



Hung Hing 鴻興

STOCK CODE 股份代號 : 0450



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

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Corporate Information

EXECUTIVE DIRECTORS

Yum Chak Ming, Matthew, Executive Chairman
Sung Chee Keung

NON-EXECUTIVE DIRECTORS

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

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17–19 Dai Hei Street
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PRINCIPAL BANKERS

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

AUDITOR

KPMG

SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

The directors of Hung Hing Printing Group Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 as follows:

Consolidated Income Statement

	Note	For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (Restated)
Revenue	6	1,322,665	1,409,940
Cost of sales	8	(1,153,999)	(1,207,426)
Gross profit		168,666	202,514
Other revenue	6	12,277	16,727
Other net loss	6	(7,186)	(4,538)
Distribution costs		(34,253)	(34,214)
Administrative and selling expenses	8	(157,061)	(155,895)
Operating (loss)/profit		(17,557)	24,594
Finance costs	7	(2,758)	(3,396)
(Loss)/profit before income tax		(20,315)	21,198
Income tax	9	536	(9,172)
(Loss)/profit for the period		(19,779)	12,026
Attributable to:			
Equity shareholders of the Company		(21,645)	10,927
Non-controlling interests		1,866	1,099
(Loss)/profit for the period		(19,779)	12,026
		HK cents	HK cents
(Loss)/earnings per share attributable to equity shareholders of the Company			
Basic	10	(2.4)	1.2
Diluted		(2.4)	1.2
		HK\$'000	HK\$'000
Dividend	11	9,079	13,618

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

Consolidated Statement of Comprehensive Income

	For the six months ended	
	30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit for the period	(19,779)	12,026
Other comprehensive income for the period (net of tax) :		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(25,121)	(291)
Change in fair value of intangible assets	(200)	300
Change in fair value of available-for-sale financial assets	231	3,046
	(25,090)	3,055
Total comprehensive income for the period	(44,869)	15,081
Attributable to:		
Equity shareholders of the Company	(42,142)	14,012
Non-controlling interests	(2,727)	1,069
	(44,869)	15,081

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

Consolidated Statement of Financial Position

		30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	12	1,152,234	1,183,805
Land use rights	13	80,412	82,641
Properties under construction		3,986	1,219
Intangible assets		9,342	9,735
Deposits for acquisition of non-current assets		36,675	23,364
Available-for-sale financial assets	14	45,927	46,231
Deferred tax assets		12,272	8,675
		1,340,848	1,355,670
Current assets			
Inventories		601,735	522,328
Trade and bills receivables	15	762,611	786,864
Prepayments, deposits and other receivables		43,714	51,598
Derivative financial instruments		590	–
Pledged time deposits	16	83,825	85,403
Time deposits with original maturity over three months	16	28,033	180,958
Cash and cash equivalents	16	702,312	546,391
Income tax recoverable		4,762	3,821
		2,227,582	2,177,363
Current liabilities			
Trade and bills payables	17	278,249	196,315
Other payables and accrued liabilities		183,588	180,722
Derivative financial instruments		1,635	–
Bank borrowings	18	177,856	188,698
Income tax payable		1,942	11,951
		643,270	577,686
Net current assets		1,584,312	1,599,677
Total assets less current liabilities		2,925,160	2,955,347

Consolidated Statement of Financial Position (Continued)

	Note	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
Non-current liabilities			
Bank borrowings	18	121,500	85,000
Deferred tax liabilities		59,351	58,472
		<u>180,851</u>	<u>143,472</u>
NET ASSETS		<u>2,744,309</u>	<u>2,811,875</u>
CAPITAL AND RESERVES			
Share capital	19	1,652,854	1,652,854
Reserves		929,919	981,140
Proposed dividend		9,079	22,697
		<u>2,591,852</u>	<u>2,656,691</u>
Total equity attributable to equity shareholders of the Company		2,591,852	2,656,691
Non-controlling interests		<u>152,457</u>	<u>155,184</u>
TOTAL EQUITY		<u>2,744,309</u>	<u>2,811,875</u>

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

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 (Unaudited)

	Attributable to equity shareholders of the Company										
	Share capital	Other capital reserves	Intangible assets revaluation reserve	Available-for-sale investment revaluation reserve	Legal reserves	Exchange fluctuation reserve	Retained earnings	Proposed dividend	Sub-total	Non-controlling interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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 the period											
Profit for the period	-	-	-	-	-	-	10,927	-	10,927	1,099	12,026
Other comprehensive income, net of tax	-	-	300	3,046	-	(261)	-	-	3,085	(30)	3,055
Total comprehensive income	-	-	300	3,046	-	(261)	10,927	-	14,012	1,069	15,081
Dividend approved in respect of the previous year	-	-	-	-	-	-	-	(18,157)	(18,157)	-	(18,157)
Allocation from legal reserves	-	-	-	-	(43)	-	43	-	-	-	-
Interim dividend	11	-	-	-	-	-	(13,618)	13,618	-	-	-
Total transactions with equity shareholders, recognised directly in equity	-	-	-	-	(43)	-	(13,575)	(4,539)	(18,157)	-	(18,157)
Balance at 30 June 2015	1,652,854	(4,831)	5,400	24,941	131,537	141,604	715,981	13,618	2,681,104	159,872	2,840,976

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

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016 (Unaudited)

	Attributable to equity shareholders of the Company										
	Share capital	Other capital reserves	Intangible assets revaluation reserve	Available-for-sale investment revaluation reserve	Legal reserves	Exchange fluctuation reserve	Retained earnings	Proposed dividend	Sub-total	Non-controlling interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2016	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
Changes in equity for the period											
Loss for the period	-	-	-	-	-	-	(21,645)	-	(21,645)	1,866	(19,779)
Other comprehensive income, net of tax	-	-	(200)	231	-	(20,528)	-	-	(20,497)	(4,593)	(25,090)
Total comprehensive income	-	-	(200)	231	-	(20,528)	(21,645)	-	(42,142)	(2,727)	(44,869)
Dividend approved in respect of the previous year	-	-	-	-	-	-	-	(22,697)	(22,697)	-	(22,697)
Allocation from legal reserves	-	-	-	-	(72)	-	72	-	-	-	-
Interim dividend	11	-	-	-	-	-	(9,079)	9,079	-	-	-
Total transactions with equity shareholders, recognised directly in equity	-	-	-	-	(72)	-	(9,007)	(13,618)	(22,697)	-	(22,697)
Balance at 30 June 2016	1,652,854	(4,831)	5,400	25,459	134,354	82,522	687,015	9,079	2,591,852	152,457	2,744,309

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

Condensed Consolidated Statement of Cash Flows

	For the six months ended	
	30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Operating activities		
Cash generated from operations	63,347	61,053
Income tax paid	(12,224)	(11,525)
	<hr/>	<hr/>
Net cash generated from operating activities	51,123	49,528
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Investing activities		
Interest received	9,802	12,091
Purchases of property, plant and equipment	(20,378)	(8,613)
Deposits for acquisition of property, plant and equipment	(28,201)	(12,185)
Decrease/(increase) in time deposits with original maturity over three months	152,895	(199,209)
Other cash flows arising from investing activities	417	2,548
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	114,535	(205,368)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Financing activities		
Dividends paid to equity shareholders of the Company	(22,697)	(18,157)
Proceeds from bank borrowings	181,490	56,525
Repayments of bank borrowings	(155,833)	(156,118)
Other cash flows arising from financing activities	(2,692)	(3,949)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	268	(121,699)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase/(decrease) in cash and cash equivalents	165,926	(277,539)
Cash and cash equivalents at 1 January	546,391	917,658
Effect of foreign exchange rate changes	(10,005)	(206)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	702,312	639,913
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	311,604	312,350
Time deposits with original maturity less than three months	390,708	327,563
	<hr/>	<hr/>
	702,312	639,913
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The notes on pages 9 to 24 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1. General information

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

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") are engaged in the following principal activities:

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

This interim financial report is presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated. This condensed consolidated interim financial report was approved for issue by the Board of Directors on 23 August 2016.

2. Basis of Preparation

This interim financial report for the six months ended 30 June 2016 has not been audited and has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements as set out in Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except that certain financial assets are stated at fair values and which should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

Notes to the Unaudited Interim Financial Report (Continued)

3. Accounting Policies

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of the changes in accounting policies are described below.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRSs 2012-2014 Cycle
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Prior period adjustment

Sales commission paid/payable to third party agents is now recognised as administrative and selling expenses rather than presented as deduction from revenue in the consolidated income statements for prior periods. Accordingly comparative figure in the amount of HK\$14,520,000 in the consolidated income statement for the period ended 30 June 2015 have been adjusted.

The effect of the above-mentioned adjustment on the consolidated income statement for the period ended 30 June 2015 is set out as follows:

	As previously reported HK\$'000	Prior period adjustment in respect of commission expense HK\$'000	Reclassification of expenses (Note) HK\$'000	As restated HK\$'000
Consolidated income statement for the period ended 30 June 2015				
Revenue	1,395,420	14,520	–	1,409,940
Cost of sales	(1,207,426)	–	–	(1,207,426)
Gross profit	187,994	14,520	–	202,514
Administrative and selling expenses	(142,042)	(14,520)	667	(155,895)
Other income and expenses	(21,358)	–	(667)	(22,025)
Operating profit	24,594	–	–	24,594

Note: Certain expenses items have been reclassified to confirm with current period's presentation.

Notes to the Unaudited Interim Financial Report (Continued)

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 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-marker.

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 arm's length basis.

	For the six months ended 30 June 2016					
	Book and Package Printing HK\$'000	Consumer Product Packaging HK\$'000	Corrugated Box HK\$'000	Paper Trading HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue						
Sales to external customers	760,483	278,155	66,230	217,797	-	1,322,665
Inter-segment sales	332	446	44,351	214,846	(259,975)	-
Total	<u>760,815</u>	<u>278,601</u>	<u>110,581</u>	<u>432,643</u>	<u>(259,975)</u>	<u>1,322,665</u>
Segment results	<u>(12,089)</u>	<u>(5,980)</u>	<u>(142)</u>	<u>8,429</u>	<u>(402)</u>	<u>(10,184)</u>
Interest and other income						7,809
Corporate and unallocated expenses						<u>(15,182)</u>
Operating loss						<u>(17,557)</u>
Finance costs						<u>(2,758)</u>
Loss before income tax						<u>(20,315)</u>
Income tax						<u>536</u>
Loss for the period						<u>(19,779)</u>

Notes to the Unaudited Interim Financial Report (Continued)

5. Segment Information (Continued)

	For the six months ended 30 June 2015					
	Book and Package Printing HK\$'000 (Restated)	Consumer Product Packaging HK\$'000	Corrugated Box HK\$'000	Paper Trading HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue						
Sales to external customers	775,176	329,576	84,401	220,787	–	1,409,940
Inter-segment sales	339	104	45,114	203,631	(249,188)	–
Total	<u>775,515</u>	<u>329,680</u>	<u>129,515</u>	<u>424,418</u>	<u>(249,188)</u>	<u>1,409,940</u>
Segment results	<u>24,536</u>	<u>(4,321)</u>	<u>3,322</u>	<u>9,196</u>	<u>(1,087)</u>	31,646
Interest, dividend income and other income						12,250
Corporate and unallocated expenses						<u>(19,302)</u>
Operating profit						24,594
Finance costs						<u>(3,396)</u>
Profit before income tax						21,198
Income tax						<u>(9,172)</u>
Profit for the period						<u>12,026</u>

Notes to the Unaudited Interim Financial Report (Continued)

6. Revenue, Other Revenue and Other Net Loss

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

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
		(Restated)
Revenue		
Sale of goods	<u>1,322,665</u>	<u>1,409,940</u>
Other revenue		
Dividend income from available-for-sale financial assets	196	173
Bank interest income	7,809	12,077
Sales of scrap materials	2,064	2,401
Government grants	1,475	1,350
Sundry income	<u>733</u>	<u>726</u>
	<u>12,277</u>	<u>16,727</u>
Other net loss		
Foreign exchange loss	(4,054)	(2,656)
Fair value changes on derivative financial instruments not qualified as hedges	(1,045)	(679)
Loss on disposal of property, plant and equipment	<u>(2,087)</u>	<u>(1,203)</u>
	<u>(7,186)</u>	<u>(4,538)</u>

7. Finance Costs

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest on bank borrowings	<u>2,758</u>	<u>3,396</u>

Notes to the Unaudited Interim Financial Report (Continued)

8. Expenses by Nature

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

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Depreciation	50,083	51,836
Amortisation of land use rights	1,386	1,551
Amortisation of intangible assets	448	418
Employee benefit expense (including directors' emoluments)	378,311	383,537
(Reversal of)/provision for impairment loss of inventories, net	(1,618)	167
Provision for/(reversal of) impairment loss of trade receivables, net	1,013	(667)

9. Income Tax

No provision for Hong Kong profits tax was made for the period ended 30 June 2016 as the subsidiaries of the Group incurred taxable loss.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period ended 30 June 2015. Taxation on overseas profit has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	–	990
– PRC corporate income tax	1,274	8,239
Total current tax	1,274	9,229
Deferred tax	(1,810)	(57)
Income tax	(536)	9,172

Notes to the Unaudited Interim Financial Report (Continued)

10. (Loss)/Earnings per Share

(a) Basic (loss)/earnings per share

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

	For the six months ended	
	30 June	
	2016	2015
(Loss)/profit attributable to equity shareholders of the Company (HK\$'000)	(21,645)	10,927
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)	(1,633)
	<u>906,232</u>	<u>906,232</u>
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share (thousands)	906,232	906,232
	<u>(2.4)</u>	<u>1.2</u>
Basic (loss)/earnings per share (HK cents per share)		

(b) Diluted (loss)/earnings per share

For the six months ended 30 June 2016 and 2015, diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there was no dilutive potential ordinary shares.

11. Dividend

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Interim dividend of HK 1 cent (2015: HK 1.5 cents) per ordinary share	9,079	13,618
	<u>9,079</u>	<u>13,618</u>

Notes to the Unaudited Interim Financial Report (Continued)

12. Property, Plant and Equipment

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Opening net book amount at 1 January 2016/2015	1,183,805	1,256,678
Additions	20,378	63,369
Transfer from properties under construction	–	1,516
Transfer from deposit for acquisition of non-current assets	14,815	1,521
Disposals	(4,352)	(10,296)
Depreciation	(50,083)	(104,769)
Exchange differences	(12,329)	(24,214)
	<u>1,152,234</u>	<u>1,183,805</u>
Closing net book amount at 30 June 2016/31 December 2015	<u>1,152,234</u>	<u>1,183,805</u>

Certain buildings of the Group with a total net book amount of HK\$62,808,000 (31 December 2015: HK\$65,757,000) have been pledged to secure banking facilities granted to the Group.

13. Land Use Rights

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Opening net book amount at 1 January 2016/2015	82,641	87,249
Amortisation	(1,386)	(2,951)
Exchange differences	(843)	(1,657)
	<u>80,412</u>	<u>82,641</u>
Closing net book amount at 30 June 2016/31 December 2015	<u>80,412</u>	<u>82,641</u>

Certain land use rights of the Group with a total net book amount of HK\$14,739,000 (31 December 2015: HK\$15,358,000) have been pledged to banks to secure banking facilities granted to the Group.

Notes to the Unaudited Interim Financial Report (Continued)

14. Available-for-sale Financial Assets

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Unlisted equity investments, at fair value	32,810	33,345
Unlisted equity investments, at cost	80	80
Club debentures, at fair value	809	809
Hong Kong listed equity investments, at fair value	12,228	11,997
	45,927	46,231

During the period, a fair value gain of the Group's available-for-sale financial assets of HK\$231,000 (2015: HK\$3,046,000) was recognised directly in the available-for-sale investment revaluation reserve.

15. Trade and Bills Receivables

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade receivables	753,558	788,941
Less: provision for impairment loss of trade receivables	(13,370)	(12,481)
	740,188	776,460
Trade receivables due from related parties	399	819
Total trade receivables, net	740,587	777,279
Bills receivables	22,024	9,585
	762,611	786,864

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

Notes to the Unaudited Interim Financial Report (Continued)

15. Trade and Bills Receivables (Continued)

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

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
1–30 days	337,977	311,193
31–60 days	167,234	172,666
61–90 days	119,508	102,273
Over 90 days	115,868	191,147
	<u>740,587</u>	<u>777,279</u>

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

16. Cash and Cash Equivalents and Time Deposits

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Cash at banks and on hand	311,604	328,119
Time deposits with original maturity less than three months	390,708	218,272
Cash and cash equivalents	702,312	546,391
Time deposits with original maturity over three months	28,033	180,958
Pledged time deposits	83,825	85,403
	<u>814,170</u>	<u>812,752</u>

At of 30 June 2016, time deposits of HK\$83,825,000 (31 December 2015: HK\$85,403,000) were pledged as collaterals for the issuance of bills payables.

Notes to the Unaudited Interim Financial Report (Continued)

17. Trade and Bills Payables

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Trade payables	227,803	158,081
Bills payables	50,446	38,234
	<u>278,249</u>	<u>196,315</u>

At of 30 June 2016, the bills payables of HK\$40,474,000 (31 December 2015: HK\$34,583,000) are secured by the pledged time deposits of HK\$83,825,000 (31 December 2015: HK\$85,403,000) (Note 16).

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
1–30 days	179,102	122,213
31–60 days	33,261	28,216
61–90 days	9,311	2,480
Over 90 days	6,129	5,172
	<u>227,803</u>	<u>158,081</u>

Bills payables are mainly repayable within six months.

Notes to the Unaudited Interim Financial Report (Continued)

18. Bank Borrowings

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Current		
Bank loans – guaranteed (Note a)	177,856	188,698
Non-current		
Bank loans – guaranteed (Note a)	121,500	85,000
	<u>299,356</u>	<u>273,698</u>

Notes:

- (a) As of 30 June 2016 and 31 December 2015, all bank loans are secured by the corporate guarantees issued by the Company.
- (b) Certain bank loan facilities are secured by the pledge of certain of the Group's buildings and land use rights, which had an aggregate carrying value at 30 June 2016 of approximately HK\$77,547,000 (31 December 2015: HK\$81,115,000) (Notes 12 and 13). As of 30 June 2016 and 31 December 2015, no such secured bank loan facilities are utilized.

19. Share Capital

	30 June 2016		31 December 2015	
	Number of shares	Share capital HK\$'000	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid	<u>907,864,974</u>	<u>1,652,854</u>	<u>907,864,974</u>	<u>1,652,854</u>

During the six months ended 30 June 2016, the Company did not repurchase any of its own shares (period ended 30 June 2015: Nil).

Notes to the Unaudited Interim Financial Report (Continued)

20. Material Related Party Transactions

(a) Transactions with related parties

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

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Sales of raw materials or finished goods to:		
– A substantial shareholder	2,712	4,398
– Parties under control of a substantial shareholder	1,542	4,379
	<u>1,542</u>	<u>4,379</u>

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

(b) Compensation of key management personnel of the Group

	For the six months ended	
	30 June	
	2016	2015
	HK\$'000	HK\$'000
Short-term employment benefits	14,277	13,991
Post-employment benefits	253	270
	<u>14,530</u>	<u>14,261</u>

Notes to the Unaudited Interim Financial Report (Continued)

21. Operating Lease Commitments

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

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

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Not later than one year	5,421	6,565
Later than one year and not later than five years	9,844	11,815
Later than five years	52,601	56,481
	<u>67,866</u>	<u>74,861</u>

22. Capital Commitments

In addition to the operating lease commitments disclosed in note 21 above, the Group had the following capital commitments for plant and machinery at the end of the reporting period:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
Contracted for, but not provided for	<u>25,781</u>	<u>14,263</u>

23. Contingent Liabilities

As at 30 June 2016, the Group has provided corporate guarantees to the extent of HK\$17,462,000 (31 December 2015: HK\$17,904,000) to secure the banking facilities of a former related company. The amount drawn against the banking facilities was HK\$17,462,000 (31 December 2015: HK\$17,904,000).

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

Notes to the Unaudited Interim Financial Report (Continued)

24. 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.

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. The shares granted will be vested to the participants in three equal tranches upon certain vesting conditions are fulfilled. There was no share award offered and granted to the participants during the periods ended 30 June 2016 and 2015.

The Group has not recognised any share-based payment in the consolidated income statement as employee benefit expense during the periods ended 30 June 2016 and 2015.

There was no share vested during the period (period ended 30 June 2015: Nil). Likewise, there was no purchase of shares for the Scheme during the period (period ended 30 June 2015: Nil).

The number of shares held by Law Debenture Trust (Asia) Limited as Trustee for the purpose of the Scheme remained unchanged at 1,632,944 during the periods ended 30 June 2016 and 2015.

25. Fair Value Estimation

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

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

Notes to the Unaudited Interim Financial Report (Continued)

25. Fair Value Estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2016:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets:				
Available-for-sale financial assets				
– Club debentures	–	–	809	809
– Unlisted equity investments	–	–	32,810	32,810
– Listed equity investments	12,228	–	–	12,228
Derivative financial instruments	–	–	590	590
	<u>12,228</u>	<u>–</u>	<u>34,209</u>	<u>46,437</u>
Liabilities:				
Derivative financial instruments	–	–	1,635	1,635

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

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

The following table presents the changes in level 3 instruments for the six months ended 30 June 2016:

	Club debentures HK\$'000	Unlisted equity investments HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000
At 1 January	809	33,345	–	34,154
Recognised to consolidated income statement	–	–	(1,045)	(1,045)
Exchange differences	–	(535)	–	(535)
At 30 June	<u>809</u>	<u>32,810</u>	<u>(1,045)</u>	<u>32,574</u>
Total loss for the period included in profit or loss for assets/(liabilities) held at the end of the reporting period	<u>–</u>	<u>–</u>	<u>(1,045)</u>	<u>(1,045)</u>

Management Discussion and Analysis

The manufacturing sector as a whole witnessed change in customer sentiment during the first half of 2016 on geopolitical and economic flux in Europe combined with soft demand in the China market. Owing to business uncertainty, customers in major export markets were cautious and conservative in the timing and size of order placements. These factors resulted in a decline of 6.2% in the Group's revenues to HK\$1,323 million from the corresponding period in 2015. A net loss of HK\$22 million attributable to equity shareholders of the company was recorded due to reduced sales, unfavourable sales mix of less special projects and related unfavorable impact on capacity utilisation and efficiency.

Book and Package Printing (BPP) and Paper Trading (PT) maintained stability in revenues on the back of increased children's book printing and paper exports to markets in Southeast Asia, partly offsetting the decline in revenues of Consumer Product Packaging (CPP) and Corrugated Box (CB).

Towards the end of the second quarter, the Group began to see resurging orders for delivery in the second half of the year. The encouraging trend in new orders continues.

In times of unprecedented changes in lifestyle, business and attitude, uncertainty and transformation are challenges as well as opportunities for Hung Hing. We believe that we will continue to thrive if we remain agile, responsive and innovative. We have adopted a two-pronged approach.

Adopting and adapting strategy for agility

During the period under review the Group undertook initiatives to improve business agility and responsiveness. They included applying unconventional printing techniques and equipment, and encouraging innovation and workflow efficiencies. Our services were extended to logistics and sourcing on behalf of our customers, apart from assisting overseas publishers to market copyrights and penetrate into Mainland China. Through a range of planned tactics, we are increasing our participation in the fast-evolving book printing sector in the Mainland together with the manufacturing of creative point-of-sale merchandise.

Augment competitive position

The Group has also taken steps to strengthen our competitive position in anticipation of intensified activity in the coming months.

Leveraging on our strong liquidity, we have continued to upgrade equipment, realign machinery and acquire new capabilities. Marketing activities have been stepping up in the Mainland to improve sales as the market continues to expand, while business processes are being streamlined to improve efficiency in fulfilling customer orders of multiple variants and sizes of very demanding lead times.

New designs and ideas were launched in the Beluga "print + digital" range of interactive publications, which were well received by global customers looking for novel products, offerings and technologies. We have collaborated with business partners to bring innovative ideas to the market. They include new Bridging Book titles launched at the 2016 Hong Kong Book Fair in partnership with children's education centres, and creative packaging and merchandising solutions tailor-made for internationally renowned brands and customers.

Management Discussion and Analysis (Continued)

BUSINESS UNIT OVERVIEW

The Hung Hing Printing Group is comprised of four key business units.

<p>Book and Package Printing (BPP)</p> <p>57% of total Group sales.</p> <p>One of the world's leading producers of folding cartons and packaging for toys, cosmetics and other consumer products, as well as conventional and children's novelty books.</p> <p>Three plants with a combined production space of 300,000 sq.m., including a plant in Hong Kong and one each in Shenzhen and Heshan in China's Guangdong province.</p> <p>circa 7,700 workers.</p>	<p>Consumer Product Packaging (CPP)</p> <p>21% of total Group sales.</p> <p>High quality packaging solutions for customers worldwide, with a particular focus on mainland China's fast-growing consumer market.</p> <p>Facilities in Zhongshan in southern China and Wuxi near Shanghai with a combined production space of 180,000 sq.m.</p> <p>circa 1,700 workers.</p>
<p>Corrugated Box (CB)</p> <p>5% of total external Group sales, plus HK\$44 million in inter-business unit sales.</p> <p>Corrugated cartons for packaging for a wide range of companies, including toy, food and beverage, electronics and household product manufacturers. Exports out of mainland China comprise 60% of the revenues of this business unit.</p> <p>A manufacturing facility in Shenzhen and a distribution center in Hong Kong.</p>	<p>Paper Trading (PT)</p> <p>17% of total external Group sales, plus almost same amount in inter-business unit sales.</p> <p>One of the largest paper trading operators in Asia (ex-Japan), supplying a large variety of paper types and quantities with short lead times at competitive prices. The business unit is a key strategic paper supply partner to the Group's other business units.</p> <p>Paper storage facilities for over 70,000-tons in Shenzhen and Hong Kong.</p>

BUSINESS UNIT REPORTS

During the period, Book and Package Printing, the Group's largest business unit, as well as the Paper Trading unit, were able to maintain stable revenues despite a widespread cautious attitude among customers in response to adverse developments and economic uncertainties in Europe. Revenues for the Consumer Product Packaging and Corrugated Box business units were not immune to the subdued conditions in export markets combined with a slowdown in domestic demand in China compared to the first six months of last year.

Management Discussion and Analysis (Continued)

Besides a generally lackluster economic sentiment in the first half, a reduced mix of high-margin special projects and unfavorable exchange movements affected the margins of all the Group's business units. Paper Trading reported a slight decline in profit contribution while the other three business units recorded a loss.

Despite a slow start to the year, the Paper Trading business unit achieved increases in sales as the peak season started to kick in towards the latter part of the first half. Paper Trading has historically been a reliable early indicator of upcoming sales trends for the Group's other business units.

Book and Package Printing (BPP)

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

- External revenues of HK\$760 million, compared to HK\$775 million the previous year
- Loss of HK\$12 million, vs. a profit contribution of HK\$25 million last year

BPP remained the Group's largest business unit, accounting for 57% of its external sales. The book printing business continues to develop with increasing market interest in high-quality products such as novelty children's books. Initial launches of our range of original point-of-purchase print and display materials attracted positive attention in the market. BPP kept pace with changing market trends, benefiting from its long-standing expertise in innovative product design and production, as well as its investments in the latest techniques and equipment. These initiatives led to increased business activity in our core product lines such as the children's books, cards and novelty products.

A longer than expected period of subdued order intake was experienced at the beginning of the year. BPP gradually regained momentum by the end of the first half through increased agility and creativity in its go-to-market offerings and strengthened partnerships with key customers. While total sales for the first six months were affected by a reduction in one-off special projects compared to last year, revenues from core product lines were largely stable.

Consumer Product Packaging (CPP)

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

- External revenues of HK\$278 million, a decline of 16% from HK\$329 million the previous year
- Loss of HK\$6 million, vs. a loss of HK\$4.3 million last year

Revenues of the CPP business unit were slower than the previous year, reflecting a softening China domestic market in the first half. Consumer sentiment stayed at a relatively low level during the period, leading to short-term restrictions in order placement. However, the Group is confident of the long-term prospects for the domestic packaging market in China. Fresh opportunities to acquire new domestic brand customers emerged during the period. CPP will continue to build a strong customer base in the export sector while intensifying its focus on major domestic customers in the foods, beverages and healthcare categories. Investments were increased in equipment and processes to enable dynamic adjustments of CPP's product mix in response to emerging market preferences.

Management Discussion and Analysis (Continued)

Corrugated Box (CB)

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

- External revenues of HK\$66 million, down 22% from HK\$84 million the previous year
- Breakeven, compared to a profit contribution of HK\$3.3 million last year

CB was impacted by the same economic factors and general business conditions that affected the performance of the other business units during the first half of the year. Despite lower revenues, CB improved efficiencies and implemented stringent cost controls to maintain margins. To overcome the macroeconomic pressures, the business unit conducted aggressive sales and marketing campaigns to accelerate new customer acquisition. Together with various measures implemented during the period to upgrade workflow efficiencies, CB is expecting stable performance in the forthcoming half year.

Paper Trading (PT)

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

- External revenues of HK\$218 million, compared to HK\$221 million the previous year
- Profit contribution of HK\$8.4 million, down 8% from HK\$9.2 million last year

PT continued to increase the proportion of its revenues derived from exports, which contributed to its steady revenues during the period. However, profit contribution was affected by increased pricing and margin pressure against the backdrop of soft market demand.

Upon including internal sales, PT achieved an overall sales increase as peak season orders began to flow in towards the end of the first half. As an upstream business, it continued to provide a stable source of paper supply to the Group's other business units. PT expanded its geographic coverage and sales efforts to create economies of scale, enrich its portfolio of materials and broaden its services profile to fuel momentum in the second half.

Management Discussion and Analysis (Continued)

Liquidity and Capital Resources

During the six months under review, the Group continued to maintain a strong financial position. As of 30 June 2016, the Group had net cash on hand (total cash net of bank borrowings) of HK\$515 million. This robust cash position renders the Group well placed to capitalize on development opportunities and address future requirements.

The Group had HK\$814 million total cash on hand with a reduction in total bank borrowing. Most of the Group's cash was held in Renminbi to support its core operational and development needs in mainland China. Of the Group's total cash on hand, 74% was held in Renminbi, 19% in US Dollars, 6% in HK Dollars and the remaining 1% in Pound Sterling, Euros and Japanese Yen. A more disciplined approach to Renminbi hedging was adopted to control exchange exposure in light of increased Renminbi volatility. Any Renminbi cash not earmarked for immediate use was placed in time deposits to match cash outflow and maximize interest income at the same time.

During the period under review, total interest income was HK\$8 million, approximately HK\$4 million less than the same period last year due to adjusted deposit amounts and lower market interest rates.

As of 30 June 2016, the Group managed its total bank borrowings down to HK\$299 million. The Group's gearing ratio, comparing total bank borrowings with total equity, stood at 11% compared with 14% in the previous year. Based on the Group's agreed loan repayment schedules with banks, HK\$178 million is repayable within one year, HK\$18 million within 1-2 years, and HK\$103 million within 2-5 years. Leveraging its strong financial position, the Group constantly reviews and updates its funding strategy for optimization of short-term and long-term needs.

Of the Group's total bank borrowings, 36% comprised trade loans in US Dollars and 4% in Japanese Yen. 13% was owed to banks in Hong Kong in HK Dollars at HIBOR or the banks' cost of funds plus some mark-up. The remaining 47% also in HK Dollars was term loans with banks at fixed interest rates. During the period, the Group considered both short-term and longer-term financing needs, and made effective use of trade loan facilities under competitive terms and advantageous interest rate at LIBOR plus a lower spread. Total interest costs reduced by 19% compared to the same period last year to HK\$2.8 million.

During the period under review, the Group recorded over HK\$38 million in capital expenditure, which was mostly deployed for automation and equipment upgrades. In addition, HK\$52 million in capital commitment was in place as at the end of the first half of 2016 for investment in new printing technology, process automation and efficiency enhancement. Key investment items included new offset printing presses, digital hot-stamping machines, varnish machines and digital die-cutters.

Management Discussion and Analysis (Continued)

Contingent Liabilities and Pledge of Assets

As at 30 June 2016, the Group has provided corporate guarantees to the extent of HK\$17 million to secure the banking facilities of a former related company.

Certain buildings, land use rights and time deposits of the Group with a total carrying value of HK\$161 million as at 30 June 2016 have been pledged to secure banking facilities granted to the Group.

Environmental Sustainability

The group is committed to sustainable and responsible manufacturing practices. The Group's Shenzhen plant has outperformed mandatory emissions targets every year since the government's emission index was in place in 2013. Throughout 2015, the plant achieved a quota surplus of 7,302 tons (2014: 9,166 tons) despite the increasingly tightening of the emissions targets (5% reduction per year).

In the first six months of 2016, the Group consumed 26,950 MWh of electricity, compared to 29,000 MWh consumed during the same period last year. Water consumption was 461,000 m³ (1H 2015: 438,000 m³). Over 98% of our solid waste was recycled, comprising 23,780 tons of waste paper (1H 2015: 24,200 tons), 243 tons of plastic (1H 2015: 261 tons) and 59 tons of metal (1H 2015: 42 tons).

Over 90% of the paper used in production was either recycled or from well-managed and sustainable forests. Paper used during the period under review included over 30,300 tons (1H 2015: 29,500 tons) of FSC paper, 4,600 tons (1H 2015: 4,700) of PEFC and 47,000 tons (1H 2015: 52,000) of paper with high recycled content.

Our People

Besides offering competitive remuneration packages and fair career opportunities to improve staff loyalty, the Group has further enhanced its training provision to improve employees' skill levels, health and safety awareness, and career development paths. A total of over 196,070 hours of training (1H 2015: 168,000 hours) was provided to 58,100 attendees (1H 2015: 51,000) during the period under review.

Weekly inspections were conducted at all the Group's facilities to monitor health and safety performance and highlight its importance. Consequently, the Group's total incident rate¹ improved from 0.25 in 1H 2015 to 0.10 for the same period this year. The Group had an average of 10,000 employees over the six-month period. With ad-hoc recruitment at the end of the second quarter to handle the surge in orders, the Group's employee count stood at 11,900 on 30 June 2016 (end June 2015: 11,800).

¹ http://www.nmmcc.com/wp-content/uploads/FORMULAS_for_CALCULATING_RATES1.pdf

Management Discussion and Analysis (Continued)

Prospects

Exports orders have picked up robustly towards the end of the second quarter as we enter the peak season. The US, one of our major markets, has been showing positive momentum. We will devise specific programs to address the opportunities presented in this market in the coming months. Despite the recent socio-political disruptions, business sentiments in Europe are showing signs of stabilizing and catching up on activities postponed from the first half.

The domestic China market is evolving to become more sophisticated. Chinese consumers are becoming more discerning and affluent. More customers are looking for professional and reliable printing partners with a track record of value addition, versatile capabilities and reputed ethical and governance standards. The Group will place strong emphasis on developing this growth market, offering a broader range of solutions to meet the increasing demand.

Our long history of operations excellence, prudent financial management and ability to embrace innovation have rendered the Group cautiously optimistic about the outlook for the second half of the year as well as consistent growth over the long term.

Information Provided in Accordance with the Listing Rules

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK1 cent (2015: HK1.5 cents) per share. The interim dividend will be paid on 26 October 2016 to shareholders whose names appear on the Register of Members of the Company on 30 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 27 September 2016 to 30 September 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 26 September 2016.

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 listed securities during the period.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2016, the interests of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of directors	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share
	Directly beneficially owned	Through spouse or minor children	Total	
Yum Chak Ming, Matthew	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 30 June 2016, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Information Provided in Accordance with the Listing Rules (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Restricted Share Award Scheme, the executive directors are eligible participants of the Restricted Share Award Scheme, details of which are set out in note 24 to the financial information.

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

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

At 30 June 2016, the following interest of 5% or more of the issued share of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share
C.H. Yam International Limited* (Note)	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited (Note)	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited (Note)	Directly beneficially owned	199,263,190	21.95
Rengo Co., Ltd.	Directly beneficially owned	271,552,000	29.91

* C.H. Yam International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy and other immediate family members of the founder as at 30 June 2016. None of such interests renders C.H. Yam International Limited a controlled corporation (as defined in SFO) of any of Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy or any other members of the family.

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

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

Information Provided in Accordance with the Listing Rules (Continued)

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

Save as disclosed above, as at 30 June 2016, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions listed in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the interim results, with the exception that:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The 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.
2. Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term. However under the Articles of Association of the Company, one-third of the directors who have served longest on the Board shall retire from office by rotation every year at the annual general meeting. All directors of the Company retire by rotation at least once every three years and hence the terms of appointment of the non-executive directors are limited accordingly.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2016 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee comprises of three independent non-executive directors and a non-executive director of the Company.

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

Hong Kong, 23 August 2016

