HUNG HING

HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 450)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 as follows:

CONSOLIDATED INCOME STATEMENT

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

	Note		
		HK cents	HK cents
Earnings/(loss) per share attributable to equity shareholders of the Company	6		
Basic		**1.2**	(5.8)
Diluted		**1.2**	(5.8)
		HK$'000	HK$'000
Dividend	7	**13,618**	9,079

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2015 (Unaudited) HK$'000**	31 December 2014 (Audited) HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**1,205,017**	1,256,678
Land use rights		**85,687**	87,249
Intangible assets		**9,505**	9,438
Available-for-sale financial assets		**46,968**	43,929
Properties under construction		**1,910**	1,910
Deferred income tax assets		**11,620**	12,050
Deposits for acquisition of non-current assets		**28,581**	17,669
Total non-current assets		**1,389,288**	1,428,923
Current assets			
Inventories		**566,450**	515,293
Trade and bills receivables	8	**799,078**	781,007
Other receivables, deposits and prepayments		**45,420**	40,149
Income tax recoverable		**1,025**	1,340
Pledged time deposits		**84,751**	82,558
Time deposits with original maturity over three months		**246,757**	47,549
Cash and cash equivalents		**639,913**	917,658
Total current assets		**2,383,394**	2,385,554
Total assets		**3,772,682**	3,814,477
Equity			
Equity attributable to equity shareholders of the Company			
Share capital		**1,652,854**	1,652,854
Reserves		**1,014,632**	1,014,238
Proposed dividend		**13,618**	18,157
		2,681,104	2,685,249
Non-controlling interests		**159,872**	158,803
Total equity		**2,840,976**	2,844,052
Liabilities			
Non-current liabilities			
Borrowings		**90,000**	194,667
Deferred income tax liabilities		**56,353**	56,858
Total non-current liabilities		**146,353**	251,525

Current liabilities			
Trade and bills payables	9	**305,624**	244,317
Other payables and accrued liabilities		**171,983**	166,309
Income tax liabilities		**11,855**	14,467
Derivative financial instruments		**759**	3,749
Borrowings		**295,132**	290,058
Total current liabilities		**785,353**	718,900
Total liabilities		**931,706**	970,425
Total equity and liabilities		**3,772,682**	3,814,477
Net current assets		**1,598,041**	1,666,654
Total assets less current liabilities		**2,987,329**	3,095,577

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of Preparation and Accounting Policies

This interim financial report for the six months ended 30 June 2015 has not been audited and has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements as set out in Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (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 value and which should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

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

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

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

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

The Group has not applied any new standard or amendment to standards that is not yet effective for the current accounting period. Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

2. Segment Information

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

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

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

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

Management assesses the performance of the operating segments based on a measure of gross profit less distribution costs, administrative and selling expenses, and other operating expenses that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at arm's length basis.

	For the six months ended 30 June 2015			
	Segment Revenue			**Segment Results**
	Sales to external customers (Unaudited) HK'$000	**Inter-segment sales (Unaudited) HK'$000**	**Total (Unaudited) HK'$000**	**(Unaudited) HK'$000**
Book and Package Printing	**760,656**	**339**	**760,995**	**24,536**
Consumer Product Packaging	**329,576**	**104**	**329,680**	**(4,321)**
Corrugated Box	**84,401**	**45,114**	**129,515**	**3,322**
Paper Trading	**220,787**	**203,631**	**424,418**	**9,196**
Eliminations	**-**	**(249,188)**	**(249,188)**	**(1,087)**
	1,395,420	**-**	**1,395,420**	**31,646**
Interest, dividend income and other gains				**12,250**
Corporate and unallocated expenses				**(19,302)**
Operating profit				**24,594**
Finance costs				**(3,396)**
Profit before income tax				**21,198**
Income tax				**(9,172)**
Profit for the period				**12,026**

	For the six months ended 30 June 2014			
	Segment Revenue			Segment Results
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total (Unaudited) HK'$000	(Unaudited) HK'$000
Book and Package Printing	727,958	412	728,370	(6,756)
Consumer Product Packaging	338,729	1,368	340,097	(4,429)
Corrugated Box	88,948	43,999	132,947	(3,141)
Paper Trading	189,737	280,904	470,641	11,119
Eliminations	-	(326,683)	(326,683)	(4,299)
	1,345,372	-	1,345,372	(7,506)
Interest, dividend income and other gains				9,489
Corporate and unallocated expenses				(47,817)
Operating loss				(45,834)
Finance costs				(4,422)
Loss before income tax				(50,256)
Income tax				(2,078)
Loss for the period				(52,334)

3. Finance Costs

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

4. Profit/Loss Before Income Tax

The Group's profit/loss before income tax is arrived at after charging or crediting the following items:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
After charging -		
Depreciation	**51,836**	53,688
Amortisation of land use rights	**1,551**	1,607
Amortisation of intangible assets	**418**	260
Loss on disposals of property, plant and equipment	**1,203**	2,976
Employee benefit expense (including directors' emoluments)	**383,537**	382,144
Provision for impairment of trade receivables	**-**	888
Provision for impairment of inventories, net	**167**	2,141
Fair value loss on derivative financial instruments not qualified as hedges, net	**679**	22,563
Foreign exchange loss, net	**2,656**	15,044
After crediting -		
Bank interest income	**12,077**	9,349
Dividend income from available-for-sale financial assets	**173**	140
Reversal of provision for impairment of trade receivables	**667**	-

5. Income Tax

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

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

6. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

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

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity shareholders of the Company (HK$'000)	**10,927**	(52,463)
Weighted average number of ordinary shares in issue (thousands)	**907,865**	907,865
Weighted average number of own held shares for share awarded scheme (thousands)	**(1,633)**	(2,273)
Weighted average number of ordinary shares in issue for calculation of basic earnings/(loss) per share (thousands)	**906,232**	905,592
Basic earnings/(loss) per share (HK cents per share)	**1.2**	(5.8)

(b) Diluted earnings/(loss) per share

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

7. Dividend

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK1.5 cents (2014: HK1 cent) per ordinary share	**13,618**	9,079

8. Trade and Bills Receivables

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

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

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 invoice date and net of provisions, is as follows:

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

9. Trade and Bills Payables

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Core strengths lead to improved performance amid industry consolidation

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

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

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

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

Diversified customer and product portfolio to generate new revenue streams

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

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

Beluga range of interactive books launches products in the region

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

Strong liquidity position maintained

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

Business Unit Reports

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

Book and Packag Printing (BPP)

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

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

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

Consumer Product Packaging (CPP)

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

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

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

Corrugated Box (CB)

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

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

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

Paper Trading (PT)

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

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

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

* All figures are at end June 2015

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

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

Book and Packag Printing (BPP)

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

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

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

Consumer Product Packaging (CPP)

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

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

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

Corrugated Box (CB)

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

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

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

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

Paper Trading (PT)

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

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

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

Contingent Liabilities and Pledge of Assets

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

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

Environmental Sustainability

We continue to make improvements in our green manufacturing practice. During the period, our water consumption reduced by over 194,000 m^3 to 438,000 m^3 compared to the same period last year, while our electricity consumption remained stable at 29,000 Mwh. We also recycled 261 tons of plastic waste, 42 tons of metal waste and 24,200 tons of waste paper. Over 98% of our total solid waste was recycled.

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

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

Our People

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

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

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

Prospects

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

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

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

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 September 2015 to 2 October 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 25 September 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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 2015 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee comprises three independent non-executive directors and a non-executive director of the Company.

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

Hong Kong, 27 August 2015

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Hirofumi Hori, Mr. Sadatoshi Inoue, Mr. Katsuaki Tanaka and Mr. Yam Hon Ming, Tommy as non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive directors.