



鴻興印刷集團有限公司

# Hung Hing Printing Group Limited

Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Ind. Est., N.T., Hong Kong Tel: 2664 8682 Fax: 2664 2070

## PRESS RELEASE

### Hung Hing achieves stable profits and a strong cash position in 2016

	<u>2016</u>	<u>2015</u>
	<u>HK\$ million</u>	<u>HK\$ million</u>
• Group revenue declined 2.7%	2,956	3,037
• Operating profit decreased 7.3%	66	72
• Profit attributable to shareholders slightly decreased 1.1%	38	38
• Net cash increased 4.1%	561	539
• Earnings per share remained stable	HK4.2 cents	HK4.2 cents
• Proposed final dividend increased 20%	HK3.0 cents	HK2.5 cents
• Total dividend for the year on par with 2015	HK4.0 cents	HK4.0 cents

**Hong Kong, 22 March 2017** – Hung Hing Printing Group Limited (HKSE: 450) today announced its full-year results for the financial year ended 31 December 2016. The Group successfully turned around from a soft first half to record strong sales growth in the second half. Overall revenues declined slightly by 2.7% to reach HK\$2,956 million while gross margin increased by 0.2%.

The Group's largest business unit, Book and Package Printing, improved revenue through domestic sales increases combined with product and customer segment diversification. The Consumer Product Packaging and Corrugated Box units achieved further operating efficiencies to manage an abrupt paper price surge in the fourth quarter. The Paper Trading unit not only enabled other business units weather this volatility but also achieved a steady operating profit compared to the same period last year.

On 27 February 2017, the Group entered into an agreement to transfer its equity in one of its paper trading subsidiaries, the Sun Hing Paper (Shenzhen) Company Limited, to a mainland China-based buyer, Shenzhen Jinzhi Investment Co. Ltd., at a total consideration of RMB1,026 million. This move will enable the Group to attain higher operating efficiencies while facilitating strategic investments for long-term growth that will yield improved shareholder returns.

Profit from operating activities decreased by 7.3% to HK\$66 million primarily due to lower full-year sales combined with increased distribution costs which were incurred to upgrade value-added services to key customers. Profit attributable to equity shareholders of the Company remained stable at HK\$38 million, a slight decrease of 1.1% compared to the previous year.

The Group continued to strengthen its net cash position which stood at HK\$561 million as at 31 December 2016. Capital investments, including deposits paid for capital investments, of around HK\$93 million were made to upgrade manufacturing capabilities and improve workflow and processes. Gearing remained consciously conservative at 9.6% (2015: 9.7%).

Basic earnings per share was the same as the previous year at HK4.2 cents. The Board of Directors has proposed a final dividend of HK3 cents. This, together with the interim dividend of HK1 cent, brings the total dividend for the year to HK4 cents, matching the payout made in the previous year.

Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, “In 2016 we delivered a stable revenue performance despite a general economic slowdown, lacklustre business sentiments, currency fluctuations and paper price volatility. Following a soft first half, we saw a significant improvement in business in the third and fourth quarters with customers catching up on orders for the festive season. By emphasising innovation and agility to address evolving customer needs we were able to consolidate our position as the preferred print and packaging partner of leading companies and brands worldwide.”

### **Business Unit Review**

The **Book and Package Printing** business unit delivered a 2.5% increase in revenue to HK\$1,766 million despite a soft first half, driven by improved sales of children’s books, novelty products, sales promotion items and greeting cards, as well as book printing and packaging projects especially in mainland China. Currency fluctuations and subdued business sentiment led to a lower profit contribution of HK\$40 million.

The **Consumer Product Packaging** business unit grew its profit contribution by 4.4% to HK\$11.9 million despite a 10% drop in revenue as a result of an improved product mix and design, a stronger emphasis on high value-added solutions and the use of new technologies. Innovative, easy-to-assemble sales promotion items and cosmetics packaging incorporating multimedia technology received a positive response from customers.

The **Corrugated Box** business followed a prudent inventory policy and its vertically integrated operations enabled the unit to maintain service standards despite paper supply interruptions. The business reported external revenue of HK\$150 million, compared to HK\$188 million recorded in the previous year. Profit contribution was affected by paper price volatility and decreased 68% to HK\$3.4 million.

The **Paper Trading** business recorded a 3.2% increase in profit contribution to HK\$14.6 million despite a slight decrease of external revenue. The profit increase was attributable to value-added services and improved inventory management, as well as increased exports to South East Asia. The unit improved stock circulation and was able to secure advantageous prices for special stock during paper supply interruptions in the fourth quarter.

### **Outlook**

Mr Yum said that the Group would continue to focus on tapping into the significant opportunities available in the mainland China domestic market while strengthening the export business.

“While the geopolitical and economic climate around the world will likely remain uncertain, we are confident that our responsive and agile business model, quality at competitive prices and strong financial position will enable us to continue to deliver a sustained long-term increase in shareholder value,” Mr Yum concluded.

- END -

**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, and manufacturing facilities at five locations in Hong Kong and 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 approximately 9,200 employees. It has been listed on The Hong Kong Stock Exchange since 1992.

###

For enquiries, please contact:

Charlotte Fan  
Prime Communications Limited  
Tel: 9191 9951  
Email: [charlotte.fan@primecomshk.com](mailto:charlotte.fan@primecomshk.com)