

鴻興印刷集團有限公司  
Hung Hing Printing Group Limited

# Interim Results

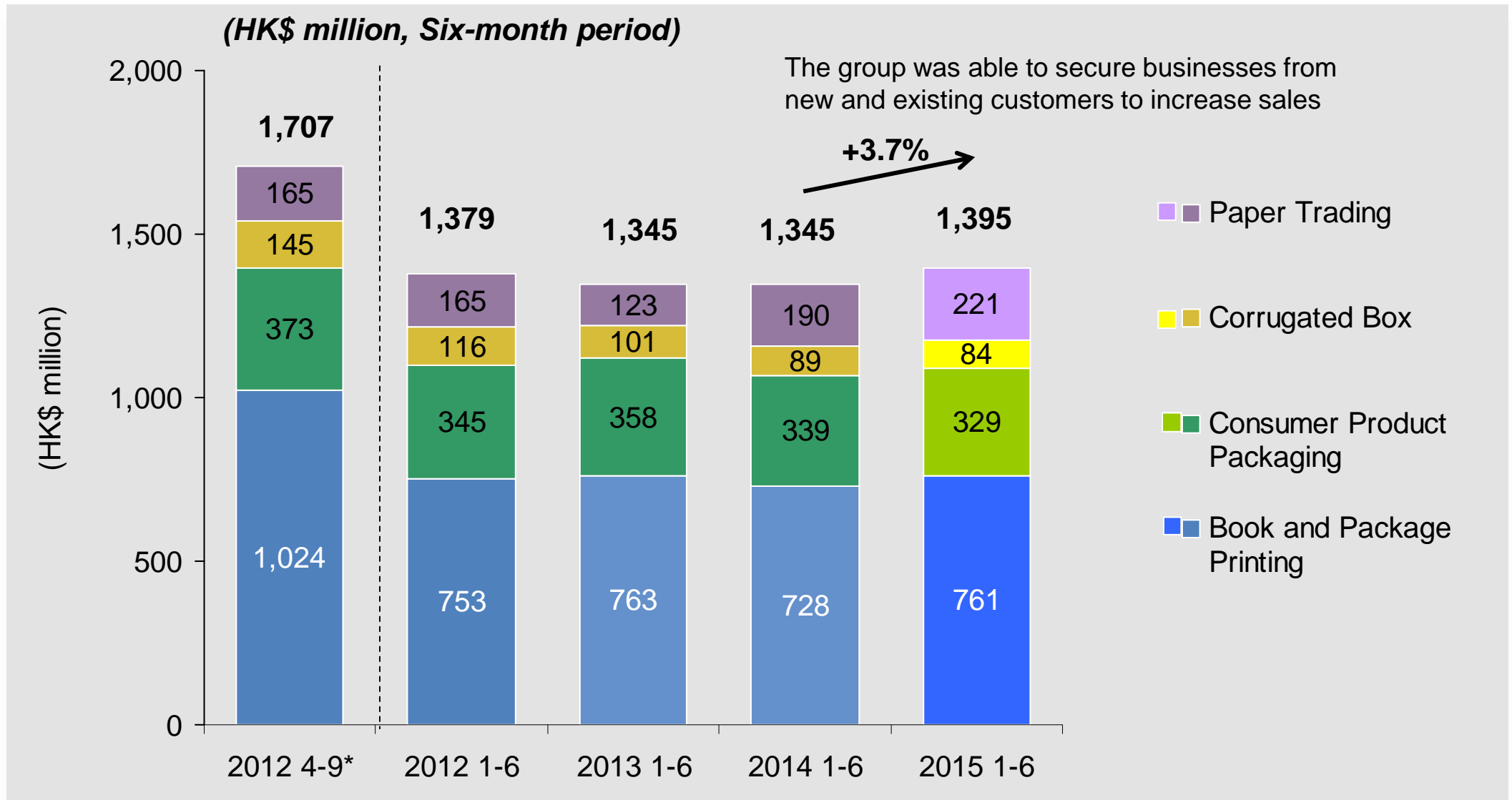
6 months to 30 June 2015

## Highlights – Six months ended 30 June, 2015

- Revenue grew +3.7% to HK\$1,395 million
- Gross profit margin increased by +1.9% point to 13.5%
- Profit attributable to the shareholders HK\$11 million compared to a loss of HK\$52 million during the corresponding period in 2014
- Net cash on-hand HK\$586 million; up +HK\$23 million
- Proposed interim dividend HK¢1.5 per share; i.e. 125% payout compared to interim EPS of HK¢ 1.2

**Hung Hing Printing Group Ltd.** continuously focus on investment for automation, process innovations and new technology applications, and is able to offer high value-added printing solutions to our customers and deepen relationships with business partners. The Group remains cautiously optimistic about business prospects in the second half of 2015. With strong financial position in anticipation of challenges and opportunities unfold, the Group is confident of success and growth over the long-term.

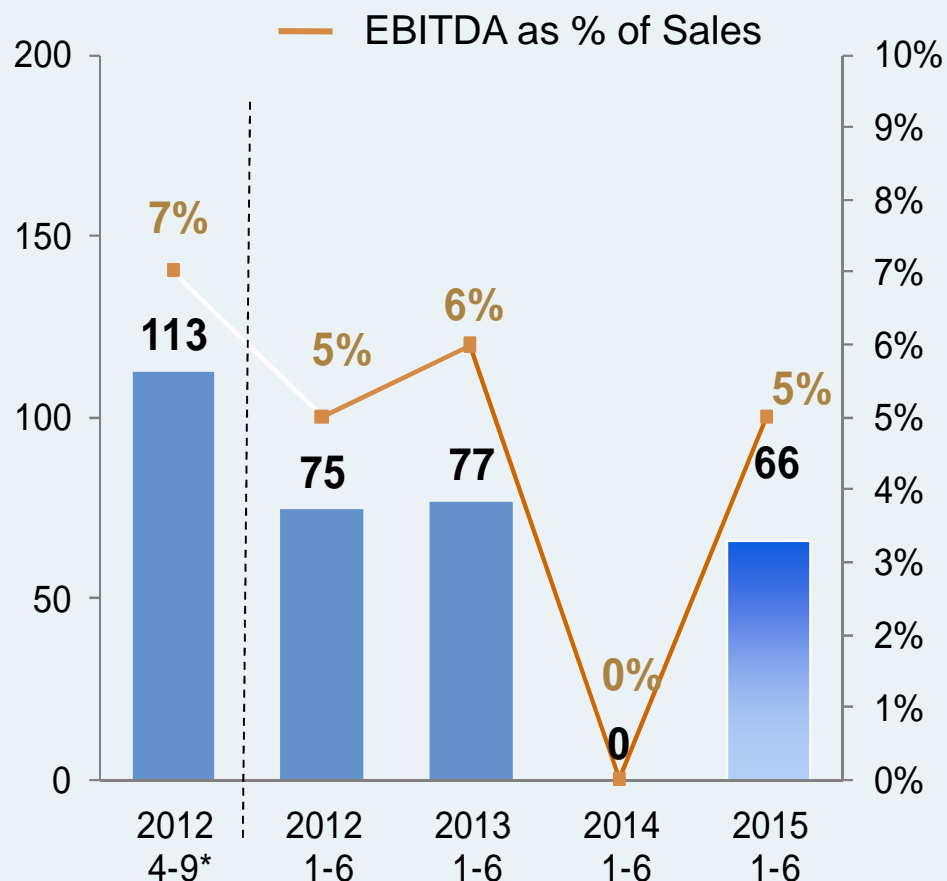
# Group revenue increased +3.7% to HK\$1,395 mil., driven by growths of Book & Packaging (BPP) and Paper Trading (PT)



\* Subject to seasonality due to change in cut-off from “Apr-Sep” to “Jan-Jun”.

# Group EBITDA to Sales recovered to 5% level

## EBITDA (HK\$ million)



## Commentary vs. Prior Year

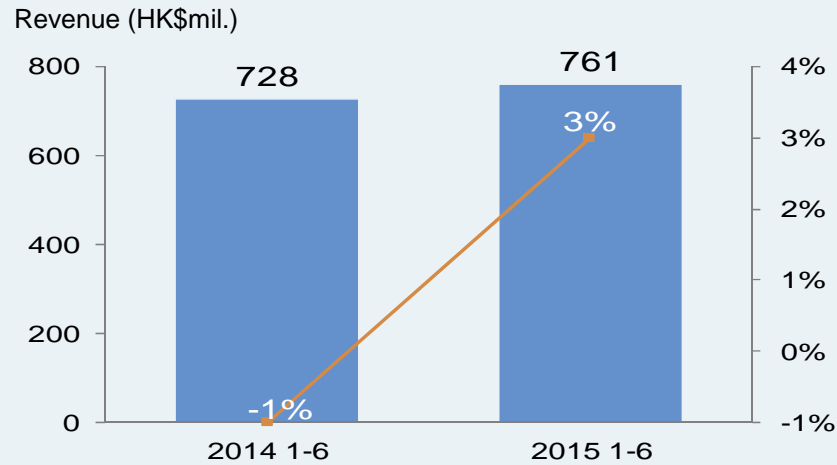
- Gross profit margin increased by +1.9% points due to sales growth and improved operating efficiency (i.e. increase of HK\$32m).
- Significantly reduced net fair value loss of approx. HK\$22m arising from RMB forward contracts, and considerably reduced net foreign exchange losses by HK\$12m (i.e. less than HK\$3m loss in 1H/2015 vs. HK\$15m loss during same period last year)

\* Subject to seasonality due to change in cut-off from “Apr-Sep” to “Jan-Jun”.

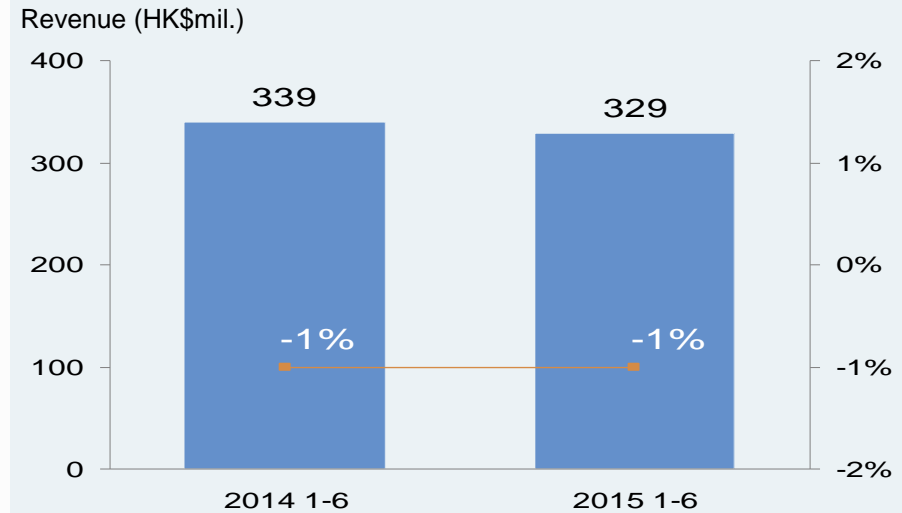
# BPP and PT increased in sales mix driven by favourable business growth; Segment profit contribution improved in general

Segment revenue & profit contribution% (6-mth period) ■ External revenue ■ Intersegment revenue — Segment profit contribution(%)

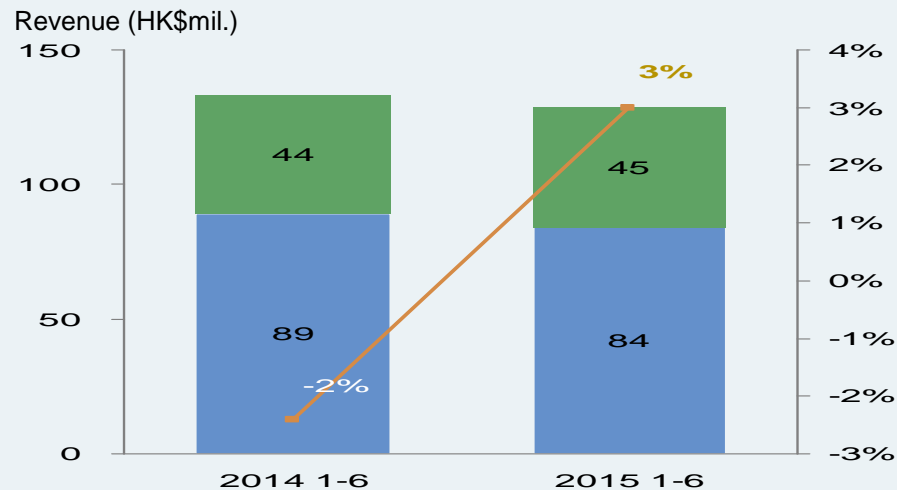
## Books and Package Printing (BPP)



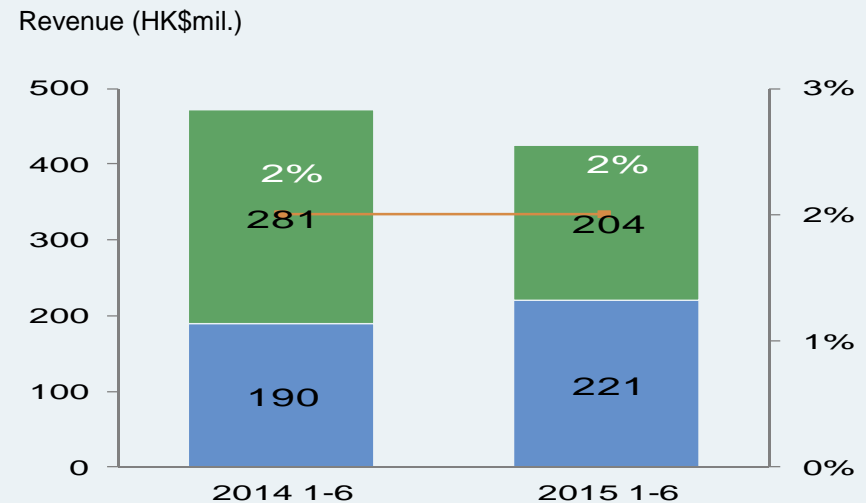
## Consumer Product Packaging (CPP)



## Corrugated Box (CB)



## Paper Trading (PT)



# Income Statement

Six months ended 30 June  
(HK\$ Mil.)

	External Sales		Profit (Loss)		
	2015	% Chg	2015	2014	Chg
Book & Package Printing	761	5%	25	(7)	32
Consumer Product Packaging	329	-3%	(4)	(5)	1
Corrugated Box	84	-5%	3	(3)	6
Paper Trading	221	16%	9	11	(2)
<b>Segment Total (Sales w/ elimination)</b>	<b>1,395</b>	<b>4%</b>	<b>33</b>	<b>(4)</b>	<b>37</b>
<i>Inter-segment elimination</i>			(1)	(4)	3
<b>Group Total</b>	<b>1,395</b>	<b>4%</b>	<b>32</b>	<b>(8)</b>	<b>40</b>
Interest and dividend income			12	10	2
Corp. unallocated exp. and Fwd/Exch gain & loss			(19)	(48)	29
Finance costs			(4)	(4)	-
<b>Profit (Loss) before income tax</b>			<b>21</b>	<b>(50)</b>	<b>71</b>
Income tax			(9)	(2)	(7)
<b>Profit (Loss) for the period</b>			<b>12</b>	<b>(52)</b>	<b>64</b>
Attributable to Equity shareholders of the Company			11	(52)	63

## Commentary

- Sales benefited from gradual recovery of the North America and UK markets, which offset the softness of exports to other parts of the World and China domestic sales
- Segment profit contribution improved due to enhanced GP +HK\$32m (margin up +1.9% points) with sales growth and improved operating efficiency, plus lower exchange losses included as segment results.
- Enhanced cash-flow & net cash enabled higher interest income
- Reduced fair value (arising from RMB forward hedging contracts) and foreign exchange losses (excl. share of loss already reported under segment results)

# Strong Financial Position with Net Cash over HK\$586m

\*1: Compared to Jun 2014, current assets reduced by HK\$78m with working capital (both inventory and receivables) improvement of HK\$136m which enable the **increase of cash & deposits by HK\$59m to HK\$971m**

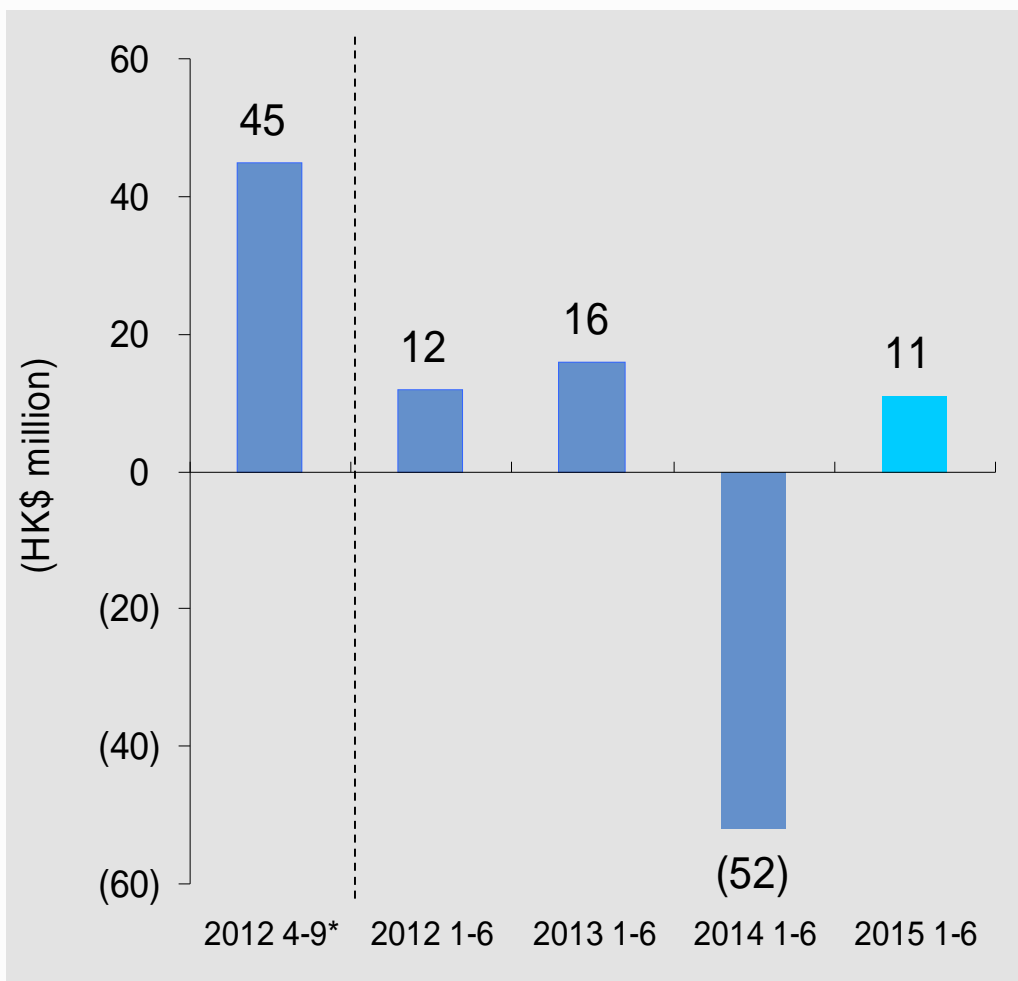
\*2: **Bank loans paid down by HK\$100m** along with HK\$76m reduction in cash during the six-month reporting period end Jun 2015; **Net cash** increased by HK\$23m to **HK\$586m**

(HK\$ million)	As at Jun 30		Changes	As at Dec 31
	2015	2014		2014
<b>Assets</b>				
Non-current	1,389	1,439	(50)	1,429
Current	2,383	2,461	(78)*1	2,386
<b>Total Assets</b>	<b>3,772</b>	<b>3,900</b>	<b>(128)</b>	<b>3,815</b>
<i>Included in assets - Cash &amp; Bank and Time deposits</i>	<i>971</i>	<i>912</i>	<i>59</i> *1	<i>1,048</i>
<b>Liabilities</b>				
Non-current	146	291	(145)	252
Current	785	821	(36)	719
<b>Total Liabilities</b>	<b>931</b>	<b>1,112</b>	<b>(181)</b>	<b>971</b>
<i>Included in liabilities - Bank Borrowings</i>	<i>385</i>	<i>569</i>	<i>(184)</i>	<i>485</i>
<b>Net Assets</b>	<b>2,841</b>	<b>2,788</b>	<b>53</b>	<b>2,844</b>
<b>Equity</b>				
Equity attributable to equity shareholders of the co	2,681	2,631	50	2,685
Non-controlling interest	160	157	3	159
	2,841	2,788	53	2,844
<b>Gearing Ratio</b>	<b>14%</b>	<b>20%</b>	<b>-7%</b>	<b>17%</b>
<b>Net Cash (Total Cash &amp; Deposits less Bank borrowings)</b>	<b>586</b>	<b>343</b>	<b>243</b>	<b>563</b>
<b>Current Ratio</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>	<b>3.3</b>

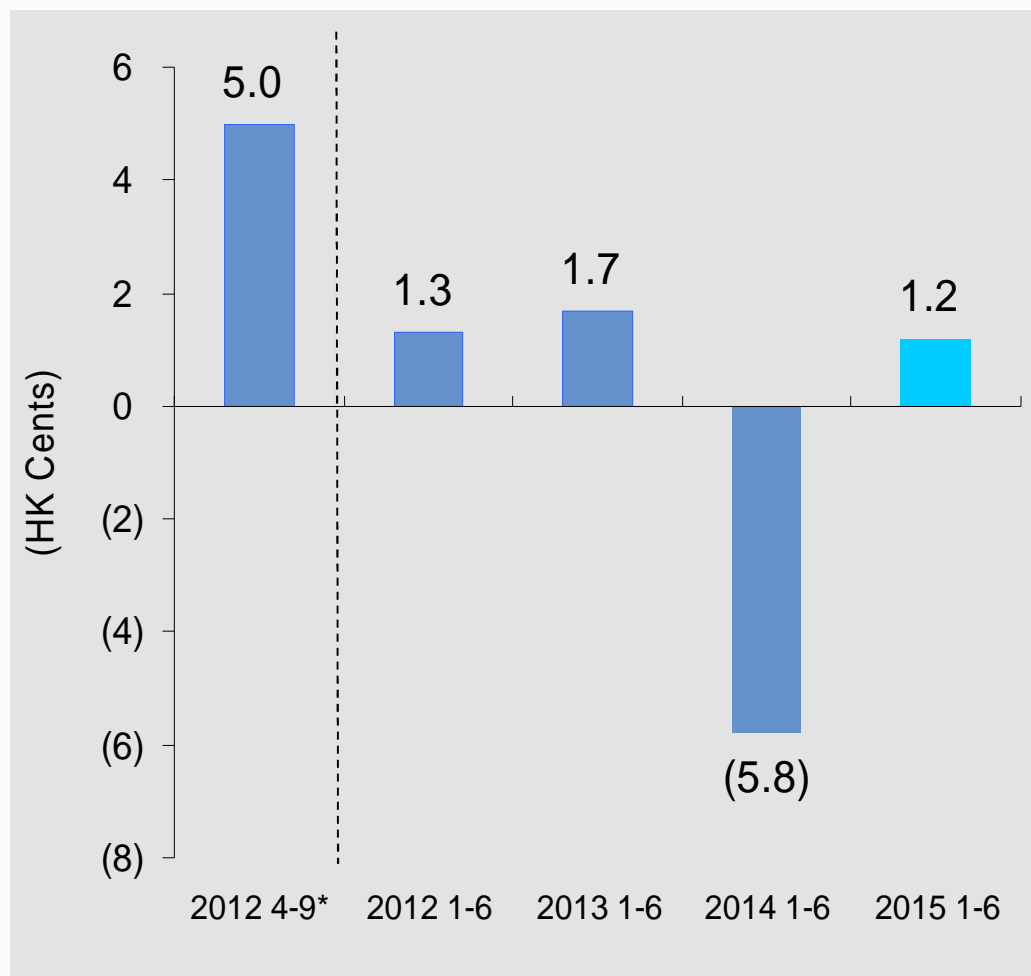


# Earnings per Share (EPS) HK¢ 1.2

## Profit (Loss) Attributable to Shareholders



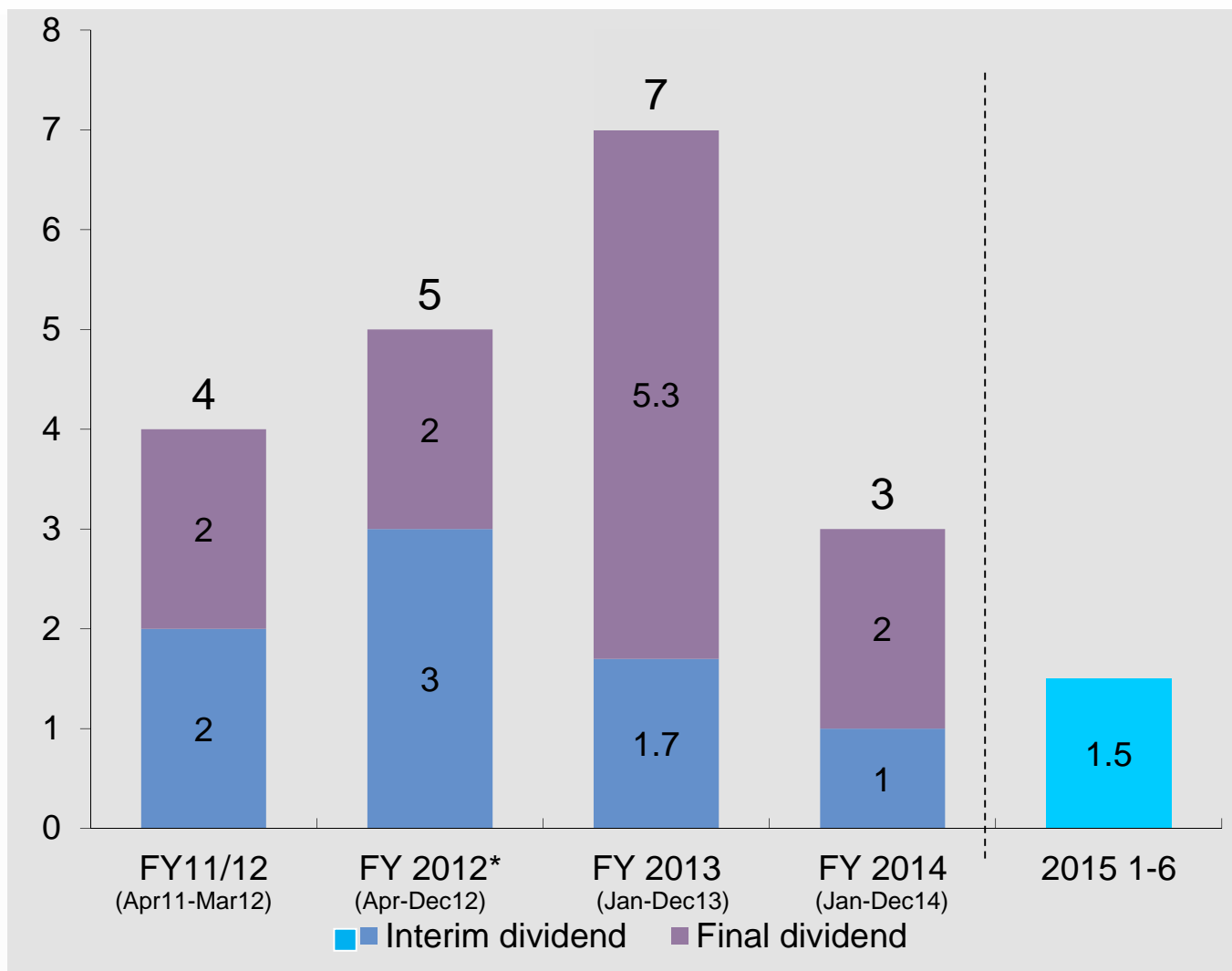
## Basic Earnings (Loss) per share



\* Subject to seasonality due to change in cut-off from “Apr-Sep” to “Jan-Jun”.



# Interim Dividends







## Commentary

- Based on confidence in improvement of business performance during the rest of the year, and backed by the Group's strong cash and financial position, the Board resolved to pay an interim dividend of HK¢ 1.5

\* Nine months' results for financial year FY2012 due to change of year end from 31-Mar to 31-Dec.

# Appendix: Four Complementary Hung Hing Business Segments



	Book & Package Printing	Consumer Product Packaging	Corrugated Box	Paper Trading
Market position	<ul style="list-style-type: none"> <li>■ Leader globally</li> </ul>	<ul style="list-style-type: none"> <li>■ Major player in China</li> </ul>	<ul style="list-style-type: none"> <li>■ Major player in South China</li> </ul>	<ul style="list-style-type: none"> <li>■ Major player in South China</li> </ul>
% 2015 interim revenue	<ul style="list-style-type: none"> <li>■ 55% (HK\$761mm)</li> </ul>	<ul style="list-style-type: none"> <li>■ 23% (HK\$329mm)</li> </ul>	<ul style="list-style-type: none"> <li>■ 6% (HK\$84mm)</li> </ul>	<ul style="list-style-type: none"> <li>■ 16% (HK\$221mm)</li> </ul>
Key products	<ul style="list-style-type: none"> <li>■ Conventional &amp; Children's books</li> <li>■ Toys Packaging</li> <li>■ Luxury Packaging</li> </ul> 	<ul style="list-style-type: none"> <li>■ Personal care products</li> <li>■ Packaged food</li> <li>■ Consumer goods &amp; electronics</li> </ul> 	<ul style="list-style-type: none"> <li>■ Primarily for export and transportation purposes</li> </ul> 	<ul style="list-style-type: none"> <li>■ High quality papers sourced from Europe, Americas, Southeast Asia and China.</li> </ul> 
Key facilities	<ul style="list-style-type: none"> <li>■ Three production facilities in Shenzhen, Heshan, and Hong Kong</li> <li>■ Total capacity of ~850 million impressions</li> </ul>	<ul style="list-style-type: none"> <li>■ Two production facilities in Zhongshan and Wuxi, both equipped with dust-free manufacturing zone and BRC (British Retail Consortium) certified.</li> </ul>	<ul style="list-style-type: none"> <li>■ Main production facility in Shenzhen</li> <li>■ Additional facility in Zhongshan included under Consumer Product Packaging</li> </ul>	<ul style="list-style-type: none"> <li>■ Two warehouses in Shenzhen and Hong Kong, with total storage capacity of ~80,000 tons</li> </ul>

# Appendix: Hung Hing established multi-locations infrastructure

## Zhongshan



- Printing and manufacturing of folding cartons, litho lam and corrugated containers
- Awarded certifications of ISO9001, ISO14001, BRC, etc.
- Production area: 130,000 m<sup>2</sup>
- Production capacity: 222 million impressions

## Wuxi

- Printing & mfg. of folding cartons, litho lam and corrugated containers
- Awarded certifications of ISO9001, ISO14001, BRC, etc.
- Production area: 50,000 m<sup>2</sup>
- Production capacity: 147 million impressions



## Shenzhen

- Printing & mfg. of folding carton, children's & conventional books, litho lam, corrugated containers
- Paper Trading: warehouse of 36,600m<sup>2</sup> and storage capability of 60,000 tons
- Awarded certifications of ISO9001, ISO14001, ICTI-COBP, etc.
- Production area: 175,000 m<sup>2</sup>
- Production capacity: 638 million impressions



## Hong Kong

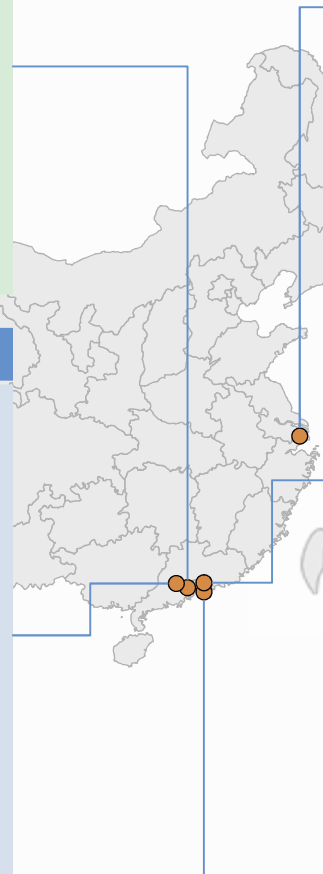
- Corporate headquarters
- Printing of conventional books
- Paper Trading: warehouse of 11,560 m<sup>2</sup> and storage capability of 20,000 tons



## Heshan



- Printing children's and conventional books
- ~330,000 m<sup>2</sup> of land available for further expansion, enough to double current operations
- Awarded certifications of ISO9001, ISO14001, ICTI-COBP, BRC, etc.
- Production area: 110,000 m<sup>2</sup>
- Production capacity: 213 million impressions



# Disclaimer

The presentation is prepared by Hung Hing Printing Group Limited (the “Company”) and is solely for the purpose of corporate communication and general reference only. The presentation is not intended as an offer to sell, or to solicit an offer to buy or to form any basis of investment decision for any class of securities of the Company in any jurisdiction. All such information should not be used or relied on without professional advice. The presentation is a brief summary in nature and does not purport to be a complete description of the Company, its business, its current or historical operating results or its future business prospects.

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**Note:**

The financial year end of Hung Hing Printing Group Limited (HHPG) has been changed from 31 March to 31 December since 2012.

# Thank you

## *A Leading Printer in Asia*

*With unrivalled market leadership, well-balanced portfolio and sustained growth for over six decades, Hung Hing is in an excellent position to take advantage of growing opportunities as our industry continues to build momentum.*