



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing reports 2015 interim results

- Revenue grew 3.7% to HK\$1,395 million compared to the corresponding period in 2014
- With the gross profit margin increased by 1.9% point, profit attributable to equity shareholders of the company increased significantly to HK\$11 million, compared to a loss of HK\$52 million recorded during the corresponding period in 2014
- Robust liquidity with net cash increased by HK\$23 million to HK\$586 million during the 1st half of 2015
- Interim dividend of HK1.5 cents per ordinary share

Hong Kong, 27 August 2015 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 June 2015, reporting a 3.7% increase in revenue to HK\$1,395 million. The revenue growth was the result of a series of initiatives implemented to strengthen the Group's capabilities, customer offerings and product portfolio that allowed it to take advantage of opportunities under continued economic uncertainty.

Due to increased automation and improvements in workflow leading to enhanced operating efficiency, the Group achieved an operating profit of HK\$25 million during the period under review. This compares to a loss of HK\$46 million during the first six months of last year, of which HK\$38 million was attributable to currency fluctuations.

Together with the 1.9% point increase in the gross profit margin, profit attributable to equity shareholders of the company improved significantly to HK\$11 million compared to a loss of HK\$52 million recorded during the corresponding period in 2014. A positive profit alert carrying the same information had been issued on 24 July 2015.

Mr. Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, "The first half of 2015 was characterized by increased consolidation activity within the industry. Hung Hing was successful in securing business from new as well as existing clients in this environment, thanks to the Group's strong competitive advantages including a skilled team, economies of scale, state-of-the-art technology and robust financial position."

With good confidence in continued improvements of business performance during the rest of the year and backed by the Group's strong liquidity position, the Board of Directors has declared an interim dividend of HK1.5 cents per share.

Business Unit Review

During the period, the Group's largest business unit, Book and Package Printing, as well as Paper Trading, recorded an increase in turnover, which enabled the Group to grow overall revenues by 3.7% over the same period in 2014.

Revenue from **Book and Package Printing** rose 4.5% to HK\$761 million during the six months under review. The business unit benefited from a slight improvement in macro-economic conditions in North America, which alleviated soft customer demand due to challenging conditions in other parts of the world. Diversification of the customer base into printing of promotional display and merchandising materials enabled the development of new revenue streams with added agility for order fulfillments. During the period, the business unit achieved a profit contribution of HK\$25 million, compared to a loss of HK\$7 million in the previous period.

Consumer Product Packaging saw external revenues decline by 2.7% to HK\$329 million. Uncertainties in the Renminbi exchange rate and stock markets led to a decrease in overall business confidence, and affected the performance of this business unit. The business unit reported a loss of HK\$4.3 million which dropped slightly compared to the loss of HK\$4.4 million in the previous period.

Corrugated Box saw revenues to external 3rd party drop by 5% to HK\$84 million, primarily as a result of the slowdown in export demand and softer domestic demand in China in the first half of the year. The business unit focused on growing existing key customers and securing new ones by leveraging the Group's diversified manufacturing base. As a result the business unit achieved a profit of HK\$3.3 million, up from a loss of HK\$3.1 million in the previous period.

Paper Trading reported a 16.4% increase in external revenue to HK\$221 million, largely due to the Group's improved competitive position, expansion of its customer base to Southeast Asian countries and strengthening of partnerships with existing customers. As a result of intensified industry consolidation and increased volatility in paper trading activities, profit contribution declined 17.3% to HK\$9.2 million.

Outlook

Despite patchy progress in economic recovery across the world, the Group is confident about the domestic market in mainland China. Increased investment in research and development of new technologies and innovations will allow the Group to go beyond the role of a traditional OEM and attract business along the entire value chain.

Mr. Yum said, "We are cautiously optimistic about business prospects in the second half, even though we expect increased order levels from key customers. However, the Group is well positioned to take advantage of industry consolidation and macro-economic circumstances with our sound financial position."

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About Hung Hing Printing Group Limited (HKSE: 450)

Hung Hing was founded by the Company's former Honorary Chairman Mr Yam Cheong Hung in 1950. Over the past six decades, the Company has developed into one of the largest printers in Asia, with significant operations in book and package printing, consumer product packaging, corrugated box manufacturing and paper trading. Headquartered in Hong Kong, the Company has plants in four locations across China, including Shenzhen, Zhongshan and Heshan in the Guangdong province, and Wuxi, near Shanghai. With its main focus on customers' success, the Company harnesses the latest in technology and ideas to create print solutions through sustainable operating practice, and services multinational corporations from the U.S. and Europe as well as from domestic companies in China. The Company has a workforce of over 11,000 employees. It has been listed on The Hong Kong Stock Exchange since 1992.

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