



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing Announces Final Results for Nine Months Ending 31 December 2012

Financial year-end change resulted in a reduction in the reporting period to nine months (April – December 2012)

| <u>Current period vs Previous period</u> | <u>Current Period*</u> <u>HK\$ million</u> | <u>Previous period**</u> <u>(Unaudited)</u> <u>HK\$ million</u> | <u>Previous year***</u> <u>HK\$ million</u> |
|---|---|---|--|
| • Group revenue rose 6% | 2,407 | 2,273 | 2,854 |
| • Operating profit increased by 16% | 89 | 77 | 73 |
| • Profit before income tax increased by 26% | 71 | 56 | 45 |
| • Profit attributable to shareholders rose 46% | 54 | 37 | 26 |
| • Earnings per share were HK6 cents, up 46% | HK6.0 cents | HK4.1 cents | HK2.8 cents |
| • Balance sheet remains strong with net cash of HK\$241 million | | | |
| • Proposed final dividend of HK2 cents, total dividend for the period HK5 cents | | | |

* *Current period – 1 April 2012 to 31 December 2012*

** *Previous period – 1 April 2011 to 31 December 2011 (presented for comparative purposes only)*

*** *Previous year – 1 April 2011 to 31 March 2012*

Hong Kong, 21 March 2013 – Hung Hing Printing Group Limited (HKSE: 450) today announced its final results for the nine months ended 31 December 2012, reporting a 6% increase in the Group's revenue to HK\$2,407 million.

Effective from 2012, Hung Hing Printing Group Limited (the Group) changed its financial year-end date to 31 December. This change allows all Group companies, both in Hong Kong and China, to share a common financial year-end date, facilitating streamlined preparation of consolidated financial statements.

The revenue increase was primarily driven by strong growth in the Group's Book and Package Printing business. However the increase was partially offset by the relatively soft performance of the other three business divisions - Consumer Product Packaging, Corrugated Box and Paper Trading, which faced a slowdown in the domestic market and export processing across the Pearl River Delta.

During the reporting period, commodity and other material costs remained stable. Despite the continuing rise in wages, the Group has been able to maintain and tighten its controls over costs and price quotations. As a result, the Group's profit before tax rose 26% to HK\$71 million.

Profit attributable to shareholders was up by 46% to HK\$54 million, while basic earnings per share were HK6 cents. The Board of Directors has proposed a final dividend of HK2 cents. This, together with the interim dividend of HK3 cents, brings the total dividend for the nine-month period to HK5 cents.

Mr. Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, “During the period under review, the Group not only enhanced sales efforts and strengthened cost controls, but also strategically invested in future growth to create long-term value for shareholders. We continued our program to improve inventory controls, upgrade and replace our facilities and equipment, invested in product and process innovation, and most importantly in our people.”

Business Unit Review

The **Book and Package Printing** business unit, the Group’s largest, reported double-digit revenue growth of 15% to HK\$1,399 million as a result of repeat orders from existing and new customers. This represented 58% of the Group revenue. Profit contribution rose 124% to HK\$42 million. The Group continued to benefit from accelerated consolidation among export printers in south China, and make inroads into the luxury packaging business. Together with its strategic partner and second-largest shareholder Rengo, the Group has also expanded its retail display business in Japan and other Asian markets.

The **Consumer Product Packaging** business unit saw revenues decline by 4% to HK\$573 million, largely due to a slowing mainland China economy, new entrants from the export sector and intensified price competition. As a result of the Group’s improved productivity, profit contribution for this business unit increased to HK\$16 million.

The **Corrugated Box** business unit reported a 4% decline in revenue to HK\$206 million, as a result of a general slowdown in export activity across the Pearl River Delta region. Profit contribution also fell 28% to HK\$22 million. During the period, the Group enhanced its sales development efforts in the mainland domestic market, with notable positive results in the packaged food, beverage and home care sectors.

The **Paper Trading** business saw revenue drop by 7% to HK\$228 million, also caused by the slowdown in export activity across the Pearl River Delta as well as tightened credit management. Profit contribution fell 61% to HK\$9 million. The trend of softening paper prices during the period coupled with reduced demand led to intensified price competition and a significant drop in profit margin for the business.

Outlook

With a slow macro-economic recovery under way, the Group is cautiously positive about business growth originating from the U.S. market. As consumerism and household disposable income rise in China, the Group sees further opportunities in China, both in the consumer product packaging and children’s book markets.

Mr. Yum said, “We are optimistic about the long-term prospects of the printing and packaging business. We expect industry consolidation to gain further momentum in the year ahead, and in this context, we will strengthen our marketing efforts among existing and new customers to take advantage of this trend.”

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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 over 10,000 employees. It has been listed on The Hong Kong Stock Exchange since 1992.

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