



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing Announces Interim Results 2011/12

Reported a positive revenue growth amid sluggish economic recovery

- Group revenue rose 1% to HK\$1,573 million
- Operating profit decreased by 69% to HK\$56 million
- Profit attributable to shareholders declined 76% to HK\$31 million
- Balance sheet remains strong with net cash of HK\$128 million
- Interim dividend of HK2 cents per ordinary share

Hong Kong, 28 November 2011 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 September 2011, reporting a slight growth in overall revenue.

Revenue for the period rose 1% to HK\$1,573 million. The sluggish economic recovery in key global markets as well as rising production costs in China impacted the Group's operating profit, which declined by 69% to HK\$56 million. Profit attributable to equity holders of the Company decreased by 76% to HK\$31 million, while basic earnings per share fell 76% to HK3.4 cents.

As of 30 September 2011 the Group maintained a solid net cash position of HK\$128 million. Backed by the Group's solid cash-flow and financial position, the Board of Directors has declared an interim dividend of HK2 cents per share.

Mr. Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, "Although the Group posted a revenue growth in the first half, the soft economic recovery in our export markets and rising production costs continued to challenge our businesses. Increased wages and the continuing appreciation of Renminbi (RMB) further affected our labor-intensive business units, causing a decline in the Group's operating profit year-on-year.

"Despite the challenging macro-economic conditions, the Group is on track to invest further in its domestic consumer product packaging business, which reported a 15% growth in revenue and a wider base of nation-wide and multinational clients."

Business Unit Review

The **Book and Package Printing** business unit, the Group's largest, reported a decline in revenue of 1% at HK\$860 million, representing 55% of the Group revenue. The business unit was impacted by cost challenges – paper price, increased wages and the appreciation of RMB that brought profit contribution down by 87% to HK\$14 million.

The **Consumer Product Packaging** business unit saw revenues increase by 15% to HK\$389 million. Strong results were driven by the growing domestic consumer market, resulting in an increase in profit contribution of 5% to HK\$10 million.

The **Corrugated Box** business unit, with a significant focus on export manufacturers in the Pearl River Delta, reported a decrease of 13% in revenue to HK\$147 million. The business was impacted by the weakened consumer demand in the U.S. and Europe, as well as rising production costs. Profit contribution also decreased to HK\$20 million, representing a 43% decline year-on-year.

The **Paper Trading** business saw external revenue decline by 4% to HK\$176 million due to the slowdown in export activities across the Pearl River Delta. Profit contribution fell 54% to HK\$21 million. Volatility of paper price and tightened bank financing which prompted the Group's customers to reduce their paper stock levels, also impacted the sales revenue of the business unit.

Outlook

While demand from our main export markets in the U.S. and Europe remain weak, the Group has made further investments in the domestic packaging business where we expect continued growth on the back of the robust Chinese economy.

Mr. Yum said, "Our export business will continue to face challenges in the second half. However, the Group is in a sound financial position, which we believe will strengthen our business partners' confidence at a volatile time and give us ample resources to capture growth opportunities in the domestic and export markets."

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About Hung Hing Printing Group Limited (HKSE: 450)

Founded in 1950, the Company has developed over the past six decades into one of the largest printers in Asia, with significant operations in book and packaging printing, consumer product packaging, corrugated box 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, and over 11,000 employees. With its main focus on customers' success, the Company harnesses the latest in technology and ideas to create print solutions through sustainable operating practices, and serves clients in China and around the world. Hung Hing was listed on the Hong Kong Stock Exchange in 1992.

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