



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing Posts 30% Increase in 2013 Interim Profits

- Revenue declined slightly by 2% to HK\$1,345 million
- Profit attributable to shareholders rose 30% to HK\$16 million
- Balance sheet remains strong with net cash of HK\$345 million
- Interim dividend of HK1.7 cents per ordinary share

Hong Kong, 23 August 2013 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six month ended 30 June 2013, reporting a 30% rise in profit attributable to equity holders. Basic earnings per share were HK1.7 cents.

The Group reported stable aggregate revenues across business segments. Overall sales totaled HK\$1,345 million, slightly behind the comparable period in 2012 by 2% due to paper price adjustments and persistent economic uncertainties in both overseas and domestic markets which impacted customer demand and confidence in general.

The two largest business units, Book and Package Printing and Consumer Product Packaging, which combined account for over 80% of the Group's overall sales revenue, achieved moderate sales growth, while the other two businesses, Corrugated Box and Paper Trading, reported sales declines.

The Group benefited from favorable exchange rates, higher returns from forward contracts and productivity savings from automation initiatives. As a result despite the negative effects caused by sales declines, order pattern changes, and operating cost increases in China due to RMB appreciation and increase of social insurance and minimum wages, profits remained strong.

As of 30 June 2013, the Group maintained a solid net cash position of HK\$345 million, an increase of HK\$104 million from January 2013. Backed by the Group's strong cash flow and solid financial position, the Board of Directors has declared an interim dividend of HK1.7 cents per share.

Mr. Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, "Despite a relatively quiet first quarter, orders picked up significantly in the second quarter. The Group attained high asset utilization and growth in overall paper consumption during the six-month period."

"In anticipation of continued strong momentum in the third quarter, and to improve operating efficiencies, the Group has committed HK\$31 million of new investment during the period to expand and enhance our printing, box-making and post-print capacity across all its facilities."

Business Unit Review

Revenue from the **Book and Package Printing** business unit, the Group's largest, increased 1% to HK\$763 million during the six months under review. Profit contribution margin fell to 2%, compared to 3% the previous year. Growth was affected by a slowdown in special packaging orders and delays in paper deliveries sourced from third-party suppliers. The Group, however, continued to benefit from new orders for children and novelty book products in the U.S. and consolidation of the print industry in southern China.

During the period under review, the Group established the HH Deluxe brand in the United Kingdom and Europe under the Book and Packaging Printing business unit. This branding effectively signals the Group's entry into the high-end luxury packaging market, serving luxury and elite brand customers through its sales offices in the European Union (EU).

The **Consumer Product Packaging** business unit reported a 4% increase in revenue to HK\$358 million. Even so, profit contribution decreased to HK\$2 million from HK\$6 million the previous year. Increased competition and price pressure affected the performance of this business unit.

The **Corrugated Box** business unit saw revenues decline by 12% to HK\$101 million, as a result of a slowdown in export activities and softer domestic consumption in the first half of the year. Profit contribution also declined to HK\$4 million. The Group focused specifically on business development activities targeting higher end customers with more demanding compliance requirements in response to weak demand, rising labour and logistics costs.

The **Paper Trading** business reported a 25% decline in revenue to HK\$123 million, largely due to a decline in paper prices and reduced orders from small to medium-sized customers. In light of these challenges, the Group took efforts to expand customer base and tighten credit management for this business unit.

Outlook

While there is still some uncertainty about the short-term economic environment, overall prospects for the Group's business in the medium term appear encouraging. The Group expects the European economies to stabilize and slow but stable growth in the U.S. Meanwhile, a reduced shareholding in the Group's paper mills will allow for a stronger focus on consolidating and growing the core businesses.

Mr. Yum said, "The Group's sound financial position will put us in an advantageous position to capture market opportunities as and when they arise."

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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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