



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing reports tripled net profits for 2015

Proactive management and prudent financial strategies contribute to the growth

	<u>2015</u> HK\$ million	<u>2014</u> HK\$ million
• Group revenue increased 0.7%	3,037	3,016 (restated)
• Operating profit increased 75%	72	41
• Profit before income tax increased 106%	65	32
• Profit attributable to shareholders increased 383%	38	8
• Net cash continues to be robust	539	563
• Earnings per share significantly increased	HK4.2 cents	HK0.9 cents
• Proposed final dividend	HK2.5 cents	HK2 cents
• Total dividend for the year, up 33%	HK4 cents	HK3 cents

Hong Kong, 24 March 2016 – Hung Hing Printing Group Limited (HKSE: 450) today announced its full-year results for the financial year ended 31 December 2015. The Group achieved modest growth with whole-year revenues reaching HK\$3,037 million. Profit from operating activities increased by 75% to HK\$72 million. Most of the Group's business units, especially Book and Package Printing and Paper Trading, delivered improved revenues and profit contributions as a result of increased marketing efforts across key markets, strengthened partnerships with major customers and prudent financial strategies.

During the year, Hung Hing pursued more agile hedging strategies and cautious cash management. As a result, profit attributable to equity shareholders increased by 383% year-on-year to HK\$38 million.

The Group continued to maintain strong net cash on hand of HK\$539 million as at 31 December 2015. The robust liquidity position allowed the Group to make ongoing capital investment and increase funding placed in longer-term deposits to generate additional interest income, while reducing its gearing ratio to a more conservative level of 10% (2014: 17%).

Basic earnings per share during the year were HK4.2 cents, compared to HK0.9 cents for the previous year. The Board of Directors has proposed a final dividend of **HK2.5 cents**. This, together with the interim dividend of HK1.5 cents, brings the total dividend for the year to **HK4 cents**, compared to HK3 cents in the previous year.

Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, "The printing and packaging sector is evolving with the needs of both consumers and businesses. We believe that being prepared for these changes will help us achieve sustained business growth. For this reason, we are going beyond the role of a traditional printer by expanding our value-added offerings, and supporting clients with proactive, out-of-the-box solutions. Additionally, we made several strategic capital investments in automation and implemented workflow improvements. These have not only helped us improve operational performance and efficiency in the short term, but also put us in a strong position to prepare for future market developments."

Business Unit Review

Book and Package Printing, Hung Hing's largest business unit, reported a 2% increase in revenue to HK\$1,724 million with a significant increase of 36% in profit contribution to HK\$57 million for the year. This was largely due to improved revenue from export markets such as the US and the UK, the penetration of a new market segment – marketing and display materials, as well as streamlined workflow and cost controls.

The **Consumer Product Packaging** business unit generated revenue of HK\$696 million, which fell 4% compared to the previous year. Profit contribution increased to HK\$11 million from HK\$7 million in 2014. Over the year, the Group implemented a range of initiatives to expand the unit's capabilities and achieve business transformation. This included new equipment such as a new seven-colour printing press, revamped operating processes, and the diversification of product lines and customer base. The CPP unit successfully grew its business with key clients.

The **Corrugated Box** business followed a disciplined material control policy and worked closely with key suppliers, which enabled it to increase profits despite increased pressures from upward adjustments in paper prices. The business unit reported external revenue of HK\$188 million, which fell 5% from the HK\$198 recorded in the previous year. However, profit contribution increased to HK\$11 million, more than double the HK\$5 million achieved in 2014.

The **Paper Trading** business, one of the largest paper trading operations in Asia ex-Japan, maintained strong partnerships with existing clients and reported stable growth during the year. External revenue increased 10% to HK\$429 million while profit contribution increased 5% to HK\$14 million compared to the previous year.

Outlook

According to Mr Yum, Hung Hing expects business in the mainland China domestic market to grow steadily as demand for children's products and packaging rise in the long term, while remaining cautiously optimistic about prospects in the Group's export markets.

Mr Yum concluded, "Globally, market conditions are likely to remain soft over the coming few quarters. To address market uncertainties, we will maintain cost controls, improve efficiency, promote our value-added services and actively pursue higher-margin business across all our business units. We believe that our core strengths – high quality, a strong financial position and vertically integrated operations and a team of skilled employees – will give us a competitive advantage."

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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 four plants in China: three in the Guangdong province (Shenzhen, Zhongshan and Heshan) and one in 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 approximately 9,500 employees. It has been listed on The Hong Kong Stock Exchange since 1992.

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