鴻興印刷集團有限公司
HUNG HING
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 reports 2016 interim results

- Revenue declined by 6.2% to HK$1,323 million compared to the corresponding period in 2015
- With a 1.6% point decline in gross profit margin, the Group recorded a net loss of HK$22 million attributable to equity shareholders of the company, compared to an HK$11 million profit during the corresponding period in 2015
- Strong financial position with approximately HK$515 million net cash on hand
- Interim dividend of HK1 cent per ordinary share

Hong Kong, 23 August 2016 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 June 2016, reporting a 6.2% decline in revenue to HK$1,323 million. Book and Package Printing, the Group's largest business unit, and the Paper Trading business unit maintained stable revenues on the back of increased children's book printing and paper exports. Revenues of the other two business units, Consumer Product Packaging and Corrugated Box, declined due to weak market conditions.

As a result of reduced sales, unfavourable sales mix of less special projects and related unfavorable impact on capacity utilisation and efficiency, the Group recorded a net loss of HK$22 million attributable to equity shareholders of the company.

Mr. Matthew C.M. Yum, Executive Chairman of Hung Hing Printing Group Limited, said, "During the first half of 2016, geopolitical and economic flux in Europe, combined with soft demand in the China market, impacted customer sentiment and resulted in subdued order intake. Towards the end of the second quarter, we began to see resurging orders for delivery in the second half of the year. The encouraging trend in new orders continues."

During the period, the Group leveraged its strong liquidity to upgrade equipment, realign machinery and acquire new capabilities. The Group also collaborated with business partners to launch new titles and features in its innovative Beluga 'print + digital' range of interactive publications, which have been well received by global customers.

With good confidence in continued improvements of business performance during the rest of the year and backed by the Group's strong liquidity position, the Board of Directors has declared an interim dividend of HK1 cent per share.

Business Unit Review

During the period, both the Book and Package Printing, as well as the Paper Trading business units, were able to maintain stable revenues. This steady performance partly alleviates a decline in the revenues of the Consumer Product Packaging and Corrugated Box business units.

External revenues from **Book and Package Printing (BPP)** declined slightly to HK$760 million, compared to HK$775 million the previous year. Benefiting from its long-standing expertise in innovative product design and production, as well as its investments in the latest techniques and equipment, the business unit increased sales in its core product lines such as the children's books, cards and novelty products. A longer-than-expected period of subdued order intake was experienced at the beginning of the year. As a result, BPP recorded a loss of HK$12 million, compared to a profit contribution of HK$25 million last year.

Consumer Product Packaging (CPP) saw external revenues decline by 16% to HK$278 million. The business unit was affected by a softening China domestic market. Consumer sentiment stayed at a relatively low level during the period, leading to short-term restrictions in order placement. The business unit reported a loss of HK$6 million compared to the loss of HK$4.3 million in the previous period.

Corrugated Box (CB) was impacted by the same economic factors and general business conditions that affected the performance of the other business units, recording a 22% drop of external revenues to HK$66 million. Despite lower revenues, CB improved efficiencies and implemented stringent cost controls to maintain margins. During the period, the business unit reported breakeven results, compared to a profit contribution of HK$3.3 million last year.

Paper Trading (PT) maintained relatively stable revenues at HK$218 million, compared to HK$221 million the previous year. Despite a slow start to the year, sales increased as the peak season started to kick in towards the latter part of the first half. During the period, the business unit achieved a profit contribution of HK$8.4 million, a slight decline of 8% from HK$9.2 million last year.

Outlook

Export orders picked up robustly towards the end of the second quarter, which is traditionally the peak season. Business sentiments in Europe are showing signs of stabilising. As the domestic China market becomes more sophisticated, more customers are looking for professional and reliable printing partners with a track record of value addition, versatile capabilities and adherence to ethical and governance standards.

Mr. Yum said, "The Group will place strong emphasis on developing the domestic China market, offering a broader range of solutions to meet increasing demand. Our long history of operations excellence, prudent financial management and ability to embrace innovation have rendered the Group cautiously optimistic about the outlook for the second half of the year as well as consistent growth over the long term."

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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 approximately 11,000 employees. It has been listed on The Hong Kong Stock Exchange since 1992.

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For enquiries, please contact:

Charlotte Fan
Golin
Tel: 2501 7978
Mobile: 9191 9951
Fax: 2810 4780
Email: cfan@golin.com