

## INTERIM RESULTS

The directors of Hung Hing Printing Group Limited (“the Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30 September 2002 as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		For the six months ended 30 September	
		2002	2001
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
TURNOVER		1,024,351	965,938
Cost of sales		<u>(721,004)</u>	<u>(661,048)</u>
Gross profit		303,347	304,890
Other revenue and gains		9,526	11,369
Distribution costs		(25,007)	(22,507)
Administrative and selling expenses		(88,585)	(85,897)
Other operating expenses		<u>(5,290)</u>	<u>(9,451)</u>
PROFIT FROM OPERATING ACTIVITIES	3	193,991	198,404
Finance costs	4	(2,924)	(4,384)
Share of profits of associates		<u>5,025</u>	<u>2,144</u>
PROFIT BEFORE TAX		196,092	196,164
Tax	5	<u>(22,126)</u>	<u>(29,351)</u>
PROFIT BEFORE MINORITY INTERESTS		173,966	166,813
Minority interests		<u>(7,371)</u>	<u>(11,427)</u>
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		<u>166,595</u>	<u>155,386</u>
INTERIM DIVIDEND	6	<u>54,341</u>	<u>54,342</u>
EARNINGS PER SHARE			
Basic	7	<u>29.1 cents</u>	<u>27.1 cents</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	<b>852,628</b>	804,597
Long term investments		<b>5,383</b>	5,673
Properties under construction	9	<b>11,154</b>	15,204
Interests in associates		<b>132,935</b>	136,586
		<b>1,002,100</b>	962,060
<b>CURRENT ASSETS</b>			
Due from associates		<b>31,716</b>	20,445
Inventories		<b>264,133</b>	270,589
Accounts receivable	10	<b>561,563</b>	326,352
Prepayments, deposits and other receivables		<b>10,374</b>	22,855
Cash and cash equivalents	11	<b>284,569</b>	398,607
		<b>1,152,355</b>	1,038,848
<b>CURRENT LIABILITIES</b>			
Accounts payable	12	<b>60,009</b>	40,809
Tax payable		<b>40,386</b>	23,029
Other payables and accrued liabilities		<b>107,352</b>	80,491
Interest-bearing bank and other borrowings		<b>116,311</b>	68,920
		<b>324,058</b>	213,249
<b>NET CURRENT ASSETS</b>		<b>828,297</b>	825,599
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,830,397</b>	1,787,659
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans		<b>70,000</b>	85,000
Deferred tax		<b>953</b>	953
		<b>70,953</b>	85,953
<b>MINORITY INTERESTS</b>		<b>136,190</b>	136,366
		<b>1,623,254</b>	1,565,340
<b>CAPITAL AND RESERVES</b>			
Issued capital		<b>57,200</b>	57,200
Reserves		<b>1,511,713</b>	1,399,459
Proposed dividend		<b>54,341</b>	108,681
		<b>1,623,254</b>	1,565,340

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2002 (Unaudited)

	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Legal reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2002	57,200	590,690	966	104,289	56,534	646,980	1,456,659
Net profit attributable to shareholders	—	—	—	—	—	166,595	166,595
Interim dividend	—	—	—	—	—	(54,341)	(54,341)
At 30 September 2002	<u>57,200</u>	<u>590,690</u>	<u>966</u>	<u>104,289</u>	<u>56,534</u>	<u>759,234</u>	<u>1,568,913</u>

For the six months ended 30 September 2001 (Unaudited)

	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Legal reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2001	57,379	590,690	787	104,289	48,069	566,911	1,368,125
Repurchases of shares	(80)	—	80	—	—	(80)	(80)
Premium paid in respect of share repurchases	—	—	—	—	—	(2,169)	(2,169)
Net profit attributable to shareholders	—	—	—	—	—	155,386	155,386
Interim dividend	—	—	—	—	—	(54,342)	(54,342)
At 30 September 2001	<u>57,299</u>	<u>590,690</u>	<u>867</u>	<u>104,289</u>	<u>48,069</u>	<u>665,706</u>	<u>1,466,920</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2002</b>	<b>2001</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
NET CASH INFLOW/(OUTFLOW) FROM:		
OPERATING ACTIVITIES	21,385	161,279
INVESTING ACTIVITIES	(45,784)	(67,259)
FINANCING ACTIVITIES	<u>(103,181)</u>	<u>(137,048)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(127,580)	(43,028)
Cash and cash equivalents at beginning of period	<u>373,498</u>	<u>288,704</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><b>245,918</b></u>	<u><b>245,676</b></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	61,852	55,968
Time deposits with original maturity of less than three months when acquired	222,717	210,108
Less: Short term bank loans	—	(9,396)
Trust receipt loans	<u>(38,651)</u>	<u>(11,004)</u>
	<u><b>245,918</b></u>	<u><b>245,676</b></u>

For the purpose of the condensed consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. Basis of Preparation and Accounting Policies

This interim financial statements is unaudited and has been prepared in accordance with the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Statements of Standard Accounting Practice (“SSAPs”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and methods of computation adopted are consistent with those followed in the Group’s most recent published annual financial statements for the year ended 31 March 2002, except the following new/revised accounting standards have been adopted for the first time in the preparation of this interim financial statements:

SSAP 1 (Revised)	:	“Presentation of financial statements”
SSAP 11 (Revised)	:	“Foreign currency translation”
SSAP 15 (Revised)	:	“Cash flow statements”
SSAP 25 (Revised)	:	“Interim financial reporting”
SSAP 34	:	“Employee benefits”

The major effects on the Group’s accounting policies and on the amounts disclosed in this interim financial statements of adopting these SSAPs are summarised below:

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative amounts have been presented in accordance with this revised SSAP.

SSAP 11 (Revised) prescribes the basis for the translation of foreign currency transactions and financial statements. This revised SSAP has had no major impact on the preparation of these condensed consolidated financial statements.

The main revision to SSAP 15 is to classify cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative amounts have been presented in accordance with this revised SSAP.

SSAP 25 (Revised) prescribes the presentation and disclosures following changes in SSAP 1 (Revised) and SSAP 15 (Revised). The condensed consolidated financial statements for the current interim period and comparative amounts have been presented in accordance with this revised SSAP.

SSAP 34 prescribes the accounting treatment and disclosure requirements for employee benefits. This SSAP has had no major impact on the preparation of these condensed consolidated financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

2. Segment Information

Business Segments

The principal activities of the Group consisted of the printing and manufacturing of paper and carton boxes, the trading of paper and the manufacturing of corrugated cartons.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

An analysis by business segments is as follows:

	For the six months ended 30 September 2002			SEGMENT
	SEGMENT REVENUE			RESULTS
	Sales to external customers (Unaudited) HK'\$000	Inter- segment sales (Unaudited) HK'\$000	Total sales (Unaudited) HK'\$000	(Unaudited) HK'\$000
Paper and carton box printing and manufacturing	624,717	1,139	625,856	148,283
Paper trading	164,256	224,120	388,376	21,286
Corrugated carton manufacturing	235,378	43,508	278,886	26,172
Eliminations	—	(268,767)	(268,767)	1,995
	<u>1,024,351</u>	<u>—</u>	<u>1,024,351</u>	<u>197,736</u>
Interest, dividend income and unallocated gains				5,193
Corporate and unallocated expenses				<u>(8,938)</u>
Profit from operating activities				<u>193,991</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

2. Segment Information *(continued)*

Business Segments *(continued)*

	For the six months ended 30 September 2001			SEGMENT
	SEGMENT REVENUE			RESULTS
	Sales to external customers	Inter- segment sales	Total sales	
	(Unaudited) HK'\$000	(Unaudited) HK'\$000	(Unaudited) HK'\$000	(Unaudited) HK'\$000
Paper and carton box printing and manufacturing	611,392	417	611,809	147,378
Paper trading	145,471	164,201	309,672	13,555
Corrugated carton manufacturing	209,075	56,636	265,711	37,632
Eliminations	—	(221,254)	(221,254)	896
	<u>965,938</u>	<u>—</u>	<u>965,938</u>	<u>199,461</u>
Interest, dividend income and unallocated gains				8,187
Corporate and unallocated expenses				<u>(9,244)</u>
Profit from operating activities				<u>198,404</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

2. Segment Information *(continued)*

Geographical Segments

In determining the Group's geographical segments revenues and results are attributed to the segments based on the location of the customers.

An analysis by geographical segments is as follows:

	For the six months ended 30 September			
	2002		2001	
	SEGMENT REVENUE	SEGMENT RESULTS	SEGMENT REVENUE	SEGMENT RESULTS
	Sales to external customers		Sales to external customers	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK'\$000	HK'\$000	HK'\$000	HK'\$000
The People's Republic of China ("the PRC"):				
Hong Kong	601,288	111,764	627,241	129,731
Elsewhere	182,682	29,458	144,537	25,258
United States of America	128,455	30,200	102,179	23,280
Corporate and others	111,926	26,314	91,981	21,192
	<u>1,024,351</u>	<u>197,736</u>	<u>965,938</u>	<u>199,461</u>



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

3. Profit from Operating Activities

The Group's profit from operating activities is arrived at after charging or crediting the following items:

	For the six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
After charging —		
Depreciation:		
Owned assets	32,009	28,357
Leased assets	—	86
Staff costs (including directors' remuneration)	129,448	124,586
Provision for bad and doubtful debts	5,000	9,000
Unrealised losses on listed equity investments	290	451
	<u>          </u>	<u>          </u>
After crediting —		
Interest income	5,065	7,292
	<u>          </u>	<u>          </u>

4. Finance Costs

	For the six months ended	
	30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans	2,924	4,354
Finance leases	—	30
	<u>          </u>	<u>          </u>
Total finance costs	2,924	4,384
	<u>          </u>	<u>          </u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

### 5. Tax

Provision for Hong Kong profits tax has been made at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group and the associates operate, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The Group:		
The PRC:		
Hong Kong	9,644	12,556
Excluding Hong Kong	11,815	16,531
	<u>21,459</u>	<u>29,087</u>
Associates:		
The PRC, excluding Hong Kong	667	264
	<u>22,126</u>	<u>29,351</u>

### 6. Interim Dividend

	For the six months ended 30 September	
	2002	2001
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend of HK9.5 cents (2001: HK9.5 cents) per ordinary share	<u>54,341</u>	<u>54,342</u>

### 7. Earnings per Share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK\$166,595,000 (2001: HK\$155,386,000) and the weighted average of 572,006,798 (2001: 573,176,766) shares in issue during the period.

Diluted earnings per share amounts for the periods ended 30 September 2002 and 2001 have not been presented as there were no dilutive potential ordinary shares in existence during these periods.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

### 8. Fixed Assets

	<b>30 September 2002 (Unaudited) HK\$'000</b>
Net book value at 1 April 2002	804,597
Additions	64,665
Transfer from properties under construction <i>(note 9)</i>	15,603
Disposals	(228)
Depreciation	<u>(32,009)</u>
Net book value at 30 September 2002	<u>852,628</u>

Certain leasehold land and buildings of the Group's subsidiaries with a total net book value of HK\$56,965,000 (31 March 2002: HK\$56,530,000) have been pledged to a bank to secure certain short term bank loans.

### 9. Properties Under Construction

	<b>30 September 2002 (Unaudited) HK\$'000</b>
Net book value at 1 April 2002	15,204
Additions	11,553
Transfer to fixed assets <i>(note 8)</i>	<u>(15,603)</u>
Net book value at 30 September 2002	<u>11,154</u>

The properties under construction are located in the PRC.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

### 10. Accounts Receivable

An aged analysis of accounts receivable at the balance sheet date, based on invoice date and net of provisions, is as follows:

	<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
Within 30 days	<b>202,051</b>	124,085
Between 31 to 60 days	<b>162,573</b>	92,852
Between 61 to 90 days	<b>119,496</b>	55,362
Over 90 days	<b>77,443</b>	54,053
	<b><u>561,563</u></b>	<u>326,352</u>

Trading terms with customers are largely on credit. Invoices are normally payable between 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management.

### 11. Cash and Cash Equivalents

	<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
Cash and bank balances	<b>61,852</b>	66,848
Time deposits	<b>222,717</b>	331,759
	<b><u>284,569</u></b>	<u>398,607</u>

For the purpose of the balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)*

### 12. Accounts Payable

An aged analysis of accounts payable at the balance sheet date, based on invoice date, is as follows:

	<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
Within 30 days	<b>37,573</b>	30,947
Between 31 to 60 days	<b>11,248</b>	8,748
Between 61 to 90 days	<b>5,198</b>	484
Over 90 days	<b>5,990</b>	630
	<b><u>60,009</u></b>	<u>40,809</u>

### 13. Related Party Transactions

The Group had the following transactions with related parties during the period:

		<b>For the six months ended 30 September</b>	
		<b>2002 (Unaudited) HK\$'000</b>	2001 (Unaudited) HK\$'000
Sales to associates	(i)	<b>74,626</b>	75,162
Purchases from associates	(i)	<b>24,163</b>	29,134
Rentals paid to Perla City Investments Limited, a company beneficially owned by Mr. Yum Chak Ming, Matthew	(ii)	<b>300</b>	300
Rentals paid to Gaintek Holdings Limited, a company beneficially owned by Mr. Yam Hon Ming, Tommy	(ii)	<b>420</b>	420
Interest income received from associates	(iii)	<b>640</b>	1,345

- (i) The sales to the associates were carried out in the ordinary course of business of the Group according to the prices and conditions offered to regular customers of the Group, and the purchases from the associates were carried out in the ordinary course of business of the Group according to the prices and conditions similar to those offered to regular customers of the suppliers.
- (ii) The rentals paid to Perla City Investments Limited and Gaintek Holdings Limited were in connection with the housing benefits provided to Messrs. Yum Chak Ming, Matthew and Yam Hon Ming, Tommy, directors of the Company, respectively and were based on estimated open market rentals and have been included in the directors' remuneration.
- (iii) The interest income from the associates arose from the amount due from the associates, arising in the ordinary course of business of the Group.

#### 14. Contingent Liabilities and Commitments

	<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
(a) Capital commitments contracted, but not provided for:		
Land and buildings	19,604	21,699
Plant and machineries	<u>63,661</u>	<u>10,631</u>
	<u><b>83,265</b></u>	<u>32,330</u>
	<b>30 September 2002 (Unaudited) HK\$'000</b>	31 March 2002 (Audited) HK\$'000
(b) Total future minimum lease payments under non-cancellable operating leases falling due as follows:		
Within one year	3,050	4,821
In the second to fifth years, inclusive	5,596	5,632
After five years	<u>52,983</u>	<u>63,857</u>
	<u><b>61,629</b></u>	<u>74,310</u>