HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

FINANCIAL HIGHLIGHTS

- Revenue reached HK$1.56 billion in the six months to September 2010, up 18% compared to same period 2009
- Operating profit of HK$179 million represents a 17% increase compared to prior year period
- Profit attributable to shareholders was HK$129 million, up 28%
- Basic earnings per share was HK14.3 cents, up 31%
- Balance sheet remains strong with a net cash position of HK$394 million as of September 30, 2010
- Board of Directors declares an interim dividend of HK5 cents and a special dividend of HK17 cents, bringing the total dividends to HK22 cents per share.

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Continuing operations			
REVENUE	2	**1,559,548**	1,320,490
Cost of sales		**(1,223,958)**	(1,021,084)
Gross profit		**335,590**	299,406
Other income and gains		**18,257**	10,870
Distribution costs		**(41,370)**	(31,908)
Administrative and selling expenses		**(131,458)**	(123,671)
Other expenses		**(2,298)**	(1,800)
Operating profit		**178,721**	152,897
Finance costs	3	**(5,666)**	(6,104)
Share of loss of associates		**(8,386)**	(1,897)
PROFIT BEFORE INCOME TAX	4	**164,669**	144,896

	Note		
Income tax expense	5	**(33,068)**	(30,800)
Profit from continuing operations		**131,601**	114,096
Discontinued operations	6		
Loss from discontinued operations		**-**	(7,756)
Profit for the period		**131,601**	106,340
ATTRIBUTABLE TO:			
Equity holders of the Company			
Continuing operations		**129,221**	105,505
Discontinued operations		**-**	(4,563)
		129,221	100,942
Non-controlling interests			
Continuing operations		**2,380**	8,591
Discontinued operations		**-**	(3,193)
		2,380	5,398
		131,601	106,340
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
		HK cents	HK cents
Basic			
From continuing operations		**14.3**	11.4
From discontinued operations		**-**	(0.5)
		14.3	10.9
Diluted			
From continuing operations		**14.2**	11.4
From discontinued operations		**-**	(0.5)
		14.2	10.9
		HK$'000	HK$'000
DIVIDEND	8	**199,730**	36,545

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**131,601**	106,340
OTHER COMPREHENSIVE INCOME:		
Cash flow hedge, net of tax	**2,201**	115
Currency translation differences	**22,248**	6,763
Fair value (loss)/gain on intangible assets	**(100)**	358
Fair value (loss)/gain on available-for-sale financial assets	**(231)**	1,868
Impairment of available-for-sale financial assets	**-**	199
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**24,118**	9,303
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**155,719**	115,643
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Equity holders of the Company		
Continuing operations	**150,138**	112,771
Discontinued operations	**-**	(4,563)
	150,138	108,208
Non-controlling interests		
Continuing operations	**5,581**	10,628
Discontinued operations	**-**	(3,193)
	5,581	7,435
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**155,719**	115,643

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 September 2010 (Unaudited) HK$'000**	31 March 2010 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,355,964**	1,304,175
Land use rights		**111,666**	112,328
Intangible assets		**9,717**	8,698
Available-for-sale financial assets		**8,388**	8,490
Properties under construction		**421**	249
Interests in associates		**17,028**	21,638
Derivative financial instruments		**-**	193
Deferred income tax assets		**12,138**	11,429
Total non-current assets		**1,515,322**	1,467,200
CURRENT ASSETS			
Inventories		**616,777**	656,162
Trade and bills receivables	9	**822,560**	524,762
Prepayments, deposits and other receivables		**44,099**	48,137
Derivative financial instruments		**1,906**	1,492
Amounts due from associates		**-**	15,383
Tax recoverable		**-**	1,052
Cash and cash equivalents		**778,608**	1,108,778
Total current assets		**2,263,950**	2,355,766
TOTAL ASSETS		**3,779,272**	3,822,966
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**90,964**	91,158
Reserves		**2,544,505**	2,594,941
Proposed dividend		**199,730**	172,989
		2,835,199	2,859,088
Non-controlling interests		**133,959**	128,378
Total equity		**2,969,158**	2,987,466

NON-CURRENT LIABILITIES			
Derivative financial instruments		**-**	233
Borrowings		**117,281**	185,898
Deferred income tax liabilities		**44,489**	40,654
Total non-current liabilities		**161,770**	226,785
CURRENT LIABILITIES			
Trade and bills payables	10	**174,413**	166,580
Current income tax liabilities		**43,990**	24,971
Other payables and accrued liabilities		**156,314**	168,859
Derivative financial instruments		**3,313**	9,111
Amounts due to associates		**3,178**	-
Borrowings		**267,136**	239,194
Total current liabilities		**648,344**	608,715
Total liabilities		**810,114**	835,500
Total equity and liabilities		**3,779,272**	3,822,966
Net current assets		**1,615,606**	1,747,051
Total assets less current liabilities		**3,130,928**	3,214,251

NOTES TO THE CONDENSED FINANCIAL INFORMATION

1. Basis of Preparation and Accounting Policies

These condensed consolidated interim financial statements for the six months ended 30 September 2010 are unaudited and have been prepared in accordance with the applicable disclosure requirements as set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rule") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial information should be read in conjuction with the annual financial statements for the year ended 31 March 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRSs") issued by the HKICPA.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standard adopted by the Group

The following amendment to standard is mandatory for the first time for the financial year beginning on 1 April 2010:

HKAS 17 (Amendment), 'Leases', removes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease.

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 April 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 April 2010 on the basis of information existing at the inception of those leases, and concluded that the leasehold land and land use rights should be continued to be classified as operating leases.

(b) Standards, amendments and interpretations to existing standards effective in 2010 but either not relevant to the Group or do not have any significant impact to the results and financial position of the Group

- HKAS 27 (Revised) – Consolidated and separate financial statements
- HKAS 32 (Amendment) – Financial Instruments: Disclosure and presentation - Classification of rights issues
- HKAS 39 (Amendment) – Eligible hedged items
- HKFRS 1 (Amendment) – Additional exemptions for first-time adopters
- HKFRS 2 (Amendment) – Group cash-settled share-based payment transactions
- HKFRS 3 (Revised) – Business combinations
- HKFRS 5 (Amendment) – Non-current assets held for sale and discontinued operations
- HK(IFRIC)-Int 17 – Distributions of non-cash assets to owners
- Second improvements to HKFRSs (2009)

The Group did not early adopt any of the new or revised standards, amendments to standards and interpretations to existing standards that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact, but is not in a position to state whether these new or revised standards, amendments to standards and interpretations to existing standards would have a significant impact to its 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 managing director, the chief operating 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:

1. Book and Package Printing segment;
2. Consumer Product Packaging segment;
3. Corrugated Box segment; and
4. Paper Trading segment.

In prior periods, the paper manufacturing business was presented as a separate segment in segment information. Upon the completion of partial disposal of the subsidiaries engaging in the paper manufacturing business in February 2010, the paper manufacturing segment is presented as discontinued operations. 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 arm's length.

Continuing operations:

	For the six months ended 30 September 2010			
	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	**865,998**	**2,568**	**868,566**	**104,635**
Consumer Product Packaging	**340,090**	**4,468**	**344,558**	**10,001**
Corrugated Box	**170,036**	**62,323**	**232,359**	**35,648**
Paper Trading	**183,424**	**227,824**	**411,248**	**46,125**
Eliminations	**-**	**(297,183)**	**(297,183)**	**(3,836)**
	1,559,548	**-**	**1,559,548**	**192,573**
Interest, dividend income and other gains				**7,256**
Corporate and unallocated expenses				**(21,108)**
Operating profit				**178,721**
Finance costs				**(5,666)**
Share of loss of associates				**(8,386)**
Profit before income tax				**164,669**
Income tax expense				**(33,068)**
Profit for the period				**131,601**

	For the six months ended 30 September 2009			
	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	681,954	88,111	770,065	98,144
Consumer Product Packaging	322,779	5,169	327,948	23,372
Corrugated Box	122,873	58,629	181,502	17,244
Paper Trading	192,884	178,268	371,152	24,748
Eliminations	-	(330,177)	(330,177)	(622)
	1,320,490	-	1,320,490	162,886
Interest, dividend income and other gains				5,295
Corporate and unallocated expenses				(15,284)
Operating profit				152,897
Finance costs				(6,104)
Share of loss of associates				(1,897)
Profit before income tax				144,896
Income tax expense				(30,800)
Profit for the period				114,096

Discontinued operations:

	For the six months ended 30 September 2010			
	SEGMENT REVENUE			**SEGMENT RESULTS**
	Sales to external customers (Unaudited) HK'$000	**Inter-segment sales (Unaudited) HK'$000**	**Total (Unaudited) HK'$000**	**(Unaudited) HK'$000**
Paper Manufacturing	-	-	-	-
Eliminations	-	-	-	-
	-	-	-	-
Interest, dividend income and other gains				-
Operating loss				-
Finance costs				-
Loss before income tax				-
Income tax expense				-
Loss for the period				-

	For the six months ended 30 September 2009			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total (Unaudited) HK'$000	(Unaudited) HK'$000
Paper Manufacturing	182,222	31,019	213,241	(2,920)
Eliminations	-	(31,019)	(31,019)	-
	182,222	-	182,222	(2,920)
Interest, dividend income and other gains				1,011
Operating loss				(1,909)
Finance costs				(4,403)
Loss before income tax				(6,312)
Income tax expense				(1,444)
Loss for the period				(7,756)

3. Finance Costs

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interests on bank borrowings wholly repayable within five years	**5,666**	6,104

4. Profit Before Income Tax

The Group's profit before income tax for continuing operations and discontinued operations is arrived at after charging or crediting the following items:

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Continuing operations:		
After charging -		
Depreciation	**52,882**	55,694
Amortisation of land use rights	**1,549**	1,548
Amortisation of intangible assets	**415**	-
Impairment of trade receivables	**267**	633
Loss on disposal of property, plant and equipment	**2,031**	745
Employee benefits expenses (including directors' remuneration)	**305,613**	260,875
Impairment of available-for-sale financial assets	**-**	422
After crediting -		
Dividend income from available-for-sale financial assets	**278**	139
Reversal of write-down of inventories to net realisable value	**546**	204
Bank interest income	**3,739**	4,770
Gain on disposal of intangible assets	**897**	240
Fair value gains/ (loss) on derivative financial instruments not qualified as hedges, net	**2,450**	(78)
Foreign exchange gain, net	**7,370**	3,071
Discontinued operations:		
After charging -		
Depreciation	**-**	1,656
Amortisation of land use rights	**-**	454
Write-down of inventories to net realisable value	**-**	1,173
Employee benefits expenses (including directors' remuneration)	**-**	17,414
After crediting -		
Bank interest income	**-**	810
Gain on disposal of property, plant and equipment	**-**	3
Fair value gains on derivative financial instruments not qualified as hedges, net	**-**	201

5. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profit has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**14,029**	13,929
- PRC corporate income tax	**16,655**	10,662
Total current tax	**30,684**	24,591
Deferred tax	**2,384**	6,209
Income tax expense	**33,068**	30,800

6. Discontinued Operations

During the year ended 31 March 2010, the Group's paper manufacturing operation was discontinued following the disposal of 25% and 5% equity interests in each of the two subsidiaries, Zhongshan Ren Hing Paper Manufacturing Company Limited and Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited (collectively referred to as the "Paper Mill Entities") to LeMonde Inc. and Homegrace Consultants Limited, respectively. As a result, the effective interest held by the Group in the Paper Mill Entities was reduced from 58.84% to 30.94% hence the Paper Mill Entities have been accounted for as associates of the Company since February 2010 and are initially recognised at the Group's share of net asset value.

The results pertaining to the paper manufacturing segment is presented as discontinued operations in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

7. 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 holders 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 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit from continuing operations attributable to equity holders of the Company	**129,221**	105,505
Loss from discontinued operations attributable to equity holders of the Company	**-**	(4,563)
Weight average number of ordinary shares in issue excluding own held shares (thousands)	**906,591**	922,683
Basic earnings/(loss) per share (HK cents per share)		
- Continuing operations	**14.3**	11.4
- Discontinued operations	**-**	(0.5)

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) 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 price of the Company's shares) based on the monetary value of the outstanding shares to be granted.

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit from continuing operations attributable to equity holders of the Company	**129,221**	105,505
Loss from discontinued operations attributable to equity holders of the Company	**-**	(4,563)
Weight average number of ordinary shares in issue excluding own held shares (thousands)	**912,058**	922,683
Diluted earnings/(loss) per share (HK cents per share)		
- Continuing operations	**14.2**	11.4
- Discontinued operations	**-**	(0.5)

Diluted earnings/(loss) per share was the same as basic earnings/(loss) per share for the six months ended 30 September 2009 as there were no potential dilutive ordinary shares outstanding during the period.

8. Dividend

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK5 cents (2009: HK4 cents) per ordinary share	**45,393**	36,545
Special dividend of HK17 cents (2009 : nil)	**154,337**	-
	199,730	36,545

9. Trade and Bills Receivables

	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Trade receivables	**851,583**	553,239
Less: provision for impairment of receivables	**(30,968)**	(30,463)
Trade receivables, net	**820,615**	522,776
Bills receivables	**1,945**	1,986
	822,560	524,762

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

Overdue balances are regularly reviewed by senior management. 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. Trade and bills receivables are non-interest-bearing.

The aging analysis of trade receivables, based on invoice date and net of provision, is as follows:

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
1 - 30 days	**330,591**	237,921
31 - 60 days	**194,106**	103,957
61 - 90 days	**171,157**	101,668
Over 90 days	**124,761**	79,230
	820,615	522,776

10. Trade and Bills Payables

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
Trade payables	**174,413**	142,148
Bills payables	**-**	24,432
	174,413	166,580

The aging analysis of trade payables, based on invoice date, is as follows :

	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000
1 - 30 days	**132,272**	105,892
31 - 60 days	**32,822**	24,579
61 - 90 days	**1,709**	3,112
Over 90 days	**7,610**	8,565
	174,413	142,148

MANAGEMENT DISCUSSION AND ANALYSIS

Since late 2009, the global economy has been showing signs of a slow recovery. This has benefited the Group, which saw increased revenue across all business units of HK$1.56 billion for the six months ended September 2010. This represents an increase of 18% compared with the same period in 2009.

Our business benefited from a gradual recovery in North American and European markets. Accordingly, we were able to grow revenue by 27% in the Book and Package Printing business (our largest business unit) and 38% in the Corrugated Box Business Unit during the period. The Consumer Product Packaging Business Unit achieved a 5% increase in revenue during the period. While China's domestic market continues to be characterized a large number of regional players, the high growth in China's packaging demand provides opportunities for the Group.

During the period under review, paper prices increased. This had varying impact on our different business units. Our paper trading business benefited from the resulting higher margins, which partially offset the negative impact on our printing business units.

Worker wages in the Pearl River Delta (PRD) rose by 20% during the first half of the year. To address these cost impacts, management is continuing to implement various productivity initiatives including right-sizing, improving scheduling and workflow, and increasing the use of automation.

Consumer prices and underlying demand weakness have made complete pass-through of increased costs to customers challenging. Despite this, management delivered notable success in the period. We are pleased to report that for the first half-year, operating profit reached HK$179 million, up 17% versus 2009. Profit attributable to shareholders for the period was HK$129 million, up by 28% compared to the corresponding period in 2009. Basic earnings per share increased 31% to HK14.3 cents per share.

The Group's balance sheet remains strong, with a net cash position of HK$394 million as of September 30, 2010. Backed by the Group's solid cash-flow and financial position, the Board of Directors has decided to return part of the excess cash to our shareholders. The Board of Directors has declared an interim dividend of HK5 cents and a special dividend of HK17 cents, bringing the total dividends to HK22 cents per share. The Company still maintains a significant net cash position.

Business Units Report

Book and Package Printing

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

- Revenue of HK$866 million, up 27% compared to the same period last year
- Profit contribution of HK$105 million, up 7%
- Profit margin of 12%, down from 13%

The Book and Package Printing unit is an export-focused business. It is the largest business unit, accounting for 56% of Group revenue in the first half of 2010 compared with 52% during the same period in 2009.

The business benefited from a gradual recovery in the United States and European markets. However, cost challenges—including rising paper prices, increased labour wages and the appreciation of the RMB—impacted margins. Various productivity initiatives helped to partially offset the impact of these cost increases. These included the management of our workforce in line with seasonal demand as well as streamlining workflow and improved forward planning.

Consumer Product Packaging

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

- Revenue of HK$340 million, up 5% compared to the same period last year
- Profit contribution of HK$10 million, down 57%
- Profit margin of 3%, down from 7%

Rising paper prices and wage rates impacted profitability during the period under review. To offset these cost changes, management is focusing on pricing initiatives and implementing further automation and efficiency programs. Nevertheless, the business unit saw a decline in its profit margin to 3% over the period.

Corrugated Box

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

- Revenue of HK$170 million, up 38% compared to the same period in 2009
- Profit contribution of HK$36 million, up 107%
- Profit margin of 15%, up from 10%

The business benefited from the recovery of the export manufacturing sector in the PRD, and was successful in passing cost increases on to customers. Various productivity initiatives that we have taken have helped to improve margins by 5%, up to 15% in the first half-year.

Paper Trading

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

- Revenue of HK$183 million, down 5% compared to the same period in 2009
- Profit contribution of HK$46 million, up 86%
- Profit margin of 11%, up from 7%

The business unit benefited from paper price increase in the market during the period and serves an integral part of the Group's supply chain, securing a stable supply of competitively priced paper to the manufacturing operations of the Group. Intra-group sales account for 55% of the business unit's sales which are eliminated from reported external revenue figures.

Associated Companies

Hung Hing has equity interests in two businesses: a 31% stake in Rengo Hung Hing Paper Manufacturing business (RHH) in Zhongshan, and a 40% stake in a beverage multi-pack business in Shanghai (GHH). The Group recorded a loss from the two businesses in the six month period of HK$8 million.

While there has been substantial improvement at RHH, the Group's share of the business losses was HK$7.1 million on an equity percentage basis. The Group continues to work with its joint venture partner, Rengo, to leverage their industry knowledge and production expertise in implementing initiatives that will improve business performance in the future.

GHH is a joint venture with Graphic Packaging International, a leading provider of packaging solutions in the beverage industry. Based in Shanghai, the business sells multi-pack beverage packaging to China's growing beverage market. The business recorded a loss in the first half of the year; the Group's share was HK$1.3 million on an equity percentage basis. We believe there is significant opportunity for this business as consumers shift preference toward buying beverages such as beer and carbonated soft drinks in multi-packs.

Liquidity and Capital Resources

The Group is in a sound financial position. As of September 30, 2010, the Group had a net cash (total cash net of bank borrowings) balance of HK$394 million.

The Group spent HK$98 million in capital expenditure over the interim period including four new state of the art printing presses at the Shenzhen, Heshan and Wuxi plants, adding capacity and improving quality.

Upon completing the acquisition of the additional 15% in the Zhongshan packaging business (increasing its stake from 56% to 71%), the Group paid out HK$42 million to the selling parties in May 2010.

The Group also paid out the 2009/10 (final and special) dividends, amounting to HK$173 million, in September 2010.

In addition, the Group repaid HK$41 million bank loan in the first half-year. As of September 30, 2010, the Group's bank borrowings amounted to HK$384 million, of which HK$267 million is repayable within one year and HK$117 million is repayable within two to three years. Of the Group's bank borrowings, 96% was in Hong Kong dollars and 4% in RMB. The Group's gearing ratio, comparing bank borrowings to shareholder equity, was 14%.

As of September 30, 2010, the Group's cash on hand, including time deposits, was HK$779 million, down HK$330 million when compared to six months ago. This reflects the various events and changes mentioned above that took place during the period under review.

With the introduction of cross-border RMB trade settlement in July, the Group has converted more of its cash balance into RMB. Of the Group's total cash on hand, 67% was held in RMB, 26% in Hong Kong dollars and 7% in U.S. dollars as of September 30, 2010. This move aligns with the fact that most of the Group's operating expenses are denominated in RMB, and it also helps partially mitigate the impact of RMB appreciation.

Business Sustainability

The Group continues to invest in and pursue sustainable business practices. During the period under review, our energy efficiency improvement programs received a commendation in the Hong Kong-Guangdong Cleaner Production Partners Recognition Scheme. We also won the Hang Seng Pearl River Delta Environmental Award in recognition of efforts and progress made in energy savings and environmental protection.

The Group also continues its commitment to source paper made from responsible and well-managed forests with the proportion of certified paper procured by the Group increasing during the past few years.

Contingent Liabilities and Pledge of Assets

As at 30 September 2010, guarantees amounting to HK$1,385 million were given to banks by the Company for banking and trading facilities granted to the Group's subsidiaries and associates.

Certain buildings, plant and machinery and land use rights of the Group with a total carrying value of HK$95 million as at 30 September 2010 have been pledged to secure banking facilities granted to the Group.

Employees

As of September 30, 2010, the Group employed a total of 13,378 people in Hong Kong and China, with 357 based in Hong Kong and 13,021 in the Mainland.

The Group places high priority on the health and safety of all its employees, and workplace safety training continues to be an area of intense focus, during the period overall safety targets exceeded those of the previous year and were truly at world class levels.

Prospects

Although the second half of the year is traditionally a low season for Hung Hing's export-focused business units, the Group expects that the enhanced sales team now in place in the Consumer Product Packaging Business Unit will be able to capture more of the growing spending in China's consumer market. The Group also plans to counter rising material and labour costs through various efficiency improvements including projects in procurement, manufacturing productivity and order-to-shipment process flow, measures that will improve margins. These and other efforts will help position Hung Hing as a leader in cost efficiency in the highly competitive printing and packaging industry.

INTERIM AND SPECIAL DIVIDEND

The directors have resolved to pay an interim dividend and a special dividend of HK5 cents (2009 : HK4 cents) and HK17 cents (2009: nil) per share respectively. The interim dividend and special dividend will be paid on 12 January 2011 to shareholders whose names appear on the Register of Members of the Company on 31 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29 December 2010 to 31 December 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 28 December 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period ended 30 September 2010, the Company repurchased a total of 1,938,000 shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of approximately HK$4,692,000 (including expenses) and all the repurchased shares were cancelled.

Particulars of the repurchased shares are as follows:

Month	Number of ordinary shares of HK$0.10 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid (including expenses)
		HK$	HK$	HK$'000
April 2010	156,000	2.40	2.39	375
May 2010	950,000	2.40	2.34	2,258
July 2010	832,000	2.49	2.42	2,059
	1,938,000			4,692

On 21 December 2009, the Company adopted a Restricted Share Award Scheme. During the period ended 30 September 2010, the Trustee of the Restricted Share Award Scheme purchased 517,969 shares at a total consideration of approximately HK$1,237,000 on the Stock Exchange pursuant to the Scheme Rules and Trust Deed.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's securities during the six months ended 30 September 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (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 under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's articles of association.

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 period ended 30 September 2010 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
Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 29 November 2010

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Peter Martin Springford, Mr. Ho Chi Kit, Mr. Lam Tsz Wang, Alvin, Miss Mak Lok Qun, Denise and Mr. Yam Ho Ming, Michael as non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive directors.