



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing Reports Solid Growth in 2013 Full-Year Results

Profit increased by 82% to HK\$77 million

<u>Current year vs previous year</u>	<u>Current Year*</u>	<u>Previous Year**</u>	<u>Previous Period***</u>
	<u>HK\$ million</u>	<u>(Unaudited)</u> <u>HK\$ million</u>	<u>(Audited)</u> <u>HK\$ million</u>
• Group revenue rose 1%	3,013	2,988	2,407
• Operating profit increased by 32%	112	85	89
• Profit before income tax increased by 75%	105	60	71
• Profit attributable to shareholders rose 82%	77	42	54
• Earnings per share were HK8.5 cents, up 81%	HK8.5 cents	HK4.7 cents	HK6 cents
• Balance sheet remains strong with net cash of HK\$471million			
• Proposed final dividend of HK5.3 cents, total dividend for the year HK7 cents			

* Current year – 1 January 2013 to 31 December 2013

** Previous year – 1 January 2012 to 31 December 2012 (presented for comparative purposes only)

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

Hong Kong, 17 March 2014 – Hung Hing Printing Group Limited (HKSE: 450) today announced its financial results for 2013, the first full year since its reporting period was realigned to coincide with the calendar year. In the year ended 31 December 2013, the Group achieved solid results with a 1% increase in revenue to HK\$3 billion and an 82% increase in profit attributable to shareholders to HK\$77 million.

During the year, the Group was able to leverage its core competences, diversified business portfolio and economies of scale to achieve improved results. The revenue increase was primarily driven by growth in the Group's two largest business units: Book and Package Printing; and, Consumer Product Packaging. However the increase was partially offset by the relatively soft performance of the other two business units: Corrugated Box; and, Paper Trading, which were affected by the continued challenging conditions for exports from China and the fluctuation in the paper price.

The significant growth in profit attributable to shareholders was mainly due to currency exchange gains and partial disposal of the Group's equity interests in the paper mill entities in mainland China. The absence of the share of losses of its former associates upon the re-designation of the Group's investment in the paper mills in the previous period also contributed to the growth in profits.

Profit from the Group's operating activities increased by 32% to HK\$112 million. Basic earnings per share during the year were HK8.5 cents, compared to HK4.7 cents for the previous year. The Board of Directors has proposed a final dividend of HK5.3 cents. This, together with the interim dividend of HK1.7 cents, brings the total dividend for the year to HK7 cents, compared to HK5 cents in the previous year.

Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, "The Group's strong financial position, track record of reliable, on-time delivery, economies of scale and strong customer service levels enabled us address the demand for assured quality and on-time delivery, despite smaller orders and shorter lead times."

Business Unit Review

Book and Package Printing remains the Group's largest business unit and accounted for approximately 57% of total sales during the year. With revenue of HK\$1,728 million, an increase of 2% from the previous year, the unit made a profit contribution of HK\$54 million, up 47%. Book and Package Printing continued its growth trend and successfully expanded into new European territories to offset weaker demand in other markets. Economic activities in the U.S. picked up steadily with new orders for children's and novelty book products, and exports to Japan also grew.

The **Consumer Product Packaging** business unit saw revenue increase by 6% to HK\$786 million. Certain government measures had a short-term impact on the high-end luxury packaging business, while increased competition and price pressure on the mid/low-end packaging segments also affected performance, leading to reduced profit contribution of HK\$13 million.

The **Corrugated Box** business unit reported an 11% decline in revenue to HK\$228 million, as a result of the wider slowdown in exports and softer than expected domestic consumption in mainland China. Profit contribution also fell to HK\$13 million.

The **Paper Trading** business saw revenue fall by 8% to HK\$271 million, primarily due to a decline in the paper price and reduced orders from small to medium-sized customers. Profit contribution was down slightly to HK\$7 million.

Outlook

With indications that a gradual recovery in domestic consumption is under way, long-term growth opportunities in the China domestic consumer packaging and corrugated carton markets remain strong. In overseas markets, improvements in consumer sentiment are expected to persist in 2014, but customer orders will continue to follow a more intense cyclical pattern with customers placing smaller orders with shorter lead times.

"The Group's long-standing principles of value, quality and prudent management have enabled us to end 2013 in a strong financial position despite economic and currency volatility. We will persist with our efforts to maintain and manage every aspect of our operations in line with our aim to achieve sustainable, long-term growth," said Mr. Yum.

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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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