of association, the following directors will retire by rotation:

Sung Chee Keung
Katsuaki Tanaka
Yam Hon Ming, Tommy

All the retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Alfred Donald Yap, Mr. Luk Koon Hoo and Mr. Lo Chi Hong and as at the date of this report still considers them to be independent.

DIRECTORS OF SUBSIDIARIES

The following is the list of directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2015 and up to the date of this report.

Chan Siu Man, Alvin
Chong Wai Kan, Winky
Lam Yuen Wai, Gary
Li Zhi Da
Lim Pheck Wan, Richard
Shek Kwok Man
So Ching Tung, Tony
Song Zhi Yi
Sung Chee Keung
Yam Ho Ming, Michael
Yu Yan Yee
Yum Carson, Christopher
Yum Chak Ming, Matthew
Yum Kelvin, Nicholas
Zheng Young Hang

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

Executive directors

Mr. Yum Chak Ming, Matthew, aged 58, is the Executive Chairman of the Group. He has been a director of the Company since 1991. He holds a Bachelor of Applied Science degree in Industrial Engineering and a Master of Business Administration degree in Marketing and Finance, both from the University of Toronto, Canada. He is responsible for the overall management of the Group. He has been with the Group since 1983.

Mr. Sung Chee Keung, aged 57, is the Executive Director, Consumer Product Packaging. He is responsible for overseeing the operation of the Group's Consumer Product Packaging business in the People's Republic of China ("the PRC"). He holds a Bachelor of Science degree in Printing Engineering from Rochester Institute of Technology, U.S.A. He has over 30 years of experience in the printing industry and has been with the Group since 1986. He became a director of the Company in September 2008.

Non-executive directors

Mr. Sadatoshi Inoue, aged 54, is a member of the board of directors of Rengo Co., Ltd. ("Rengo"), a substantial shareholder of the Company and is the Managing Executive Officer of Rengo with responsibility of overseeing the Folding Carton and Flexible Packaging Business Unit, Packaging Division. He holds a Bachelor of Education from Ashiya University, Japan. Mr. Inoue joined Rengo in 1985 and since then has held various positions in Rengo. Mr. Inoue has been a member of the board of director of Rengo since June 2012.

Mr. Hirofumi Hori, aged 57, is a member of the board of directors of Rengo and is the Executive Officer with responsibility of overseeing the Overseas Business Group of Rengo. He holds a Bachelor of Economics from Wakayama University, Japan. Mr. Hori joined Rengo in 1981 and since then has held various positions in Rengo. He has been a member of the board of directors of Rengo since June 2014.

Mr. Katsuaki Tanaka, aged 65, is a Senior Adviser of Rengo and Rengo's Overseas Unit. He holds a Bachelor of Agricultural Sciences from the University of Tokyo, Japan. Mr. Tanaka joined Rengo on 1 August 2011 and was between June 2010 and July 2011 the corporate auditor of Sumisho Mitsuibussan Kenzai Co., Ltd. Before that he worked for Sumisho Paper Co., Ltd. where he was a director between 2003 and 2010.

Mr. Yam Hon Ming, Tommy, aged 52, holds a Bachelor of Arts degree in Economics from York University, Canada. Mr. Yam has significant management experience in the printing industry. He was a non-executive director of the Company from 1991 to 1996. He re-joined the Company in 1999 and served as an executive director of the Company from July 2000 to July 2008. He was also the general manager of Hung Hing Packaging (Wuxi) Company Limited, a subsidiary of the Company, and was responsible for its general management between 2002 and 2008. He is a brother of Mr. Yum Chak Ming, Matthew.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (CONTINUED)

Independent non-executive directors

Mr. Lo Chi Hong, aged 69, was a Board Director and Vice President of Sino United Publishing (Holdings) Limited and is an advisor to the group chairman of the Hung's Food Group which runs the restaurant and bakery chain under the "Yoshinoya" and "Maria's Bakery" brand names respectively. He has held senior managerial roles in the publishing industry over the last 30 years. From 1996 to 2007, he served as the chief executive officer of C&C Joint Printing (HK) Limited. Mr. Lo has also held a number of public posts in Hong Kong and China including acting as the chairman of the Advisory Board of the Hong Kong Institute of Print-media Professionals, an honorary president of the Chinese Manufacturers' Association of Hong Kong and an honorary president of the Hong Kong Printers Association. He served as a vice president of the Printing Technology Association of China, a council member of the World Print and Communication Forum (WPCF), a member of the Hong Kong Council for Accreditation of Academic & Vocational Qualifications and a member of the SME Development Fund Vetting Committee, and was the founding chairman of the Hong Kong Publishing Professionals Society. In 2005, Mr. Lo was awarded the Medal of Honour by the HKSAR Government. He was also the recipient of the Outstanding Achievement Award presented by the Hong Kong Print Awards in 2007. Mr. Lo was a PHD Candidate of Peking University in China in 1985.

Mr. Luk Koon Hoo, aged 65, has been an independent non-executive director of the Company since August 2008. He is a retired banker and has 30 years of comprehensive experience in accounting and financial management. He joined Hang Seng Bank in 1975 and became the bank's Chief Financial Officer in 1989. He was appointed Executive Director and Deputy Chief Executive in 1994 and was subsequently re-designated as Managing Director until his retirement in 2005. Mr. Luk is currently an independent non-executive director of three publicly-listed companies in Hong Kong, namely, China Properties Group Limited, Computime Group Limited and i-Cable Communications Limited. Mr. Luk also serves as a council member and the treasurer of The Chinese University of Hong Kong and a member of Town Planning Board. Mr. Luk graduated with a Bachelor of Social Sciences Degree in Statistics from The University of Hong Kong and also holds a Master of Business Administration Degree granted by The Chinese University of Hong Kong. He is a Fellow of the Hong Kong Institute of Bankers. Mr. Luk is a Non-official Justice of the Peace and was awarded the honour of Bronze Bauhinia Star in 2004 in recognition of his contributions to public services.

Mr. Yap, Alfred Donald, JP, aged 77, is presently a consultant of Messrs. K.C. Ho & Fong, Solicitors & Notaries. He is the former president of The Law Society of Hong Kong and of The Law Association for Asia and The Pacific (LAWASIA). He has served on various public and community bodies. Mr. Yap is currently an independent non-executive director of eSun Holdings Limited, and Wong's International (Holdings) Limited, which are listed on the Stock Exchange. He became a director of the Company in March 2005.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (CONTINUED)

Senior management

Mr. Shek Kwok Man, aged 52, is the Chief Financial Officer and Company Secretary of the Group, providing overall financial leadership in matters related to mergers & acquisitions, investor relations, accounting, planning & reporting, treasury, and financial management of all manufacturing operations. He is also responsible to support the Group's board of directors on all the board related activities, and handle listing and regulatory affairs as the Group's authorized representative required under the Hong Kong Stock Exchange Rules on Listing Matters and the Company Ordinance. Mr. Shek joined the Group in February 2013, bringing with him over 25 years of management experience in senior executive roles with world-renowned multinational corporations such as IBM, Bausch & Lomb, Philip Morris/Kraft Foods, Thomson Reuters, Wrigley, Mead Johnson, Hershey's and Associated British Foods. He has been assigned to station in various locations including Tokyo, Guangzhou, Beijing and Shanghai in addition to Hong Kong. Mr. Shek is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) as well as the Hong Kong Institute of Certified Public Accountants (HKICPA). He graduated from the University of Hong Kong with a BSSc (Hons) degree, and holds a MBA with Manchester Business School, UK and Master of Science – Marketing (MSc-Mktg) with Napier University, Edinburgh, Scotland.

Mr. Wong Fu Cheung, Dennis, aged 56, is the General Manager, Corporate Responsibility and Compliance and is responsible for overseeing improvements in quality (assurance and control), product engineering, safety, ethics and sustainability initiatives. He holds a Bachelor of Science degree in Computational and Statistical Science from the University of Liverpool and a Master of Business Management degree from University of Bradford both in U.K.. He has been with the Group since 1992.

Mr. Song Zhi Yi, aged 55, is responsible for the management of the Group's manufacturing operations in Shenzhen and Heshan. He holds a Bachelor's degree in Forestry from the Southern China Agricultural University, the PRC. He has been with the Group since 1990. He is a brother of Mr. Sung Chee Keung.

Mr. Chan Siu Man, Alvin, aged 58, is responsible for the Group's manufacturing operation in Hong Kong as well as the supply chain and procurement operations of the Group. He holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto. He has been with the Group since 1990. He is the brother-in-law of Mr. Yum Chak Ming, Matthew.

Ms. Chong Wai Kan, Winky, aged 45, is responsible for the management of the Group's paper trading business. She has over 20 years of experience in paper trading and has been with the Group since 1992.

Mr. Lim Pheck Wan, Richard, aged 50, is the Chief Operations Officer of the Group's book and package printing business. He is responsible for the day-to-day operations and execution of the BPP's strategy. He holds a Master's Degree in International Marketing from the University of Strathclyde, Glasgow. He has over 20 years experience in the printing business and has managed operations in Singapore/Malaysia and Eastern China. He has been with the Group since July 2011.

Mr. So Ching Tung, Tony, aged 46, is responsible for the management of the corrugated box business in Hong Kong and Shenzhen. He holds a Bachelor of Science degree (Honours) in Chemistry from the Hong Kong Baptist University and a Master of Business Administration degree from The Hong Kong Polytechnic University. He has been with the Group since 2006.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (CONTINUED)

Senior management (Continued)

Mr. Yu Yan Yee, aged 46, is the Chief Information Officer of the Group. He is responsible for overseeing all aspects of information technology (IT) for the Group, and enabling its business through strategic and effective use of IT. Mr. Yu is also the General Manager of the Company's subsidiary, Beluga Limited, focuses on the creation of high-tech print products that take advantage of innovative technology and mobile devices. Mr. Yu has over 15 years of experience in driving IT transformation projects and executing change programs. Prior to joining the Company, Mr. Yu spent 10 years with IBM serving clients from a wide range of industries in both Hong Kong and USA. He holds a Bachelor of Science degree (cum laude) in Mechanical Engineering from Louisiana Tech University, USA, a Master of Business Administration degree from Boston University, USA, and a Master of Science degree in IT from the Hong Kong University of Science and Technology. He has been with the Group since May 2012.

Mr. Yum Carson, Christopher, aged 30, is responsible for the sales and marketing operations of the Group's book and package printing business. He holds a Bachelor of Arts degree in Business Management from Coventry University, UK. He has over 8 years of experience in the printing business, and has been with the Group since 2007. He is the son of Mr. Yum Chak Ming, Matthew.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors or remuneration committee with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2015, the interests of the directors in the share capital and underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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:

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest					
Name of directors	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Share award scheme**	**Total**	**Percentage of the Company's issued share capital**
Yum Chak Ming, Matthew	29,763,030	–	–	–	29,763,030	3.28
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 31 December 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.

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 31 to the financial statements.

Save as disclosed above, at no time during the year 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 31 December 2015, the following interests 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		Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
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 beneficiary 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 31 December 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.

Save as disclosed above, as at 31 December 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.

CONTINUING CONNECTED TRANSACTIONS

During the year and in the normal course of business, the Company and its subsidiaries (collectively the "Group") had various commercial transactions with Rengo Co., Ltd. ("Rengo"), its subsidiaries (Rengo, together with its subsidiaries the "Rengo Group") and its 30%-held associated companies Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited and Zhongshan Ren Hing Paper Manufacturing Company Limited ("Paper Mill Entities"). Rengo is a substantial shareholder of the Company and these transactions constitute continuing connected transactions under the Listing Rules.

Details of these transactions are as follows:

Sale of Paper Products Framework Agreement and Purchase of Paper Products Framework Agreement

On 19 December 2012, the Group and the Rengo Group entered into two framework agreements to streamline the continuing connected transactions as follows:

(i) The Sale of Paper Products Framework Agreement pursuant to which the Group agreed to sell and the Rengo Group agreed to purchase paper products for the period from 30 January 2013 (the "Effective Date") to 31 December 2015.

(ii) The Purchase of Paper Products Framework Agreement pursuant to which the Group agreed to purchase and the Rengo Group agreed to sell paper products for the period from the Effective Date to 31 December 2015.

At the extraordinary general meeting held on 30 January 2013, the two framework agreements were approved by the independent shareholders and became effective as from the Effective Date. The two framework agreements replaced all the existing agreements governing the continuing connected transactions between the Group and the Rengo Group. Further details of the transactions were set out in the announcement of the Company dated 19 December 2012.

Paper Mill Entities were then subsidiaries of Rengo and they have been continuously treated as the Group's connected parties. The transactions between Paper Mill Entities and the Group had been considered in the above agreements.

The annual caps of transactions in relation to the Sale of Paper Products Framework Agreement for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 are HK$59 million, HK$77 million and HK$98 million, respectively. The annual caps of transactions in relation to the Purchase of Paper Products Framework Agreement for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 are HK$116 million, HK$143 million and HK$154 million, respectively. During the year ended 31 December 2015, the actual amount of transactions in relation to the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement was HK$18.2 million and HK$14.9 million, respectively.

Renewal of Sale of Paper Products Framework Agreement and Purchase of Paper Products Framework Agreement

In view of the expiry of the Sales of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement, the Company and Rengo renewed the two framework agreements (the "Renewed Sale of Paper Products Framework Agreement" and the "Renewed Purchase of Paper Products Framework Agreement") on 1 December 2015 for a period of three years from 1 January 2016 to 31 December 2018. The terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are similar to those of the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement respectively save the pricing policy. Pursuant to the terms of the renewed agreements, the price of paper products shall be determined on an arm's length basis and with reference to the prevailing market prices of similar products or the average price of similar products previously purchased. Further details of the pricing policy of the renewed agreements were set out in the announcement of the Company dated 1 December 2015. Under the renewed agreements, "Rengo Group" was redefined as Rengo Co., Ltd, its subsidiaries and its associates.

The annual caps of the renewed agreements are as follows:

Sales of paper products by the Group to the Rengo Group:

Year ended 31 December 2016: HK$26.6 million
Year ended 31 December 2017: HK$27.1 million
Year ended 31 December 2018: HK$32.1 million

Purchase of paper products by the Group from the Rengo Group:

Year ended 31 December 2016: HK$20.0 million
Year ended 31 December 2017: HK$24.0 million
Year ended 31 December 2018: HK$28.0 million

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the above annual caps exceed 0.1% but are less than 5%, the transactions under the renewed agreements are subject to reporting, announcement and annual review requirements but are exempt from circular and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The Company has engaged its auditor, KPMG, to conduct a review of the above continuing connected transactions for the year ended 31 December 2015 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter in respect of the continuing connected transactions disclosed in the paragraph above and confirmed that for the year ended 31 December 2015:

(i) the transactions have been approved by the Board;

(ii) the transactions were in accordance with the pricing policies of the Group;

(iii) the transactions have been entered into in accordance with the relevant agreements governing the transactions; and

(iv) the aggregate amount of the transactions have not exceeded the annual caps that have been previously announced.

The Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions for the year ended 31 December 2015 and the letter issued by the auditor and confirmed that the above continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing the transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITORS

KPMG were first appointed as auditors of the Company in 2015 upon the retirement of PricewaterhouseCoopers.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 24 March 2016

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The corporate governance principle of the Company emphasizes on accountability and transparency and is adopted in the best interests of the Company and its shareholders. In addition the Company will strive to continuously improve these practices and cultivate an ethical corporate culture.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out on in the Code of Corporate Governance (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with all the applicable code provisions in the CG Code throughout the year ended 31 December 2015 except for the following deviations:

Code Provision A 2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chief executive officer have 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.

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.

BOARD COMPOSITION AND BOARD PRACTICES

The Board of Directors (the "Board") of the Company is composed of 9 directors, of which 2 are Executive Directors including the Executive Chairman, 4 are Non-executive Directors and 3 are Independent Non-executive Directors. All the Independent Non-executive Directors have appropriate professional qualifications, experience or related industry expertise. The Directors biography and relevant relationships amongst them are set out in the Biographical Details of Directors section on pages 23 to 24 of this Annual Report.

Review will be made regularly by the Board to ensure that it has a balance of skills and experience appropriate for the requirement of the Company and its subsidiaries (the "Group"). Also, a balanced composition of Executive Directors and Non-executive Director is maintained to ensure independence and effective management. The Company has satisfied the Listing Rules in having one of the Independent Non-executive Directors with appropriate accounting qualifications and expertise to sit in the Audit Committee.

Each of the Independent Non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 and Appendix 16 (12B) of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company considers that all Independent Non-executive Directors to be independent.

Independent Non-executive Directors are identified in all corporate communications. An updated list of the Directors identifying the Independent Non-executive Directors and the roles and functions of the Directors is maintained on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

When selecting potential candidates for directors, skills, experience, expertise, his devotion of time, potential conflicts of interests are key factors for consideration. The Nomination Committee was set up to make recommendation to the Board on the selection and nomination of candidates for directorship. Majority of members of the Nomination Committee are Independent Non-executive Directors.

The Board is accountable to shareholders and is responsible for the formulation of the Group's strategy, overseeing the management of the business and affairs of the Group.

Key and important decisions are fully discussed at the board meetings. All Directors have been fully consulted about any matters proposed for inclusion in the agenda. The Executive Chairman has delegated the responsibility for drawing up the agenda for each board meeting to the Company Secretary. With the support of the Company Secretary, the Executive Chairman seeks to ensure that all Directors are properly briefed on issues arising at board meetings and receive adequate and reliable information in a timely manner.

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the Executive Directors and the management team. They report periodically to the Board their work and business decisions.

Board meetings are scheduled to be held at regular interval. The Board would meet more frequently as and when required. An annual general meeting at which the Company's auditor attended was convened on 2 June 2015 for the financial year ended 31 December 2014.

The attendance record of the Directors at the board meetings and the annual general meeting for the year ended 31 December 2015 is as follows:

	Attendance Board meetings	AGM
Executive Chairman		
Yum Chak Ming, Matthew	4/4	1/1
Executive Director		
Sung Chee Keung	4/4	1/1
Non-executive Directors		
Sadatoshi Inoue	3/4	1/1
Hirofumi Hori	4/4	1/1
Katsuaki Tanaka	4/4	1/1
Yam Hon Ming, Tommy	3/4	1/1
Independent Non-executive Directors		
Yap Alfred Donald	4/4	1/1
Luk Koon Hoo	4/4	1/1
Lo Chi Hong	4/4	1/1

Notice of at least fourteen days are given to the Directors for regular meetings, while Board papers are sent to the Directors not less than three days before the scheduled date of a board or board committee meeting. The Directors can attend meetings in persons or through other means of electronic communication. The Company Secretary ensures that the procedure and all applicable rules and regulations are strictly and fully complied with. Minutes of board meetings and board committee meetings are kept by the Company Secretary and are available for inspection at any reasonable time on reasonable notice by any Directors.

Directors have full access to information on the Group and are able to obtain independent professional advice whenever necessary.

TRAINING AND SUPPORT FOR DIRECTORS

Every newly appointed Director will meet with other Directors and key management executives, and will receive a comprehensive, formal and tailored induction on the first occasion of his appointment. Subsequently, he will receive briefings and other professional development necessary to ensure he has a proper understanding of the operations and business of the Company and he is fully aware of his responsibility with the Company.

All Directors are encouraged to participate in continuous professional development to refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. Directors are also invited to participate in Company events to familiarize themselves with the operations of the Company and opportunity to communicate with other management members of the Company. In 2015, we organized one training session and arranged our audit firm to give a talk and lead discussion on the subject of new Environmental, Social and Governance Reporting Guide and obligation of directors under the Hong Kong listing rules. Some directors also attended training seminars as provided by other professional bodies or as referred to by the Company.

The records of training as received by each Director in 2015 are summarized as follows:

	Type of trainings
Executive Chairman	
Yum Chak Ming, Matthew	A, B, C
Executive Director	
Sung Chee Keung	A, B, C
Non-executive Directors	
Sadatoshi Inoue	A, B
Hirofumi Hori	A, B
Katsuaki Tanaka	A, B, C
Yam Hon Ming, Tommy	A, B, C
Independent Non-executive Directors	
Yap Alfred Donald	A, B, C
Luk Koon Hoo	A, B, C
Lo Chi Hong	A, B, C

A: attending professional seminars/conferences/forums

B: reading materials relating to general business, regulatory updates on listing rules and board practices

C: attending corporate events/site visits

CORPORATE GOVERNANCE POLICY AND DUTIES

The board is responsible for performing the duties on corporate governance functions as set out below:

(1) developing and reviewing the Company's policies and practices on corporate governance;

(2) reviewing and monitoring the training and continuous professional development of directors and senior management;

(3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(4) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and

(5) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules. The Executive Chairman or the Chairman of the Audit Committee is the person to be notified for securities dealings by Directors and a designated form is used for notification and acknowledgement purpose.

All Directors have confirmed, following specific enquiry by the Company, their compliance with the required standards of dealings and its code of conduct regarding the directors' securities transaction throughout the year ended 31 December 2015.

Senior Management of the Company is also required to comply with the guidelines on similar terms as set out in the Model Code.

INTERNAL CONTROL

The Company places great importance on internal control and risk management to safeguard the assets of the Company and the interests of shareholders. The Board has overall responsibility for the system of internal control and for reviewing its effectiveness. The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. The Audit Committee reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed through the assistance of the Company's Internal Audit Department.

The Company's Internal Audit Department assesses risk exposure, formulates audit plan and ensures the audit programs cover key internal control areas of operating subsidiaries on a rotational basis for the review by the Audit Committee. Special review may also be performed on areas of concern identified by management or the Audit Committee from time to time.

The Internal Audit Department monitors the internal control procedures and systems of the Group and reports its findings and recommendations to management of the Company and the Audit Committee. The department also monitors the follow-up actions agreed upon in response to its recommendations and reports to the Audit Committee the progress of implementation of those recommendations.

With the assistance of the Audit Committee and the Company's Internal Audit Department, the Board is satisfied that the overall financial, operational and compliance controls, and risk management of the Group continues to be effective.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors ensure the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 41 to 42 of this Annual Report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the Auditor of the Company will receive approximately HK$1,860,000 (2014: HK$2,580,000) for their audit service. Non-audit service which covered taxation service provided to the Group was approximately HK$67,000 (2014: HK$106,000) in the same period.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of 3 Independent Non-executive Directors and 1 Non-executive Director. They are Mr. Alfred Donald Yap (Committee Chairman), Mr. Luk Koon Hoo, Mr. Lo Chi Hong and Mr. Katsuaki Tanaka. The Committee's authority and duties are set out in written terms of reference which are posted on the websites of the Company and the Stock Exchange.

The policy and structure for all remuneration of Executive Directors and the Senior Management were reviewed by the Committee. Remuneration, including basic salary, performance bonus, long term incentive plan of the Executive Directors and Senior Management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance and profitability. Annual salary adjustment and profit linked performance bonus are subject to review and approval by the Committee. A Restricted Share Award Scheme was in place to attract, motivate and retain employees and tie their interest to the long-term growth of the Company.

No individual director and senior manager are allowed to determine his or her own remuneration.

Executive Directors are not eligible for additional remuneration of director fee for Board activities. Director fee for Non-executive Directors is subject to annual review for shareholders' approval at the annual general meeting. Reimbursement is allowed for reasonable out-of-pocket expenses incurred in connection with the performance of their duties including attendance at board meetings and committee meetings.

The Committee met twice in the financial year ended 31 December 2015 with a 100% attendance by all Committee members.

During the year, the Committee reviewed and recommended to the Board for approval the followings:

– the incentive bonus program of Executive Directors and Senior Management as linked to the financial target of the Group for the year ended 31 December 2015

– the salary adjustment of Executive Directors and Senior Management taken into account of the Group annual salary review policy and performance of individuals

– renewal of Restricted Share Award Scheme for the scheme period ending on 31 March 2018

NOMINATION COMMITTEE

The Nomination Committee comprises of 3 Independent Non-executive Directors, Mr. Luk Koon Hoo (Committee Chairman), Mr. Alfred Donald Yap, Mr. Lo Chi Hong, 1 Non-executive Director, Mr. Katsuaki Tanaka, and the Executive Chairman, Mr. Yum Chak Ming, Matthew. The defined terms of reference of the Committee are set out in writing and are posted on the websites of the Company and the Stock Exchange.

The Committee is responsible for making recommendation to the Board for selection and nomination of directors, and the succession planning of directors and senior management. The Committee also reviews the size, structure and composition of the Board with reference to the Company's board diversity policy and assesses the independence of Independent Non-executive Directors.

The Committee met once in the financial year ended 31 December 2015 with a 100% attendance by all committee members.

During the year, the work performed by the Committee included the followings:

– the recommendation of the retiring directors for re-election at the annual general meeting

– the review of composition of the Board

– the assessment of independence of the independent Non-executive Directors

The Board adopted the Board Diversity Policy since 26 November 2013, which sets the approach to achieve and maintain diversity of the Board to enhance quality of its performance. The Policy aims to achieve diversity through the consideration of a number of factors including but not limited to skills, regional and industry experience, background, age, race, gender and other qualities. These differences will be taken into account in determining the optimum composition of the Board. All Board appointments are based on merit, in the content of the talents, skills and experience, and taking into account diversity.

The Nomination Committee will report annually on the composition of the Board under diversified perspective, and monitor the implementation of this policy to ensure its effectiveness. It will discuss any revisions that may be required and recommend such revisions to the Board for consideration and approval.

AUDIT COMMITTEE

The Audit Committee comprises of 3 Independent Non-executive Directors and 1 Non-executive Director. They are Mr. Luk Koon Hoo (Committee Chairman), Mr. Alfred Donald Yap, Mr. Lo Chi Hong and Mr. Hirofumi Hori. The defined terms of reference of the Committee are set out in writing and are posted on the websites of the Company and the Stock Exchange.

The primary duties of the Audit Committee include reviewing the effectiveness of Company's internal control and the Company's internal audit function, risk management system and regulatory compliance, the review of the Company's financial information and compliance, making recommendation to the Board on the appointment and removal of external auditor and assessing their independence and performance.

During the financial year ended 31 December 2015, the Committee held four meetings and the attendance record are:

	Attendance
Luk Koon Hoo	4/4
Yap Alfred Donald	4/4
Lo Chi Hong	4/4
Hirofumi Hori	3/4

The work performed by the Committee during the year included the followings:

– reviewing with the auditor on key audit and accounting mattes, internal control recommendation of the auditor and updates on regulatory rules in the auditor's Audit Committee Report and the draft audited financial statements for the financial year ended 31 December 2014

– reviewing the financial statements for the six months ended 30 June 2015 focusing on business highlights, any change of accounting policies and practices, and compliance with accounting standards and listing rules requirements

– reviewing with the auditor the scope of their audit, their communication plan, their independence, developments affecting the Company's business, their risk assessment and updates of accounting standards and listing rules as affecting the Company for the financial year ended 31 December 2015

– reviewing the audit plan, audit progress report and significant audit findings of the Internal Audit Department with management at all committee meetings

– reviewing with management on implementation of the recommendations made by the Internal Audit Department

– reviewing the risk management and internal control of the Group

– reviewing the proposals received from a selected group of international accounting firms and proposed the appointment of KPMG as the new auditor of the Company to replace PricewaterhouseCoopers

The Committee is satisfied with the review of the work of external auditors, their audit fees, results of their audits and has recommended to the Board their re-appointment for the financial year ending on 31 December 2016 at the forthcoming annual general meeting.

COMMUNICATION WITH SHAREHOLDERS

The Company recognizes the importance of communication with the shareholders of the Company, both individual and institutional as well as potential investors. The Company adopted a Shareholders Communication Policy with an aim of ensuring shareholders are provided with timely information about the Company and enabling them to engage actively with the Company and to exercise their rights in an informed manner.

The annual general meeting also provides a good opportunity for communication between the Board and shareholders. The Executive Chairman of the Board, the Chairman of the respective Committees as well as the external auditors are normally present to answer questions as raised by shareholders. Notice of the AGM and the related circular are sent to shareholders at least 20 clear business days before the meeting.

Votes of the shareholders at general meeting will be taken by poll in accordance with the Listing Rules. Detailed procedures for conducting a poll will be explained to shareholders at the beginning of the general meeting to ensure that shareholders are familiar with the voting procedures. Each issue will be proposed by a separate resolution by the Chairman of the general meeting. The poll results will be posted on the websites of the Company and the Stock Exchange on the same day of the general meeting.

Shareholders holding not less than one-twentieth of paid-up capital of the Company can make a requisition to convene an extraordinary general meeting. The requisition must state the objects of the meeting and must be signed by the relevant shareholders and deposited at the Company's registered office.

Shareholders holding not less than one-fortieth of the total voting rights of all shareholders of the Company or not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholders at the Company's registered office.

Specific enquiries and suggestions by shareholders can be sent in writing to the Board or the Company Secretary at the Company's registered office. Shareholders are encouraged to access to the Company website at www.hunghingprinting.com for all relevant information including Company's announcements, press releases, financial highlights, financial calendar, the Company's constitutional documents and detailed procedures for shareholders to convene meetings.

INVESTOR RELATIONS

The Company has a proactive policy for promoting investor relations and communications by maintaining regular dialogue with institutional shareholders, fund managers, analysts and the media. Meetings and conference call were held with investors and analysts in order for the Company to understand their views and to keep them abreast of the latest developments. Inquires on the Company were also dealt with in an informative and timely manner.

The Company's website at www.hunghingprinting.com also features a dedicated Investor Relations section to facilitate communication with shareholders and investors. Corporate information and other relevant financial and non-financial information are made available electronically and in a timely manner. Specific enquiries can also be addressed to the Company's designated personnel by email at ir.contact@hunghingprinting.com.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Hung Hing Printing Group Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hung Hing Printing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 128, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Hong Kong, 24 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000 (Restated)
Revenue	6	**3,036,933**	3,015,918
Cost of sales	7	**(2,585,536)**	(2,587,616)
Gross profit		**451,397**	428,302
Other revenue	6	**32,183**	31,509
Other net loss	6	**(18,293)**	(37,503)
Distribution costs		**(76,061)**	(77,518)
Administrative and selling expenses	7	**(317,567)**	(303,752)
Operating profit		**71,659**	41,038
Finance costs	8	**(6,632)**	(9,538)
Profit before income tax		**65,027**	31,500
Income tax	11	**(22,516)**	(22,107)
Profit for the year		**42,511**	9,393
Attributable to:			
Equity shareholders of the Company		**38,199**	7,914
Non-controlling interests		**4,312**	1,479
Profit for the year		**42,511**	9,393
Earnings per share attributable to equity shareholders of the Company	12		
Basic		**4.2 cents**	0.9 cent
Diluted		**4.2 cents**	0.9 cent
		$'000	$'000
Dividends	30	**36,315**	27,236

The notes on pages 51 to 128 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
Profit for the year		**42,511**	9,393
Other comprehensive income for the year (net of tax):			
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of overseas subsidiaries		**(46,746)**	(25,183)
– Change in fair value of intangible assets	16	**500**	(50)
– Change in fair value of available-for-sale financial assets		**3,333**	1,508
		(42,913)	(23,725)
Total comprehensive income for the year		**(402)**	(14,332)
Attributable to:			
Equity shareholders of the Company		**3,217**	(11,546)
Non-controlling interests		**(3,619)**	(2,786)
		(402)	(14,332)

The notes on pages 51 to 128 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015
(Expressed in Hong Kong dollars)

	Note	**2015 $'000**	2014 $'000
Non-current assets			
Property, plant and equipment	13	**1,183,805**	1,256,678
Land use rights	14	**82,641**	87,249
Properties under construction	15	**1,219**	1,910
Intangible assets	16	**9,735**	9,438
Deposits for acquisition of non-current assets		**23,364**	17,669
Available-for-sale financial assets	18	**46,231**	43,929
Deferred tax assets	28(b)	**8,675**	12,050
		1,355,670	1,428,923
Current assets			
Inventories	19	**522,328**	515,293
Trade and bills receivables	20	**786,864**	781,007
Prepayments, deposits and other receivables	21	**51,598**	40,149
Pledged time deposits	22	**85,403**	82,558
Time deposits with original maturity over three months		**180,958**	47,549
Cash and cash equivalents	23	**546,391**	917,658
Income tax recoverable	28(a)	**3,821**	1,340
		2,177,363	2,385,554
Current liabilities			
Trade and bills payables	24	**196,315**	244,317
Other payables and accrued liabilities	25	**180,722**	166,309
Derivative financial instruments	26	**–**	3,749
Bank borrowings	27	**188,698**	290,058
Income tax payable	28(a)	**11,951**	14,467
		577,686	718,900
Net current assets		**1,599,677**	1,666,654
Total assets less current liabilities		**2,955,347**	3,095,577

	Note	2015 $'000	2014 $'000
Non-current liabilities			
Bank borrowings	27	**85,000**	194,667
Deferred tax liabilities	28(b)	**58,472**	56,858
		143,472	251,525
NET ASSETS		**2,811,875**	2,844,052
CAPITAL AND RESERVES			
Share capital	29	**1,652,854**	1,652,854
Reserves	32	**981,140**	1,014,238
Proposed dividend	30	**22,697**	18,157
Total equity attributable to equity shareholders of the Company		**2,656,691**	2,685,249
Non-controlling interests		**155,184**	158,803
TOTAL EQUITY		**2,811,875**	2,844,052

Approved and authorised for issue by the board of directors on 24 March 2016.

Yum Chak Ming, Matthew
Director

Sung Chee Keung
Director

The notes on pages 51 to 128 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company												
	Note	Share capital $'000	Share premium $'000	Other capital reserves (Note) $'000	Intangible asset revaluation reserve $'000	Available-for-sale investment revaluation reserve $'000	Legal reserves $'000	Exchange fluctuation reserve $'000	Equity compensation reserve $'000	Retained earnings $'000	Proposed dividend $'000	Sub-total $'000	Non-controlling interests $'000	Total equity $'000
Balance 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
Changes in equity for 2014:														
Profit for the year		–	–	–	–	–	–	–	–	7,914	–	7,914	1,479	9,393
Other comprehensive income, net of tax		–	–	–	(50)	1,508	–	(20,918)	–	–	–	(19,460)	(4,265)	(23,725)
Total comprehensive income		–	–	–	(50)	1,508	–	(20,918)	–	7,914	–	(11,546)	(2,786)	(14,332)
Transfer on 3 March 2014 upon adoption of the new Hong Kong Companies Ordinance	29	1,562,067	(1,559,461)	(2,606)	–	–	–	–	–	–	–	–	–	–
Dividend approved in respect of the previous year	30	–	–	–	–	–	–	–	–	–	(48,117)	(48,117)	–	(48,117)
Equity compensation expenses	31	–	–	–	–	–	–	–	183	–	–	183	–	183
Shares vested under the restricted share award scheme	31	–	–	2,339	–	–	–	–	(4,217)	1,878	–	–	–	–
Allocation to legal reserves		–	–	–	–	–	3,342	–	–	(3,342)	–	–	–	–
Interim dividend	30	–	–	–	–	–	–	–	–	(9,079)	–	(9,079)	–	(9,079)
Proposed final dividend	30	–	–	–	–	–	–	–	–	(18,157)	18,157	–	–	–
Total transactions with equity shareholders, recognised directly in equity		1,562,067	(1,559,461)	(267)	–	–	3,342	–	(4,034)	(28,700)	(29,960)	(57,013)	–	(57,013)
Balance at 31 December 2014		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

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Other capital reserves (Note) $'000	Intangible asset revaluation reserve $'000	Available-for-sale investment revaluation reserve $'000	Legal reserves $'000	Exchange fluctuation reserve $'000	Retained earnings $'000	Proposed dividend $'000	Sub-total $'000	Non-controlling interests $'000	Total equity $'000
Balance 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
Changes in equity for 2015:												
Profit for the year		–	–	–	–	–	–	38,199	–	38,199	4,312	42,511
Other comprehensive income, net of tax		–	–	500	3,333	–	(38,815)	–	–	(34,982)	(7,931)	(42,913)
Total comprehensive income		–	–	500	3,333	–	(38,815)	38,199	–	3,217	(3,619)	(402)
Dividend approved in respect of previous year	30	–	–	–	–	–	–	–	(18,157)	(18,157)	–	(18,157)
Allocation to legal reserves		–	–	–	–	3,632	–	(3,632)	–	–	–	–
Reclassification of legal reserves upon deregistration of a subsidiary		–	–	–	–	(786)	–	786	–	–	–	–
Interim dividend	30	–	–	–	–	–	–	(13,618)	–	(13,618)	–	(13,618)
Proposed final dividend	30	–	–	–	–	–	–	(22,697)	22,697	–	–	–
Total transactions with equity shareholders, recognised directly in equity		–	–	–	–	2,846	–	(39,161)	4,540	(31,775)	–	(31,775)
Balance at 31 December 2015		1,652,854	(4,831)	5,600	25,228	134,426	103,050	717,667	22,697	2,656,691	155,184	2,811,875

Note: At 1 January 2014, other capital reserves represented capital redemption reserve of $2,606,000, own held shares reserve and capital reserve with debit balances of $6,356,000 and $814,000 respectively. At 31 December 2014 and 31 December 2015, it represented own held shares reserve and capital reserve with debit balances of $4,017,000 and $814,000 respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
Operating activities			
Cash generated from operations	23(b)	**100,290**	232,240
Hong Kong profits tax paid		**(8,104)**	(16,559)
People's Republic of China ("PRC") income tax paid		**(12,723)**	(18,110)
Net cash generated from operating activities		**79,463**	197,571
Investing activities			
Settlement of derivative financial instruments		**(3,478)**	(9,014)
Interest received		**21,785**	19,281
Dividend received from available-for-sale financial assets	6	**381**	348
Purchases of property, plant and equipment	13	**(63,369)**	(60,356)
Purchases of software	16	**(671)**	(1,619)
Additions to properties under construction	15	**(923)**	(849)
Deposits for acquisition of property, plant and equipment		**(13,465)**	(2,917)
Proceeds from disposals of available-for-sale financial assets		**–**	23,011
Proceeds from disposals of property, plant and equipment		**8,298**	3,163
Increase in pledged time deposits		**(3,952)**	(34,750)
(Increase)/decrease in time deposits with original maturity over three months		**(133,547)**	166,136
Net cash (used in)/generated from investing activities		**(188,941)**	102,434

	Note	2015 $'000	2014 $'000
Financing activities			
Proceeds from bank borrowings		**42,067**	259,356
Repayments of bank borrowings		**(253,094)**	(173,841)
Interest paid		**(6,945)**	(9,446)
Dividends paid to equity shareholders of the Company		**(31,775)**	(57,196)
Net cash (used in)/generated from financing activities		**(249,747)**	18,873
Net (decrease)/increase in cash and cash equivalents		**(359,225)**	318,878
Cash and cash equivalents at 1 January		**917,658**	608,906
Effect of foreign exchange rate changes		**(12,042)**	(10,126)
Cash and cash equivalents at 31 December	23(a)	**546,391**	917,658
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**328,119**	269,055
Time deposits with original maturity less than three months		**218,272**	648,603
		546,391	917,658

The notes on pages 51 to 128 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION

Hung Hing Printing Group Limited (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.

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 has its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements have been approved for issue by the Board of Directors on 24 March 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Statement of compliance (Continued)

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– club debentures (see note 2(i)(iii));

– financial instruments classified as available-for-sale (see note 2(j)); and

– derivative financial instruments (see note 2(k))

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

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

– *Annual Improvements to HKFRSs 2010-2012 Cycle*

– *Annual Improvements to HKFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

(d) Subsidiaries and non-controlling interests

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by – acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (see note 2(i)(i)).

Intra-group transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (Continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Structured entity

A structured entity is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. The assets and liabilities of the structured entity, Law Debenture Trust (Asia) Limited (the "Trustee"), are included in the Group's consolidated statement of financial position and the shares held by the Trustee are presented as a deduction in equity as own held shares reserve.

(v) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment losses (see note 2(m)). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (see note 2(m)). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is provided to allocate their costs to their residual values over their estimated useful lives. The principal annual rates and bases used are as follows:

– Buildings situated in Hong Kong	Over the shorter of the useful lives of the assets or lease terms of the associated land use rights
– Buildings situated in the People's Republic of China (the "PRC")	Over the shorter of the lease terms of the associated land use rights and useful lives which is 2.5%-10% on the straight-line basis
– Plant and machinery	10%-20% on the reducing balance basis
– Motor vehicles	30% on the reducing balance basis
– Furniture, fixtures and equipment	20%-30% on the reducing balance basis

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Properties under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the construction and comprises construction costs and applicable borrowing costs incurred during the construction period. On completion, the properties under construction are transferred to other categories within property, plant and equipment.

No depreciation is provided for properties under construction. The carrying amount of properties under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2(m)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Land use rights

Land use rights are up-front payments to acquire long-term interest in leasehold land, which are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the land from the date when the respective rights were granted. Amortisation of land use rights is calculated on a straight-line basis over the period of the lease and is recognised in profit or loss.

(i) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of

(a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree; over

(b) the fair value of the identified net assets acquired.

When (b) is greater than (a), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment (see note 2(m)).

(ii) Computer software

Computer software that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(m)).

Amortisation of computer software with finite useful lives is 30% on the reducing balance basis and is charged to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (Continued)

(iii) Club debentures

Club debentures are initially recognised at cost, subsequently at revaluation. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Club debentures that have an indefinite useful life are not subject to amortisation and are tested annually for impairment (see note 2(m)).

(j) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

– Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(v)(ii) and 2(v)(iii).

– Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(m)).

– Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Other investments in debt and equity securities (Continued)

Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(v)(ii) and 2(v)(iii) respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(m)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(k) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(l) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(m) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

– For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables and bills receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets (including goodwill); and

– investments in subsidiaries in the Company's statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, other intangible assets that are not yet available for use and other intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a CGU).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the CGU to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGU) and then, to reduce the carrying amount of the other assets in the unit (or group of CGU) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (Continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(m)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less provision for impairment loss of receivables (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less provision for impairment of trade receivables.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The Group operates an equity-settled, share-based compensation plan (the "Share Award Scheme"), under which the entity receives services from employees as consideration for equity instruments (shares) of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

– including any market performance conditions;

– excluding the impact of any service and non-market performance vesting conditions; and

– excluding the impact of any non-vesting conditions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (Continued)

(ii) Share-based payments (Continued)

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Under the Share Award Scheme, directors and employees of the Group are entitled to the shares for which are held in trust by Law Debenture Trust (Asia) Limited (the "Trustee") for the benefit of the directors and employees. The Trustee may be instructed to buy shares from the market using the funds held by the Trustee. Details of outstanding shares can be referred to note 31.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Revenue recognition (Continued)

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customers. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected lives of the related assets.

(w) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board of Directors, where appropriate.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 PRIOR PERIOD ADJUSTMENT

In the consolidated income statement for the year ended 31 December 2014, sales commission paid/payable to third party agents of $26,585,000 was incorrectly recognised as an adjustment to revenue, rather than as an expense. The consolidated income statement has been corrected retrospectively by reclassifying such sales commission from revenue to administrative and selling expenses for the year ended 31 December 2014.

The effect of the above-mentioned adjustment on the consolidated income statement for the year ended 31 December 2014 is set out as follows:

	As previously reported $'000	Prior period adjustment in respect of commission expense $'000	Reclassification of expenses (Note) $'000	As restated $'000
Consolidated income statement for the year ended 31 December 2014				
Revenue	2,989,333	26,585	–	3,015,918
Cost of sales	(2,587,616)	–	–	(2,587,616)
Gross profit	401,717	26,585	–	428,302
Administrative and selling expenses	(276,412)	(26,585)	(755)	(303,752)
Other income and expenses	(84,267)	–	755	(83,512)
Operating profit	41,038	–	–	41,038

Note: Certain expenses items have been reclassified to conform with current year's presentation.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets and property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The Group reviews for impairment of the intangible assets and property, plant and equipment in accordance with the accounting policy stated in note 2(m).

The recoverable amount of the property, plant and equipment has been determined based on value-in-use calculation. These calculations require the use of estimates based on the Group's best estimate of the expected cash inflow generated from the use of property, plant and equipment throughout their useful lives.

Adjustments will be made if the actual performance differs from the original estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(c) Estimate of useful lives of property, plant and equipment

The Group has significant property, plant and equipment. The Group determines the estimated useful lives and residual values in order to ascertain the amount of depreciation charges for each reporting period. These estimates are based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives or residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Fair value estimation of derivative financial instruments and available-for-sale financial assets

The fair value of derivative financial instruments and available-for-sale financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the issue date and the end of each reporting period. The valuation model requires the input of both observable and unobservable data. Changes in these unobservable and subjective input assumptions can materially affect the fair value estimate of derivative financial instruments and available-for-sale financial assets.

(e) Provision for inventories

The Group reviews the carrying value of its inventories to ensure that they are stated at the lower of cost and net realisable value. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their physical conditions, age, market conditions and market price for similar items.

(f) Provision for impairment loss of receivables

Management determines the provision for impairment loss of trade and other receivables. This estimate is based on the credit history of its customers and the current market conditions. Management reassesses the provision at the end of each reporting period.

Significant judgement is exercised on the assessment of the collectability of trade receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

5 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 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.

Revenue from external customers are after elimination of inter-segment revenue. Inter-segment revenue is charged in accordance with terms determined and agreed mutually by relevant parties. Revenue is allocated based on the places/countries in which the customers are located.

Management assesses the performance of the operating segments based on a measure of gross profit and other revenue less distribution costs, administrative and selling expenses, and other net loss 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 an arm's length basis.

Segment results do not include corporate finance costs and other corporate income and expenses. Segment assets do not include property, plant and equipment, intangible assets, available-for-sale financial assets, prepayments, deposits and other receivables, derivative financial instruments and bank and cash balances at corporate level.

5 SEGMENT INFORMATION (CONTINUED)

Business segments

(a) The following tables present revenue, results and certain assets, liabilities and capital expenditure information for the Group's business segments for the years ended 31 December 2015 and 2014.

	Book and package printing		Consumer product packaging		Corrugated box		Paper trading		Eliminations		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
		(Restated)										(Restated)
Segment revenue												
Sales to external customers	**1,724,132**	1,698,352	**696,129**	727,528	**187,604**	198,267	**429,068**	391,771	**–**	–	**3,036,933**	3,015,918
Inter-segment sales	**870**	1,785	**1,059**	3,137	**98,316**	92,914	**385,406**	430,760	**(485,651)**	(528,596)	**–**	–
Total	**1,725,002**	1,700,137	**697,188**	730,665	**285,920**	291,181	**814,474**	822,531	**(485,651)**	(528,596)	**3,036,933**	3,015,918
Segment results	**57,327**	42,268	**11,386**	7,274	**10,619**	5,336	**14,155**	13,514	**1,264**	1,758	**94,751**	70,150
Interest, dividend income and other income											**22,943**	20,083
Corporate and unallocated expenses											**(46,035)**	(49,195)
Operating profit											**71,659**	41,038
Finance costs											**(6,632)**	(9,538)
Profit before income tax											**65,027**	31,500
Income tax											**(22,516)**	(22,107)
Profit for the year											**42,511**	9,393

	Book and package printing		Consumer product packaging		Corrugated box		Paper trading		Unallocated/ eliminations		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets												
Property, plant and equipment	**651,831**	674,594	**451,820**	489,026	**52,755**	65,298	**25,205**	27,250	**2,194**	510	**1,183,805**	1,256,678
Land use rights	**29,181**	30,317	**34,601**	37,296	**4,140**	4,514	**14,719**	15,122	**–**	–	**82,641**	87,249
Properties under construction	**94**	94	**1,125**	1,816	**–**	–	**–**	–	**–**	–	**1,219**	1,910
Inventories	**212,315**	225,671	**97,903**	122,035	**25,353**	26,779	**186,157**	140,808	**600**	–	**522,328**	515,293
Trade and bills receivables	**457,666**	450,670	**191,532**	181,135	**49,625**	64,163	**88,041**	85,039	**–**	–	**786,864**	781,007
Liabilities												
Trade and bills payables	**86,999**	85,590	**46,604**	67,006	**18,647**	31,856	**44,065**	59,865	**–**	–	**196,315**	244,317
Capital expenditure	**40,230**	52,650	**24,172**	12,772	**645**	1,891	**1,437**	4,179	**–**	406	**66,484**	71,898

5 SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

(b) Analysis of revenue by geographic locations of customers

The analysis of the Group's revenue from external customers attributed to the locations in which the customers are located during the year consists of the following:

	2015 $'000	2014 $'000 (Restated)
Hong Kong	**934,884**	864,926
The PRC	**824,264**	828,667
Europe	**607,994**	596,154
United States of America	**546,696**	564,502
Other countries	**123,095**	161,669
	3,036,933	3,015,918

Revenues from the individual countries included in other countries are not material.

During the years ended 31 December 2015 and 2014, no single customer accounted for 10% or more of total revenue.

(c) Analysis of non-current assets by geographic locations

Non-current assets, other than financial instruments and deferred tax assets, by location:

	2015 $'000	2014 $'000
Hong Kong	**113,538**	119,582
The PRC	**1,187,226**	1,253,362
	1,300,764	1,372,944

6 REVENUE, OTHER REVENUE AND OTHER NET LOSS

The Group's revenue, other revenue and other net loss consist of the following:

	2015	2014
	$'000	$'000
		(Restated)
Revenue		
Sale of goods	**3,036,933**	3,015,918
Other revenue		
Dividend income from available-for-sale financial assets	**381**	348
Bank interest income	**22,672**	19,735
Sales of scrap materials	**4,714**	7,146
Government grants	**2,658**	1,856
Sundry income	**1,758**	2,424
	32,183	31,509
Other net loss		
Foreign exchange loss	**(16,566)**	(18,242)
Fair value changes on derivative financial instruments not qualified as hedges	**271**	(15,324)
Loss on disposal of property, plant and equipment	**(1,998)**	(3,937)
	(18,293)	(37,503)

7 EXPENSES BY NATURE

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

	Note	**2015** **$'000**	2014 $'000
Depreciation#	13	**104,769**	108,054
Amortisation of land use rights	14	**2,951**	1,738
Amortisation of intangible assets#	16	**873**	631
Auditor's remuneration			
– Audit service		**1,860**	2,580
– Non-audit services (included tax matters, review and other reporting services)		**67**	106
Employee benefits expense#			
– excluding Directors' emoluments	9	**794,774**	804,216
Directors' emoluments	10(a)	**11,567**	8,404
Operating lease charges in respect of land and buildings		**7,563**	6,941
(Reversal of)/provision for impairment loss of trade receivables, net	20	**(2,000)**	1,135
Recovery of bad debt		**(57)**	(380)
Cost of inventories#	19(b)	**2,585,536**	2,587,616

Cost of inventories include $728,120,000 (2014: $744,057,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 9 for each of these types of expenses.

8 FINANCE COSTS

	2015 **$'000**	2014 $'000
Interest on bank borrowings	**6,632**	9,538

9 EMPLOYEE BENEFITS EXPENSE – EXCLUDING DIRECTORS' EMOLUMENTS

	2015 $'000	2014 $'000
Salaries, allowances, bonus and benefits in kind	**739,923**	751,514
Pension costs – defined contribution plans	**54,851**	52,613
Share-based payments	**–**	89
	794,774	804,216

10 EMOLUMENTS FOR DIRECTORS AND MANAGEMENT

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2015 $'000	2014 $'000
Fees:		
Non-executive directors	**1,400**	1,315
Other emoluments:		
Executive directors:		
– Salaries, allowances and benefits in kind	**6,468**	6,381
– Pension costs – defined contribution plans	**233**	230
– Discretionary bonus	**3,069**	–
– Share-based payments	**–**	94
Non-executive directors:		
– Salaries, allowances and benefits in kind	**397**	384
	11,567	8,404

The executive directors and members of senior management are eligible to receive discretionary bonus which is based on the performance of the Company and its subsidiaries, and individual performance. The accrual of discretionary bonus was based on the discretionary bonus program as reviewed and recommended by the Remuneration Committee, and approved by the Board of Directors.

10 EMOLUMENTS FOR DIRECTORS AND MANAGEMENT (CONTINUED)

(a) Directors' emoluments (Continued)

The emoluments of each director of the Company during the year are as follows:

	Fees $'000	Salaries, allowances and benefits in kind $'000	Employer's contribution to pension scheme $'000	Discretionary bonus $'000	Share-based payments (Note) $'000	Total $'000
Year ended 31 December 2015						
Executive directors:						
Yum Chak Ming, Matthew#*	–	4,667	215	2,420	–	7,302
Sung Chee Keung	–	1,801	18	649	–	2,468
	–	6,468	233	3,069	–	9,770
Non-executive directors:						
Sadatoshi Inoue	200	–	–	–	–	200
Hirofumi Hori	200	–	–	–	–	200
Katsuaki Tanaka	200	397	–	–	–	597
Yam Hon Ming, Tommy	200	–	–	–	–	200
	800	397	–	–	–	1,197
Independent non-executive directors:						
Yap, Alfred Donald	200	–	–	–	–	200
Luk Koon Hoo	200	–	–	–	–	200
Lo Chi Hong	200	–	–	–	–	200
	600	–	–	–	–	600

10 EMOLUMENTS FOR DIRECTORS AND MANAGEMENT (CONTINUED)

(a) Directors' emoluments (Continued)

	Fees $'000	Salaries, allowances and benefits in kind $'000	Employer's contribution to pension scheme $'000	Discretionary bonus $'000	Share-based payments (Note) $'000	Total $'000
Year ended 31 December 2014						
Executive directors:						
Yum Chak Ming, Matthew#*	–	4,607	213	–	69	4,889
Sung Chee Keung	–	1,774	17	–	25	1,816
	–	6,381	230	–	94	6,705
Non-executive directors:						
Sadatoshi Inoue[2]	19	–	–	–	–	19
Hirofumi Hori[2]	19	–	–	–	–	19
Katsuaki Tanaka	217	384	–	–	–	601
Yoshitaka Ozawa[1]	130	–	–	–	–	130
Shigechika Ishida[1]	130	–	–	–	–	130
Yam Hon Ming, Tommy	200	–	–	–	–	200
	715	384	–	–	–	1,099
Independent non-executive directors:						
Yap, Alfred Donald	200	–	–	–	–	200
Luk Koon Hoo	200	–	–	–	–	200
Lo Chi Hong	200	–	–	–	–	200
	600	–	–	–	–	600

10 EMOLUMENTS FOR DIRECTORS AND MANAGEMENT (CONTINUED)

(a) Directors' emoluments (Continued)

Note: These represent the estimated value of share awards granted to the directors under the Company's share award scheme. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of shares granted, are disclosed under the paragraph "Restricted share award scheme" in the directors' report and note 31.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or as compensation for loss of office. No director waived or agreed to waive any emoluments.

Chairman
* Chief executive officer
1 Resigned on 25 November 2014
2 Appointed on 26 November 2014

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included two (2014: two) executive directors. Their emoluments are reflected in the analysis presented above. The aggregate of the emoluments in respect of the remaining three (2014: three) individuals during the year are as follows:

	2015	2014
	$'000	$'000
Salaries, allowances and benefits in kind	**5,770**	5,422
Pension costs – defined contribution plans	**146**	142
Discretionary bonus	**2,719**	270
Share-based payments	**–**	39
	8,635	5,873

The number of highest paid individuals whose emoluments fell within the following bands:

	Number of individuals	
	2015	2014
$1,500,001 – $2,000,000	**–**	2
$2,000,001 – $2,500,000	**1**	1
$2,500,001 – $3,000,000	**1**	–
$3,000,001 – $3,500,000	**1**	–
	3	3

10 EMOLUMENTS FOR DIRECTORS AND MANAGEMENT (CONTINUED)

(c) Senior management remuneration by band

Senior management remuneration by band included two (2014: two) executive directors:

	Number of individuals	
	2015	2014
Below $2,000,000	**4**	9
$2,000,001 – $2,500,000	**4**	1
$2,500,001 – $3,000,000	**1**	–
$3,000,001 – $3,500,000	**1**	–
Above $3,500,001	**1**	1
	11	11

11 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2015	2014
	$'000	$'000
Current tax – Hong Kong Profits Tax		
– Provision for the year	**1,732**	4,475
– Under provision in respect of prior years	**91**	346
	1,823	4,821
Current tax – PRC Corporate Income Tax		
– Provision for the year	**13,375**	11,873
– Under provision in respect of prior years	**632**	146
	14,007	12,019
Deferred tax		
Origination and reversal of temporary differences (Note 28(b))	**6,686**	5,267
	22,516	22,107

11 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and profit before income tax at applicable tax rates:

	2015 **$'000**	2014 $'000
Profit before income tax	**65,027**	31,500
Notional tax on profit before income tax, calculated at the rates applicable to profits in the countries concerned	**15,117**	6,684
Tax effect of non-deductible expenses	**3,676**	4,918
Tax effect of non-taxable income	**(2,946)**	(2,696)
Tax effect of utilisation of tax losses not recognised in prior years	**(1,482)**	(4)
Tax effect of unused tax losses not recognised during the year	**1,472**	4,939
Tax effect of tax losses recognised in prior years but reversed in current year (note)	**5,642**	6,421
Withholding tax on earnings expected to be remitted by PRC subsidiaries	**158**	713
Under provision in prior years, net	**723**	492
Others	**156**	640
Actual tax expense	**22,516**	22,107

Note: Subsidiaries in the PRC recognised deferred tax assets amounted to $5,642,000 (2014: $6,421,000), in respect of tax losses amounted to $22,568,000 (2014: $25,684,000) in prior years. After reviewing the performance of the subsidiaries and reassessing the likelihood of these deferred tax assets being utilised in the future, such deferred tax assets were reversed during the year ended 31 December 2015 as the directors are of opinion that it is not probable that these unused tax losses can be utilised in the foreseeable future.

For the years ended 31 December 2015 and 2014, there was no tax charge relating to components of other comprehensive income.

12 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $38,199,000 (2014: $7,914,000) and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company.

	2015	2014
Profit attributable to equity shareholders of the Company ($'000)	**38,199**	7,914
Weighted average number of ordinary shares in issue (thousands)	**907,865**	907,865
Weighted average number of own held shares for share award scheme (thousands)	**(1,633)**	(1,951)
Weighted average number of ordinary shares in issue for calculation of basic earnings per share (thousands)	**906,232**	905,914
Basic earnings per share (HK cents per share)	**4.2**	0.9

(b) Diluted earnings per share

For the years ended 31 December 2015 and 2014, diluted earnings per share is the same as the basic earnings per share as there was no dilutive potential ordinary shares.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Total $'000
At 1 January 2014:					
Cost	726,106	1,824,544	35,791	132,682	2,719,123
Accumulated depreciation	(232,433)	(1,054,910)	(27,875)	(96,197)	(1,411,415)
Net book amount	493,673	769,634	7,916	36,485	1,307,708
Year ended 31 December 2014					
Opening net book amount	493,673	769,634	7,916	36,485	1,307,708
Additions	795	53,852	624	5,085	60,356
Transfer from properties under construction (Note 15)	–	8,174	–	549	8,723
Transfer from deposit for acquisition of non-current assets	–	9,074	–	–	9,074
Disposals	–	(6,858)	(171)	(71)	(7,100)
Depreciation	(21,226)	(77,919)	(2,211)	(6,698)	(108,054)
Exchange differences	(5,511)	(8,293)	(41)	(184)	(14,029)
Closing net book amount	467,731	747,664	6,117	35,166	1,256,678
At 31 December 2014:					
Cost	719,153	1,856,586	32,219	135,180	2,743,138
Accumulated depreciation	(251,422)	(1,108,922)	(26,102)	(100,014)	(1,486,460)
Net book amount	467,731	747,664	6,117	35,166	1,256,678

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture, fixtures and equipment $'000	Total $'000
Year ended 31 December 2015					
Opening net book amount	467,731	747,664	6,117	35,166	1,256,678
Additions	71	57,274	1,395	4,629	63,369
Transfer from properties under construction (Note 15)	–	1,516	–	–	1,516
Transfer from deposit for acquisition of non-current assets	–	1,521	–	–	1,521
Disposals	–	(9,967)	(222)	(107)	(10,296)
Depreciation	(20,768)	(74,933)	(1,897)	(7,171)	(104,769)
Exchange differences	(9,559)	(14,364)	(64)	(227)	(24,214)
Closing net book amount	437,475	708,711	5,329	32,290	1,183,805
At 31 December 2015:					
Cost	705,065	1,836,986	31,151	135,236	2,708,438
Accumulated depreciation	(267,590)	(1,128,275)	(25,822)	(102,946)	(1,524,633)
Net book amount	437,475	708,711	5,329	32,290	1,183,805

At 31 December 2015, certain buildings of the Group with carrying amount of $65,757,000 (2014: $71,730,000) have been pledged to secure banking facilities granted to the Group (Note 27).

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The analysis of net book value of buildings is as follows:

	2015 $'000	2014 $'000
Buildings in Hong Kong, held on lease of:		
Between 10-50 years	**60,544**	63,816
Buildings in PRC, held on lease of:		
Between 10-50 years	**376,931**	403,915
	437,475	467,731

14 LAND USE RIGHTS

The movements of land use rights are as follows:

	2015 $'000	2014 $'000
At 1 January	**87,249**	105,069
Amortisation (Note 7)	**(2,951)**	(1,738)
Reclassification	**–**	(15,138)
Exchange differences	**(1,657)**	(944)
At 31 December	**82,641**	87,249

14 LAND USE RIGHTS (CONTINUED)

The Group's interests in land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

	2015 $'000	2014 $'000
Land use rights in Hong Kong, held on lease of:		
Between 10-50 years	**16,325**	16,865
Land use rights in PRC, held on lease of:		
Between 10-50 years	**66,316**	70,384
	82,641	87,249

At 31 December 2015, certain leasehold lands of the Group with carrying amount of $15,358,000 (2014: $16,603,000) have been pledged to banks to secure banking facilities granted to the Group (Note 27).

15 PROPERTIES UNDER CONSTRUCTION

	2015 $'000	2014 $'000
At 1 January	**1,910**	10,084
Additions	**923**	849
Transfer to property, plant and equipment (Note 13)	**(1,516)**	(8,723)
Exchange differences	**(98)**	(300)
At 31 December	**1,219**	1,910

The properties under construction are located in the PRC.

16 INTANGIBLE ASSETS

	Goodwill	Club debentures	Software	Total
	$'000	$'000	$'000	$'000
At 1 January 2014:				
Cost or valuation	1,634	5,550	4,019	11,203
Accumulated amortisation	–	–	(2,702)	(2,702)
Net book amount	1,634	5,550	1,317	8,501
Year ended 31 December 2014				
Opening net book amount	1,634	5,550	1,317	8,501
Additions	–	–	1,619	1,619
Amortisation (Note 7)	–	–	(631)	(631)
Fair value changes	–	(50)	–	(50)
Exchange differences	–	–	(1)	(1)
Closing net book amount	1,634	5,500	2,304	9,438
At 31 December 2014:				
Cost or valuation	1,634	5,500	5,635	12,769
Accumulated amortisation	–	–	(3,331)	(3,331)
Net book amount	1,634	5,500	2,304	9,438
Year ended 31 December 2015				
Opening net book amount	**1,634**	**5,500**	**2,304**	**9,438**
Additions	**–**	**–**	**671**	**671**
Amortisation (Note 7)	**–**	**–**	**(873)**	**(873)**
Fair value changes	**–**	**500**	**–**	**500**
Exchange differences	**–**	**–**	**(1)**	**(1)**
Closing net book amount	**1,634**	**6,000**	**2,101**	**9,735**
At 31 December 2015:				
Cost or valuation	**1,634**	**6,000**	**6,298**	**13,932**
Accumulated amortisation	**–**	**–**	**(4,197)**	**(4,197)**
Net book amount	**1,634**	**6,000**	**2,101**	**9,735**

16 INTANGIBLE ASSETS (CONTINUED)

The analysis of the cost or valuation of the above assets is as follows:

	Goodwill $'000	Club debentures $'000	Software $'000	Total $'000
At 31 December 2014:				
At cost	1,634	–	5,635	7,269
At valuation	–	5,500	–	5,500
	1,634	5,500	5,635	12,769
At 31 December 2015:				
At cost	**1,634**	**–**	**6,298**	**7,932**
At valuation	**–**	**6,000**	**–**	**6,000**
	1,634	**6,000**	**6,298**	**13,932**

Goodwill is attributable to the consumer product packaging segment.

(Expressed in Hong Kong dollars unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets and liabilities of Group. The class of shares held is ordinary unless otherwise stated.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued and fully paid up shares/ registered capital	Proportion of ordinary shares directly held by Company	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
Hung Hing Off-Set Printing Company Limited	Hong Kong/Limited liability company	Production and trading of paper products and carton boxes/ Hong Kong	100 ordinary shares	100%	100%	–
Sun Hing Paper Company Limited	Hong Kong/Limited liability company	Paper trading/Hong Kong	100 ordinary shares	100%	100%	–
Hung Hing Printing (China) Company Limited§§	The PRC/Limited liability company	Production and colour printing of paper products/Mainland China	HK$566,000,000	–	100%	–
Tai Hing Paper Products Company, Limited	Hong Kong/Limited liability company	Trading of corrugated cartons boxes/Hong Kong	100 ordinary shares	100%	100%	–
Piguet Graphic & Prints Company Limited	Hong Kong/Limited liability company	Inactive/Hong Kong	1,000,000 ordinary shares	100%	100%	–
Beluga Limited	Hong Kong/Limited liability company	Design and production of "print + digital" products/Hong Kong	2 ordinary shares	100%	100%	–
Zhongshan Hung Hing Printing & Packaging Company Limited§	The PRC/Limited liability company	Printing and manufacturing of paper cartons/Mainland China	USD20,000,000	–	71%	29%
Zhongshan Hung Hing Off-Set Printing Company Limited§	The PRC/Limited liability company	Production and colour printing of paper products/Mainland China	USD5,000,000	–	71%	29%
Hung Hing International Limited	British Virgin Islands/Limited liability company	Investment holding/Hong Kong	100 ordinary shares	100%	100%	–
South Gain Enterprises Limited	Hong Kong/Limited liability company	Selling and purchasing agent/ Hong Kong	1,700,000 ordinary shares	–	71%	29%
Po Hing Packaging (Shenzhen) Company Limited§§	The PRC/Limited liability company	Printing and manufacturing of paper cartons/Mainland China	USD11,200,000	–	100%	–

(Expressed in Hong Kong dollars unless otherwise indicated)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued and fully paid up shares/ registered capital	Proportion of ordinary shares directly held by Company	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
Zhongshan South Gain Paper Products Company Limited§§	The PRC/Limited liability company	Printing and manufacturing of paper cartons/Mainland China	USD15,000,000	–	71%	29%
Sun Hing Paper (Shenzhen) Company Limited§§	The PRC/Limited liability company	Paper trading/Mainland China	HK$30,000,000	–	100%	–
Hung Hing Packaging (Wuxi) Company Limited§§	The PRC/Limited liability company	Production and colour printing of paper products/Mainland China	USD31,050,000	100%	100%	–
Hung Hing Printing (Heshan) Company Limited§§	The PRC/Limited liability company	Production and colour printing of paper products/Mainland China	HK$290,000,000	–	100%	–
Jun Hing Company Limited§§	The PRC/Limited liability company	Paper trading/Mainland China	HK$19,200,000	–	100%	–

§ Sino-foreign equity joint venture
§§ Wholly foreign-owned enterprise

During the year ended 31 December 2015, the Group deregistered its subsidiary, Hung Hing Paper Products (Shenzhen) Company Limited.

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to South Gain Enterprises Limited Sub-group and Zhongshan Hung Hing Printing & Packaging Company Limited, the subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination except the elimination within South Gain Enterprises Limited Sub-group.

	South Gain Enterprises Limited Sub-group		**Zhongshan Hung Hing Printing & Packaging Company Limited**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
NCI percentage	**29%**	29%	**29%**	29%
Current assets	**204,235**	214,416	**151,629**	179,156
Non-current assets	**151,884**	157,290	**198,318**	210,302
Current liabilities	**(93,795)**	(107,869)	**(116,131)**	(148,813)
Non-current liabilities	**(11,982)**	(12,759)	**(9,597)**	(9,284)
Net assets	**250,342**	251,078	**224,219**	231,361
Carrying amount of NCI	**72,599**	72,813	**65,024**	67,095
Revenue	**309,899**	275,127	**222,216**	219,965
Profit/(loss) for the year	**13,135**	8,193	**3,256**	(1,114)
Total comprehensive income	**(737)**	994	**(7,141)**	(6,929)
Profit/(loss) allocated to NCI	**3,809**	2,376	**944**	(323)
Cash flows from operating activities	**19,069**	2,067	**4,736**	12,884
Cash flows from investing activities	**(13,758)**	177	**(9,562)**	2,752
Cash flows from financing activities	**(17,422)**	723	**–**	(360)

18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	2015	2014
	$'000	$'000
Unlisted equity investments, at fair value	**33,345**	34,377
Unlisted equity investments, at cost	**80**	80
Club debentures, at fair value	**809**	891
Hong Kong listed equity investments, at fair value	**11,997**	8,581
	46,231	43,929

Available-for-sale financial assets consist of investments in listed and unlisted ordinary shares and club debentures.

The fair values of listed equity investments are based on quoted market prices at the end of the reporting period.

The fair values of unlisted equity investments are based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted security. The significant assumptions and unobservable inputs utilised in valuation were as follows:

	2015	2014
– Discount rate	**12.0%**	12.4%
– Terminal growth rate	**3.5%**	3.5%

19 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2015	2014
	$'000	$'000
Raw materials	**420,486**	398,854
Work in progress	**71,685**	66,039
Finished goods	**56,986**	77,048
	549,157	541,941
Less: Write-down of inventories	**(26,829)**	(26,648)
	522,328	515,293

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2015	2014
	$'000	$'000
Carrying amount of inventories sold	**2,585,355**	2,584,031
Write-down of inventories, net	**181**	3,585
	2,585,536	2,587,616

20 TRADE AND BILLS RECEIVABLES

	2015	2014
	$'000	$'000
Trade receivables	**788,941**	800,046
Less: provision for impairment loss of trade receivables	**(12,481)**	(24,708)
	776,460	775,338
Trade receivables due from related parties	**819**	1,746
Total trade receivables, net	**777,279**	777,084
Bills receivables	**9,585**	3,923
	786,864	781,007

All of the trade and bills receivables are expected to be recovered or recognised as expense within one year.

20 TRADE AND BILLS RECEIVABLES (CONTINUED)

(a) Ageing analysis

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

	2015 **$'000**	2014 $'000
1–30 days	**311,193**	322,043
31–60 days	**172,666**	184,295
61–90 days	**102,273**	95,625
Over 90 days	**191,147**	175,121
	777,279	777,084

Trade receivables are normally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in note 36(c).

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015 **$'000**	2014 $'000
Neither past due nor impaired	**562,615**	548,465
Less than 1 month past due	**103,240**	103,927
1 to 3 months past due	**79,754**	84,633
Over 3 months past due	**31,670**	40,059
	214,664	228,619
	777,279	777,084

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

As of 31 December 2015, trade receivables of approximately $214,664,000 (2014: $228,619,000) were past due but not impaired. These relate to certain customers with no history of credit default and they are in continuous business relationships with the Group. Based on past experience, management believes that no provision for impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

20 TRADE AND BILLS RECEIVABLES (CONTINUED)

(c) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(m)(i)).

As of 31 December 2015, trade receivables of approximately $12,481,000 (2014: $24,708,000) were past due and fully provided for. The individually impaired receivables were mainly related to smaller customers who were in financial difficulties.

The movements in provision for impairment loss of trade receivables are as follows:

	2015 **$'000**	2014 $'000
At 1 January	**24,708**	24,256
(Reversal of)/provision for impairment loss of trade receivables (Note 7)	**(2,000)**	1,135
Amount written off as uncollectible	**(9,974)**	(507)
Exchange differences	**(253)**	(176)
At 31 December	**12,481**	24,708

At 31 December 2014, out of trade receivables of $800,046,000, $1,751,000 was secured by a property, interest-bearing at 5% per annum and fully repayable by April 2015. The remaining $798,295,000, and trade receivables due from related parties of $1,746,000 were unsecured, interest-free and repayable in accordance with credit term granted.

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Prepayments and deposits		
Prepayment for purchase of raw materials and services	**25,008**	22,171
Value added tax recoverable	**13,984**	8,357
Others	**4,378**	1,983
	43,370	32,511
Other receivables		
Bank interest receivables	**4,604**	3,717
Others	**3,624**	3,921
	8,228	7,638
	51,598	40,149

All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

22 PLEDGED TIME DEPOSITS

At 31 December 2015, time deposits of $85,403,000 (2014: $82,558,000) were pledged as collaterals for the issuance of bills payable (see note 24).

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2015 $'000	2014 $'000
Cash at banks and on hand	**328,119**	269,055
Time deposits with original maturity less than three months	**218,272**	648,603
	546,391	917,658

(b) Reconciliation of profit before income tax to cash generated from operations:

	Note	**2015 $'000**	2014 $'000
Profit before income tax		**65,027**	31,500
Adjustments for:			
Finance costs	8	**6,632**	9,538
Bank interest income	6	**(22,672)**	(19,735)
Dividend income from available-for-sale financial assets	6	**(381)**	(348)
Restricted share award scheme expenses	31	**–**	183
Fair value (gain)/loss on derivative financial instruments	6	**(271)**	15,324
Depreciation of property, plant and equipment	7	**104,769**	108,054
Amortisation of land use rights	7	**2,951**	1,738
Amortisation of intangible assets	7	**873**	631
(Reversal of)/provision for impairment loss of trade receivables, net	7	**(2,000)**	1,135
Write-down of inventories, net	19	**181**	3,585
Loss on disposals of property, plant and equipment	6	**1,998**	3,937
		157,107	155,542
(Increase)/decrease in inventories		**(7,216)**	30,786
(Increase)/decrease in trade and bills receivables		**(16,521)**	52,376
Increase in prepayments, deposits and other receivables		**(11,934)**	(2,168)
(Decrease)/increase in trade and bills payables		**(44,278)**	13,371
Increase/(decrease) in other payables and accrued liabilities		**23,132**	(17,667)
Cash generated from operations		**100,290**	232,240

24 TRADE AND BILLS PAYABLES

	2015	2014
	$'000	$'000
Trade payables	**158,081**	196,289
Bills payable	**38,234**	48,028
	196,315	244,317

At 31 December 2015, the bills payable of $34,583,000 (2014: $45,752,000) are secured by the pledged time deposits of $85,403,000 (2014: $82,558,000).

All of the trade and bills payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	2015	2014
	$'000	$'000
1–30 days	**122,213**	142,908
31–60 days	**28,216**	40,528
61–90 days	**2,480**	8,376
Over 90 days	**5,172**	4,477
	158,081	196,289

25 OTHER PAYABLES AND ACCRUED LIABILITIES

	2015 $'000	2014 $'000
Other payables		
Staff benefits fund	**1,424**	1,409
Purchase payables for non-current assets	**388**	6,747
Deposits received from customers	**12,401**	5,334
Other taxes payables	**11,783**	13,127
Others	**14,001**	8,869
	39,997	35,486
Accrued liabilities		
Employee benefits expenses	**76,172**	67,980
Commission	**26,030**	19,881
Social security insurances	**14,414**	13,916
Audit fee	**2,175**	2,680
Others	**18,094**	22,687
	136,885	127,144
Financial liabilities-subtotal	**176,882**	162,630
Provision for long service payment	**1,187**	1,187
Provision for annual leave	**2,653**	2,492
	180,722	166,309

All of the above balances are expected to be settled or recognised as income within one year or are repayable on demand, except for provision for long service payment of $1,187,000 (2014: $1,187,000) which are expected to be settled or recognised as income after one year.

26 DERIVATIVE FINANCIAL INSTRUMENTS

	2015 **$'000**	2014 $'000
Forward currency contracts	–	493
Swap contracts	–	3,256
	–	3,749

At 31 December 2014, the Group entered into various forward currency contracts and swap contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting.

At 31 December 2014, the forward currency contracts and swap contract were carried at fair value of $3,749,000. The transactions involving derivative financial instruments are with creditworthy financial institutions. All the forward currency contracts and swap contracts expired during the year ended 31 December 2015.

27 BANK BORROWINGS

	Effective interest rate 2015	Effective interest rate 2014	Maturity 2015	Maturity 2014	2015 $'000	2014 $'000
Current						
Bank loans – guaranteed (Note)	**1%–3%**	1%–4%	**2016**	2015	**188,698**	290,058
Non-current						
Bank loans – guaranteed (Note)	**3%**	1%–2%	**2017-2020**	2016–2018	**85,000**	194,667
Total bank loans wholly repayable within 5 years					**273,698**	484,725

Note: Bank loans amounting to $273,698,000 (2014: $484,725,000) are secured by the corporate guarantees issued by the Company.

The Group's banking facilities amounting to $5,968,000 (2014: $6,252,000), are secured by the pledge of certain of the Group's buildings and land use rights, which had an aggregate carrying amount at the end of the reporting period of $81,115,000 (2014: $88,333,000) (see notes 13 and 14). Such bank facilities were not utilised during the years ended 31 December 2015 and 2014.

The Group had bank loan and trade facilities of $726,101,000 (2014: $948,374,000), of which $273,698,000 (2014: $484,725,000) had been utilised as at the end of the reporting period.

The bank loans are subject to certain covenants and the Group has not breached any borrowing limits or covenants on any of its banking facilities. Further details of the Group's management of liquidity risk are set out in note 36(e).

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2015 **$'000**	2014 $'000
Provision for Hong Kong Profits Tax for the year	**1,732**	4,475
Provisional Profits Tax paid	**(4,182)**	(644)
	(2,450)	3,831
Taxation outside Hong Kong		
– PRC corporate income tax payable	**10,580**	9,296
	8,130	13,127

	2015 **$'000**	2014 $'000
Income tax recoverable	**(3,821)**	(1,340)
Income tax payable	**11,951**	14,467
	8,130	13,127

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses $'000	Differences between depreciation allowances and related depreciation $'000	Provision for impairment loss of trade receivables $'000	Withholding tax $'000	Other temporary differences $'000	Total $'000
Deferred tax arising from:						
At I January 2014	(25,999)	71,143	(4,220)	8,562	(9,164)	40,322
Charged/(credited) to profit or loss (Note11(a))	5,359	1,176	(559)	713	(1,422)	5,267
Exchange differences	335	(981)	119	(214)	(40)	(781)
31 December 2014	(20,305)	71,338	(4,660)	9,061	(10,626)	44,808
At I January 2015	**(20,305)**	**71,338**	**(4,660)**	**9,061**	**(10,626)**	**44,808**
Charged/(credited) to profit or loss (Note11(a))	**4,012**	**389**	**2,293**	**158**	**(166)**	**6,686**
Exchange differences	**398**	**(1,867)**	**65**	**(416)**	**123**	**(1,697)**
31 December 2015	**(15,895)**	**69,860**	**(2,302)**	**8,803**	**(10,669)**	**49,797**

(ii) Reconciliation to the consolidated statement of financial position

	2015 $'000	2014 $'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(8,675)**	(12,050)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**58,472**	56,858
	49,797	44,808

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(c) Deferred tax assets not recognised

The Group has tax losses arising in Hong Kong of $130,324,000 (2014: $65,243,000) and the PRC of $120,692,000 (2014: $143,416,000), which are available for offsetting against future taxable profits of the companies in which the losses arose. These tax losses are subject to further approval by relevant tax authorities. The tax losses arising in Hong Kong do not have any expiry date, while those arising in the PRC are due to expire within five years.

Among the tax losses arising in the PRC, tax losses amounting $63,580,000 (2014: $81,223,000) have been recognised as deferred tax assets of $15,895,000 (2014: $20,305,000) as the directors are of opinion that it is probable future taxable profits will be available against which these unused tax losses can be utilised.

Deferred tax liabilities of $19,317,000 (2014: $17,741,000) have not been recognised at 31 December 2015 for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries established in the PRC.

At 31 December 2015, the Group has not recognised deferred tax assets in respect of cumulative tax losses, whose expiry dates are:

	2015 **$'000**	2014 $'000
Within 1 year	**34,653**	24,518
More than 1 year but within 5 years	**22,459**	37,675
Do not expire under current tax legislation	**130,324**	65,243
	187,436	127,436

29 SHARE CAPITAL

	2015 No. of shares '000	**2015** $'000	2014 No. of shares '000	2014 $'000
At 1 January	**907,865**	**1,652,854**	907,865	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 31 December	**907,865**	**1,652,854**	907,865	1,652,854

The Company's issued and fully paid shares as at 31 December 2015 included 1,632,944 shares (2014: 1,632,944 shares) held in trust by the trustee under Restricted Share Award Scheme, details of which are set out in note 31.

During the years ended 31 December 2015 and 2014, the Company did not repurchase any of its own shares.

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.

30 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2015 **$'000**	2014 $'000
Interim dividend of HK1.5 cents (2014: HK1 cent) per ordinary share	**13,618**	9,079
Proposed final dividend of HK2.5 cents (2014: HK2 cents) per ordinary share	**22,697**	18,157
	36,315	27,236

The Directors recommend the payment of a final dividend of HK2.5 cents per ordinary share. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company to be held on 24 May 2016. These consolidated financial statements do not reflect this as dividend payable but account for it as proposed dividends in reserves (Note 32).

30 DIVIDENDS (CONTINUED)

(b) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015 **$'000**	2014 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK2 cents (2014: HK5.3 cents) per ordinary share	**18,157**	48,117

31 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 2018.

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

The awarded shares are the existing shares, which are purchased on the Stock Exchange by the independent trustee, Law Debenture Trust (Asia) Limited (the "Trustee"), with funds provided by the Company. The maximum number of shares that can be purchased by the trustee under the Scheme is limited to 2% of the shares in issue of the Company as at 1 July 2015.

Under the rules of the Scheme, share awards will be granted to the participants of the Scheme when certain performance target is met and on or before 30 June of each financial year.

Upon certain vesting conditions are fulfilled, the share awards granted to the participants will be vested in three equal tranches provided that the relevant awardee remained employed by the Group or retired on reaching normal retirement age.

For awardees who cease employment with the Group before vesting, the unvested shares are forfeited. The forfeited shares are held by the trustee of the Scheme.

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.

The latest share awards were granted on 31 March 2011. In 2014, share-based payments of $183,000 has been recognised in the consolidated income statement as employee benefits expenses (see notes 9 and 10). In 2014, a total of 933,657 shares were vested and their average purchasing fair value was $2,339,000. All the shares awarded had been fully vested in 2014 and $1,878,000 was transferred from equity compensation reserve to retained earnings in 2014 accordingly.

(Expressed in Hong Kong dollars unless otherwise indicated)

31 RESTRICTED SHARE AWARD SCHEME (CONTINUED)

There was no share award offered and granted to the participants during the years ended 31 December 2015 and 2014. In addition, none of the shares awarded was forfeited during the years ended 31 December 2015 and 2014.

All the shares held by the Trustee for the purpose of the Scheme are listed below:

	Number of shares	
	2015	2014
At 1 January	**1,632,944**	2,566,601
Shares vested during the year	**–**	(933,657)
At 31 December	**1,632,944**	1,632,944

There was no purchase of shares by the Trustee for the scheme during the years ended 31 December 2015 and 2014.

32 RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. The Company's equity and details of changes in the Company's individual components of equity between the beginning and the end of the years are set out below:

32 RESERVES (CONTINUED)

(a) Movements in components of equity (Continued)

	Share capital $'000	Share premium $'000	Other capital reserves $'000	Available-for-sale investment revaluation reserve $'000	Equity compensation reserve $'000	Retained earnings $'000	Proposed dividend $'000	Total $'000
At 1 January 2014	90,787	1,559,461	(3,750)	8,780	4,034	433,828	48,117	2,141,257
Changes for the year								
Profit for the year	–	–	–	–	–	16,850	–	16,850
Other comprehensive income	–	–	–	269	–	–	–	269
Total comprehensive income	–	–	–	269	–	16,850	–	17,119
Transfer on 3 March 2014 upon adoption of the new Hong Kong Companies Ordinance	1,562,067	(1,559,461)	(2,606)	–	–	–	–	–
Dividend approved in respect of the previous year (Note 30)	–	–	–	–	–	–	(48,117)	(48,117)
Equity compensation expenses (Note 31)	–	–	–	–	183	–	–	183
Shares vested under the restricted share award scheme (Note 31)	–	–	2,339	–	(4,217)	1,878	–	–
Interim dividend (Note 30)	–	–	–	–	–	(9,079)	–	(9,079)
Proposed final dividend (Note 30)	–	–	–	–	–	(18,157)	18,157	–
At 31 December 2014	1,652,854	–	(4,017)	9,049	–	425,320	18,157	2,101,363
At 1 January 2015	**1,652,854**	**–**	**(4,017)**	**9,049**	**–**	**425,320**	**18,157**	**2,101,363**
Changes for the year								
Profit for the year	**–**	**–**	**–**	**–**	**–**	**33,475**	**–**	**33,475**
Other comprehensive income	**–**	**–**	**–**	**(83)**	**–**	**–**	**–**	**(83)**
Total comprehensive income	**–**	**–**	**–**	**(83)**	**–**	**33,475**	**–**	**33,392**
Dividend approved in respect of the previous year (Note 30)	**–**	**–**	**–**	**–**	**–**	**–**	**(18,157)**	**(18,157)**
Interim dividend (Note 30)	**–**	**–**	**–**	**–**	**–**	**(13,618)**	**–**	**(13,618)**
Proposed final dividend (Note 30)	**–**	**–**	**–**	**–**	**–**	**(22,697)**	**22,697**	**–**
At 31 December 2015	**1,652,854**	**–**	**(4,017)**	**8,966**	**–**	**422,480**	**22,697**	**2,102,980**

32 RESERVES (CONTINUED)

(b) Nature and purpose of reserves

(i) Legal reserves

Subsidiaries of the Group in the PRC, which are wholly foreign-owned enterprises, follow the accounting principles and relevant financial regulations of the PRC applicable to wholly foreign-owned enterprises ("PRC GAAP – WFOE"), in the preparation of its accounting records and financial statements. Pursuant to the accounting regulations for business enterprises, the subsidiaries are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP – WFOE for each year to a statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to equity owners. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in capital.

(ii) Intangible asset revaluation reserve

The intangible asset revaluation reserve has been set up and is dealt with in accordance with the accounting policies in notes 2(i) and (m).

(iii) Available-for-sale investment revaluation reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(j) and (m).

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(f).

33 CAPITAL RISK MANAGEMENT

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (i.e. current and non-current bank borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents, time deposits with original maturity over three months and pledged time deposits.

During the year, the Group's strategy was to maintain the net debt gearing ratio below 30%. As at 31 December 2015 and 2014, the Group had net cash position as follows:

	2015	2014
	$'000	$'000
Cash and cash equivalents, time deposits with original maturity over three months and pledged time deposits	**812,752**	1,047,765
Total bank borrowings (Note 27)	**(273,698)**	(484,725)
Net cash	**539,054**	563,040

As the Group had a net cash position, the net debt gearing ratio as at 31 December 2015 was Nil (2014: Nil).

34 CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

Guarantees given to banks for banking and trading facilities granted to:

	2015 **$'000**	2014 $'000
A former related company	**17,904**	19,388

Amount of banking facilities guaranteed by the Group and utilised by:

	2015 **$'000**	2014 $'000
A former related company	**17,904**	19,388

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.

35 COMMITMENTS

(a) Operating lease commitments

The Group leases certain of its office properties, warehouses and staff 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:

	2015 **$'000**	2014 $'000
Not later than one year	**6,565**	6,447
Later than one year and not later than five years	**11,815**	15,479
Later than five years	**56,481**	61,296
	74,861	83,222

35 COMMITMENTS (CONTINUED)

(b) Capital commitments

The Group had the following capital commitments for plant and machinery at the end of the reporting period:

	2015	2014
	$'000	$'000
Contracted for, but not provided for	**14,263**	9,149

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments, other than derivatives, comprise cash and bank deposits, trade and bills receivables, other receivables, trade and bills payables, other payables and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, price risk and liquidity risk. The policies to mitigate each of these risks are summarised below. The board manages and monitors these risks to ensure that appropriate measures are implemented in a timely and effective manner. The Group's accounting policies in relation to derivatives are set out in note 2(k) to the financial statements.

(a) Interest rate risk

The Group's exposure to interest rate risk arises mainly from its bank deposits and bank borrowings. Bank borrowings issued at variable rates exposed the Group to cash flow interest rate risk. Bank borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses interest rate swaps to manage its long-term bank borrowings which bear floating interest rates. At 31 December 2015 and 2014, the Group did not enter any interest rate swaps arrangement.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (Continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings (as defined above) at the end of the reporting period.

	2015 Effective interest rate %	**2015** $'000	2014 Effective interest rate %	2014 $'000
Net fixed rate borrowings:				
Bank borrowings	**2.95**	**97,000**	1.59	25,000
Variable rate borrowings/(cash and bank deposits):				
Bank borrowings	**0.89–2.43**	**176,698**	0.91–3.80	459,725
Less: Pledged time deposits	**2.69**	**(85,403)**	3.25	(82,558)
Time deposits with original maturity over three months	**3.27**	**(180,958)**	3.26	(47,549)
Time deposits with original maturity less than three months	**2.20**	**(218,272)**	3.18	(648,603)
Cash at bank and on hand	**0–1.15**	**(328,119)**	0–1.15	(269,055)
		(636,054)		(588,040)
Total net cash and bank deposits		**(539,054)**		(563,040)

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit before income tax by approximately $2,457,000 (2014: $2,438,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit before income tax that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before income tax is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2014.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Foreign currency risk

The Group is exposed to foreign currency risk primarily through its business transactions, assets and liabilities denominated in various foreign currencies primarily Renminbi ("RMB"), Hong Kong dollars ("HKD") and United States dollars ("USD").

The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the functional currency of the operations to which the transactions relate.

When there are significant foreign currency transactions other than the functional currencies of the major operating companies within the Group, the Group will use forward currency contracts to manage the foreign currency exposure. The forward currency contracts must be in the same currency as the hedged item. At 31 December 2015, the Group did not enter any forward currency contract.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the reporting period end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in HKD)					
	2015			2014		
	RMB $'000	**HKD $'000**	**USD $'000**	RMB $'000	HKD $'000	USD $'000
Trade and bills receivables	**8,178**	**–**	**367,556**	6,542	1,572	351,222
Pledged time deposits	**65,648**	**–**	**–**	62,516	–	–
Time deposits with original maturity over three months	**167,828**	**–**	**–**	45,048	–	–
Cash and cash equivalents	**209,090**	**3,233**	**80,006**	499,072	2,333	27,527
Trade and bills payables	**(82,896)**	**(18)**	**(31,734)**	(76,492)	(18)	(48,322)
Bank loans	**–**	**(5,000)**	**(81,565)**	–	(25,000)	(71,356)
Gross exposure arising from recognised assets and liabilities	**367,848**	**(1,785)**	**334,263**	536,686	(21,113)	259,071
Notional amounts of forward exchange contracts	**–**	**–**	**–**	204,919	–	(152,826)
Net exposure arising from recognised assets and liabilities	**367,848**	**(1,785)**	**334,263**	741,605	(21,113)	106,245

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Foreign currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit before income tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

In this respect, it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit before income tax $'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit before income tax $'000
RMB#	**2%**	**7,357**	2%	11,787
	(2%)	**(7,357)**	(2%)	(11,787)
HKD*	**2%**	**(36)**	2%	(422)
	(2%)	**36**	(2%)	422
USD*	**2%**	**1,001**	2%	2,133
	(2%)	**(1,001)**	(2%)	(2,133)

For the Company and subsidiaries with functional currency as HKD

* For subsidiaries with functional currency as RMB

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit before income tax measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

The Group's credit risk is primarily attributable to its trade and bills receivables and deposits placed with banks. The Group has no significant concentrations of credit risk. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, management of the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is properly managed and significantly reduced.

Since the Group trades only with creditworthy third parties, normally there is no requirement for collateral.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the financial statements.

(d) Equity price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified as available-for-sale financial assets (see note 18). The Group's listed investments are listed on the Stock Exchange of Hong Kong. The Group's unquoted investment are held for long term strategic purposes. The Group is not exposed to commodity price risk.

The Group does not actively trade in equity investments and in the opinion of the Board of Directors, the equity price risk related to trading activities to which the Group is exposed to is not material. Accordingly, no quantitative market risk disclosures for equity price risk have been prepared.

(e) Liquidity risk

The Group's objectives are to maintain sufficient cash and to ensure the availability of funding through an adequate amount of committed banking facilities. The Group aims to maintain flexibility in funding by keeping committed banking facilities available.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Liquidity risk (Continued)

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

		2015					2014				
	Note	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but within 2 years $'000	More than 2 years but within 5 years $'000	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but within 2 years $'000	More than 2 years but within 5 years $'000
Bank borrowings, including interest payable		273,698	283,504	191,521	14,342	77,641	484,725	494,094	294,856	80,973	118,265
Trade and bills payables		196,315	196,315	196,315	-	-	244,317	244,317	244,317	-	-
Other payables and accrued liabilities	25	176,882	176,882	176,882	-	-	162,630	162,630	162,630	-	-
Derivative financial instruments		-	-	-	-	-	3,749	3,749	3,749	-	-
		646,895	656,701	564,718	14,342	77,641	895,421	904,790	705,552	80,973	118,265

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements at 31 December 2014. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. The term loans that were subject to repayment on demand clause at 31 December 2015 will all be matured within one year based on scheduled repayments.

	Maturity analysis – Term loans subject to a repayment on demand clause based on scheduled repayments			
	Carrying amount $'000	Total contractual undiscounted cash flow $'000	Within 1 year or on demand $'000	More than 1 year but within 5 years $'000
At 31 December 2014	24,369	24,369	12,902	11,467

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value estimation

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

– Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015 and 2014:

	2015				2014			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets								
Available-for-sale financial assets:								
– Club debentures	**–**	**–**	**809**	**809**	–	–	891	891
– Unlisted equity securities	**–**	**–**	**33,345**	**33,345**	–	–	34,377	34,377
– Listed equity securities	**11,997**	**–**	**–**	**11,997**	8,581	–	–	8,581
	11,997	**–**	**34,154**	**46,151**	8,581	–	35,268	43,849
Liabilities								
Derivative financial instruments	**–**	**–**	**–**	**–**	–	–	(3,749)	(3,749)

(i) Financial instruments in level 1

The fair value of listed equity instruments traded in active markets is based on quoted market prices at the end of the reporting period.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value estimation (Continued)

(ii) Financial instruments in level 3

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 years ended 31 December 2015 and 2014:

	2015				2014			
	Club debentures $'000	Unlisted equity investments $'000	Derivative financial instruments $'000	Total $'000	Club debentures $'000	Unlisted equity investments $'000	Derivative financial instruments $'000	Total $'000
At 1 January	891	34,377	(3,749)	31,519	566	34,941	2,561	38,068
Gain/(loss) recognised in profit or loss	–	–	271	271	56	–	(15,324)	(15,268)
Net (loss)/gain transfer to equity	(82)	–	–	(82)	269	–	–	269
Settlement on maturity	–	–	3,478	3,478	–	–	9,014	9,014
Exchange differences	–	(1,032)	–	(1,032)	–	(564)	–	(564)
At 31 December	809	33,345	–	34,154	891	34,377	(3,749)	31,519

The following table presents the changes in level 3 instruments for the years ended 31 December 2015 and 2014:

	2015				2014			
	Club debentures $'000	Unlisted equity investments $'000	Derivative financial instruments $'000	Total $'000	Club debentures $'000	Unlisted equity investments $'000	Derivative financial instruments $'000	Total $'000
Total gain/(loss) for the year included in profit or loss for assets/(liabilities) held at the end of the reporting period	–	–	271	271	56	–	(15,324)	(15,268)

37 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2015 $'000	2014 $'000
Sales of raw materials or finished goods to:		
A substantial shareholder	**9,253**	7,740
Parties under control of a substantial shareholder	**7,940**	11,896
Purchases of raw materials from:		
Parties under control of a substantial shareholder	**–**	187

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

(b) Outstanding balances with related parties

Save as disclosed in note 20, there were no outstanding balances with related parties as at 31 December 2015 (2014: Nil).

(c) Compensation of key management personnel of the Group

	2015 $'000	2014 $'000
Short-term employment benefits	**28,445**	21,036
Post-employment benefits	**504**	543
	28,949	21,579

38 COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

	2015 $'000	2014 $'000
Non-current assets		
Property, plant and equipment	**356**	510
Land use rights	**5,472**	5,972
Intangible asset	**277**	395
Available-for-sale financial assets	**12,456**	12,538
Investments in subsidiaries	**241,925**	279,926
	260,486	299,341
Current assets		
Prepayments, deposits and other receivables	**8,895**	1,501
Amounts due from subsidiaries	**1,566,856**	1,332,299
Loans to subsidiaries	**40,000**	66,252
Dividend receivables from subsidiaries	**–**	9,700
Time deposits with original maturity over three months	**167,530**	–
Cash and cash equivalents	**69,038**	401,756
	1,852,319	1,811,508

38 COMPANY LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	2015 **$'000**	2014 $'000
Current liabilities		
Amounts due to subsidiaries	**1,348**	1,358
Other payables and accrued liabilities	**8,477**	4,379
Derivative financial instruments	**–**	3,749
	9,825	9,486
Net current assets	**1,842,494**	1,802,022
NET ASSETS	**2,102,980**	2,101,363
CAPITAL AND RESERVES		
Share capital	**1,652,854**	1,652,854
Reserves	**427,429**	430,352
Proposed dividend	**22,697**	18,157
TOTAL EQUITY	**2,102,980**	2,101,363

Approved and authorised for issue by the board of directors on 24 March 2016.

Yum Chak Ming, Matthew
Director

Sung Chee Keung
Director

(Expressed in Hong Kong dollars unless otherwise indicated) HUNG HING PRINTING GROUP LIMITED

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of this Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKFRS10 and HKAS28 (2011), *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKFRS10, HKFRS12 and HKAS28 (2011), *Investment Entities: applying the Consolidation Exception*	1 January 2016
Amendments to HKFRS11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS1, *Disclosure initiative*	1 January 2016
Amendments to HKAS16 and HKAS38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to HKAS27, Equity method in separate financial statements	1 January 2016
HKFRS9, *Financial instruments*	1 January 2018
HKFRS15, *Revenue from contracts with customers*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

The Group does not plan to early adopt the above new standards or amendments.

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

ADDRESS 地址

Hung Hing Printing Centre
17-19 Dai Hei Street
Tai Po Industrial Estate
New Territories, Hong Kong

香港新界大埔工業村大喜街十七至十九號
鴻興包裝印刷中心

TEL 電話 (852) 2664 8682
FAX 傳真 (852) 2664 2070
EMAIL 電郵 info@hunghingprinting.com
WEBSITE 網址 www.hunghingprinting.com