Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2018

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 2018 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**For the six months ended 30 June** **2018** **(Unaudited)** **HK$'000**	2017 (Unaudited) HK$'000
Revenue	2	**1,463,628**	1,394,739
Cost of sales		**(1,324,457)**	(1,193,140)
Gross profit		**139,171**	201,599
Other revenue		**27,664**	10,804
Other net (loss)/income		**(3,877)**	9,525
Distribution costs		**(33,041)**	(30,250)
Administrative and selling expenses		**(167,434)**	(164,259)
Operating (loss)/profit		**(37,517)**	27,419
Finance costs	3	**(2,345)**	(3,037)
(Loss)/profit before income tax	4	**(39,862)**	24,382
Income tax	5	**6,861**	(7,382)
(Loss)/profit for the period		**(33,001)**	17,000
Attributable to:			
Equity shareholders of the Company		**(34,881)**	14,403
Non-controlling interests		**1,880**	2,597
(Loss)/profit for the period		**(33,001)**	17,000

	Note		
		HK cents	HK cents
(Loss)/earnings per share attributable to equity shareholders of the Company	6		
Basic		**(3.9)**	1.6
Diluted		**(3.9)**	1.6
		HK$'000	HK$'000
Dividend	7	**27,236**	18,157

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
(Loss)/profit for the period	**(33,001)**	17,000
Other comprehensive income for the period (net of tax):		
Items that will not be reclassified to profit or loss		
Equity investments at fair value through other comprehensive income - net movement in fair value reserve (non-recycling)	**208**	-
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	**(12,445)**	26,412
Change in fair value of intangible assets	**1,000**	200
Available-for-sale securities: net movement in fair value reserve (recycling)	**-**	579
	(11,445)	27,191
Total comprehensive income for the period	**(44,238)**	44,191
Attributable to:		
Equity shareholders of the Company	**(44,404)**	37,142
Non-controlling interests	**166**	7,049
	(44,238)	44,191

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2018 (Unaudited) HK$'000**	31 December 2017 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**1,125,942**	1,094,232
Land use rights		**71,689**	63,251
Properties under construction		**18,591**	5,699
Intangible assets		**13,032**	11,357
Deposits for acquisition of non-current assets		**78,515**	55,765
Financial investments		**49,174**	49,200
Deferred tax assets		**19,854**	10,521
		1,376,797	1,290,025
Current assets			
Inventories		**658,194**	497,815
Trade and bills receivables	8	**823,117**	838,042
Prepayments, deposits and other receivables		**119,995**	486,493
Derivative financial instruments		**2,626**	-
Financial assets at fair value through profit or loss		**104,182**	-
Pledged time deposits		**100,592**	125,938
Time deposits with original maturity over three months		**21,965**	6,075
Cash and cash equivalents		**1,061,659**	1,299,409
Income tax recoverable		**15**	15
		2,892,345	3,253,787
Current liabilities			
Trade and bills payables	9	**310,324**	224,685
Other payables and accrued liabilities		**208,552**	220,467
Derivative financial instruments		**30,827**	-
Bank borrowings		**48,088**	76,752
Income tax payable		**4,655**	19,087
		602,446	540,991
Net current assets		**2,289,899**	2,712,796
Total assets less current liabilities		**3,666,696**	4,002,821
Non-current liabilities			
Bank borrowings		**119,000**	131,000
Deferred tax liabilities		**53,019**	56,799
		172,019	187,799
Net assets		**3,494,677**	3,815,022

	Note	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Capital and reserves			
Share capital		**1,652,854**	1,652,854
Reserves		**1,656,112**	1,731,499
Proposed dividend		**27,236**	272,360
Total equity attributable to equity shareholders of the Company		**3,336,202**	3,656,713
Non-controlling interests		**158,475**	158,309
Total equity		**3,494,677**	3,815,022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Net cash (outflow)/inflow from:		
Operating activities	**(77,446)**	21,835
Investing activities	**166,679**	(38,506)
Financing activities	**(321,737)**	(30,138)
Net decrease in cash and cash equivalents	**(232,504)**	(46,809)
Cash and cash equivalents at 1 January	**1,299,409**	684,831
Effect of foreign exchange rate changes	**(5,246)**	8,417
Cash and cash equivalents at 30 June	**1,061,659**	646,439
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**238,105**	365,672
Time deposits with original maturity less than three months	**823,554**	280,767
	1,061,659	646,439

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of Preparation and Accounting Policies

This interim financial report for the six months ended 30 June 2018 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 2017.

The financial information relating to the financial year ended 31 December 2017 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 2017 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of the changes in accounting policies are described below.

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards ("HKFRSs") and 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:

HKFRS 9	*Financial instruments*
HKFRS 15	*Revenue from contracts with customers*
HK(IFRIC) Interpretation 22	*Foreign currency transactions and advance consideration*

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 period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation*, which have been adopted at the same time as HKFRS 9.

(a) Adoption of HKFRS 9, *Financial Instruments*

HKFRS 9 replaces HKAS 39, *Financial Instruments: Recognition and Measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition on HKFRS 9 on retained earnings and the related tax impact at 1 January 2018.

	HK$'000
Retained earnings	
Transferred from fair value reserve (recycling) relating to financial assets now measured at FVPL	238
Recognition of additional expected credit losses on financial assets measured at amortised cost:	
- Trade and bills receivables	(2,600)
Related tax	429
Net decrease in retained earnings at 1 January 2018	(1,933)
Financial assets at FVOCI reserve (recycling)	
Transferred to retained earnings relating to financial assets now measured at FVPL	(238)
Transferred to financial assets at FVOCI reserve (non-recycling) relating to equity securities now measured at FVOCI	(27,910)
Net decrease in financial assets at FVOCI reserve at 1 January 2018	(28,148)
Financial assets at FVOCI reserve (non-recycling)	
Transferred from financial assets at FVOCI reserve (recycling) relating to equity securities now measured at FVOCI and increase in financial assets at FVOCI reserve (non-recycling) at 1 January 2018	27,910

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of Financial Assets and Financial Liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's four classification categories: held-to-maturity investments, loans and receivables, available-for-sale and financial assets measured at FVPL.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest.
- FVOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the financial assets at FVOCI reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the financial assets at FVOCI reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. The adoption of HKFRS 9 does not affect the measurement basis, and hence the carrying amounts, of the Group's financial assets as at 1 January 2018.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. Hence, the adoption of HKFRS 9 does not affect the carrying amounts of the Group's financial liabilities as at 1 January 2018.

(ii) Credit Losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than the "incurred loss" accounting model in HKAS 39. The ECL model applies to the Group's financial assets measured at amortised cost, but not to the Group's financial assets measured at fair value.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For the Group's trade receivables and other receivables, the loss allowance is measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For the Group's other financial assets measured at amortised cost, the loss allowance is measured at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to HK$2,600,000, which decreased retained earnings by HK$2,171,000 and decreased deferred tax liabilities by HK$429,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	HK$'000
Loss allowance at 31 December 2017 under HKAS 39	8,140
Additional credit loss recognised at 1 January 2018 on trade receivables	2,600
Loss allowance at 1 January 2018 under HKFRS 9	10,740

(b) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services.

Previously under HKAS 18 , revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had been passed to the customers, whereas revenue arising from provision of services recognised over time.

Under HKFRS 15, revenue is recognised when a performance obligation is satisfied. This is when the customer obtains control of the promised goods or services in the contract, which may be at a single point in time or over time.

HKFRS 15 identifies certain situations in which control of the promised goods or services is regarded as being transferred over time. If the contract terms and the entity's activities do not fall into any of those situations, then the entity recognises revenue for the sale at a single point in time, being when control has been passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 did not have any significant impact on the Group.

(c) Impact on the condensed consolidated financial statements

The Group has applied HKFRS 9 retrospectively from 1 January 2018. As permitted by the respective transitional provisions of these accounting standards, comparatives for 2017 were not restated. The reclassifications and adjustments were recognised in the opening condensed consolidated statement of financial position on 1 January 2018.

The following table shows the original measurement categories for each class of the Group ' s financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017 HK$'000	Re-classification HK$'000	Re-measurement HK$'000	HKFRS 9 carrying amount at 1 January 2018 HK$'000
Financial assets measured at FVOCI (non-recyclable)				
Unlisted equity investments	-	33,474	-	33,474
Hong Kong listed equity investments	-	14,938	-	14,938
	-	48,412	-	48,412
Financial assets carried at FVPL				
Club debentures	-	788	-	788
Financial assets carried at amortised cost				
Trade and bills receivables	838,042	-	(2,600)	835,442
Prepayments, deposits and other receivables	486,493	-	-	486,493
Pledged time deposits	125,938	-	-	125,938
Time deposits with original maturity over three months	6,075	-	-	6,075
Cash and cash equivalents	1,299,409	-	-	1,299,409
	2,755,957	-	(2,600)	2,753,357
Financial assets classified as available-for-sale under HKAS 39	49,200	(49,200)	-	-

2. Revenue and 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 and other revenue less distribution costs, administrative and selling expenses, and other net (loss)/income that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

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

	For the six months ended 30 June 2018			
	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	**803,574**	**139**	**803,713**	**(58,392)**
Consumer Product Packaging	**348,827**	**496**	**349,323**	**8,115**
Corrugated Box	**101,608**	**74,864**	**176,472**	**10,792**
Paper Trading	**209,619**	**227,953**	**437,572**	**11,486**
Eliminations	**-**	**(303,452)**	**(303,452)**	**(960)**
	1,463,628	**-**	**1,463,628**	**(28,959)**
Interest income and other income				**16,486**
Corporate and unallocated expenses				**(25,044)**
Operating loss				**(37,517)**
Finance costs				**(2,345)**
Loss before income tax				**(39,862)**
Income tax				**6,861**
Loss for the period				**(33,001)**

* All the revenue for the current period was recognised at a point of time.

	For the six months ended 30 June 2017			
	Segment Revenue			Segment Results
	Sales to external customers	Inter-segment sales	Total	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK'$000	HK'$000	HK'$000	HK'$000
Book and Package Printing	784,387	265	784,652	2,708
Consumer Product Packaging	297,264	778	298,042	14,375
Corrugated Box	79,786	70,195	149,981	17,166
Paper Trading	233,302	233,671	466,973	11,103
Eliminations	-	(304,909)	(304,909)	(238)
	1,394,739	-	1,394,739	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

3. Finance Costs

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank borrowings	**2,345**	3,037

4. (Loss)/Profit Before Income Tax

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

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
After charging -		
Depreciation	**48,681**	47,603
Amortisation of land use rights	**1,231**	1,362
Amortisation of intangible assets	**647**	569
Loss on disposal of property, plant and equipment	**-**	198
Employee benefits expense (including directors' emoluments)	**397,704**	376,322
Provision for impairment loss of trade receivables, net	**-**	547
Fair value loss on derivative financial instruments not qualified as hedges	**14,861**	-
After crediting -		
Bank interest income	**16,486**	5,446
Dividend income from financial investments	**300**	266
Gain on disposal of property, plant and equipment	**258**	-
Reversal of provision for impairment loss of inventories, net	**1,959**	201
Reversal of provision for impairment loss of trade receivables, net	**415**	-
Fair value gain on financial assets at fair value through profit or loss	**1,360**	-
Fair value gain on derivative financial instruments not qualified as hedges	**-**	1,612
Foreign exchange gain	**9,366**	8,111

5. Income Tax

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax		
- Hong Kong Profits Tax	**1,810**	1,438
- People's Republic of China ("PRC") Income Tax	**3,586**	9,319
Total current tax	**5,396**	10,757
Deferred tax	**(12,257)**	(3,375)
Income tax	**(6,861)**	7,382

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

PRC Income Tax represents PRC Corporate Income Tax calculated at 25% (2017: 25%) and PRC withholding income tax at the applicable rates. Pursuant to the income tax rules and regulations, a withholding tax of 5% is levied on the Hong Kong companies in respect of the dividend distributions arising from profits of foreign investment enterprises in the PRC.

6. (Loss)/earnings Per Share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of HK$34,881,000 (2017: earnings HK$14,403,000) 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	
	2018	2017
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity shareholders of the Company (HK$'000)	**(34,881)**	14,403
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)	**(14,319)**	(3,994)
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	**893,546**	903,871
Basic (loss)/earnings per share (HK cents per share)	**(3.9)**	1.6

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings 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 2018, the diluted and basic loss per share were the same as the ordinary shares repurchased for the share award scheme are anti-dilutive to the loss per share.

	For the six months ended 30 June 2017 (Unaudited)
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

7. Dividend

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK3 cents (2017: HK2 cents) per ordinary share	**27,236**	18,157

8. Trade and Bills Receivables

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**826,332**	840,557
Less: Provision for impairment loss of trade receivables	**(11,999)**	(8,140)
	814,333	832,417
Trade receivables due from related parties	**67**	1,020
Total trade receivables, net	**814,400**	833,437
Bills receivable	**8,717**	4,605
	823,117	838,042

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 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
1 - 30 days	**403,367**	305,826
31 - 60 days	**161,494**	204,956
61 - 90 days	**134,384**	94,420
Over 90 days	**115,155**	228,235
	814,400	833,437

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

9. Trade and Bills Payables

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Trade payables	**266,935**	183,830
Trade payables due to related parties	**146**	-
Total trade payables	**267,081**	183,830
Bills payable	**43,243**	40,855
	310,324	224,685

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

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
1 - 30 days	**199,615**	143,410
31 - 60 days	**46,645**	27,874
61 - 90 days	**5,648**	6,301
Over 90 days	**15,173**	6,245
	267,081	183,830

10. Acquisition of a subsidary company

On 20 March 2018, the Group entered into an agreement to acquire the 100% equity interest in Guangdong Rengo Packaging Co., Ltd., a limited liability company incorporated under the laws of the PRC (the "Acquisition") for a consideration of RMB60,000,000 (equivalent to HK$74,627,000). The principal activity of the acquired company is production of corrugated cartons and packaging and decorative printing products. The Acquisition was completed in May 2018.

11. Events After the Reporting Period

The Group had the following material events after the reporting period:

(a) In August 2018, the Company entered into an agreement with Dream International Limited, a major toy manufacturer listed on the Stock Exchange of Hong Kong, to develop a printing and packaging manufacturing facility in Hanoi, Vietnam. The Group will hold a 90.5% stake in the investment, which has an initial registered capital of US$10 million.

(b) In July and August 2018, the Group has made strategic investments in three companies in the United States, Australia and the PRC, acquiring equity interests of ranging from 10% to 20% in each of them at a total consideration of approximately ranging from HK$70 million to HK$80 million. These companies engage in businesses including the global sales of high-end stationery and gift products, management of a wide network of mobile printing and sharing platform in the PRC and the research and development of an Internet of Things platform that supports children's brain and language development. These transactions will enable the Group to enter into new market segments, broaden our offerings to cover all significant segments of the value chain and yield manufacturing synergies. The investments are or will be accounted for by the Group as financial assets at fair value through other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and dividends

During the first half of 2018, the Group took advantage of its strong financial position and integrated product offering to strengthen its relationships with key customers, and gain market share on the back of continued consolidation in the printing sector. These strategies drove an increase of 4.9% in overall revenues to HK$1,464 million. The Consumer Product Packaging (CPP) and Corrugated Box (CB) business units recorded double-digit revenue growth, while the Group's largest business unit, Book and Package Printing (BPP), achieved a slight increase in sales.

During the period, we re-aligned the production setting and capacity of the manufacturing facilities under the book and package printing business unit as part of the upgrade and expansion of the Heshan facility to achieve long-term gains in efficiency. This re-alignment created a one-off interruption to the operations of the business unit. While paper price inflation remained at a high level despite weak industry demand in the first half of 2018, a full recovery of these differentials from customer price adjustments was delayed to a certain extent in order to strengthen the Group's partnership with key customers for strategic benefit and goodwill in the long run. Separately, the Group offset the currency (RMB) fluctuation through forward exchange contracts. Over HK$15 million benefit was booked up towards the end of the first half of 2018. However, abrupt weakening of RMB in June significantly reduced the benefits achieved. The hedging benefit was reversed and net loss of HK$13 million was recorded due to a negative fair value revaluation at the end of June. These factors led to a net loss of HK$34.9 million attributable to equity shareholders of the company being recorded. However, it is to be noted that the impact of fair value revaluation due to RMB exchange fluctuation is purely an accounting loss with no real cash-flow impact.

Basic loss per share was HK3.9 cents compared to earnings per share of HK1.6 cents for the corresponding period in 2017.

The board of directors has declared an interim dividend of HK3 cents (2017: HK2 cents) per share, with full confidence in the value that has been or will be created through our development activities, payable on 24 October 2018 to shareholders whose names appear in the Register of Members of the Company on 2 October 2018.

Strategic investment projects to yield long term synergistic benefits

As part of our continuous efforts to transform, innovate and expand our capabilities to capture new opportunities in the fast-changing global economy, we entered into four strategic transactions with leading companies in related fields, in addition to our acquisition of Guangdong Rengo Packaging in March 2018.

In August 2018, we entered into a joint venture (JV) agreement with Dream International Limited, a major toy manufacturer listed on the Stock Exchange of Hong Kong, to develop a printing and packaging manufacturing facility in Hanoi, Vietnam. The facility, with a land area of 35,000 sq.m., will greatly augment our offering for both domestic and export markets and broaden the unique portfolio of our BPP business unit, when it becomes operational in mid-2019. Hung Hing will hold a 90.5% stake in the JV, which has an initial registered capital of US$10 million. The new venture perfectly complements our existing production facilities in China, enabling higher economies of scale and operational efficiencies.

We have also made strategic investments in three other companies that show extremely good long-term potential in July and August 2018, acquiring equity interests ranging from 10% to 20% in each of them at a total consideration of approximately ranging from HK$70 million to HK$80 million.

The first is an agreement with kikki.K, a global retailer of high-end stationery and gift products of Swedish design. The investment will allow us to leverage the strong reputation, global market presence and extensive omni-channel sales network of kikki.K and expand our product portfolio to address high-end business opportunities, particularly in the individualised product segment.

The second company is engaged in the end-to-end management of a widespread network of service for a mobile printing and sharing platform in China and other overseas markets, while the third is involved in the research and development of an Internet of Things platform that stimulates children's brains and language development.

These transactions will enable the Group to enter into new market segments, broaden our offerings to cover all significant segments of the value chain and yield manufacturing synergies. With these, we will be able to better support customers' success, in turn positioning us for long-term gains.

Balanced growth from domestic and export markets

During the period under review, the Group saw balanced growth in both the domestic and export markets, driven by revenue increases in the BPP, CPP and CB business units as a result of the Group's ability to renegotiate pricing and maintain stronger ties with customers in tandem with paper price increases.

Export markets remained stable despite geopolitical uncertainties in some Western economies. Key customer relationships remained strong with customers preferring to maintain long-term relationships with reliable, integrated partners with value-added solutions. The China domestic market continued to perform robustly as a result of economic growth, the emergence of an affluent middle class with increased disposable income and relaxation of the one-child policy. These trends resulted in heightened demand for children's, novelty and customised products.

Tightened environmental regulations went into effect across China, increasing supplier costs, which we were able to gradually pass on to customers. Prudent fiscal policies, production efficiencies and significant economies of scale enabled us to counter-balance to some extent challenging macro-economic factors such as labour cost increases and repeated abrupt paper price and currency fluctuations. These factors are serving to speed up industry consolidation, ultimately yielding a more robust sector.

External revenues for BPP increased 2.4% to HK$804 million (2017: HK$784 million) with improved uptake of children's novelty books. The business unit incurred a short-term loss of HK$58 million due to the factors outlined earlier. The Beluga creative hub continued to provide added creative and design value to key customers. We continue to invest in Beluga and our recent investments in the consumer mobile printing and sharing platform, that will operate under the Beluga banner, will yield long-term creative and technological competitive advantages.

The CPP unit increased external revenues by 17.3% to HK$349 million (2017: HK$297 million) while profits declined by 43.5% to HK$8 million (2017: HK$14 million). Increased automation and production efficiencies will place us in a strong position to further tap into the mainland China market.

The CB unit improved external sales by 27.4% to HK$102 million (2017: HK$80 million), while profit contribution declined by 37.1% to HK$11 million (2017: HK$17 million). We are in the process of integrating the new Guangdong Rengo facilities into our operations and when completed this will achieve a step-change in our operating synergies.

The paper trading sector as a whole slowed down during the period. As a result, external revenues for the PT unit declined by 10.2% to HK$210 million (2017: HK$233 million), while prudent inventory strategies boosted profit contribution by 3.4% to HK$11.5 million (2017: HK$11.1 million).

Liquidity and Capital Resources

Extreme currency (RMB) fluctuations characterised the period. The appreciation of the Renminbi during the six months ended 30 June 2018 adversely affected gross profit margins and the Group offset the RMB fluctuation through forward exchange contracts. Gains initially made in earnings from forward exchange contracts for hedging of foreign currency-denominated monetary assets and liabilities were unexpectedly reversed because of a drop in fair value triggered by an abrupt depreciation of Renminbi within a very short period of time towards the end of June 2018, which is purely an accounting loss with no real cash–flow impact.

We maintained our customary prudent cash management approach, maintaining a healthy cash position and a diversified funding base. As of 30 June 2018, the Group had net cash on hand (total cash net of bank borrowings) of HK$1,017 million to support our working capital requirements, capital expenditure and investment needs.

On 30 June 2018, the Group had total cash on hand of HK$1,184 million, of which 43% of cash was held in Renminbi to support our operational and capital expenditure needs in mainland China. The remainder was held primarily in US Dollars and Hong Kong Dollars. Any cash not earmarked for immediate use was placed in time deposits to match cash outflow and maximize interest income at the same time.

Total interest income during the period was HK$16.5 million, approximately 3 times that achieved during the same period last year, as a result of higher deposit balances and increased interest rates.

Our strong financial reputation has proved advantageous in presenting us with numerous options for debt finance. As of 30 June 2018, the Group managed its total bank borrowings down to HK$167 million. Our gearing ratio, comparing total bank borrowings with total equity, remained low and healthy at 4.8%. Based on agreed loan repayment schedules with banks, HK$48 million is repayable within one year, HK$24 million within 1-2 years, and HK$95 million within 2-5 years.

Of the Group's total bank borrowings, 14% comprised trade loans in US Dollars and the remaining 86% in HK Dollars consisted of term loans with banks at fixed interest rates. During the period, the Group secured trade loan facilities under competitive terms and advantageous interest rate at LIBOR plus a lower spread to address both immediate and longer-term operating needs. Total interest costs reduced by 23% compared to the same period last year to HK$2.3 million.

During the period under review, the Group recorded over HK$102 million in capital expenditure and committed an additional HK$57 million for acquiring new printing technology and machinery, automation, efficiency enhancement projects and equipment and the construction / upgrade of plants and facilities.

Contingent Liabilities and Pledge of Assets

As at 30 June 2018, 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$101 million as at 30 June 2018 have been pledged to secure banking facilities granted to the Group.

Environmental Sustainability

With respect to the environment, Hung Hing ' s goal is to integrate a philosophy of sustainable development into our activities and follow sound environmental practices in our operations.

In 2017, the audited carbon emissions level of our Shenzhen factory was 22,940 tons CO_2e (carbon dioxide equivalent), 3,525 tons less than the government quota of 26,465 tons.

In the first six months of 2018, increased automation, upgrades to some work floors for premium products' production and other enhancement work led to an increase in consumption of electricity by 16% to 30,202 MwH (1H 2017: 25,952 MwH) and consumption of water by 9% to 567,557 m3 (1H 2017: 519,449 m3). Over 97% of our solid waste was recycled, comprising 21,868 tons of waste paper (1H 2017: 22,725 tons), 110 tons of plastic (1H 2017: 333 tons) and 108 tons of metal (1H 2017: 144 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 25,004 tons (1H 2017: 31,393 tons) of FSC™ paper, 2,815 tons (1H 2017: 4,600) of PEFC and 55,892 tons (1H 2017: 48,077 tons) of paper with high recycled content.

Our People

Our people are fundamental to our success in this fast-changing environment and we continue to strive to be an employer of choice with attractive remuneration, exposure to learning and training on the job, and career development over the long term. To stimulate creativity and personal endeavour we offer an empowering and collaborative work environment.

Training is essential to keep us competitive and enable our employees to progress and grow in their careers. Over 112,573 hours of training (1H 2017: 120,388 hours) was provided to 16,391 attendees (1H 2017: 18,080) in the six months.

Employee safety is our top priority and we strive to be accident-free with a schedule of training and inspections. The Group's total incident rate was slightly increased to 0.25 (1H 2017: 0.14) during the six months.

Outlook

We have entered the second half of the year with cautious optimism and a robust order pipeline. Sales momentum has further increased as we enter our peak season. The outlook for the second half is promising, particularly as we begin to include the contribution from Guangdong Rengo, and deploy the new automation and customisation capabilities made possible by the new state-of-the-art 25,000 sq. ft. Heshan facility, which will come onstream in Q4, and the latest digital printing equipment being installed at both the Zhongshan and Wuxi factories.

Strengthened ties with key customers as a preferred partner as well as the recent strategic investments will play a significant role in our long-term growth. It is now our priority to ensure that these investments are integrated into the Group ' s operations to enhance our end-to-end proposition and bring a more compelling range of solutions to market. We will expedite the completion of the Vietnam facility, which will help us better meet the needs of the export market for more customised and innovative products.

Order conservatism and commodity price fluctuations are the new normal but our vertically integrated operations, diversified portfolio and strong financials place us in an advantageous position to capitalise on market consolidation. We have been successful in proactively responding to market factors beyond our control and positioning ourselves for long-term success. We will further enhance our capacity and capabilities with technology and business process upgrades, and invest continuously and timely in sales and marketing.

I would like to thank our dedicated and loyal employees whose efforts lie at the heart of everything we do, as well as our supportive shareholders whose confidence underpins our sustained growth.

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK3 cents (2017 : HK2 cents) per share. The interim dividend will be paid on 24 October 2018 to shareholders whose names appear on the Register of Members of the Company on 2 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 September 2018 to 2 October 2018, 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 24 September 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the year, except that the trustee of the Restricted Share Award Scheme, pursuant to the terms of the rules and trust deed of the Resticted Share Award Scheme, purchased on the Stock Exchange a total of 3,510,000 shares of the Company at a total consideration of HK$6,340,000.

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 2018 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, 28 August 2018

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Sadatoshi Inoue, Mr. Hirofumi Hori, Mr. Yoshihisa Suzuki 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.