



2022 INTERIM REPORT 中期報告

HUNG HING PRINTING GROUP LIMITED
鴻興印刷集團有限公司

STOCK CODE 股份代號: 0450

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Corporate Information

EXECUTIVE DIRECTORS

Yum Chak Ming, Matthew, Executive Chairman
Sung Chee Keung

NON-EXECUTIVE DIRECTORS

Hirofumi Hori
Yuji Motomatsu
Aki Tsuge
Yam Hon Ming, Tommy

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Chi Hong
Luk Koon Hoo
Yap, Alfred Donald

COMPANY SECRETARY

Shek Kwok Man

REGISTERED OFFICE

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17–19 Dai Hei Street
Tai Po Industrial Estate
New Territories, Hong Kong
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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
MUFG Bank, Ltd.
BNP Paribas

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Financial Reporting
Council Ordinance

SHARE REGISTRAR

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LEGAL ADVISOR

Fangda Partners

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 2022 as follows:

Consolidated Income Statement

		For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
	Note		
Revenue	5	1,551,383	1,501,029
Cost of sales	6	(1,372,919)	(1,289,281)
Gross profit		178,464	211,748
Other revenue	5	34,482	27,320
Other net (loss)/gain	5	(24,011)	15,508
Distribution costs		(36,538)	(36,781)
Administrative and selling expenses	6	(176,706)	(171,331)
Operating (loss)/profit		(24,309)	46,464
Finance costs	7	(1,768)	(1,215)
Share of (loss)/profits of associates		(1,026)	1,139
(Loss)/profit before income tax		(27,103)	46,388
Income tax	8	(405)	(9,708)
(Loss)/profit for the period		(27,508)	36,680
Attributable to:			
Equity shareholders of the Company		(23,380)	36,417
Non-controlling interests		(4,128)	263
(Loss)/profit for the period		(27,508)	36,680
		HK cents	HK cents
(Loss)/earnings per share attributable to equity shareholders of the Company	9		
Basic		(2.6)	4.0
Diluted		(2.6)	4.0
		HK\$'000	HK\$'000
Dividend	10	36,315	36,315

The notes on pages 9 to 25 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit for the period	(27,508)	36,680
Other comprehensive income for the period (net of tax):		
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI") (non-recycling)	92	(1,367)
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of subsidiaries and an associate outside Hong Kong	(38,102)	10,287
Change in fair value of intangible assets	700	–
Other comprehensive income for the period	(37,310)	8,920
Total comprehensive income for the period	(64,818)	45,600
Attributable to:		
Equity shareholders of the Company	(54,667)	43,691
Non-controlling interests	(10,151)	1,909
Total comprehensive income for the period	(64,818)	45,600

The notes on pages 9 to 25 form part of this interim financial report.

Consolidated Statement of Financial Position

	Note	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	1,380,781	1,392,360
Intangible assets		13,966	13,396
Deposits for acquisition of non-current assets		36,741	45,026
Interest in associates		21,308	22,400
Financial investments		59,244	60,507
Deferred tax assets		20,613	14,249
		<u>1,532,653</u>	<u>1,547,938</u>
Current assets			
Inventories		752,400	733,362
Trade and other receivables	12	996,421	949,698
Structured bank deposits		139,478	388,600
Cash at bank and on hand	13	813,431	685,352
		<u>2,701,730</u>	<u>2,757,012</u>
Current liabilities			
Trade and other payables	14	504,931	470,337
Bank borrowings	15	240,261	192,282
Lease liabilities		7,901	6,384
Income tax payable		14,971	8,650
		<u>768,064</u>	<u>677,653</u>
Net current assets		<u>1,933,666</u>	<u>2,079,359</u>
Total assets less current liabilities		<u>3,466,319</u>	<u>3,627,297</u>

Consolidated Statement of Financial Position (Continued)

	Note	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Non-current liabilities			
Lease liabilities		1,563	1,937
Receipt in advance	16	139,516	145,727
Deferred income	16	72,843	79,881
Deferred tax liabilities		51,695	52,616
		<u>265,617</u>	<u>280,161</u>
NET ASSETS		<u>3,200,702</u>	<u>3,347,136</u>
CAPITAL AND RESERVES			
Share capital	17	1,652,854	1,652,854
Reserves		1,398,862	1,535,145
Total equity attributable to equity shareholders of the Company		3,051,716	3,187,999
Non-controlling interests		<u>148,986</u>	<u>159,137</u>
TOTAL EQUITY		<u>3,200,702</u>	<u>3,347,136</u>

The notes on pages 9 to 25 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 (Unaudited)

	Attributable to equity shareholders of the Company											
	Note	Share capital	Other capital reserves	Intangible assets revaluation reserve	Financial assets at FVOCI reserve (non-recycling)	Legal reserves	Exchange fluctuation reserve	Equity compensation reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2021		1,652,854	(6,745)	7,100	(32,925)	148,456	99,221	4,863	1,364,922	3,237,746	150,262	3,388,008
Changes in equity for the period:												
Profit for the period		-	-	-	-	-	-	-	36,417	36,417	263	36,680
Other comprehensive income, net of tax		-	-	-	(1,367)	-	8,641	-	-	7,274	1,646	8,920
Total comprehensive income		-	-	-	(1,367)	-	8,641	-	36,417	43,691	1,909	45,600
Dividends approved in respect of previous year		-	-	-	-	-	-	-	(90,786)	(90,786)	-	(90,786)
Transactions with non-controlling interests		-	-	-	-	-	-	-	-	-	(1,092)	(1,092)
Purchase of shares for share award scheme	21	-	(8,674)	-	-	-	-	-	-	(8,674)	-	(8,674)
Equity compensation expenses	21	-	-	-	-	-	-	2,397	-	2,397	-	2,397
Shares vested and allotted under share award scheme	21	-	4,580	-	-	-	-	(4,580)	-	-	-	-
Transfer of reserve (Note)		-	-	-	57,600	-	-	-	(57,600)	-	-	-
Allocation to legal reserves		-	-	-	-	71	-	-	(71)	-	-	-
Balance at 30 June 2021		<u>1,652,854</u>	<u>(10,839)</u>	<u>7,100</u>	<u>23,308</u>	<u>148,527</u>	<u>107,862</u>	<u>2,680</u>	<u>1,252,882</u>	<u>3,184,374</u>	<u>151,079</u>	<u>3,335,453</u>

Note:

The financial assets at FVOCI reserve in relation to an unlisted equity investment was transferred to retained earnings upon the derecognition of such investments during the period.

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2022 (Unaudited)

	Attributable to equity shareholders of the Company										
	Share capital	Other capital reserves	Intangible assets revaluation reserve	Financial assets at FVOCI (non-recycling) reserve	Legal reserves	Exchange fluctuation reserve	Equity compensation reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2022	<u>1,652,854</u>	<u>(14,820)</u>	<u>7,400</u>	<u>36,916</u>	<u>150,302</u>	<u>121,442</u>	<u>6,252</u>	<u>1,227,653</u>	<u>3,187,999</u>	<u>159,137</u>	<u>3,347,136</u>
Changes in equity for the period:											
Loss for the period	-	-	-	-	-	-	-	(23,380)	(23,380)	(4,128)	(27,508)
Other comprehensive income, net of tax	-	-	700	92	-	(32,079)	-	-	(31,287)	(6,023)	(37,310)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>700</u>	<u>92</u>	<u>-</u>	<u>(32,079)</u>	<u>-</u>	<u>(23,380)</u>	<u>(54,667)</u>	<u>(10,151)</u>	<u>(64,818)</u>
Dividends approved in respect of previous year	-	-	-	-	-	-	-	(81,708)	(81,708)	-	(81,708)
Purchase of shares for share award scheme	21	(2,096)	-	-	-	-	-	-	(2,096)	-	(2,096)
Equity compensation expenses	21	-	-	-	-	-	2,188	-	2,188	-	2,188
Shares vested and allotted under share award scheme	21	4,960	-	-	-	-	(4,960)	-	-	-	-
Allocation to legal reserves	-	-	-	-	2,656	-	-	(2,656)	-	-	-
Balance at 30 June 2022	<u>1,652,854</u>	<u>(11,956)</u>	<u>8,100</u>	<u>37,008</u>	<u>152,958</u>	<u>89,363</u>	<u>3,480</u>	<u>1,119,909</u>	<u>3,051,716</u>	<u>148,986</u>	<u>3,200,702</u>

The notes on pages 9 to 25 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

	Note	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Operating activities			
Cash used in operations		(8,185)	(241,397)
Income tax paid		(88)	(17,042)
Net cash used in operating activities		<u>(8,273)</u>	<u>(258,439)</u>
Investing activities			
Purchases of property, plant and equipment		(49,568)	(28,438)
Deposits for acquisition of property, plant and equipment		(22,375)	(38,931)
Proceeds from disposal of property, plant and equipment		10,822	1,553
Receipt compensation from government		–	79,104
Decrease in time deposits with original maturity over three months		12,230	378
Decrease in structured bank deposits		246,154	74,601
Other cash flows arising from investing activities		694	9,655
Net cash generated from investing activities		<u>197,957</u>	<u>97,922</u>
Financing activities			
Dividends paid to equity shareholders of the Company		(81,708)	(90,786)
Proceeds from bank borrowings		92,855	139,209
Repayments of bank borrowings		(44,876)	(137,350)
Other cash flows arising from financing activities		(9,725)	(16,662)
Net cash used in financing activities		<u>(43,454)</u>	<u>(105,589)</u>
Net increase/(decrease) in cash and cash equivalents		146,230	(266,106)
Cash and cash equivalents at 1 January		667,006	878,710
Effect of foreign exchange rate changes		(5,660)	2,715
Cash and cash equivalents at 30 June	13	<u>807,576</u>	<u>615,319</u>

The notes on pages 9 to 25 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1. General Information

Hung Hing Printing Group Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The address of its registered office is Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (together the “Group”) are engaged in the following principal activities:

- Book and package printing;
- Consumer product packaging;
- Corrugated box; and
- Trading of paper.

This interim financial report is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This condensed consolidated interim financial report was approved for issue by the Board of Directors (the “Board”) on 23 August 2022.

2. Basis of Preparation

This interim financial report for the six months ended 30 June 2022 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. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except that certain financial assets are stated at fair values and which should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

The financial information relating to the financial year ended 31 December 2021 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 2021 to the Registrar of Companies as required by 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.

Notes to the Unaudited Interim Financial Report (Continued)

3. Accounting Policies

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements.

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Revenue and Segment Information

The management committee (being the chief operating decision-maker) has determined the operating segments based on the reports reviewed to make strategic decisions and assess performance. The management committee, comprising the executive chairman and other senior 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 and other revenue less distribution costs, administrative and selling expenses, and other net (loss)/gain that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

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

Notes to the Unaudited Interim Financial Report (Continued)

4. Revenue and Segment Information (Continued)

- (i) Disaggregation of revenue and profit or loss by business segments

The following tables present revenue and results for the Group's business segments for the period.

	For the six months ended 30 June 2022					
	Book and Package Printing HK\$'000	Consumer Product Packaging HK\$'000	Corrugated Box HK\$'000	Paper Trading HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue						
Sales to external customers	1,068,893	207,626	112,920	161,944	-	1,551,383
Inter-segment sales	1,374	6,758	83,043	249,304	(340,479)	-
Total	<u>1,070,267</u>	<u>214,384</u>	<u>195,963</u>	<u>411,248</u>	<u>(340,479)</u>	<u>1,551,383</u>
Segment results	<u>27,818</u>	<u>(27,478)</u>	<u>8,468</u>	<u>6,360</u>	<u>(1,403)</u>	<u>13,765</u>
Interest income and other income						6,183
Corporate and unallocated expenses						<u>(44,257)</u>
Operating loss						<u>(24,309)</u>
Finance costs						<u>(1,768)</u>
Share of loss of associates						<u>(1,026)</u>
Loss before income tax						<u>(27,103)</u>
Income tax						<u>(405)</u>
Loss for the period						<u><u>(27,508)</u></u>

Notes to the Unaudited Interim Financial Report (Continued)

4. Revenue and Segment Information (Continued)

(i) Disaggregation of revenue and profit or loss by business segments (Continued)

	For the six months ended 30 June 2021					
	Book and Package Printing HK\$'000	Consumer Product Packaging HK\$'000	Corrugated Box HK\$'000	Paper Trading HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue						
Sales to external customers	876,785	251,272	125,011	247,961	–	1,501,029
Inter-segment sales	86	3,709	78,433	331,741	(413,969)	–
Total	<u>876,871</u>	<u>254,981</u>	<u>203,444</u>	<u>579,702</u>	<u>(413,969)</u>	<u>1,501,029</u>
Segment results	<u>27,661</u>	<u>(455)</u>	<u>4,891</u>	<u>28,179</u>	<u>(7,793)</u>	52,483
Interest income and other income						16,020
Corporate and unallocated expenses						<u>(22,039)</u>
Operating profit						46,464
Finance costs						(1,215)
Share of profits of associates						<u>1,139</u>
Profit before income tax						46,388
Income tax						<u>(9,708)</u>
Profit for the period						<u>36,680</u>

Notes to the Unaudited Interim Financial Report (Continued)

4. Revenue and Segment Information (Continued)

(ii) Disaggregation of revenue by geographical location of customers

The analysis of the Group's revenue from external customers attributed to the locations in which the customers are located during the period consists of the following:

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong	268,682	352,719
The PRC	434,881	403,366
United States of America	562,583	494,686
United Kingdom	117,380	122,399
Other countries	167,857	127,859
	<u>1,551,383</u>	<u>1,501,029</u>

Revenue from the individual countries included in other countries are not material.

5. Revenue, Other Revenue and Other Net (Loss)/Gain

The Group's revenue, other revenue and other net (loss)/gain consist of the following:

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
Sale of goods	<u>1,551,383</u>	<u>1,501,029</u>
Other revenue		
Interest income	5,794	4,184
Dividend income from financial investments	357	277
Government grants	18,701	11,275
Sales of scrap materials	2,200	1,792
Sundry income	7,430	9,792
	<u>34,482</u>	<u>27,320</u>

Notes to the Unaudited Interim Financial Report (Continued)

5. Revenue, Other Revenue and Other Net (Loss)/Gain (Continued)

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Other net (loss)/gain		
Net foreign exchange (loss)/gain	(12,244)	4,707
Fair value (loss)/gain on derivative financial instruments not qualified as hedges	(5,584)	5,837
Fair value (loss)/gain on structured bank deposits	(2,968)	6,758
Net loss on disposal of property, plant and equipment	(3,215)	(1,794)
	(24,011)	15,508

6. Expenses by Nature

Expenses included in cost of sales, administrative and selling expenses are analysed as follows:

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Depreciation		
– Owned property, plant and equipment	54,442	53,916
– Other assets leased for own use	6,565	6,150
– Land use rights	1,993	1,980
Amortisation of intangible assets	1,102	1,357
Employee benefit expense (including directors' emoluments)	383,032	354,320
Reversal of write-down of inventories, net	(560)	(882)
Loss allowance of trade receivables, net	499	243

Notes to the Unaudited Interim Financial Report (Continued)

7. Finance Costs

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Interest on bank borrowings	1,634	1,031
Interest on lease liabilities	134	184
	<u>1,768</u>	<u>1,215</u>

8. Income Tax

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	794	130
– People's Republic of China ("PRC") Income Tax	5,614	8,683
Total current tax	6,408	8,813
Deferred tax	(6,003)	895
Income tax	<u>405</u>	<u>9,708</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the period.

Hung Hing Printing (China) Company Limited ("HHCN"), an indirect wholly owned subsidiary of the Company, was certified as a High-New Technology Enterprise in 2020. The effective PRC Corporate Income Tax ("CIT") for 2021 and 2022 was subject to a reduced tax rate of 15%. For PRC entities other than HHCN, PRC Income Tax represents CIT calculated at 25% (2021: 25%) and PRC withholding tax at the applicable rates. Pursuant to the income tax rules and regulations, provision for PRC withholding tax on dividend income is calculated based on 5% (2021: 5%) of the dividend income from subsidiaries in the PRC.

Notes to the Unaudited Interim Financial Report (Continued)

9. (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\$23,380,000 (2021: profit of HK\$36,417,000) and the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company under the Share Award Scheme.

	For the six months ended	
	30 June	
	2022	2021
(Loss)/profit attributable to equity shareholders of the Company (HK\$'000)	<u>(23,380)</u>	<u>36,417</u>
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)	<u>(9,515)</u>	<u>(4,115)</u>
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	<u>898,350</u>	<u>903,750</u>
Basic (loss)/earnings per share (HK cents per share)	<u>(2.6)</u>	<u>4.0</u>

(b) Diluted (loss)/earnings per share

For the period ended 30 June 2022, the diluted and basic loss per share were the same as the ordinary shares repurchased for the Share Award Scheme are anti-diluted to the loss per share. For the period ended 30 June 2021, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$36,417,000 and the weighted average number of ordinary shares of 906,738,000 shares.

	For the six months ended 30 June 2021
Profit attributable to equity shareholders of the Company (HK\$'000)	<u>36,417</u>
Weighted average number of ordinary shares in issue ('000)	903,750
Effect of deemed issue of shares under the Company's Share Award Scheme ('000)	<u>2,988</u>
Weighted average number of ordinary shares (diluted) at 30 June ('000)	<u>906,738</u>
Diluted earnings per share (HK cents per share)	<u>4.0</u>

Notes to the Unaudited Interim Financial Report (Continued)

10. Dividend

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Interim dividend of HK 4 cents (2021: HK 4 cents) per ordinary share	36,315	36,315

11. Property, Plant and Equipment

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Opening net book amount at 1 January 2022/2021	1,392,360	1,344,612
Additions	56,478	149,908
Transfer from deposits for acquisition of non-current assets	30,390	17,816
Disposals/write-offs	(14,037)	(8,343)
Depreciation	(63,000)	(127,041)
Impairment loss	–	(1,026)
Exchange differences	(21,410)	16,434
Closing net book amount at 30 June 2022/31 December 2021	1,380,781	1,392,360

12. Trade and Other Receivables

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Trade receivable	806,750	854,588
Less: Loss allowance	(8,046)	(7,293)
	798,704	847,295
Trade receivable due from related parties	297	176
Total trade receivable, net	799,001	847,471
Bills receivable	4,900	12,692
Prepayments, deposits and other receivables	189,090	87,085
Amount due from an associate	3,430	2,450
	996,421	949,698

Notes to the Unaudited Interim Financial Report (Continued)

12. Trade and Other Receivables (Continued)

The aging analysis of total trade receivable at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
1–30 days	369,152	359,661
31–60 days	186,526	181,602
61–90 days	128,790	123,062
Over 90 days	114,533	183,146
	<u>799,001</u>	<u>847,471</u>

Trade receivable are normally due within 30 to 90 days from date of billing.

13. Cash and Cash Equivalents

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Cash at banks and on hand	813,431	685,352
Less: time deposits with original maturity over three months	<u>(5,855)</u>	<u>(18,346)</u>
Cash and cash equivalents in the condensed consolidated statement of cash flows	<u>807,576</u>	<u>667,006</u>

Notes to the Unaudited Interim Financial Report (Continued)

14. Trade and Other Payables

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade payable	290,613	214,466
Trade payable due to related parties	–	184
	<hr/>	<hr/>
Total trade payable	290,613	214,650
Bills payable	27,660	28,566
Deferred income – current portion	6,239	6,233
Other payable and accrued liabilities	180,419	220,888
	<hr/>	<hr/>
	504,931	470,337
	<hr/> <hr/>	<hr/> <hr/>

All bills payable at 31 December 2021 and 30 June 2022 were unsecured.

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

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
1–30 days	165,339	163,666
31–60 days	70,048	42,123
61–90 days	30,604	3,590
Over 90 days	24,622	5,271
	<hr/>	<hr/>
	290,613	214,650
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Unaudited Interim Financial Report (Continued)

15. Bank Borrowings

	30 June 2022 HK\$'000	31 December 2021 HK\$'000
Trade and revolving loans		
– repayable within 1 year	92,897	29,008
Term loans subject to repayment on demand clause		
– repayable on demand	147,364	163,274
	240,261	192,282

In accordance with *HK Interpretation 5* issued by HKICPA, non-current portion of term loans is classified as a current liability as the classification of term loans was determined by reference to the contractual rights and obligations of the lender and the borrower at the reporting date and without considering the probability of the lender choosing to exercise its rights within the next twelve months after the reporting date. The balances are carried at amortised cost and none of the non-current portion of term loans is expected to be settled within one year.

All of the above bank loans are secured by the corporate guarantees issued by the Company.

16. Receipt in Advance and Deferred Income

On 3 April 2020, the Group entered into certain land resumption agreements (“Land Resumption Agreements”) with Wangzhuang Residential District Office of Wuxi City in Xinwu District of the People’s Republic of China (“Wuxi Local Administration”), pursuant to which Wuxi Local Administration will resume, and the Group will surrender its land and properties at Wuxi in exchange for a compensation of RMB296,237,000 (equivalent to HK\$320,256,000) payable by Wuxi Local Administration. Details of the transaction have been set out in the circular of the Company dated 25 May 2020 and the announcements of the Company dated 6 April 2020, 17 April 2020, 29 April 2020 and 28 July 2020.

As at 30 June 2022, receipt in advance of HK\$139,516,000 (31 December 2021: HK\$145,727,000) and deferred income of HK\$52,082,000 (31 December 2021: HK\$54,401,000) represented receipts from Wuxi Local Administration in relation to the Group’s land and properties at Wuxi to be surrendered to Wuxi Local Administration and compensation of the relocation expenses to be incurred for the land resumption, respectively. The remaining part of the deferred income which amounts to HK\$20,761,000 (31 December 2021: HK\$25,480,000) represents the government grants related to purchase of property, plant and equipment.

Notes to the Unaudited Interim Financial Report (Continued)

17. Share Capital

	30 June 2022		31 December 2021	
	Number of shares	Share capital HK\$'000	Number of shares	Share capital HK\$'000
Ordinary shares, issued and fully paid	<u>907,864,974</u>	<u>1,652,854</u>	<u>907,864,974</u>	<u>1,652,854</u>

The Company's issued and fully paid shares as at 30 June 2022 included 8,211,036 shares (31 December 2021: 10,194,384 shares) held in trust by the trustee under Restricted Share Award Scheme, details of which are set out in note 21.

During the period ended 30 June 2022 and 2021, neither the Company nor any of its subsidiaries purchased any of the Company's shares, except that the trustee of the Restricted Share Award Scheme, pursuant to the terms of the rules and trust deed of the Restricted Share Award Scheme, purchased on the Stock Exchange a total of 1,648,000 shares (2021: 6,316,000 shares) of the Company.

18. Material Related Party Transactions

(a) Transactions with related parties

In addition to the transactions detailed elsewhere in this financial report, the Group had the following transactions with related parties during the reporting period:

	For the six months ended	
	30 June 2022	2021
	HK\$'000	HK\$'000
Sales of raw materials or finished goods to:		
– A substantial shareholder	1,441	1,011
– Parties under control of a substantial shareholder	<u>74</u>	<u>5</u>
Purchases of raw materials from:		
– A substantial shareholder	<u>–</u>	<u>4,730</u>

The above transactions were carried out in the normal course of business of the Group and on terms as agreed with the parties.

Notes to the Unaudited Interim Financial Report (Continued)

18. Material Related Party Transactions (Continued)

(b) Compensation of key management personnel of the Group

	For the six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
Short-term employment benefits (excluding discretionary bonus)	11,647	12,038
Discretionary bonus	890	5,200
Share-based payments	2,188	2,397
Post-employment benefits	413	372
	<u>15,138</u>	<u>20,007</u>

19. Capital Commitments

The Group had the following capital commitments outstanding at the end of the reporting period:

	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Contracted for, but not provided for	212,589	60,829
Authorised but not contract for	64,403	214,041
	<u>276,992</u>	<u>274,870</u>

20. Contingent Liabilities

The Group issued guarantees to a former related party for its banking facilities and HK\$26,932,000 (31 December 2021: HK\$28,131,000) of the banking facilities was utilised as at 30 June 2022.

At the end of the reporting period, the directors do not consider it is probable that a claim will be made against the Group under any of these guarantees.

Notes to the Unaudited Interim Financial Report (Continued)

21. Restricted Share Award Scheme

The Restricted Share Award Scheme (the "Scheme") was initially adopted by the Company on 21 December 2009 and subject to renewal every 3 years as an incentive to attract, motivate and retain employees of the Group. The current scheme will expire on 30 June 2024.

Eligible participants of the Scheme are senior management and directors of the Group.

The awarded shares are the existing shares, which are purchased on the Stock Exchange by the independent trustee, Law Debenture Trust (Asia) Limited (the "Trustee"), with funds provided by the Company. The maximum number of shares that can be purchased by the trustee under the Scheme is limited to 2% of the shares in issue of the Company as at 1 July 2022.

Under the rules of the Scheme, share awards will be granted to the participants of the Scheme when certain performance target is met and on or before 30 June of each year. Upon certain vesting conditions are fulfilled, the share awards granted to the participants will be vested in three equal tranches provided that the relevant awardee remained employed by the Group or retired on reaching normal retirement age. For awardees who cease employment with the Group before vesting, the unvested shares are forfeited. The forfeited shares are held by the trustee of the Scheme. A total of 3,631,348 shares (six months ended 30 June 2021: 2,772,020 shares) at an average fair value of HK\$4,960,000 (six months ended 30 June 2021: HK\$4,580,000) were vested during the period.

The fair value of the shares was determined based on the closing market price of the Company's shares that are publicly traded on the Stock Exchange on the grant date.

Share-based payment of HK\$2,188,000 has been recognised in the consolidated income statement as employee benefit expense during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$2,397,000).

Movement in the number of share awards granted and their related average fair value is as follows:

	For the six months ended 30 June			
	2022		2021	
	Average fair value per share	Number of share awards	Average fair value per share	Number of share awards
Beginning balance		9,571,104		3,433,490
Granted	1.27	2,269,662	1.36	9,532,755
Vested	1.37	(3,631,348)	1.65	(2,772,020)
Ending balance		<u>8,209,418</u>		<u>10,194,225</u>

Notes to the Unaudited Interim Financial Report (Continued)

21. Restricted Share Award Scheme (Continued)

Shares held by Law Debenture Trust (Asia) Limited as Trustee for the purpose of the Scheme are listed below:

	Number of shares	
	2022	2021
Beginning balance at 1 January 2022/2021	10,194,384	3,458,404
Purchase of shares	1,648,000	9,508,000
Vesting of shares	(3,631,348)	(2,772,020)
Ending balance at 30 June 2022/31 December 2021	8,211,036	10,194,384

During the period ended 30 June 2022, the total consideration paid for the purchase of 1,648,000 shares (31 December 2021: 9,508,000 shares) was HK\$2,096,000 (31 December 2021: HK\$12,655,000).

22. Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Observable inputs which fail to meet Level 1 and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2022:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial investments:				
– Structured bank deposits	–	139,478	–	139,478
– Unlisted equity securities	–	–	46,414	46,414
– Listed equity securities	12,830	–	–	12,830
	12,830	139,478	46,414	198,722

Notes to the Unaudited Interim Financial Report (Continued)

22. Fair Value Estimation (Continued)

The fair value of listed equity instruments traded in active markets is based on quoted market prices at the end of the reporting period.

The fair value of structured bank deposits is determined by discounting the expected future cash flows at prevailing market interest rates as at the end of the reporting period.

The fair values of unlisted equity instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2022:

	Unlisted equity securities HK\$'000
At 1 January	47,769
Exchange differences	(1,355)
	<hr/>
At 30 June	46,414
	<hr/> <hr/>

Management Discussion and Analysis

Results and dividends

The Hung Hing Printing Group achieved topline growth of 3% to HK\$1,551 million during the first half of 2022, resulting from its strong brand and reputation in export markets, as well as a diversified offering and manufacturing base. This revenue growth was driven by the Group's largest business unit, Book and Package Printing (BPP), which took advantage of strong customer relationships to grow export sales by 22%.

The challenges that were triggered by trade tensions, labour shortages and travel restrictions of 2021 were compounded by unforeseen factors in 2022 such as the unsettled political situation in Eastern Europe. Our strengths in automation and high-value projects enabled us to overcome some of the disruptions that stemmed from the lockdowns associated with the fifth wave of the COVID-19 pandemic in mainland China and Hong Kong.

The Group was not immune to the impact of inflation, operational interruptions due to repeated lockdown restrictions, and abrupt currency movements (mainly RMB and Euro depreciation) which led to unfavorable exchange revaluation and hedging losses versus gains in the same period last year. As a result, a loss of approximately HK\$23 million is attributable to equity shareholders of the Company, compared with a profit of HK\$36 million recorded by the Group during the same period of last year.

The Group continued to maintain a robust total deposit and cash position of approximately HK\$953 million, giving us the financial leverage to invest in future growth and create shareholder value.

The Board of Directors has announced to maintain the interim dividend of HK4 cents (2021: HK4 cents). This interim dividend reflects our strong financial position and commitment to the Group's dividend policy of offering the utmost in rewarding shareholders. It is payable on 21 October 2022 to shareholders whose names appear in the Register of Members of the Company on 29 September 2022.

Capitalising on a diversified business model

Our systematic efforts to reduce risk through diversification along two key parameters yielded satisfactory outcomes during the first half of 2022.

Firstly, the Group's manufacturing operations now spans seven major locations across Asia, including Hong Kong, mainland China (Shenzhen, Zhongshan, Heshan and Foshan in the Guangdong province and Wuxi, near Shanghai) and Hanoi, Vietnam. The Vietnam plant supplemented our capabilities in mainland China and enabled the Group to fulfil customer demand despite geopolitical issues and operational interruptions arising from lockdowns in major cities in China.

Secondly, our customer base spreads across China and key export markets including the US, UK, and Europe, minimising our risk exposure to the economic cycles of any one market. This strategy helped the BPP division to increase revenues, despite soft demand conditions in mainland China.

Management Discussion and Analysis (Continued)

In addition, our diversified portfolio resulting from state-of-the-art capabilities such as effective management of complex projects and sophisticated manufacturing knowhow allowed us to capture new types of business and streamline our processes. We secured increased interest in our new consumer-facing experiential and edutainment businesses, including STEM Plus and Yum Me Play in the Hong Kong market, following similar successful customer events in 2021. We continued to diversify our product offerings with smart packaging featuring unique, traceable QR codes. This specialised offering will be of immense value in logistics management, anti-counterfeiting, and supply chain traceability for global brands seeking to deploy smart connected technologies.

Business performance

The year of 2022 continued to present many of the operational challenges witnessed in previous years to differing degrees. Ongoing uncertainties persisted, while paper prices stabilised. Around the world, disposable income and consumer confidence took a hit while fuel prices increased steeply following prolonged political tensions in Eastern Europe. Our increased reliance on autonomy, vertically integrated operations, and strong brand enabled us to gain new business from long-standing customer relationships as well as new clients during a period of continued industry consolidation.

Our largest business unit, BPP, increased revenues by 22% to HK\$1,069 million. Automation, advanced capabilities and a focus on higher-margin business helped to improve profits at the same time. Responding quickly to a global increase in the demand of tabletop games, the business obtained licenses from major global brands to produce popular products in this category. Lockdown-related disruptions in Shanghai and the Guangdong province were offset by increased capacity and production at the Vietnam plant, which the Group continued to expand and scale. Following the chaos in shipping and logistics in 2021, more reasonable freight rates and stable shipping conditions re-emerged, helping us to achieve uninterrupted operations.

The Consumer Products Packaging (CPP) business was affected by a soft domestic China market and weak consumer sentiments. As a result, external sales declined by 17% to HK\$208 million. Increases in paper, fuel, and labour costs affected margins, leading to losses of HK\$27 million compared to breakeven during the same period last year. The planned relocation of the Wuxi plant has moved into the construction phase. With an area of 33,000 square metres, the new plant will be equipped with cutting-edge facilities and smart production management systems to support Hung Hing's strategic growth direction.

The Corrugated Box (CB) business took advantage of operational efficiencies following the successful integration with Guangdong Lianhe Packaging Co., Ltd. to increase profit contribution to HK\$8 million, even though external sales declined marginally to HK\$113 million.

The Paper Trading (PT) business was affected by lower market demand and falling paper prices. As a result, external sales declined by 35% and profit contribution declined to HK\$6 million compared to HK\$28 million in 2021. PT continued to augment the Group's vertically integrated strategy by serving as the key supplier of paper to its other business units.

Management Discussion and Analysis (Continued)

Liquidity and Capital Resources

We maintained our prudent cash management approach, with a diversified funding base and strong cash in hand to protect from uncertain business conditions. As of 30 June 2022, the Group had total cash on hand of HK\$813 million (HK\$953 million if HK\$140 million placed in structured deposits is included) and net cash on hand (total cash net of bank borrowings) of HK\$573 million to support working capital requirements, capital expenditure and investment needs.

About 81% of cash on hand was held in Renminbi to support day-to-day working capital requirements in mainland China. The remainder was held primarily in US dollars and Hong Kong dollars. Cash not earmarked for immediate use was placed in time deposits to match projected cash outflow and to maximise interest income.

Total interest income during the period was HK\$5.8 million, approximately HK\$1.6 million more than the same period last year.

Our strong financial reputation continued to provide us with advantageous options with respect to debt finance. As of 30 June 2022, the Group had total bank borrowings of HK\$240 million. Our gearing ratio, comparing total bank borrowings with total equity, remained low and healthy at 7.5%. Based on agreed loan repayment schedules with banks, HK\$127 million is repayable within one year, HK\$34 million within 1-2 years and HK\$79 million within 2-5 years.

Of the Group's total bank borrowings, 79% is in US dollars, consisting of term loans with bank at fixed interest rates, and trade loans. The remaining 21% represents revolving loans in HK dollars. Trade loan facilities were secured at competitive terms and advantageous interest rates (LIBOR/SOFR plus a relatively low spread) to address both immediate and longer-term operating needs. Total interest costs increased by 59% to HK\$1.6 million compared to HK\$1 million within the same period last year.

During the period under review, the Group spent over HK\$73 million on capital projects and committed an additional HK\$213 million to expand and upgrade existing capacities, construct new plants; and acquire new equipment and technology to support the different stages of development of the Heshan, Vietnam and Wuxi facilities.

Management Discussion and Analysis (Continued)

Contingent Liabilities and Pledge of Assets

As at 30 June 2022, 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.

Environmental Sustainability

The Group strives to operate sustainably by investing in green energy, reducing waste in design and production, and maximising recycling of waste. We promote sustainability not only in our operations but also in our employees' daily lives through training and resource support. We have installed electric vehicle charging facilities in the Hong Kong headquarters to encourage employees to switch to electric vehicles and promote healthy eating by serving plant-based food every Monday in our Hong Kong headquarters canteen.

In the first half of 2022, our total installed solar panel capacity of 1,070 kWp at our Hong Kong headquarters and Zhongshan site generated 569,979 units of electricity (1 unit = 1 kWh), which is about 2% of the electricity consumed by the Group in the same period. This green energy source helped offset approximately 143 tons of carbon emissions. In 2022, the Group has committed to installing additional solar panel capacity of around 4,800 kWp to cut our carbon footprint further.

The Group's electricity consumption across Hong Kong, mainland China, and Vietnam increased by 2.3% to 28.71 million units (1H 2021: 28.04 million units). Water consumption was 503,314 m³ (1H 2021: 489,160 m³). Production waste recycling remained at 97% (1H 2021: 97%). Recycled materials comprised 19,620 tons of waste paper (1H 2021: 20,761 tons), 190 tons of plastic (1H 2021: 136 tons), and 86 tons of metal (1H 2021: 35 tons). Total non-recyclable waste in the period was 626 tons (1H 2021: 559 tons).

Over 93% of the paper used in production was recycled or from well-managed and sustainable forests. Paper used during the period included over 33,068 tons (1H 2021: 30,095 tons) of FSC™ paper, 509 tons (1H 2021: 889 tons) of PEFC paper and 52,800 tons (1H 2021: 38,983 tons) of paper with high recycled content.

Our People

As at 30 June 2022, Hung Hing has a workforce of 8,003 employees (30 June 2021: 8,111 employees) spread across our Hong Kong headquarters, facilities in five locations in mainland China, and a plant in Vietnam. We provide competitive remuneration to attract talented employees and provide them with a working environment that offers respect, teamwork, and equal opportunities. We invest in employee well-being to improve productivity through training and skill development in operating advanced and automated machinery. Compared to the same period in 2021, we achieved slightly higher sales turnover with fewer employees.

We provided comprehensive training covering ethical standards, quality assurance, and environmental protection. In the period under review, training activities increased in alignment with the scale-up in lean and automated production techniques. A total of over 209,735 training hours (1H 2021: 121,310 hours) was provided to 43,131 attendees (1H 2021: 44,307 attendees).

Management Discussion and Analysis (Continued)

Outlook

We enter the second half of the year with cautious confidence in a favourable long-term outlook. While uncertainties in the macro-economic environment persist, our agile, diversified production infrastructure will help us respond dynamically to market developments. Consumer sentiment in the China domestic market is likely to improve, alongside a relaxing of lockdown restrictions. There is an acceleration in the trend of replacing plastics with more sustainable and recyclable materials, which will open up new avenues for future development and growth of our industry.

Our continued investments in automation, diversification, innovation and new capabilities render us well placed to fulfil existing and emerging demands from both domestic and export clients. The redevelopment of the Wuxi facility is fortuitously carried out during a period of soft demand. It will come onstream in 2023, in time to address prospective demand from clients in all sectors.

We continue to move closer to consumers through our new investments like STEM Plus and Yum Me Play. Following the success of the inter-school Formula Edge event and the Junior Racing Academy held in 2021, we have secured significant interest from local schools to hold a STEM learning event in the second half of this year. We will also open our first flagship store for Yum Me Play at the popular New Town Plaza in Shatin. The learnings from these launches will serve us in good stead as we pursue our long-term goal of expanding further into mainland China.

While inflation and energy costs will increase, paper, labour, and raw material prices are likely to stabilise. We are poised to capitalise on these trends leveraging the strength of our strong cash position and diversified business model.

In closing, as always, I thank our skilled and dedicated team whose efforts are at the heart of all our achievements.

Information Provided in Accordance with the Listing Rules

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK4 cents (2021: HK4 cents) per share. The interim dividend will be paid on 21 October 2022 to shareholders whose names appear on the Register of Members of the Company on 29 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 September 2022 to 29 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 23 September 2022.

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 period, except that the trustee of the Restricted Share Award Scheme, pursuant to the terms of the rules and trust deed of the Restricted Share Award Scheme, purchased on the Stock Exchange a total of 1,648,000 shares of the Company at a total consideration of HK\$2,096,000.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2022, the interests of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of directors	Number of shares held, capacity and nature of interest				Total	Percentage of the Company's issued share
	Directly beneficially owned	Through spouse or minor children	Share award scheme			
Yum Chak Ming, Matthew	53,395,424	–	2,459,830	55,855,254	6.15	
Sung Chee Keung	3,444,273	60,000	735,038	4,239,311	0.47	
Yap, Alfred Donald	27,504	–	–	27,504	–	

Save as disclosed above, as at 30 June 2022, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Information Provided in Accordance with the Listing Rules (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Restricted Share Award Scheme, the executive directors are eligible participants of the Restricted Share Award Scheme, details of which are set out in note 21 to the financial information.

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2022, the following interest of 5% or more of the issued share of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share
C.H. Yam International Limited* (Note)	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited (Note)	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited (Note)	Directly beneficially owned	199,263,190	21.95
Rengo Co., Ltd.	Directly beneficially owned	271,552,000	29.91

* C.H. Yam International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy and other immediate family members of the founder as at 30 June 2022. None of such interests renders C.H. Yam International Limited a controlled corporation (as defined in SFO) of any of Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy or any other members of the family.

Note: C.H. Yam International Limited owns Hung Tai Industrial Company Limited as to 100% through its wholly-owned subsidiary, C.H. Yam Holding Limited.

There is a duplication of interests of 199,263,190 shares in the Company among C.H. Yam International Limited, C.H. Yam Holding Limited and Hung Tai Industrial Company Limited.

Information Provided in Accordance with the Listing Rules (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Save as disclosed above, as at 30 June 2022, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares and underlying shares" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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.

Information Provided in Accordance with the Listing Rules (Continued)

AUDIT COMMITTEE

The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2022 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee comprises of 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, 23 August 2022



鴻興印刷集團有限公司
HUNG HING PRINTING
GROUP LIMITED

HUNG HING

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