HUNG HING

HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

FINAL RESULTS
FOR THE NINE-MONTH PERIOD FROM 1 APRIL TO 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

Effective from 2012, Hung Hing Printing Group Limited changed its financial year-end to 31 December. This change has resulted in a reduction in the reporting period to nine months (April - December 2012).

	Current period*	Previous period** (Unaudited)	Previous year***
Current period vs. Previous period	HK$ million	HK$ million	HK$ million
● Group revenue rose 6%	2,407	2,273	2,854
● Operating profit increased by 16%	89	77	73
● Profit before income tax increased by 26%	71	56	45
● Profit attributable to shareholders rose 46%	54	37	26
● Earnings per share were HK6 cents, up 46%	HK6.0 cents	HK4.1 cents	HK2.8 cents
● Balance sheet remains strong with net cash of HK$241 million			
● Proposed final dividend of HK2 cents, total dividend for the period HK5 cents			

* *Current period – 1 April 2012 to 31 December 2012*

** *Previous period – 1 April 2011 to 31 December 2011, presented for comparative purpose only*

*** *Previous year – 1 April 2011 to 31 March 2012*

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the nine-month period from 1 April to 31 December 2012, together with the comparative figures for the year ended 31 March 2012, as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**Period from 1 April to 31 December 2012 HK$'000**	Year ended 31 March 2012 HK$'000
Revenue	2	**2,406,673**	2,854,459
Cost of sales		**(2,058,565)**	(2,469,582)
Gross profit		**348,108**	384,877
Other income and gains		**24,765**	38,217
Gain on disposal of an associate		**5,934**	-
Loss on redesignation of investments in associates to available-for-sale financial assets		**(3,196)**	-

	Note		
Distribution costs		**(65,968)**	(70,037)
Administrative and selling expenses		**(214,059)**	(272,084)
Other expenses		**(6,562)**	(8,082)
Operating profit		**89,022**	72,891
Finance costs	3	**(7,214)**	(10,973)
Share of losses of associates		**(10,669)**	(16,423)
Profit before income tax		**71,139**	45,495
Income tax expense	5	**(15,232)**	(16,383)
Profit for the period/year		**55,907**	29,112
Attributable to:			
Owners of the Company		**53,930**	25,539
Non-controlling interests		**1,977**	3,573
		55,907	29,112
		HK cents	HK cents
Earnings per share attributable to owners of the Company	6		
Basic		**6.0**	2.8
Diluted		**6.0**	2.8
		HK$'000	HK$'000
Dividends	7	**45,393**	36,314

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit for the period/year	**55,907**	29,112
Other comprehensive income/(loss):		
Cash flow hedges	**-**	285
Currency translation differences	**8,730**	34,458
Change in value of intangible assets	**(800)**	2,000
Change in value of available-for-sale financial assets	**82**	(619)
Exchange reserve released upon disposal of an associate	**298**	-
Exchange reserve released upon redesignation of investments in associates to available-for-sale financial assets	**(14,759)**	-
Non-controlling interests released upon redesignation of investments in associates to available-for-sale financial assets	**19**	-
Other comprehensive (loss)/income for the period/year, net of tax	**(6,430)**	36,124
Total comprehensive income for the period/year	**49,477**	65,236
Attributable to:		
Owners of the Company	**46,142**	56,349
Non-controlling interests	**3,335**	8,887
Total comprehensive income for the period/year	**49,477**	65,236

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**1,352,430**	1,366,117
Land use rights		**107,162**	109,215
Intangible assets		**8,940**	11,140
Available-for-sale financial assets		**22,463**	8,034
Properties under construction		**12,262**	19,391
Investment in associates		**-**	41,080
Trade receivables		**7,006**	-
Deferred income tax assets		**9,664**	14,103
Deposits paid for acquisition of property, plant and equipment		**-**	3,064
Total non-current assets		**1,519,927**	1,572,144
Current assets			
Inventories		**613,469**	711,398
Trade and bills receivables	8	**823,837**	647,950
Prepayments, deposits and other receivables		**43,622**	62,467
Derivative financial instruments		**1,117**	253
Amounts due from associates		**-**	5,024
Tax recoverable		**4,205**	6,384
Pledged time deposits		**46,114**	17,321
Time deposits with original maturity over three months		**43,587**	123,070
Cash and cash equivalents		**533,345**	640,555
Total current assets		**2,109,296**	2,214,422
Total assets		**3,629,223**	3,786,566
Equity			
Equity attributable to owners of the Company			
Share capital		**90,787**	90,787
Reserves		**2,555,591**	2,552,939
Proposed dividend		**18,157**	18,157
		2,664,535	2,661,883
Non-controlling interests		**149,190**	142,064
Total equity		**2,813,725**	2,803,947
Liabilities			
Non-current liabilities			
Borrowings		**228,937**	313,614
Deferred income tax liabilities		**47,749**	44,568
Total non-current liabilities		**276,686**	358,182

Current liabilities			
Trade and bills payables	9	**181,887**	223,909
Current income tax liabilities		**21,363**	22,156
Other payables and accrued liabilities		**182,244**	157,235
Amounts due to associates		**-**	4,540
Borrowings		**153,318**	216,597
Total current liabilities		**538,812**	624,437
Total liabilities		**815,498**	982,619
Total equity and liabilities		**3,629,223**	3,786,566
Net current assets		**1,570,484**	1,589,985
Total assets less current liabilities		**3,090,411**	3,162,129

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Companies Ordinance.

(a) New and amended standards adopted by the Group

The following amendments to standards and interpretations are mandatory for accounting year beginning on 1 April 2012 but are not relevant to the Group's operations:

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
HKFRS 1 (Amendment)	First-time adoption of HKFRSs - Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Financial instruments: Disclosures - Transfer of financial assets

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

(b) The following amendments to standards and interpretations are not yet effective and have not been early adopted by the Group

HKAS 1 (Revised)(Amendment)	Presentation of financial statements - Presentation of items of other comprehensive income
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investment in associates and joint ventures

HKAS 32 (Amendment)	Financial instruments: Presentation - Offsetting financial assets and financial liabilities
HKFRS 7 (Amendment)	Financial instruments: Disclosures - Offsetting financial assets and financial liabilities
HKFRS 7 and HKFRS 9 (Amendment)	Financial instruments: Disclosures - Mandatory effective date of HKFRS 9 and transition disclosures
HKFRS 9	Financial instruments
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurement
HK (IFRIC) - Int 20	Stripping costs in the production phase of a surface mine

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, the chief executive officer and other senior management, that are used to make strategic decisions and assess performance.

Management 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 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 an arm's length basis.

	Period from 1 April to 31 December 2012			
	Segment revenue			**Segment results**
	Sales to external customers	**Inter-segment sales**	**Total**	
	HK'$000	**HK'$000**	**HK'$000**	**HK'$000**
Book and Package Printing	**1,399,108**	**1,084**	**1,400,192**	**42,358**
Consumer Product Packaging	**573,484**	**12,494**	**585,978**	**16,189**
Corrugated Box	**205,601**	**73,491**	**279,092**	**21,767**
Paper Trading	**228,480**	**317,162**	**545,642**	**9,236**
Eliminations	**-**	**(404,231)**	**(404,231)**	**3,208**
	2,406,673	**-**	**2,406,673**	**92,758**
Interest, dividend income and other gains				**12,455**
Corporate and unallocated expenses				**(18,929)**
				86,284
Gain on disposal of an associate				**5,934**
Loss on redesignation of investment in associates to available-for-sale financial assets				**(3,196)**
Operating profit				**89,022**
Finance costs				**(7,214)**
Share of losses of associates				**(10,669)**
Profit before income tax				**71,139**
Income tax expense				**(15,232)**
Profit for the period				**55,907**

	Year ended 31 March 2012			
	Segment revenue			Segment results
	Sales to external customers	Inter- segment sales	Total	
	HK'$000	HK'$000	HK'$000	HK'$000
Book and Package Printing	1,512,791	2,009	1,514,800	13,489
Consumer Product Packaging	767,793	8,701	776,494	18,076
Corrugated Box	263,564	90,569	354,133	30,201
Paper Trading	310,311	468,464	778,775	21,306
Eliminations	-	(569,743)	(569,743)	983
	2,854,459	-	2,854,459	84,055
Interest, dividend income and other gains				15,460
Corporate and unallocated expenses				(26,624)
Operating profit				72,891
Finance costs				(10,973)
Share of losses of associates				(16,423)
Profit before income tax				45,495
Income tax expense				(16,383)
Profit for the year				29,112

3. Finance Costs

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Interests on bank borrowings wholly repayable within five years	**7,214**	10,973

4. Profit Before Income Tax

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

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
After charging -		
Depreciation	**85,996**	111,981
Amortisation of land use rights	**2,390**	3,173
Amortisation of intangible assets	**1,032**	849
Provision for impairment of trade receivables	**4,075**	1,344
Operating lease charges in respect of land and buildings	**5,225**	7,840
Provision for impairment of inventories, net	**-**	16,427
Employee benefit expense (including directors' emoluments)	**578,054**	674,189
Foreign exchange loss, net	**489**	-
After crediting -		
Dividend income from available-for-sale financial assets	**348**	347
Bank interest income	**8,807**	11,306
Fair value gain on derivative financial instruments not qualified as hedges, net	**3,239**	1,275
Reversal of provision for impairment of inventories, net	**583**	-
Foreign exchange gain, net	**-**	15,132

5. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (year ended 31 March 2012: 16.5%) on the estimated assessable profit for the period/year. Taxation on overseas profit has been calculated on the estimated assessable profit for the period/year at the rates of taxation prevailing in the countries in which the Group operates.

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Current income tax		
- Hong Kong profits tax		
- Provision for the period/year	**3,725**	5,771
- Over provision for prior years	**(2,760)**	-
	965	5,771
- PRC corporate income tax		
- Provision for the period/year	**6,719**	14,251
- Under provision for prior years	**117**	1,053
	6,836	15,304
Total current tax	**7,801**	21,075
Deferred income tax	**7,431**	(4,692)
Income tax expense	**15,232**	16,383

6. Earnings Per Share Attributable to Owners of the Company

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the perio/year excluding ordinary shares purchased by the Company.

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit attributable to owners of the Company	**53,930**	25,539
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	**903,139**	902,527
Basic earnings per share (HK cents per share)	**6.0**	2.8

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the 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.

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Profit attributable to owners of the Company	**53,930**	25,539
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	**904,331**	904,054
Diluted earnings per share (HK cents per share)	**6.0**	2.8

7. Dividends

	Period from 1 April to 31 December 2012 HK$'000	Year ended 31 March 2012 HK$'000
Interim dividend of HK3 cents (year ended 31 March 2012: HK2 cents) per ordinary share	**27,236**	18,157
Proposed final dividend of HK2 cents (year ended 31 March 2012: HK2 cents) per ordinary share	**18,157**	18,157
	45,393	36,314

The Directors recommend the payment of a final dividend of HK2 cents per ordinary share. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting of the Company. These consolidated financial statements do not reflect this as dividend payable but account for it as proposed dividend in reserves.

8. Trade and Bills Receivables

	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Trade receivables	**844,022**	662,734
Less: provision for impairment of trade receivables	**(26,650)**	(23,025)
	817,372	639,709
Trade receivables due from related parties	**4,689**	-
Total trade receivables, net	**822,061**	639,709
Bills receivables	**8,782**	8,241
	830,843	647,950
Less: Non-current trade receivables	**(7,006)**	-
	823,837	647,950

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 the invoice date and net of provisions, is as follows:

	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
1 - 30 days	**311,860**	242,701
31 - 60 days	**185,256**	185,672
61 - 90 days	**118,927**	67,440
Over 90 days	**206,018**	143,896
	822,061	639,709

The movements in provision for impairment of trade receivables are as follows:

	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Beginning balance	**23,025**	24,591
Provision for impairment of trade receivables	**4,075**	1,344
Amount written off as uncollectible	**(577)**	(3,195)
Exchange differences	**127**	285
Ending balance	**26,650**	23,025

9. Trade and Bills Payables

	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
Trade payables	**151,882**	196,506
Trade payables due to related parties	**16,546**	-
Total trade payables	**168,428**	196,506
Bills payables	**13,459**	27,403
	181,887	223,909

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

	At 31 December 2012 HK$'000	At 31 March 2012 HK$'000
1 - 30 days	**120,230**	131,770
31 - 60 days	**36,538**	50,781
61 - 90 days	**6,236**	5,713
Over 90 days	**5,424**	8,242
	168,428	196,506

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The financial year-end date of Hung Hing Printing Group Ltd (the listed company) and its Hong Kong subsidiaries has been changed to 31 December, effective from 2012. This change allows all Group companies, both in Hong Kong and China, to share a common financial year-end date, facilitating streamlined preparation of the consolidated financial statements.

This change has resulted in a reduction in the reporting period to nine months (April – December 2012). In the following paragraphs also, the terms ‘current’ and ‘previous period’ refer to the nine months April – December. It should be noted that the financial data for the prior nine-month period has not been reviewed nor audited.

For the nine months ended 31 December 2012, the Group turnover rose 6% to HK$2,407 million. Despite weak economic conditions in our export markets, revenue for our Book and Package Printing division increased by 15% as compared to the previous period as a result of repeat orders from existing customers, as well as orders from new customers. This increase was partially offset by the relatively soft performance of our other businesses, Consumer Product Packaging, Corrugated Box and Paper Trading, which faced a slowdown in the domestic market and export processing across the Pearl River Delta.

During the current period, commodity and other material costs remained stable. While wages rose by more than 10%, mirroring macro trends in mainland China, the rate of increase was substantially lower than the 20% prevailing in 2010-2011. In response to these trends, we have continued to maintain and tighten our controls over costs and price quotations. As a result, the Group’s profit before tax rose 26% to HK$71 million.

Business Unit Review

Book and Package Printing

The Book and Package Printing business reported the following results for the period:

- Revenue of HK$1,399 million, up 15% from HK$1,216 million during the previous period
- Profit contribution of HK$42 million, up 124% from HK$19 million during the previous period
- Profit contribution margin of 3%, up from 2% during the previous period

2012 was a difficult year for export manufacturers in general in south China and the printing sector was not immune to these pressures. Overall declines in demand and rising labor costs have accelerated the pace of consolidation among export printers in south China. The Group’s size and strong reputation enabled the book and toy packaging business to benefit from the trend among large customers to streamline their lists of qualified vendors in an effort to reduce total procurement costs.

The Group responded to market uncertainties by diversifying its product and service offerings. We have made significant inroads into in the luxury packaging and retail display businesses. We are working with our strategic partner, Rengo of Japan, to export promotional display shelves to the Asia market. Leveraging upon our initial success and proven design and product development capabilities, we are exploring similar opportunities in the China domestic market.

Consumer Product Packaging

The Consumer Product Packaging business unit reported the following results for the period:

- Revenue of HK$573 million, down 4% from HK$597 million during the previous period
- Profit contribution of HK$16 million, up from HK$15 million during the previous period
- Profit contribution margin of 3%, up from 2% during the previous period

During 2012, the mainland China domestic packaging market was affected by dampened economic growth as well as new entrants from the export sector. This intensified fragmentation and the prevailing price-based competition. A slowdown in orders from some Japanese clients also impacted revenues.

While keen competition will continue, the Group expects that economic growth will continue in China and consumer spending will accelerate in 2013. Our continuous drive to improve productivity persists and has resulted in improved contribution margins during the reporting period. We are seeing improved performance from the Wuxi plant, which is advantageously located to capture growth in the east China market.

Corrugated Box

The Corrugated Box business reported the following results for the period:

- Revenue of HK$206 million, down 4% from HK$214 million during the previous period
- Profit contribution of HK$22 million, down 28% from HK$30 million during the previous period
- Profit contribution margin of 8%, down from 11% during the previous period

The Corrugated Box business continued to benefit from operational alignment with the Group's Book and Package Printing business, which provides a stable demand base. Overlapping customers and segments also provides sales opportunities for both business units.

The business was impacted by a general slowdown in export activities across the Pearl River Delta region. There is also a gradual trend for manufacturers to move out from Shenzhen and Dongguan to the east (Huizhou), west (Jiangmen) and north (Shaoguan), and beyond, impacting the Group's ability to serve customers and increasing our costs.

The Group is enhancing its sales development efforts in the mainland domestic market, with notable positive results in the packaged food, beverage & home care sectors. Nearly half of the Group's revenues are now derived from the mainland China domestic market. To secure growth, we are expanding our sales efforts to cover a broader area in China.

Paper Trading

The business reported the following results for the period:

- Revenue of HK$228 million, down 7% from HK$245 million during the previous period
- Profit contribution of HK$9 million, down 61% from HK$23 million during the previous period
- Profit contribution margin of 2 %, down from 4 % during the previous period

Over 80% of the revenues of the business unit came from exporters in South China during the period, and the balance from the China domestic market. Revenues were impacted by a slowdown in export activity across the Pearl River Delta and tightened credit management. These factors, combined with softening paper prices, led to intensified price competition and a significant drop in margin.

Associates

Rengo Hung Hing Paper Manufacturing

Hung Hing held a 17% effective equity stake in two Rengo Hung Hing paper manufacturing entities, located in Zhongshan, Guangdong Province. Our share of the losses amounted to HK$11 million during the nine-month period ended 31 December 2012.

With a view to focus on our core printing and packaging businesses, we relinquished our two board seats in this business and redesignated our investment, in accounting terms, from 'Investments in associates' to 'Available-for sale financial assets'. At the same time, with the continuing losses suffered by the paper manufacturing business, the management performed an impairment assessment on the carrying book value of our investment. The net impact of the above initiatives was a charge of HK$3 million to the Group’s income statement, which included the reversal of a cumulated translation gain of HK$15 million from the exchange reserve to the consolidated profit and loss account.

Graphic Hung Hing Packaging

Hung Hing used to own a 40% stake in Graphic Hung Hing Packaging, a joint-venture (JV) with Graphic Packaging International (Japan) Ltd., a leading provider of packaging solutions for the beverage industry. Based on an analysis of our strategic alternatives on this investment, the Group has concluded that it is in the best interests of the Group, as well as the JV, to change our status from an investor to a valued business partner.

Following this review the Group entered into a JV termination agreement in December 2012, selling our 40% stake to Graphic Packaging International (Japan) Ltd. As a result, there has been a one-time credit of HK$6 million to the Group’s income statement.

Liquidity and Capital Resources

The Group remains in a sound financial position. As of 31 December 2012, the Group had net cash on hand (total cash net of bank borrowings) of HK$241 million.

As of 31 December 2012, the Group had bank deposits and cash on hand totaling HK$623 million, of which 67% was held in RMB, 21% in HKD, 9% in USD, 3% in Euro and Pound Sterling. The higher mix of RMB helped the Group to mitigate the impact of RMB appreciation on the Group’s operating expenses and enabled the Group to earn a higher interest income of HK$8.8 million.

As of 31 December 2012, the Group's total bank borrowings amounted to HK$382 million. The Group's gearing ratio (bank borrowings to total equity) stood at 14% compared with 19% in the previous year. Per the repayment schedules in the Group's loan agreements with banks, HK$153 million is repayable within 1 year, HK$130 million is repayable within one to two years, and HK$99 million is repayable within two to five years.

Of the Group's total borrowings, 97% was borrowed in HKD, 2% in USD and 1% in RMB. Of this, 91% was owed to banks in Hong Kong at interest rates in reference to the HIBOR or the bank's cost of funds plus certain mark-up %, and the remaining 9% was owed to banks in mainland China at interest rates in reference to the People's Bank of China (PBOC) base rate or the bank's cost of funds plus certain mark-up %. Total interest expenses amounted to HK$7.2 million during the reporting period. The Group had unutilized bank loan and trade facilities totaling HK$568 million as of 31 December 2012.

During the period under review, the Group invested HK$62 million (HK$141 million in the previous year) in machinery and equipment, focused on increasing production efficiency. A new 5-colour printing press was installed at the Heshan plant to expand capacity.

Contingent Liabilities and Pledge of Assets

As at 31 December 2012, guarantees amounting to HK$2,007 million were given to banks by the Company for banking and trading facilities granted to the Group's subsidiaries and former associates.

Certain buildings, land use rights and time deposits of the Group with a total carrying value of HK$141 million as at 31 December 2012 have been pledged to secure banking facilities granted to the Group.

Business Sustainability

In 2012, the Group started to track resource usage as part of its program to enhance environmental performance. Central to our philosophy is that every member of our staff needs to work in accordance with the principles of conservation.

We have installed individual electricity sub-meters at each work floor and the most high-voltage equipment. Over 240 sub-meters have been installed across production areas. Resource usage is classified by type of use – machinery, air-conditioning, lighting, supporting and dormitory. Monthly electricity usage is closely monitored and usage statistics publicized to facilitate self-monitoring and improvement. We believe this will help encourage employees to practice the principles of conservation at the most granular level.

During the period, nine improvement plans were implemented across the Group's facilities. These programs jointly saved 650,000 Kwh of electricity, 250,000 liters of water, and reduced emissions of VOCs (volatile organic compounds) by 720,000 liters.

In recognition of our ongoing efforts, the Heshan and Fu Yong plant have been awarded the Green Medal and the 3 years+ Green Medal respectively in the 2011/2012 Hang Seng Pearl River Delta Environmental Awards.

As part of our efforts to support sustainable forests, the Group has increased its inventory of paper from certified sources and now offers FSC (Forest Stewardship Council) certified paper of all types. During the period under review, the Group purchased over 63,000 tons of FSC and PEFC (Programme for the Endorsement of Forest Certification) paper, and 146,000 tons of recycled paper.

The Group also recycled 24,700 tons and 880 tons of paper and plastic waste during the period.

Our people

The Group has a skilled and dedicated team at both management and worker level. We aspire to be an employer of choice and thus offer above-average remuneration packages and good working conditions. By the end of 2012, the Group employed 10,556 people, of whom 355 were based in Hong Kong and 10,201 were based in mainland China.

We provide both internal and external training opportunities to our employees to enhance their work skills, and provide knowledge in occupational health and safety. During the reporting period, over 7,800 new employees attended 102,800 hours of basic training. Over 500 courses totalled 89,200 hours were provided to 43,400 participants. Experts from our machinery vendors provided regular training programs to our staff to enhance technical and operating capabilities.

Our health and safety performance continues to improve steadily. Total incident rate (number of incidents per 100 workers per year) dropped from 0.38 last year to 0.28 this year, continuing the trend of steady improvement over the past five years.

Outlook

We are optimistic about the long term growth prospects of the printing and packaging business. That said, economic volatility and unstable business conditions will likely persist in the year ahead. With a slow macro-economic recovery under way we have a cautiously positive view about business growth originating from the US as well as other selected export markets. Together with our second-largest shareholder Rengo we will continue to grow our business in Japan and other parts of Asia.

The mainland China domestic market is still growing, albeit at a slower rate, stimulating continued growth in the packaging and printing market. Especially in the first-tier cities, family disposable income and spending related to children is growing. To tap into this trend we will place further emphasis on the children's book market in mainland China. Our two dust-free facilities will allow us access to industries that require clean environments such as personal care, pharmaceuticals and food packaging.

The industry consolidation that we had anticipated as a result of intense competition and increasing costs has commenced, and we expect it to gain further momentum in the year ahead. In this context large customers will prefer large, reputable partners like us, known for innovation and value. We will strengthen our marketing efforts among existing and new customers to take advantage of market consolidation.

I firmly believe that there is always room for improvement in efficiency, governance and environmental performance. Good progress has been made in these areas and we will continue to enhance and improve our operations in pursuit of best practise.

CHANGE IN FINANCIAL YEAR END DATE

Pursuant to the a resolution of the board of Directors of the Company dated 16 April 2012, the Company's financial year end date has been changed from 31 March to 31 December.

The change is to align with the financial year end date of the Company with that of its subsidiaries established in the Peoples Republic of China (the "PRC"), the financial results of which are consolidated into its consolidated financial statements each year, and their financial statements are statutorily required to use 31 December as the financial year end.

FINAL DIVIDEND

The directors recommend a final dividend of HK2 cents (year ended 31 March 2012: HK2 cents) per share. The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company. This, together with an interim dividend of HK3 cents (year ended 31 March 2012: HK2 cents) per share paid in December 2012, will make a total dividend of HK5 cents (year ended 31 March 2012: HK4 cents) per share for the period from 1 April to 31 December 2012.

The proposed final dividend will be paid by cash on 19 June 2013 to shareholders whose names appear on the Register of Members of the Company on 7 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 20 May 2013 to Wednesday, 22 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 16 May 2013.

The Register of Members of the Company will be closed from Wednesday, 5 June 2013 to Friday, 7 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to quality for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 June 2013.

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 from 1 April to 31 December 2012.

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 final results for the period from 1 April to 31 December 2012, 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. Currently the roles of chairman and chief executive officer have been undertaken by Mr. Yum Chak Ming, Matthew. 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 able effectively to monitor and assess management 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.

3. In respect of Code Provision D.1.4, the Company does not have formal letters of appointment for three of its Directors, namely Mr. Hiroyuki Kimura, Mr. Yoshitaka Ozawa and Mr. Katsuaki Tanaka to setting out the key terms and conditions of their appointment. However, all Directors shall be subject to retirement in accordance with the Articles of Association of the Company. The Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 final results for the period from 1 April to 31 December 2012.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the the final results for the period from 1 April to 31 December 2012 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the period from 1 April to 31 December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's draft consolidated financial statements for the period from 1 April to 31 December 2012. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

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

Hong Kong, 21 March 2013

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Hiroyuki Kimura, Mr. Yoshitaka Ozawa, 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.