



HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL HIGHLIGHTS

- Revenue was HK\$2,854 million, an increase of 3% over the previous year
- Profit attributable to owners of the Company declined by 84% to HK\$26 million
- Basic earnings per share were HK2.8 cents, compared to HK17.3 cents for the previous year
- Balance sheet remains strong with a net cash position of HK\$251 million
- Board of Directors has proposed a final dividend of HK2 cents; total dividend for the year is HK4 cents

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2012 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	2012 HK\$'000	2011 HK\$'000
Revenue	2	2,854,459	2,764,789
Cost of sales		<u>(2,469,582)</u>	<u>(2,286,491)</u>
Gross profit		384,877	478,298
Other income and gains		38,217	41,140
Gain on deemed disposal of associates	3	-	52,178
Distribution costs		(70,037)	(73,933)
Administrative and selling expenses		(272,084)	(265,449)
Other expenses		(8,082)	(9,168)
Operating profit		72,891	223,066
Finance costs	4	(10,973)	(10,341)
Share of losses of associates		(16,423)	(15,616)
Profit before income tax		45,495	197,109
Income tax expense	6	(16,383)	(37,053)
Profit for the year		29,112	160,056
Profit attributable to:			
Owners of the Company		25,539	156,493
Non-controlling interests		3,573	3,563
		29,112	160,056
Earnings per share attributable to owners of the Company	7		
Basic		HK2.8 cents	HK17.3 cents
Diluted		HK2.8 cents	HK17.2 cents
		HK\$'000	HK\$'000
Dividends	8	36,314	245,123

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 HK\$'000	2011 HK\$'000
Profit for the year	29,112	160,056
Other comprehensive income:		
Cash flow hedges, net of tax	285	(293)
Currency translation differences	34,458	44,038
Fair value change of intangible assets	2,000	-
Fair value change of available-for-sale financial assets	(619)	17
Other comprehensive income for the year, net of tax	36,124	43,762
Total comprehensive income for the year	65,236	203,818
Total comprehensive income for the year attributable to:		
Owners of the Company	56,349	193,769
Non-controlling interests	8,887	10,049
Total comprehensive income for the year	65,236	203,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Note	31 March 2012 HK\$'000	31 March 2011 HK\$'000
Non-current assets			
Property, plant and equipment		1,366,117	1,330,903
Land use rights		109,215	110,951
Intangible assets		11,140	9,405
Available-for-sale financial assets		8,034	8,653
Properties under construction		19,391	35,255
Interests in associates		41,080	54,018
Deferred income tax assets		14,103	10,926
Deposits paid for acquisition of property, plant and equipment		3,064	8,492
Total non-current assets		1,572,144	1,568,603
Current assets			
Inventories		711,398	682,574
Trade and bills receivables	9	647,950	558,893
Prepayments, deposits and other receivables		62,467	34,869
Derivative financial instruments		253	1,844
Amounts due from associates		5,024	4,524
Tax recoverable		6,384	6,099
Pledged time deposits		17,321	94,573
Cash and cash equivalents		763,625	692,940
Total current assets		2,214,422	2,076,316
Total assets		3,786,566	3,644,919

EQUITY

Equity attributable to owners of the Company

Share capital	90,787	90,787
Reserves	2,552,939	2,537,564
Proposed dividend	18,157	45,393
	<u>2,661,883</u>	<u>2,673,744</u>

Non-controlling interests	142,064	138,427
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Total equity	<u>2,803,947</u>	<u>2,812,171</u>
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Non-current liabilities

Borrowings	313,614	10,714
Deferred income tax liabilities	44,568	46,117

Total non-current liabilities	<u>358,182</u>	<u>56,831</u>
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Current liabilities

Trade and bills payables	10	223,909	204,467
Current income tax liabilities		22,156	23,986
Other payables and accrued liabilities		157,235	142,154
Derivative financial instruments		-	823
Amounts due to associates		4,540	4,489
Borrowings		216,597	399,998

Total current liabilities		<u>624,437</u>	<u>775,917</u>
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Total liabilities		<u>982,619</u>	<u>832,748</u>
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Total equity and liabilities		<u>3,786,566</u>	<u>3,644,919</u>
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Net current assets		<u>1,589,985</u>	<u>1,300,399</u>
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Total assets less current liabilities		<u>3,162,129</u>	<u>2,869,002</u>
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NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

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

The following amendments to standards are mandatory for the Group's accounting year beginning on 1 April 2011. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Amendment)	Consolidated and separate financial statements

HKAS 34 (Amendment)	Interim financial reporting
HKFRS 3 (Amendment)	Business combinations
HKFRS 7 (Amendment)	Financial instruments: Disclosures
HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC) - Int 13 (Amendment)	Customer loyalty programmes
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) - Int 19 (Amendment)	Extinguishing financial liabilities with equity instruments

The following amendments to standards and interpretations are mandatory for accounting year beginning on 1 April 2011 but are not relevant to the Group's operations:

HKFRS 1 (Amendment)	First time adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters

2. Segment Information

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

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

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

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

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

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

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

2011				Segment results
Segment revenue				
Sales to external customers	Inter- segment sales	Total		
HK'\$000	HK'\$000	HK'\$000		
Book and Package Printing	1,452,115	4,102	1,456,217	90,839
Consumer Product Packaging	706,408	7,033	713,441	(1,481)
Corrugated Box	290,300	102,039	392,339	46,048
Paper Trading	315,966	391,318	707,284	55,533
Eliminations	-	(504,492)	(504,492)	(1,299)
	<u>2,764,789</u>	<u>-</u>	<u>2,764,789</u>	<u>189,640</u>
Interest, dividend income and other gains				14,195
Corporate and unallocated expenses				(32,947)
				<u>170,888</u>
Gain on deemed disposal of associates				52,178
Operating profit				<u>223,066</u>
Finance costs				(10,341)
Share of losses of associates				(15,616)
Profit before income tax				<u>197,109</u>
Income tax expense				(37,053)
Profit for the year				<u>160,056</u>

3. Gain on Deemed Disposal of Associates

There was no deemed disposal of associates during the year ended 31 March 2012.

In December 2010, the board of Zhongshan Ren Hing Paper Manufacturing Company Limited and Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited (collectively referred to as the “Paper Mill Entities”) agreed with the existing shareholders, with the exception of the Group, of Paper Mill Entities, to inject a total of US\$37.5 million (approximately HK\$291 million) cash as additional capital contributions (“Capital Injection”) to the Paper Mill Entities.

As a result, the effective interest held by the Group in the Paper Mill Entities was reduced from 30.94% to 16.62%. This transaction was considered a deemed disposal given the Group’s interests in the Paper Mill Entities were diluted through additional capital contributions by the other shareholders.

A gain on deemed disposal of HK\$52,178,000 has been recognised in the consolidated income statement for the year ended 31 March 2011.

	2011 HK\$'000
Carrying value of the Group’s investments in the Paper Mill Entities	
After Capital Injection	56,354
Prior to Capital Injection	(14,906)
	<u>41,448</u>
Realisation of exchange fluctuation reserve upon deemed disposal of partial interests in associates	10,730
Gain on deemed disposal	<u><u>52,178</u></u>

4. Finance Costs

	2012 HK\$'000	2011 HK\$'000
Interests on bank borrowings wholly repayable within five years	<u><u>10,973</u></u>	<u><u>10,341</u></u>

5. Profit Before Income Tax

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

	2012 HK\$'000	2011 HK\$'000
After charging -		
Depreciation	111,981	107,618
Amortisation of land use rights	3,173	3,183
Amortisation of intangible assets	849	827
Provision for impairment of trade receivables	1,344	3,979
Operating lease charges in respect of land and buildings	7,840	8,010
Provision for impairment of inventories, net	16,427	72
Employee benefit expense (including directors' remuneration)	<u><u>673,774</u></u>	<u><u>587,311</u></u>

After crediting -		
Dividend income from available-for-sale financial assets	347	347
Bank interest income	11,306	7,502
Fair value gain on derivative financial instruments not qualified as hedges, net	1,275	5,347
Foreign exchange gain, net	15,132	20,963

6. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012 HK\$'000	2011 HK\$'000
Current income tax		
- Hong Kong profits tax		
- Provision for the year	5,771	19,866
- PRC corporate income tax		
- Provision for the year	14,251	12,691
- Under provision for prior years	1,053	-
	15,304	12,691
Total current tax	21,075	32,557
Deferred income tax	(4,692)	4,496
Income tax expense	16,383	37,053

7. Earnings Per Share Attributable to Owners of the Company

(a) Basic earnings per share

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

	2012 HK\$'000	2011 HK\$'000
Profit attributable to owners of the Company	25,539	156,493
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	902,527	905,395
Basic earnings per share (HK cents per share)	2.8	17.3

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: shares repurchased for the purpose of share award scheme. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the outstanding shares to be granted.

	2012 HK\$'000	2011 HK\$'000
Profit attributable to owners of the Company	25,539	156,493
Weighted average number of ordinary shares in issue excluding own held shares (thousands)	904,054	909,521
Diluted earnings per share (HK cents per share)	2.8	17.2

8. Dividends

	2012 HK\$'000	2011 HK\$'000
Interim dividend of HK2 cents (2011: HK5 cents) per ordinary share	18,157	45,393
Special interim dividend of HK nil cent (2011: HK17 cents) per ordinary share	-	154,337
	<u>18,157</u>	<u>199,730</u>
Proposed final dividend of HK2 cents (2011: HK5 cents) per ordinary share	18,157	45,393
	<u>36,314</u>	<u>245,123</u>

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

9. Trade and Bills Receivables

	2012 HK\$'000	2011 HK\$'000
Trade receivables	662,734	579,720
Less: provision for impairment of trade receivables	(23,025)	(24,591)
Trade receivables, net	<u>639,709</u>	<u>555,129</u>
Bills receivables	8,241	3,764
	<u>647,950</u>	<u>558,893</u>

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

Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

The aging analysis of trade receivables at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2012	2011
	HK\$'000	HK\$'000
1 - 30 days	242,701	248,782
31 - 60 days	185,672	107,027
61 - 90 days	67,440	97,105
Over 90 days	143,896	102,215
	<u>639,709</u>	<u>555,129</u>

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

	2012	2011
	HK\$'000	HK\$'000
At 1 April	24,591	30,463
Provision for impairment of trade receivables	1,344	3,979
Amount written off as uncollectible	(3,195)	(10,465)
Exchange differences	285	614
At 31 March	<u>23,025</u>	<u>24,591</u>

10. Trade and Bills Payables

	2012	2011
	HK\$'000	HK\$'000
Trade payables	196,506	204,331
Bills payables	27,403	136
	<u>223,909</u>	<u>204,467</u>

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

	2012	2011
	HK\$'000	HK\$'000
1 - 30 days	131,770	162,963
31 - 60 days	50,781	28,579
61 - 90 days	5,713	9,886
Over 90 days	8,242	2,903
	<u>196,506</u>	<u>204,331</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the 12 months ended 31 March 2012, the Group's turnover rose 3% to HK\$2,854 million, reflecting slow growth in our major markets.

Profit before tax went down by 77% to HK\$45 million primarily due to three factors. Firstly, the Group had recorded a one-time 'Gain on deemed disposal of Associates' of HK\$52 million in the second half of the previous year. No similar gain was recorded in the year under review.

Secondly, operating profits were further affected by the introduction of a general aging provision for the Group's paper stock totaling HK\$16 million for the year.

Thirdly, production costs continue to rise in mainland China. Commodity prices, mainly paper cost stayed high in 2011. Worker wages in the Pearl River Delta rose by 20% in 2011 on the heels of a similar increase in 2010. The appreciation of the RMB further heightened the impact of the wage increase, which impacted the profitability of the Group's export business. The economic slowdown that has impacted most of the world's major markets and the intense price competition prevalent in China meant that the rising costs could not be fully passed on to the Group's customers.

While the economy remains volatile, there have been several positive developments during the recent months. Growth in production cost and the rate of inflation appear to be slowing in China. These factors, together with a stabilising RMB, have to some extent relieved the cost pressure faced by the Group. In the meantime, export orders are increasing, reflecting management's marketing efforts and the strong reputation that the Group holds among international publishers and manufacturers.

The Group has had a strategy of continuously investing in advanced printing presses and equipment to improve quality and efficiency. A number of productivity initiatives are in place driving for continuous improvement in production scheduling and process flow. These efforts are yielding benefits, with over 10% reduction in our staffing level when compared with the previous year. Beyond the above, we are working to improve our purchasing process, to gain synergies from the substantial volume across our different divisions, to secure lower costs for the Group.

Export Markets

In response to the high unemployment rate and weak consumer confidence prevalent across markets like Europe, international publishers and manufacturers in general have reduced new titles and projects, and replaced large orders with smaller orders with shorter lead time. This has impacted both our Book and Package Printing, and Corrugated Box businesses, which derive 60% of its revenue from export manufacturers in the Pearl River Delta.

The international book market has also been impacted by the increasing popularity of e-books and a gradual reduction of retail shelf space in the developed economies. While our focus on children's novelty books makes the Group less vulnerable in the medium term, it is anticipated that there will be a slow and gradual trend away from paper books even among children. The trend, however, has presented a very attractive opportunity for the Group to move into a niche market offering interactive book experiences on-line, targeting toddlers and young children.

Partnering with our publishing clients, the Group has launched a new service branded BelugaBloo, a proprietary e-bookstore in the form of an application that runs on popular tablets and smart-phones. BelugaBloo offers end-users a catalogue of inter-active e-books, games and education applications to purchase and download.

BelugaBloo has generated substantial interest and the Group has entered into co-operative agreements with several prominent publishers. We have also entered into an agreement with CIDE-Interactive (a French-based global leader in the toy industry dedicated to incorporate technologies with learning and childhood development) to pre-load the BelugaBloo App into its new child-friendly Kurio tablet. This will significantly increase the use of BelugaBloo, with instant access to the App by all Kurio users.

Over the past year, the Group has expanded its presence in the luxury packaging business, especially the cosmetics market. This market requires substantial hand-crafting and comes with quality expectations which the Group has a track record of delivering. The Group will continue to invest in this business in the coming years, with the recent registration of 'HH Luxury' trademark and appointment of an agent in France to cover continental Europe.

Business Unit Review

The Group's business units reported mixed results with two posting increases in revenue, while two showed declines.

Book and Packaging Printing, the largest business unit, did well to grow revenue in a static market, but saw lower profit margins due to rising costs and stiff competition. The business unit recorded revenues of HK\$1,513 million, up 4% from HK\$1,452 million the previous year. Profit contribution was HK\$13 million, down 85% from HK\$91 million last year. Management pursued several strategies to boost profits, including expanding the unit's presence in luxury packaging, particularly for cosmetics. Cost controls as well as productivity improvements and pricing reviews have also been implemented, in particular for labour-intensive children's novelty books.

The **Consumer Product Packaging** business reported an increase in revenues of 9% to HK\$768 million, up from HK\$706 million the previous year. This led to a profit contribution of HK\$18 million compared to a loss of HK\$1 million the year before. The business unit made steady progress towards its strategic aim of becoming a leading packaging solutions provider in the China domestic packaged food and personal care markets.

The **Corrugated Box** business is heavily focused on Hong Kong based exporters, who make up 60% of sales with the remaining 40% made to customers in China. Revenue was down 9% to HK\$264 million from the HK\$290 million recorded the previous year. The economic slowdown and rising costs both played a part in profit contribution falling 34% to HK\$30 million, down from HK\$46 million last year.

The **Paper Trading** business plays a strategic role as part of the Group's supply chain and is one of the largest paper trading operators in Asia outside Japan. Even so, reduced export activity in southern China impacted business. As a result its revenue decreased 2% from HK\$316 million last year to HK\$310 million. Intense price competition meant that profit contribution fell to HK\$21 million, down 62% from HK\$56 million last year.

Liquidity and Capital Resources

The Group remains in a sound financial position. As of 31 March 2012, the Group had a net cash situation (total cash net of bank borrowings) of HK\$251 million.

As of 31 March 2012, the Group had bank deposits and cash on hand totaling HK\$781 million, of which 67% was denominated in RMB, 24% in USD and 8% in HKD. Most of these amounts are in term deposits ranging between 3 to 12 months, earning HK\$11 million interest income for the year. The high mix of RMB also helps to mitigate the impact of RMB appreciation on our operating expenses during the year.

As of 31 March 2012, the Group's total bank borrowings amounted to HK\$530 million. The Group's gearing ratio, comparing bank borrowings to its equity, stood at 19% compared with 15% in the previous year. Per the repayment schedules in the Group's loan agreements with banks, HK\$217 million is repayable within a year, HK\$107 million within the next one to two years, and HK\$206 million within the next two to five years.

Of our total borrowings, 86% was borrowed in HKD, 6% in USD and 8% in RMB. Of our borrowings, 87% was owed to banks in Hong Kong at interest rates in reference to the HIBOR or to the banks' cost of fund plus certain mark-up %. The remaining 13% was owed to banks in the PRC with interest rates in reference to the People's Bank of China (PBOC) base rate or to the banks' cost of funds, plus certain mark-up %.

Beyond those detailed above, the Group had unutilised bank loan and trade facilities totaling HK\$580 million as of 31 March 2012.

During the year under review, the Group invested a total of HK\$141 million (HK\$157 million in the previous year) in capital expenditures (CAPEX), mostly to replace and to upgrade production equipment including the purchase of four printing presses.

Contingent Liabilities and Pledge of Assets

As at 31 March 2012, guarantees amounting to HK\$2,023 million were given to banks by the Company for banking and trading facilities granted to the Group's subsidiaries and associates.

Certain buildings, leasehold land and pledged time deposits of the Group with a total carrying value of HK\$114 million as at 31 March 2012 have been pledged to secure banking facilities granted to the Group.

Employees

To address the issue of steadily increasing labour costs in China, the Group is adopting a conservative attitude towards its workforce to ensure optimal headcount and utilisation to meet its business requirements. As of 31 March 2012, the Group employed a total of 11,381 people – of whom 355 were based in Hong Kong and 11,026 were based in China, representing a reduction of 10% compared with the previous year.

We offer competitive wages and remuneration and equal opportunities to all our employees based on their experience and past performance.

Without its people, Hung Hing cannot succeed. We provide various kinds of training to our employees and consider health and safety as a top priority.

For the benefit of both employees and the company, a variety of training modules are offered. All workers must attend orientation training to understand the risks they may encounter in production, while handling machinery and chemicals. We also provide on-the-job training to enhance their familiarity with the working environment and strengthen health and safety awareness. Work floor supervisors and managers attend communication and management skill training. In FY 2011-2012, we provided over 43 types of basic training over 280,000 hours.

Outlook

Looking forward, we are cautiously optimistic about the Group's business. We see an increased intake of orders from the U.S. and UK driving up our capacity utilisation at our Shenzhen and Heshan facilities. Growth in production cost and the rate of inflation appear to be slowing in China. These factors, with a stabilising RMB have to some extent relieved the cost pressure faced by the Group.

In response to competitive pressures and in the face of a rising cost base, the formerly fragmented export printing industry will see increasing consolidation in the years to come. The trend is for customers to prefer stable, more cost-efficient vendors with a reputation for quality and delivery. Hung Hing, with our reputation and solid track record in quality and services is well positioned to capture this opportunity.

We expect the evolution of digital printing and e-publishing will redefine our industry. We are carefully monitoring the growth and development of this trend, and we will act in order to stay competitive, and to pursue new business opportunities arising from the technological evolution.

Although we have maintained our market share and leadership position, our operating margin declined significantly, particularly in the export sector. There is room for improvement and we are focusing in areas which would help improve our profit margin. These include our growing presence in luxury packaging and conventional books, tightening of our costing strategy in new labour-intensive work and our continuous efforts to improve productivity.

While the market remains fairly volatile, we believe the steps that we have taken would improve the Group's competitiveness, allowing us to capture future growth opportunity.

FINAL DIVIDEND

The directors recommend a final dividend of HK2 cents (2011: HK5 cents) per share. The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company. This, together with an interim dividend of HK2 cents (2011: an interim dividend of HK5 cents and a special interim dividend of HK17 cents) per share paid in January 2012, will make a total dividend of HK4 cents (2011: HK27 cents) per share for the financial year.

The proposed final dividend will be paid by cash on 19 September 2012 to shareholders whose names appear on the Register of Members of the Company on 7 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 23 August 2012 to Monday 27 August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 August 2012.

The Register of Members of the Company will be closed from Wednesday, 5 September 2012 to Friday, 7 September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 September 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 21 December 2009, the Company adopted a Restricted Share Award Scheme. During the year ended 31 March 2012, the Trustee of the Restricted Share Award Scheme purchased 3,874,754 shares at a total consideration of approximately HK\$9,737,000 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 year ended 31 March 2012.

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 annual results, with the exception that:

1. Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of the Chief Executive Officer, Mr. David R. Eitemiller on 1 December 2011, the Company has not appointed a new chief executive officer in place of Mr. Eitemiller. The duties of chief executive officer has 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 both these offices. The Board believes that it is able effectively to monitor and assess management in a manner that properly protects the interests of shareholders.
2. Code Provision A.4.1, provides that non-executive directors should be appointed for a specific term, subject to re-election. 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 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 annual results.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated financial statements of the Company for the year ended 31 March 2012. The audit committee comprises three independent non-executive directors and a non-executive director of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

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

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

Hong Kong, 26 June 2012

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