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INTERIM REPORT
中期報告
2017

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

CONTENTS

目　錄

Corporate Information

EXECUTIVE DIRECTORS	Yum Chak Ming, Matthew, Executive Chairman Sung Chee Keung
NON-EXECUTIVE DIRECTORS	Sadatoshi Inoue Hirofumi Hori Yoshihisa Suzuki 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

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 2017 as follows:

Consolidated Income Statement

	Note	For the six months ended 30 June **2017** **(Unaudited)** **HK$'000**	2016 (Unaudited) HK$'000
Revenue	5	**1,394,739**	1,322,665
Cost of sales	7	**(1,193,140)**	(1,153,999)
Gross profit		**201,599**	168,666
Other revenue	5	**10,804**	12,277
Other net income/(loss)	5	**9,525**	(7,186)
Distribution costs		**(30,250)**	(34,253)
Administrative and selling expenses	7	**(164,259)**	(157,061)
Operating profit/(loss)		**27,419**	(17,557)
Finance costs	6	**(3,037)**	(2,758)
Profit/(loss) before income tax		**24,382**	(20,315)
Income tax	8	**(7,382)**	536
Profit/(loss) for the period		**17,000**	(19,779)
Attributable to:			
Equity shareholders of the Company		**14,403**	(21,645)
Non-controlling interests		**2,597**	1,866
Profit/(loss) for the period		**17,000**	(19,779)
		HK cents	HK cents
Earnings/(loss) per share attributable to equity shareholders of the Company	9		
Basic		**1.6**	(2.4)
Diluted		**1.6**	(2.4)
		HK$'000	HK$'000
Dividend	10	**18,157**	9,079

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit/(loss) for the period	**17,000**	(19,779)
Other comprehensive income for the period (net of tax):		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	**26,412**	(25,121)
Change in fair value of intangible assets	**200**	(200)
Change in fair value of available-for-sale financial assets	**579**	231
	27,191	(25,090)
Total comprehensive income for the period	**44,191**	(44,869)
Attributable to:		
Equity shareholders of the Company	**37,142**	(42,142)
Non-controlling interests	**7,049**	(2,727)
	44,191	(44,869)

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Financial Position

	Note	**30 June 2017 (Unaudited) HK$'000**	31 December 2016 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	11	**1,076,622**	1,113,515
Land use rights	12	**63,249**	77,736
Properties under construction		**3,413**	517
Intangible assets		**10,674**	8,970
Deposits for acquisition of non-current assets		**75,393**	40,577
Available-for-sale financial assets	13	**46,979**	45,755
Deferred tax assets		**16,469**	16,065
		1,292,799	1,303,135
Current assets			
Inventories		**518,069**	523,470
Trade and bills receivables	14	**785,288**	787,196
Prepayments, deposits and other receivables		**60,052**	47,642
Pledged time deposits	15	**98,195**	136,395
Time deposits with original maturity over three months	15	**33,551**	5,590
Cash and cash equivalents	15	**646,439**	684,831
Income tax recoverable		**2,073**	3,511
		2,143,667	2,188,635
Assets of disposal group held for sale	16	**146,471**	–
		2,290,138	2,188,635
Current liabilities			
Trade and bills payables	17	**271,305**	201,930
Other payables and accrued liabilities		**193,712**	188,589
Bank borrowings	18	**134,493**	110,655
Income tax payable		**8,385**	21,915
		607,895	523,089
Liabilities of disposal group held for sale	16	**11,426**	–
		619,321	523,089
Net current assets		**1,670,817**	1,665,546
Total assets less current liabilities		**2,963,616**	2,968,681

Consolidated Statement of Financial Position (Continued)

	Note	**30 June 2017 (Unaudited) HK$'000**	31 December 2016 (Audited) HK$'000
Non-current liabilities			
Bank borrowings	18	**143,000**	155,000
Deferred tax liabilities		**54,904**	55,434
		197,904	210,434
NET ASSETS		**2,765,712**	2,758,247
CAPITAL AND RESERVES			
Share capital	19	**1,652,854**	1,652,854
Reserves		**942,261**	932,766
Proposed dividend		**18,157**	27,236
Total equity attributable to equity shareholders of the Company		**2,613,272**	2,612,856
Non-controlling interests		**152,440**	145,391
TOTAL EQUITY		**2,765,712**	2,758,247

The notes on pages 9 to 26 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 (Unaudited)

		Attributable to equity shareholders of the Company										
	Note	Share capital HK$'000	Other capital reserves HK$'000	Intangible assets revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Legal reserves HK$'000	Exchange fluctuation reserve HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity 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 previous year		–	–	–	–	–	–	–	(22,697)	(22,697)	–	(22,697)
Allocation from legal reserves		–	–	–	–	(72)	–	72	–	–	–	–
Interim dividend	10	–	–	–	–	–	–	(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 26 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2017 (Unaudited)

	Note	Attributable to equity shareholders of the Company										Non-controlling interests HK$'000	Total equity HK$'000
		Share capital HK$'000	Other capital reserves HK$'000	Intangible assets revaluation reserve HK$'000	Available-for-sale investment revaluation reserve HK$'000	Legal reserve HK$'000	Exchange fluctuation reserves HK$'000	Equity compensation reserve HK$'000	Retained earnings HK$'000	Proposed dividend HK$'000	Sub-total HK$'000		
Balance at 1 January 2017		1,652,854	(4,831)	5,400	26,128	138,231	52,506	-	715,332	27,236	2,612,856	145,391	2,758,247
Changes in equity for the period													
Profit for the period		-	-	-	-	-	-	-	14,403	-	14,403	2,597	17,000
Other comprehensive income, net of tax		-	-	200	579	-	21,960	-	-	-	22,739	4,452	27,191
Total comprehensive income		-	-	200	579	-	21,960	-	14,403	-	37,142	7,049	44,191
Dividend approved in respect of previous year		-	-	-	-	-	-	-	-	(27,236)	(27,236)	-	(27,236)
Equity compensation expenses	24	-	-	-	-	-	-	2,169	-	-	2,169	-	2,169
Interim dividend	10	-	-	-	-	-	-	-	(18,157)	18,157	-	-	-
Purchase of shares for share award scheme		-	(11,659)	-	-	-	-	-	-	-	(11,659)	-	(11,659)
Total transactions with equity shareholders, recognised directly in equity		-	(11,659)	-	-	-	-	2,169	(18,157)	(9,079)	(36,726)	-	(36,726)
Balance at 30 June 2017		1,652,854	(16,490)	5,600	26,707	138,231	74,466	2,169	711,578	18,157	2,613,272	152,440	2,765,712

The notes on pages 9 to 26 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Operating activities		
Cash generated from operations	**44,684**	63,347
Income tax paid	**(22,849)**	(12,224)
Net cash generated from operating activities	**21,835**	51,123
Investing activities		
Interest received	**5,771**	9,802
Purchases of property, plant and equipment	**(12,028)**	(20,378)
Deposits for acquisition of property, plant and equipment	**(41,968)**	(28,201)
(Increase)/decrease in time deposits with original maturity over three months	**(27,783)**	152,895
Decrease in pledged time deposits	**38,200**	1,079
Other cash flows arising from investing activities	**(698)**	(662)
Net cash (used in)/generated from investing activities	**(38,506)**	114,535
Financing activities		
Purchase of shares for share award scheme	**(11,659)**	–
Dividends paid to equity shareholders of the Company	**(27,236)**	(22,697)
Proceeds from bank borrowings	**70,093**	181,490
Repayments of bank borrowings	**(58,255)**	(155,833)
Other cash flows arising from financing activities	**(3,081)**	(2,692)
Net cash (used in)/generated from financing activities	**(30,138)**	268
Net (decrease)/increase in cash and cash equivalents	**(46,809)**	165,926
Cash and cash equivalents at 1 January	**684,831**	546,391
Effect of foreign exchange rate changes	**8,417**	(10,005)
Cash and cash equivalents at 30 June	**646,439**	702,312
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**365,672**	311,604
Time deposits with original maturity less than three months	**280,767**	390,708
	646,439	702,312

The notes on pages 9 to 26 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 (the "Board") on 29 August 2017.

2. Basis of Preparation

This interim financial report for the six months ended 30 June 2017 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 2016. Disposal group held for sale is stated at the lower of carrying amount and fair value less cost to sell.

The financial information relating to the financial year ended 31 December 2016 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 2016 to the Registrar of Companies as required by 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 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements and disposal group held for sale. Details of the changes in accounting policies are described below.

(i) Amendments to HKFRSs

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:

- Amendments to HKAS 7, Statement of cash flows: Disclosure initiative
- Amendments to HKAS 12, Income taxes: Recognition of deferred tax assets for unrealized losses

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.

(ii) Disposal group held for sale

A disposal group is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the disposal group is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of all individual assets and liabilities in a disposal group is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out in the 2016 annual financial statements.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

Notes to the Unaudited Interim Financial Report (Continued)

4. Segment Information

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

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

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-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 income/(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 2017					
	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	**784,387**	**297,264**	**79,786**	**233,302**	**–**	**1,394,739**
Inter-segment sales	**265**	**778**	**70,195**	**233,671**	**(304,909)**	**–**
Total	**784,652**	**298,042**	**149,981**	**466,973**	**(304,909)**	**1,394,739**
Segment results	**2,708**	**14,375**	**17,166**	**11,103**	**(238)**	**45,114**
Interest income and other income						**5,446**
Corporate and unallocated expenses						**(23,141)**
Operating profit						**27,419**
Finance costs						**(3,037)**
Profit before income tax						**24,382**
Income tax						**(7,382)**
Profit for the period						**17,000**

Notes to the Unaudited Interim Financial Report (Continued)

4. Segment Information (Continued)

	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	760,815	278,601	110,581	432,643	(259,975)	1,322,665
Segment results	(12,089)	(5,980)	(142)	8,429	(402)	(10,184)
Interest income and other income						7,809
Corporate and unallocated expenses						(15,182)
Operating loss						(17,557)
Finance costs						(2,758)
Loss before income tax						(20,315)
Income tax						536
Loss for the period						(19,779)

Notes to the Unaudited Interim Financial Report (Continued)

5. Revenue, Other Revenue and Other Net Income/(Loss)

The Group's revenue, other revenue and other net income/(loss) consist of the following:

	For the six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Revenue		
Sale of goods	**1,394,739**	1,322,665
Other revenue		
Dividend income from available-for-sale financial assets	**266**	196
Bank interest income	**5,446**	7,809
Sales of scrap materials	**2,260**	2,064
Government grants	**2,347**	1,475
Sundry income	**485**	733
	10,804	12,277
Other net income/(loss)		
Foreign exchange gain/(loss)	**8,111**	(4,054)
Fair value gain/(loss) on derivative financial instruments not qualified as hedges	**1,612**	(1,045)
Loss on disposal of property, plant and equipment	**(198)**	(2,087)
	9,525	(7,186)

6. Finance Costs

	For the six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Interest on bank borrowings	**3,037**	2,758

Notes to the Unaudited Interim Financial Report (Continued)

7. Expenses by Nature

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

	For the six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Depreciation	**47,603**	50,083
Amortisation of land use rights	**1,362**	1,386
Amortisation of intangible assets	**569**	448
Employee benefit expense (including directors' emoluments)	**376,322**	378,311
Reversal of provision for impairment loss of inventories, net	**(201)**	(1,618)
Provision for impairment loss of trade receivables, net	**547**	1,013

8. Income Tax

	For the six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Current tax		
– Hong Kong profits tax	**1,438**	–
– PRC corporate income tax and withholding tax	**9,319**	1,274
Total current tax	**10,757**	1,274
Deferred income tax	**(3,375)**	(1,810)
Income tax	**7,382**	(536)

The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the period ended 30 June 2017. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

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.

Notes to the Unaudited Interim Financial Report (Continued)

9. Earnings/(Loss) per Share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK$14,403,000 (2016: loss of HK$21,645,000) and 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	
	2017	2016
Profit/(loss) attributable to equity shareholders of the Company (HK$'000)	**14,403**	(21,645)
Weighted average number of ordinary shares in issue ('000)	**907,865**	907,865
Weighted average number of own held shares for share award scheme ('000)	**(3,994)**	(1,633)
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share ('000)	**903,871**	906,232
Basic earnings/(loss) per share (HK cents per share)	**1.6**	(2.4)

Notes to the Unaudited Interim Financial Report (Continued)

9. Earnings/(Loss) per Share (Continued)

(b) Diluted earnings/(loss) per share

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

	For the six months ended 30 June 2017
Profit attributable to equity shareholders of the Company (HK$'000)	**14,403**
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	**903,871**
Effect of dilutive potential ordinary shares in respect of own held shares for share award scheme ('000)	**3,850**
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)	**907,721**
Diluted earnings per share (HK cents per share)	**1.6**

For the six months ended 30 June 2016, diluted loss per share was the same as the basic loss per share as there was no dilutive potential ordinary shares.

10. Dividend

	For the six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Interim dividend of HK 2 cents (2016: HK 1 cent) per ordinary share	**18,157**	9,079

Notes to the Unaudited Interim Financial Report (Continued)

11. Property, Plant and Equipment

	30 June 2017 HK$'000	31 December 2016 HK$'000
Opening net book amount at 1 January 2017/2016	**1,113,515**	1,183,805
Additions	**12,028**	55,969
Transfer from properties under construction	**–**	3,747
Transfer from deposits for acquisition of non-current assets	**6,745**	15,272
Disposals	**(2,008)**	(12,210)
Depreciation	**(47,603)**	(101,733)
Transfer to assets of disposal group held for sale	**(20,227)**	–
Exchange differences	**14,172**	(31,335)
Closing net book amount at 30 June 2017/31 December 2016	**1,076,622**	1,113,515

12. Land Use Rights

	30 June 2017 HK$'000	31 December 2016 HK$'000
Opening net book amount at 1 January 2017/2016	**77,736**	82,641
Amortisation	**(1,362)**	(2,756)
Transfer to assets of disposal group held for sale	**(14,115)**	–
Exchange differences	**990**	(2,149)
Closing net book amount at 30 June 2017/31 December 2016	**63,249**	77,736

Notes to the Unaudited Interim Financial Report (Continued)

13. Available-for-sale Financial Assets

	30 June 2017 HK$'000	31 December 2016 HK$'000
Unlisted equity investments, at fair value	**32,614**	31,969
Unlisted equity investments, at cost	**80**	80
Club debentures, at fair value	**736**	736
Hong Kong listed equity investments, at fair value	**13,549**	12,970
	46,979	45,755

During the period, a fair value gain of the Group's available-for-sale financial assets of HK$579,000 (2016: HK$231,000) was recognised directly in the available-for-sale investment revaluation reserve.

14. Trade and Bills Receivables

	30 June 2017 HK$'000	31 December 2016 HK$'000
Trade receivables	**788,708**	782,034
Less: Provision for impairment loss of trade receivables	**(7,968)**	(7,314)
	780,740	774,720
Trade receivables due from related parties	**83**	5,988
Total trade receivables, net	**780,823**	780,708
Bills receivable	**4,465**	6,488
	785,288	787,196

Notes to the Unaudited Interim Financial Report (Continued)

14. Trade and Bills Receivables (Continued)

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 2017 HK$'000	31 December 2016 HK$'000
1–30 days	**373,952**	287,219
31–60 days	**174,659**	173,693
61–90 days	**111,853**	108,902
Over 90 days	**120,359**	210,894
	780,823	780,708

Trade receivables are normally due within 30 to 90 days from date of billing.

15. Cash and Cash Equivalents and Time Deposits

	30 June 2017 HK$'000	31 December 2016 HK$'000
Cash at banks and on hand	**365,672**	432,099
Time deposits with original maturity less than three months	**280,767**	252,732
Cash and cash equivalents	**646,439**	684,831
Time deposits with original maturity over three months	**33,551**	5,590
Pledged time deposits	**98,195**	136,395
	778,185	826,816

At of 30 June 2017, time deposits of HK$98,195,000 (31 December 2016: HK$136,395,000) were pledged as collaterals for the issuance of bills payables.

Notes to the Unaudited Interim Financial Report (Continued)

16. Disposal Group Held For Sale

On 24 April 2017, the Board announced a proposed disposal of the entire equity interests in Sun Hing Paper (Shenzhen) Company Limited, a wholly-owned subsidiary of the Company. The approval of shareholders for the disposal was obtained on 12 May 2017 and accordingly the assets and liabilities of the disposal group was classified as held for sale. The transaction is expected to be completed within the second half 2017. As the disposal group is part of paper trading segment but not a major line of business, the disposal group is not a discontinued operation.

The disposal group is measured at its carrying amount at 30 June 2017 which is lower than its fair value less cost to sell.

The assets and liabilities of the disposal group are as follows:

	30 June 2017 HK$'000
Property, plant and equipment	**20,227**
Land use rights	**14,115**
Inventories	**52,583**
Trade receivables	**35,324**
Prepayments, deposits and other receivables	**168**
Amounts due from group entities	**47,480**
Cash and cash equivalents	**22,687**
Other assets	**1,367**
Total assets of the disposal group	**193,951**
Less: Amounts due from group entities	**(47,480)**
Assets of the disposal group classified as held for sale	**146,471**
Amounts due to group entities	**147,500**
Other payables and accrued liabilities	**11,426**
Total liabilities of the disposal group	**158,926**
Less: Amounts due to group entities	**(147,500)**
Liabilities of the disposal group classified as held for sale	**11,426**
Total net assets of the disposal group classified as held for sale	**135,045**

For presentation in the consolidated statement of financial position as at 30 June 2017, the amounts due from and due to group entities amounting to HK$47,480,000 and HK$147,500,000 respectively have been excluded from the assets and liabilities of disposal group held for sale.

Notes to the Unaudited Interim Financial Report (Continued)

17. Trade and Bills Payables

	30 June 2017 HK$'000	31 December 2016 HK$'000
Trade payables	**238,680**	175,132
Bills payable	**32,625**	26,798
	271,305	201,930

At of 30 June 2017, the bills payable of HK$27,143,000 (31 December 2016: HK$22,826,000) are secured by the pledged time deposits of HK$98,195,000 (31 December 2016: HK$136,395,000) (note 15).

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

	30 June 2017 HK$'000	31 December 2016 HK$'000
1–30 days	**187,315**	128,603
31–60 days	**32,971**	32,736
61–90 days	**5,968**	4,876
Over 90 days	**12,426**	8,917
	238,680	175,132

18. Bank Borrowings

	30 June 2017 HK$'000	31 December 2016 HK$'000
Current		
Bank loans – guaranteed	**134,493**	110,655
Non-current		
Bank loans – guaranteed	**143,000**	155,000
	277,493	265,655

All of the above bank loans are secured by the corporate guarantees issued by the Company.

Notes to the Unaudited Interim Financial Report (Continued)

19. Share Capital

	30 June 2017		31 December 2016	
	Number of shares	**Share capital HK$'000**	Number of shares	Share capital HK$'000
Ordinary shares, issued and fully paid	**907,864,974**	**1,652,854**	907,864,974	1,652,854

Save as disclosed in note 24, the Company did not repurchase any of its own shares during the six months ended 30 June 2017 (period ended 30 June 2016: Nil).

20. Material Related Party Transactions

(a) Transactions with related parties

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

	For the six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Sales of raw materials or finished goods to:		
– A substantial shareholder	**1,577**	2,721
– Parties under control of a substantial shareholder	**129**	1,542

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	
	2017 HK$'000	2016 HK$'000
Short-term employment benefits	**18,174**	14,277
Post-employment benefits	**315**	253
	18,489	14,530

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 2017 HK$'000	31 December 2016 HK$'000
Not later than one year	**7,011**	4,492
Later than one year and not later than five years	**17,269**	11,326
Later than five years	**49,452**	49,155
	73,732	64,973

22. Capital Commitments

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

	30 June 2017 HK$'000	31 December 2016 HK$'000
Contracted for, but not provided for	**51,129**	8,549

23. Contingent Liabilities

As at 30 June 2017, the Group has provided corporate guarantees to the extent of HK$26,528,000 (31 December 2016: HK$25,713,000) to secure the banking facilities of a former related company of the Company governed by Shareholders' agreement. The amount drawn against the banking facilities was HK$26,528,000 (31 December 2016: HK$25,713,000).

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 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.

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

Share-based payment of HK$2,169,000 has been recognised in the consolidated income statement as employee benefit expense during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Movement in the number of share awards granted and their related average fair value is as follows:

	For the six months ended 30 June			
	2017		2016	
	Average fair value per share	**Number of share awards**	Average fair value per share	Number of share awards
Beginning balance		**–**		–
Granted	**1.56**	**9,101,970**	–	–
Ending balance		**9,101,970**		–

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

	For the six months ended 30 June	
	2017	2016
	Number of shares	Number of shares
Beginning balance	**1,632,944**	1,632,944
Shares purchased during the period	**7,500,000**	–
Ending balance	**9,132,944**	1,632,944

Notes to the Unaudited Interim Financial Report (Continued)

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).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2017:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial assets:				
– Club debentures	–	–	736	736
– Unlisted equity investments	–	–	32,614	32,614
– Listed equity investments	13,549	–	–	13,549
	13,549	–	33,350	46,899

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.

Notes to the Unaudited Interim Financial Report (Continued)

25. Fair Value Estimation (Continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2017:

	Club debentures HK$'000	Unlisted equity investments HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 1 January	736	31,969	–	32,705
Recognised to consolidated income statement	–	–	1,612	1,612
Settlement on maturity	–	–	(1,612)	(1,612)
Exchange differences	–	645	–	645
At 30 June	736	32,614	–	33,350
Total gain for the period included in profit or loss for assets held at the end of the reporting period	–	–	1,612	1,612

Management Discussion and Analysis

The period under review was characterized by economic stabilization and improved customer confidence in key markets on the demand side and continuing consolidation on the supply side. These factors, combined with the Hung Hing Printing Group's continuous efforts to enhance agility and innovation, enabled us to deliver satisfactory growth in both revenue and profitability during the first half of 2017.

Results and dividends

The Group's revenue grew 5.4% to HK$1,395 million compared to the same period last year. Paper price movements and planned rationalization of our product lines and order portfolio to focus on higher-margin business drove a significant increase in profit from operating activities to HK$27.4 million, compared to a net loss of HK$17.6 million in 2016.

Following from revenue growth and a 1.7% point increase in gross profit margin, net profit improved to HK$17 million, of which HK$14.4 million was profit attributable to equity shareholders of the Company. This was a significant improvement over a net loss of HK$21.6 million recorded in 2016.

Book and Package Printing (BPP), the Group's largest business unit, achieved a 3.1% increase in revenue and moved back to profitability with improved capacity utilization, a more balanced business portfolio and the introduction of innovative products with integrated technology. The Consumer Product Packaging (CPP) unit maintained its focus on strengthening partnerships with key accounts and offering turnkey printing solutions for the domestic China market to produce improved earnings. Both the Corrugated Box (CB) and Paper Trading (PT) units were able to benefit from favourable inventory turnover by leveraging paper price trends to achieve higher profitability.

Basic earnings per share was HK1.6 cents, compared to a loss per share of HK2.4 cents for the corresponding period in 2016.

The board of directors has declared an interim dividend of HK2 cents (2016: HK1 cent) per share, payable on 25 October 2017 to shareholders whose names appear in the Register of Members of the Company on 29 September 2017.

Sharpening our focus in the paper trading business

During the period, the Group announced an agreement to dispose of Sun Hing Paper (Shenzhen) Company Limited, one of the warehousing facilities belonging to the Paper Trading business, in order to streamline operations and enhance our competitive position. This strategic transaction will optimize our operating model and help achieve higher efficiencies. It will also facilitate the strategic investments needed to upgrade the capabilities of our facilities, and implement automation and workflow improvements, positioning us well for growth and improved shareholder returns over the long term. The transaction is expected to be completed in the second half of 2017.

Establishing a culture of innovation and agility

The advent of technology and automation are reshaping the printing and manufacturing sectors. Over the past six months we have continued to transform our manufacturing and business processes to create an agile organization with innovation at its core.

Management Discussion and Analysis (Continued)

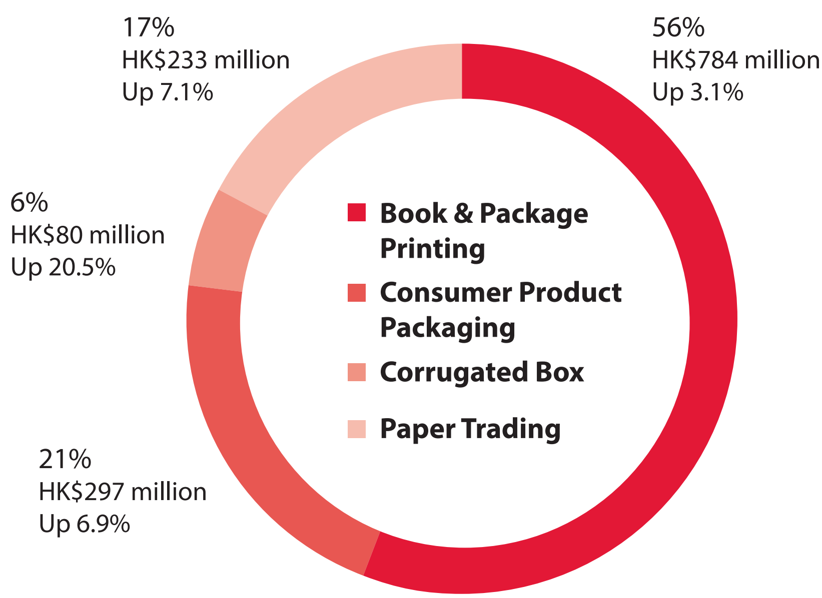
Major initiatives included the construction of a modern new facility in Heshan with advanced, high-productivity equipment incorporating the latest technologies such as RFID and artificial intelligence to support production planning. We also invested in automation, drove innovation through internal research and development, and partnered with cutting-edge companies to enhance our capabilities and scope of offerings.

While state-of-the-art infrastructure, tools and technology are important, it is people and ideas that are at the heart of successful innovation. To establish the right environment and values for ideas to thrive, we are using a concerted approach incorporating recruitment, training, empowerment and rewards to stimulate creativity at all levels of the Group.

BUSINESS UNIT OVERVIEW

The Hung Hing Printing Group comprises four key business units.

Revenue contribution in the first half of 2017



Management Discussion and Analysis (Continued)

	Key product offerings	Key facilities
Book and Package Printing (BPP)	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, with a significant global footprint.	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.
Consumer Product Packaging (CPP)	One of China's top five producers of high quality packaging solutions for personal care products, packaged food and consumer electronics, focusing on the domestic market.	Facilities in Zhongshan in southern China and Wuxi near Shanghai with a combined production space of 180,000 sq.m..
Corrugated Box (CB)	A major manufacturer of corrugated cartons for packaging addressing a wide range of sectors, including toy, food and beverage, electronics and household products, selling to Chinese as well as export markets.	A manufacturing facility in Shenzhen and a distribution centre in Hong Kong.
Paper Trading (PT)	One of Asia's largest paper trading operators (ex-Japan) supplying high quality paper from Europe, Americas, Asia and China. A strategic paper supply partner to the Group's other business units as well as external customers.	Paper processing and logistics handling facilities in Shenzhen and Hong Kong.

BUSINESS UNIT REPORTS

The period under review saw all of the Group's business units reap the benefits of portfolio rationalization and take advantage of resurgent economies in the US and China to improve margins. Successful focus on innovation helped the BPP and CPP business units outperform their targets while the CB and PT business units capitalized on paper price fluctuations to increase inventory turnover with better profit contribution.

In China, environmental guidelines continued to tighten, exerting pressure on smaller suppliers in particular. Exchange rate volatility impacted the sector as a whole, but the Group was able to manage the impact by executing prudent fiscal strategies. The on-going trend of market and order consolidation is favourable for well-established players like Hung Hing that have a reputation for quality, economies of scale and strong financial position.

Management Discussion and Analysis (Continued)

Book and Package Printing (BPP)

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

- External revenue of HK$784 million, up 3.1% from HK$760 million the previous year
- Profit contribution of HK$2.7 million vs. a loss of HK$12 million last year

The US was once again the division's largest market with positive consumer sentiments yielding improvements in order placement. In mainland China, the stabilising economy led to a healthy influx of orders for luxury packaging with value-added and differentiating features.

Sales momentum picked up significantly from the second quarter of 2017 as the business unit entered its peak season, and the outlook for the second half of the year is positive. Increased automation and efficiencies, combined with strong customer relationships in key export markets, helped drive growth in core product lines including novelty products, children's books and greeting cards.

BPP's investments in new skills and technology paid off as novelty packaging incorporating special effects and digital features gained traction. Thanks to the expertise offered by Beluga, the Group's innovation hub, BPP was able to introduce cutting-edge designs with integrated technological elements that helped boost the business unit's profit contribution.

Consumer Product Packaging (CPP)

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

- External revenue of HK$297 million, up 6.9% from HK$278 million the previous year
- Profit contribution of HK$14 million vs. a loss of HK$6 million last year

The CPP business unit continued to strengthen its customer base in the domestic China market, raising its profile through effective marketing efforts in Shenzhen and Beijing. CPP was also able to drive stronger sales by capitalizing on the opportunities presented by the resurgent mainland Chinese economy and the sustained growth of the market's affluent middle class. Meanwhile, the business unit made capital investments in advanced machinery at its manufacturing bases in Zhongshan and Wuxi to augment its offerings with top-of-the-line products.

Paper supply restrictions imposed by stringent environmental controls and increasing minimum wage levels affected operating costs. CPP was able to alleviate the impact of paper price fluctuations and deliver uninterrupted service due to the Group's vertically integrated offering and diversified supplier base. In addition, the business unit realigned its product and customer portfolios to successfully secure new value-added and higher margin business opportunities. It also made further investments in infrastructure to maintain its position as a preferred solution supplier with high environmental and social responsibility standards.

Management Discussion and Analysis (Continued)

Corrugated Box (CB)

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

- External revenue of HK$80 million, up 20.5% from HK$66 million the previous year
- Profit contribution of HK$17 million compared to breakeven last year

The CB business unit was able to grow revenues through effective inventory management that helped it cope with abrupt demand surges resulting from unpredictable paper supply conditions. The Group's economies of scale and enhanced capacity utilization allowed the business unit to offer competitive solutions to business partners without interruptions in supply, driving increases in margins and profitability.

Going forward the CB business unit will develop more opportunities to strengthen its domestic and overseas partner networks while achieving increased cost efficiency by fine-tuning its go-to-market strategy.

Paper Trading (PT)

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

- External revenue of HK$233 million, up 7.1% from HK$218 million the previous year
- Profit contribution of HK$11 million, up 32% from HK$8.4 million last year

During the period under review, the PT business unit posted improvements in both revenue and profit, taking advantage of industry-wide paper price adjustments by revisiting its stocking portfolio strategy and shifting the focus to high-turnover product categories.

The sale of Sun Hing Paper (Shenzhen) Company Limited has enabled us to manoeuvre the warehousing facilities of our paper trading operations, helping the business unit enhance efficiency, agility and logistical proximity to customers and partners.

Liquidity and Capital Resources

The Group takes a proactive management approach to maintain a healthy cash position and a diversified base of funding sources. As of 30 June 2017, the Group had net cash on hand (total cash net of bank borrowings) of HK$501 million to support our working capital requirements, capital expenditure and investment needs both today and in future. In addition, given the progress made with respect to the Sun Hing Paper (Shenzhen) Company Limited transaction, our cash position is anticipated to rise significantly in the second half of 2017.

On 30 June 2017, the Group had HK$778 million total cash on hand, of which slightly over half was held in Renminbi and the remaining are primarily US Dollars and HK Dollars. The Group's cash in Renminbi was held to support its core operational and development needs in mainland China. A more disciplined approach was adopted to control exchange exposure in light of the latest currency market conditions. Any cash not earmarked for immediate use was placed in time deposits to match cash outflow and maximize interest income at the same time.

Management Discussion and Analysis (Continued)

During the period under review, total interest income was HK$5.4 million, approximately HK$2.4 million less than the same period last year due to revised amounts and terms of deposits and an adjusted currency holding portfolio to reduce exchange risk.

Our track record enables us to have access to a wide range of debt finance options. As of 30 June 2017, the Group managed its total bank borrowings down to HK$277 million. Our gearing ratio, comparing total bank borrowings with total equity, stood at 10% roughly on par with the December 2016 level. Based on the Group's agreed loan repayment schedules with banks, HK$134 million is repayable within one year, HK$24 million within 1-2 years, and HK$119 million within 2-5 years.

Of the Group's total bank borrowings, 20% comprised trade loans in US Dollars and 5% in Japanese Yen. 15% was revolving loans owed to banks in Hong Kong in HK Dollars at HIBOR or the banks' cost of funds plus some mark-up. The remaining 60% 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 were at similar levels to last year at HK$3 million.

During the period under review, the Group recorded over HK$58 million in capital expenditure, which was mostly deployed for automation and equipment upgrades. In addition, HK$51 million in capital commitment was in place as at the end of the first half of 2017 for investment in new printing technology, process automation, efficiency enhancement and building plants and facilities.

Environmental Sustainability

Hung Hing's goal is to achieve business success in an environmentally responsible manner, and we aim to improve our performance in this regard every year.

In 2016, the audited carbon emissions level of our Shenzhen factory was 22,960 tons CO_2e (carbon dioxide equivalent), 1,976 tons less than the government quota of 24,936 tons.

In the first six months of 2017, the Group consumed 25,952 MwH of electricity, compared to 26,950 MwH consumed during the same period last year. Water consumption was 519,449 m^3 (1H 2016: 461,000 m^3). Over 98% of our solid waste was recycled, comprising 22,725 tons of waste paper (1H 2016: 23,780 tons), 333 tons of plastic (1H 2016: 243 tons) and 144 tons of metal (1H 2016: 59 tons).

Over 92% 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 31,393 tons (1H 2016: 30,300 tons) of FSC paper, 4,600 tons (1H 2016: 4,600 tons) of PEFC and 48,077 tons (1H 2016: 47,000 tons) of paper with high recycled content.

Our People

People are our greatest asset during this era of fast-paced business. The emergence of a new generation of talented, ambitious workers in China presents us with both opportunities and challenges in terms of recruitment and retention. In this context Hung Hing's strategy is to attract the best talent by becoming an employer of choice.

We have expanded our channels of recruitment and are exploring flexible methods of staffing up especially to address demand spikes during the peak season. To develop the intellectual capital that is critical to providing innovative solutions we aim to offer rewarding careers and a professional, motivating work environment.

Management Discussion and Analysis (Continued)

We continue to offer attractive compensation packages, a clearly defined and transparent career path and training and development opportunities to motivate our staff and empower them with the tools they need. Over 120,388 hours of training (1H 2016: 196,070 hours) was provided to 18,080 attendees (1H 2016: 58,100) in the six months.

The safety and well-being of our employees is of paramount importance to us. We continued to work towards an accident-free workplace and maintained our policy of regular training and inspection to minimize accident rates. The Group's total incident rate[1] was maintained at a low level of 0.14 (1H 2016: 0.10) during the six months.

Contingent Liabilities and Pledge of Assets

As at 30 June 2017, the Group has provided corporate guarantees to the extent of HK$27 million to secure the banking facilities of a former related company of the Company governed by shareholders' agreement.

Certain time deposits of the Group with a total carrying value of HK$98 million as at 30 June 2017 have been pledged to secure banking facilities granted to the Group.

Outlook

We have entered the second half of the year with cautious optimism thanks to the strong progress made in the first six months. We have created a more compelling range of solutions, improving our value proposition whilst achieving profitability. This has paid off with solid sales and margin growth across all parts of the Group.

We are confident that the transaction related to the disposal of Sun Hing Paper (Shenzhen) Company Limited will be completed and booked on schedule in the second half of 2017 as indicated in our earlier circular. The pre-tax gain from the transaction of HK$900 million will be revised upward to approximately HK$960–1,000 million due to favourable exchange rates and savings achieved from smooth implementation of the disposal. Furthermore, the board of directors will recommend to pay out a special dividend in cash or scrip which will be distributed in May or June 2018, together with the final dividend associated with the 2017 full-year results.

Another immediate strategic priority is the construction of the new Heshan facility, which is expected to come into operation by the first quarter of 2018.

Over the coming months, uncertainties in paper prices, paper supply and exchange rates will persist. While on-going changes in governmental and environmental regulations might become the new normal, we believe they are positive forces that will trigger the evolution towards a healthier industry over the long term. The prospects for the Chinese market are encouraging, particularly given the Chinese government's Greater Bay Area development plan that will help drive demand in our core geographies of Hong Kong and southern China.

Whilst the market may still be uncertain in the immediate term, the Group's business has always been stable and well positioned for enduring success. Our strong financial position and commitment to quality serve to differentiate us from the competition. With a clear strategy and continued investments in infrastructure, technology, processes and people, we are confident in our ability to deliver long-term growth in shareholder value.

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

Information Provided in Accordance with the Listing Rules

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK2 cents (2016: HK1 cent) per share. The interim dividend will be paid on 25 October 2017 to shareholders whose names appear on the Register of Members of the Company on 29 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 September 2017 to 29 September 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 25 September 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 21 December 2009, the Company adopted a Restricted Share Award Scheme. The Trustee of the Restricted Share Award Scheme purchased 7,500,000 shares at a total consideration of approximately HK$11,659,000 on the Stock Exchange pursuant to the Scheme Rules and Trust Deed during the period.

Save as disclosed above, 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 2017, 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:

	Number of shares held, capacity and nature of interest				
Name of directors	**Directly beneficially owned**	**Through spouse or minor children**	**Share award scheme**	**Total**	**Percentage of the Company's issued share**
Yum Chak Ming, Matthew	32,313,030	–	2,268,900	34,581,930	3.81
Sung Chee Keung	1,423,064	60,000	876,060	2,359,124	0.26
Yap, Alfred Donald	27,504	–	–	27,504	–

Save as disclosed above, as at 30 June 2017, 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 2017, 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 2017. 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 2017, 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 2017 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, 29 August 2017

See you in next April ...

Hung Hing Printing Group Limited
Hung Hing Printing Centre, 17-19 Dai Hei Street,
Tai Po Industrial Estate, N.T., Hong Kong

TEL +852 2664 8682
FAX +852 2664 2070
EMAIL info@hunghingprinting.com
WEBSITE www.hunghingprinting.com

鴻興印刷集團有限公司
香港新界大埔工業村大喜街17-19號
鴻興包裝印刷中心

電話 +852 2664 8682
傳真 +852 2664 2070
電郵 info@hunghingprinting.com
網址 www.hunghingprinting.com