鴻興印刷集團有限公司
Hung Hing Printing Group Limited

Interim Results

6 months to 30 June 2014

60 plus HUNG HING YEARS OF PRINTING EXCELLENCE

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Note:

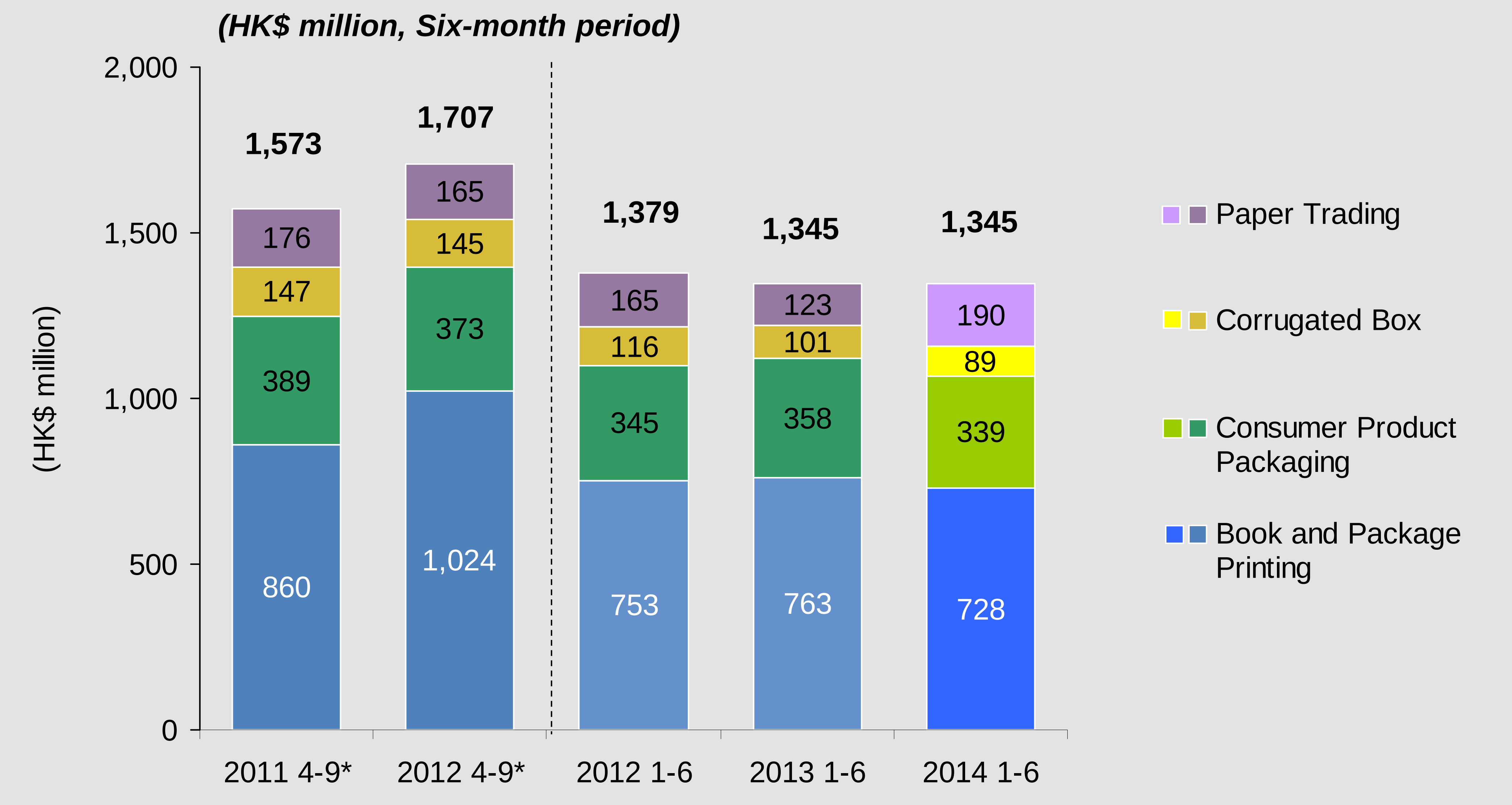
The financial year end of Hung Hing Printing Group Limited (HHPG) has been changed from 31 March to 31 December since 2012.

Highlights – Six months ended 30 June, 2014

- Revenue remained stable at HK$1,345 million, comparable to the corresponding period in 2013
- A loss attributable to the owners of the Company of HK$52 million was recorded, largely due to fluctuations in RMB exchange rate which mostly are with no cash-flow impact
- Financial Position remains strong with net cash of HK$343 million, almost at the same level as the corresponding period last year

Hung Hing remains optimistic about demand levels in the second half. With increased investment in research and development and early adoption of new technologies, the Group is able to offer more value-added services and deepen relationships with customers. Moreover, the Group is well prepared with a strong cash position and appropriate inventory levels in anticipation of increases in orders and shorter lead times for the rest of the year.

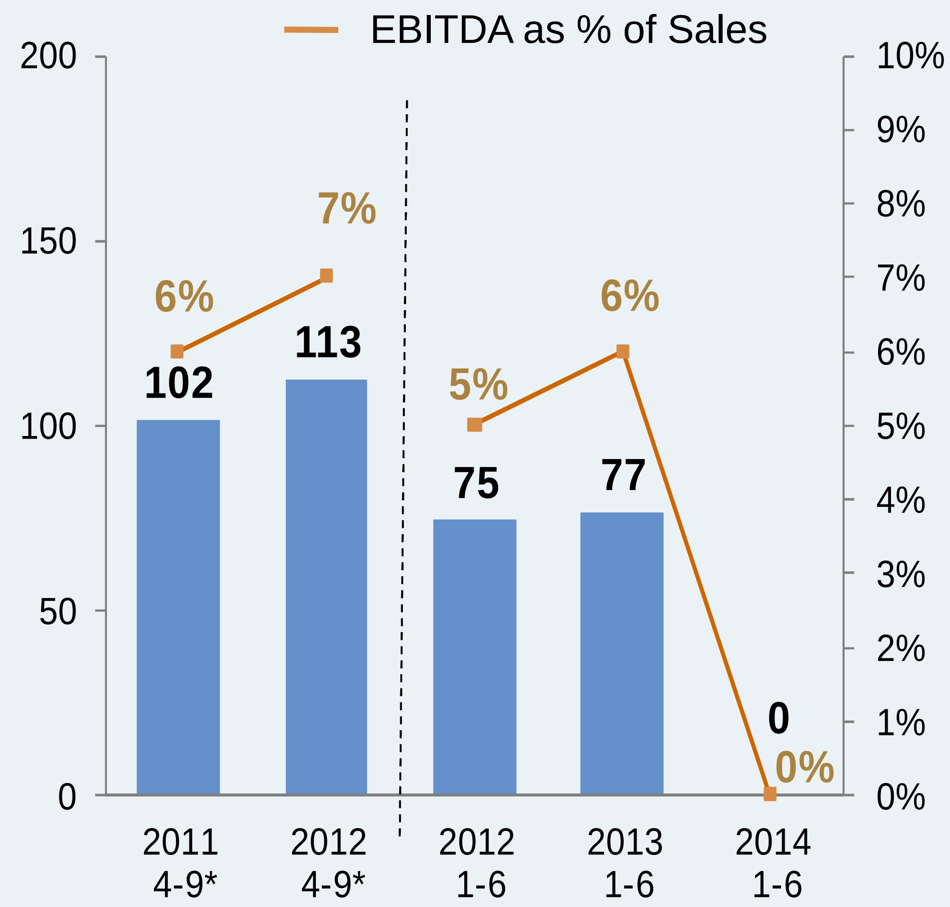
Group revenue remained stable at HK$1,345 mil. with a shift in sales mix from books and packaging products to paper trading



* Subject to seasonality due to change in cut-off from “Apr-Sep” to “Jan-Jun”.

Group EBITDA at breakeven, and was disadvantaged mainly by fluctuations in RMB which mostly are with no cash-flow impact

EBITDA (HK$ million)



Commentary vs. Prior Year

- Net fair value loss of approx. HK$23m arising from forward contracts (vs. HK$6m gain in 1H2013) for hedging against the Group's currency exposure to fluctuations in RMB.
- Exchange loss of HK$15m (vs. HK$ 4m gain in 1H2013) mainly due to translation of RMB monetary net assets held by the Group for supporting core operations in PRC
- Gross profits declined by HK$30m driven primarily by sales mix changes with order delays of higher margin books and packaging business segments but strong growth in paper trading

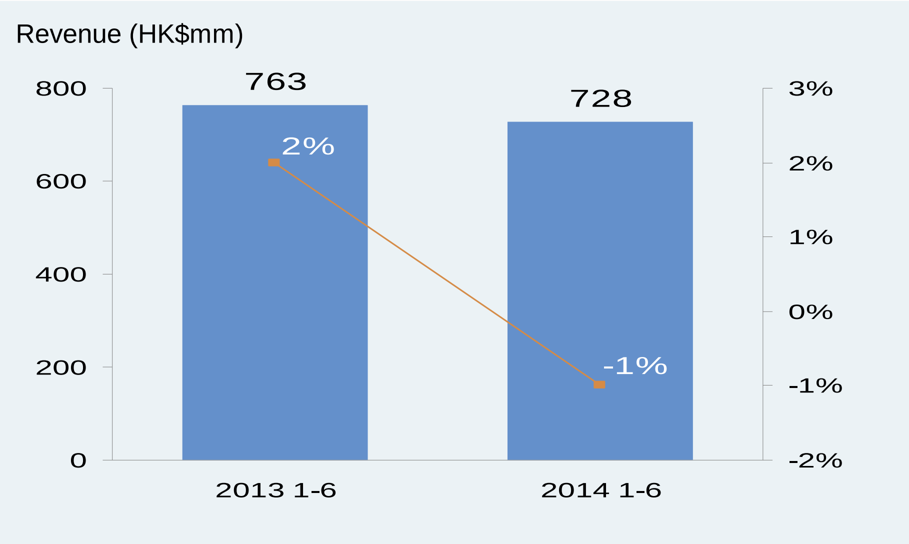
* Subject to seasonality due to change in cut-off from "Apr-Sep" to "Jan-Jun".

Strengthened value-add & deepened relationships with customers in 2H expected to drive up sales and improve margins of BPP / CPP / CB with more efficient capacity utilization

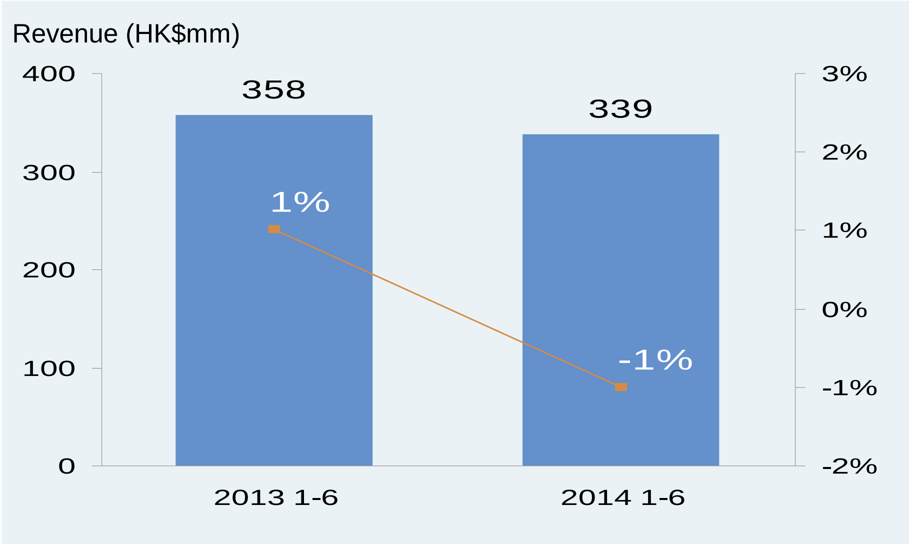
Segment revenue & profit % *(Six-month period)*

External revenue | Intersegment revenue | Segment profit (%)

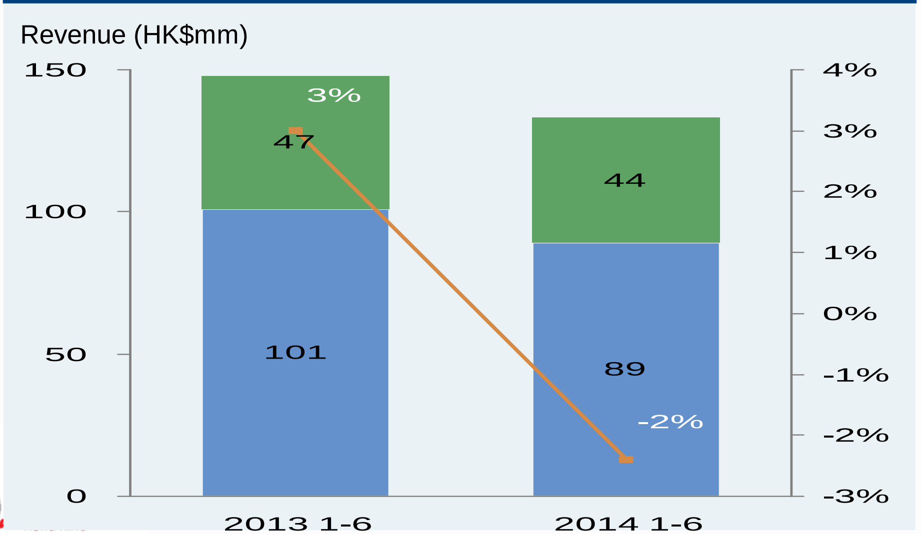
Books and Package Printing (BPP)



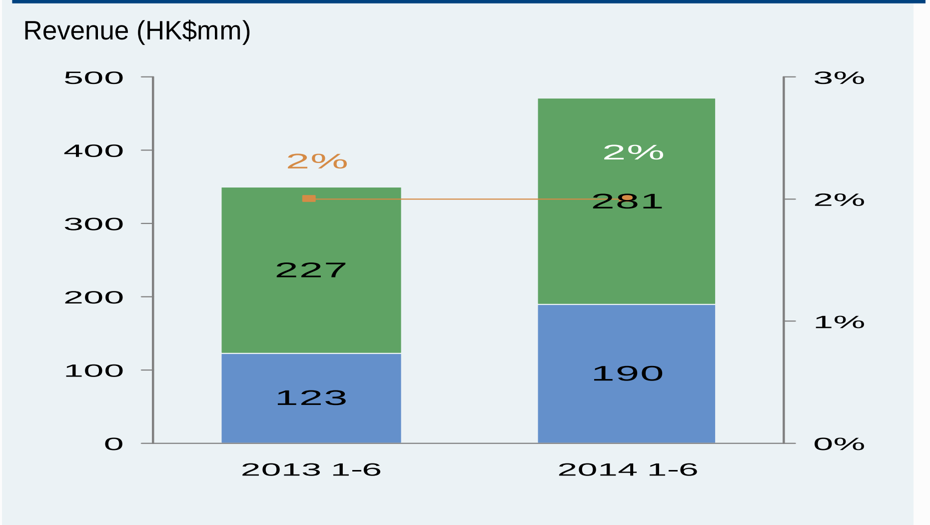
Consumer Product Packaging (CPP)



Corrugated Box (CB)



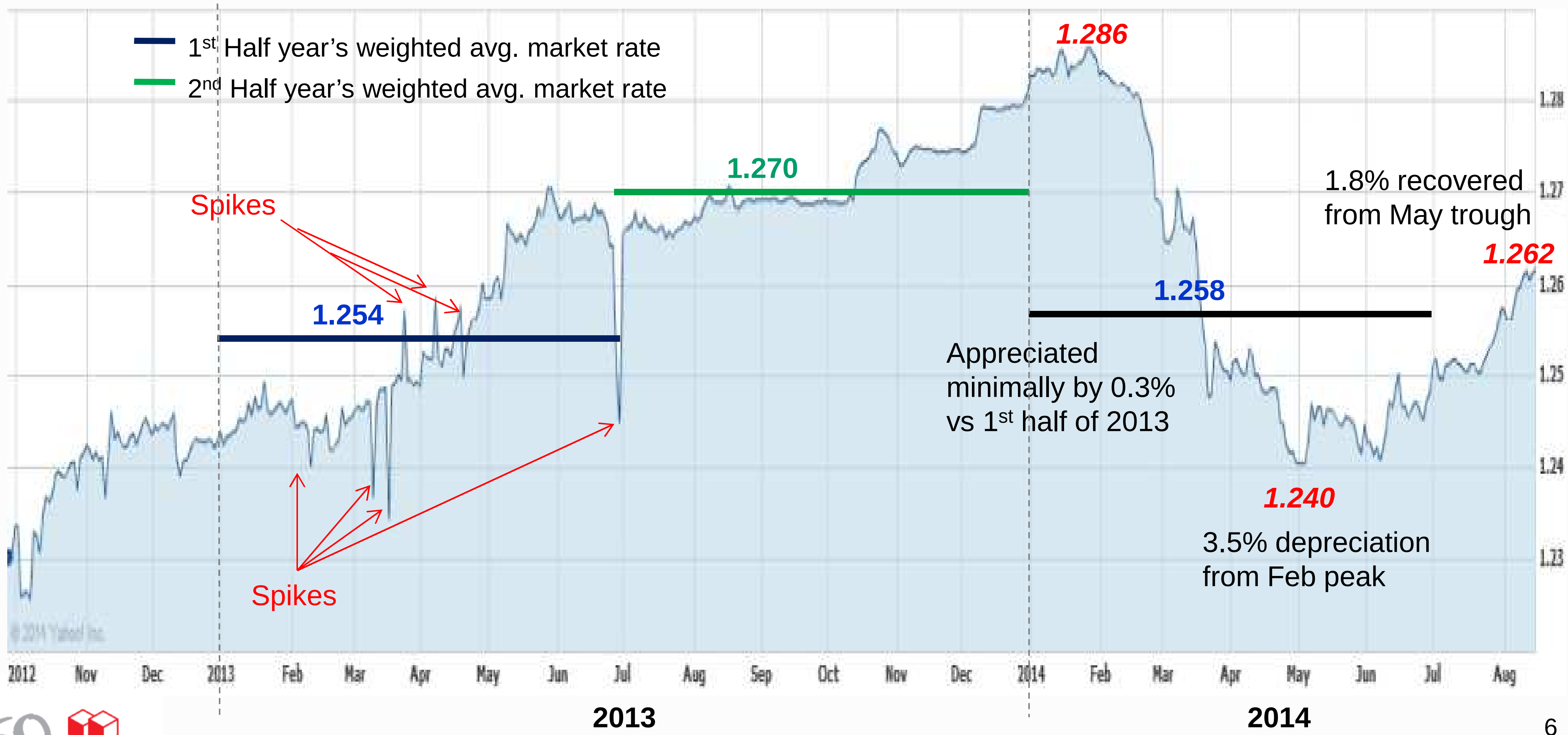
Paper Trading (PT)



CNY (RMB) exchange rate movement

- Spikes frequently found in 2013 means higher RMB risks and needs for hedging
- Clear trends of RMB rebound since June; market expectation is to continue

CNY (RBM) vs. HKD, Market Exchange: 2012 ~ 2014 Aug



60 plus YEARS OF PRINTING EXCELLENCE HUNG HING

Income Statement

Six months ended 30 June (HK$ Mil.)	External Sales		Profit (Loss)		
	2014	% Chg	2014	2013	Chg
Book & Package Printing	728	-5%	(7)	16	(23)
Consumer Product Packaging	338	-5%	(5)	2	(7)
Corrugated Box (external sales only)	89	-12%	(3)	4	(7)
Paper Trading (external sales only)	190	54%	11	5	6
Segment Total (Sales w/ elimination)	**1,345**	0%	**(4)**	**27**	**(31)**
Inter-segment elimination			(4)	(3)	(1)
Group Total	1,345	0%	(8)	24	(32)
Interest and dividend income			10	6	4
Corp. unallocated exp. and Fwd/Exch gain & loss			(48)	(6)	(42)
Finance costs			(4)	(3)	(1)
Profit before income tax			(50)	21	(71)
Income tax expense			(2)	(4)	2
(Loss) Profit for the year			(52)	17	(69)
Attributable to Owners of the Company			(52)	16	(68)

Commentary

- Delay in orders and slowdown of domestic & export activities affected 1H performance; but upturns are witnessed since 2Q as upstream paper trading showing strong performance
- Segment profits declined driven primarily by sales mix shift which affected capacity utilization
- Higher interest income
- Mainly due to net fair value loss on forward contracts for RMB hedging, and adverse exchange from translation of RMB monetary net assets held by Corp to support PRC operations without cash-flow impact

60 plus HUNG HING YEARS OF PRINTING EXCELLENCE

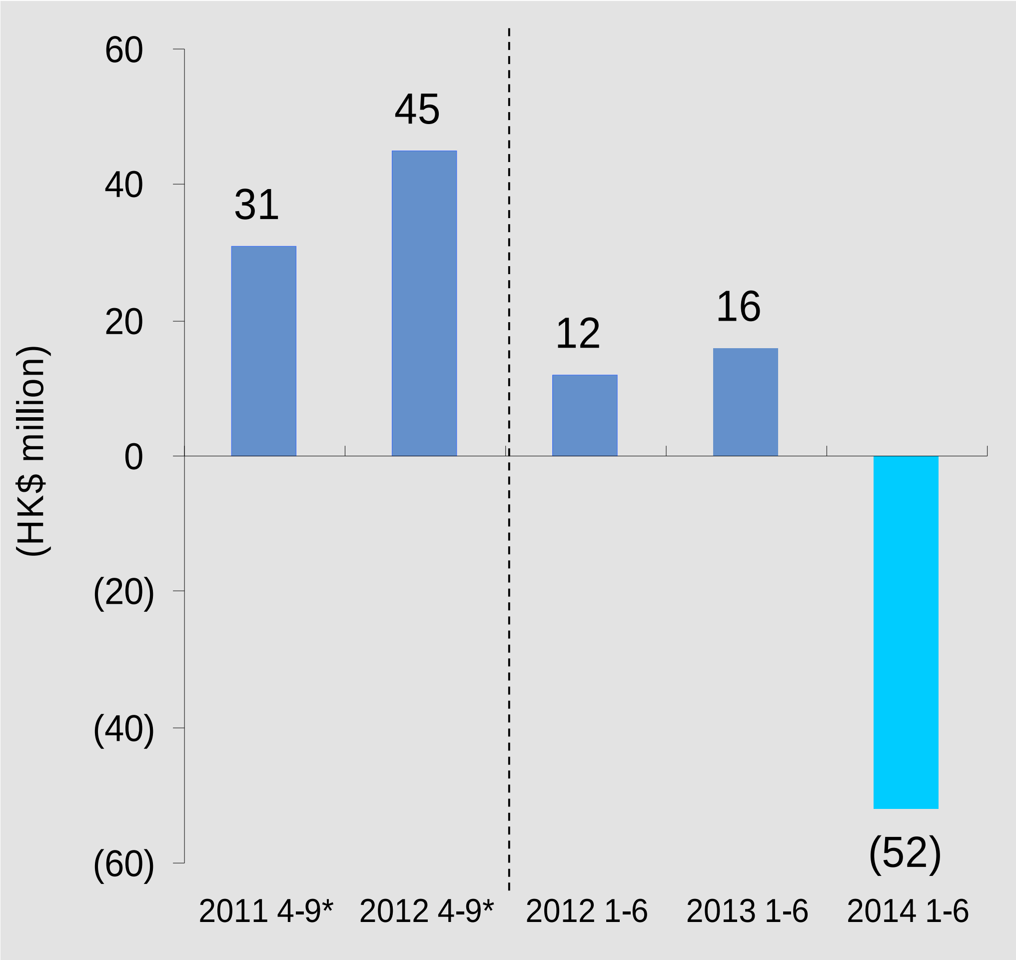
Solid Financial Position Maintaining Strong Net Cash

- Add'l loans for extended RMB hedging and higher interest income via arbitrage
- Strong cash position with adequate inventory prepared (+6m) in anticipation of investment opportunities and orders increase with shorter lead times in 2H

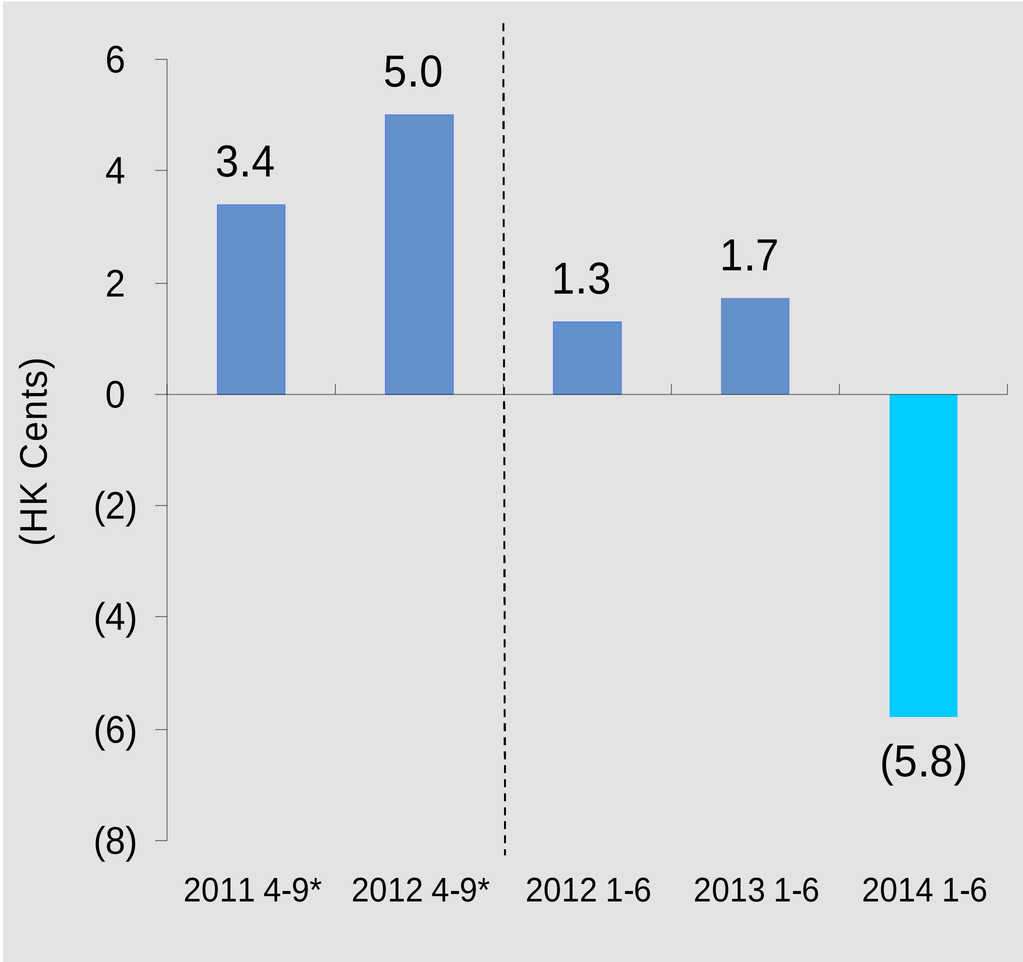
	As of Jun 30		
(HK$ million)	2014	2013	Changes
Assets			
Non-current	1,439	1,491	(52)
Current	2,461	2,211	250
Total Assets	3,900	3,702	198
Included in assets - Cash & Bank and Time deposits	*912*	*702*	*210*
Liabilities			
Non-current	291	207	84
Current	821	666	155
Total Liabilities	1,112	873	239
Included in liabilities - Bank Borrowings	*569*	*357*	*212*
Net Assets	2,788	2,829	(41)
Equity			
Equity attributable to owners of the company	2,631	2,676	(45)
Non-controlling interest	157	153	4
	2,788	2,829	(41)
Gearing Ratio	20%	13%	8%
Net Cash (excl. Bank loans)	343	345	(2)
Current Ratio	3.0	3.3	(0.3)

Earnings per Share (EPS)

Profit (Loss) Attributable to Owners of HHPG



Basic Earnings (Loss) per share



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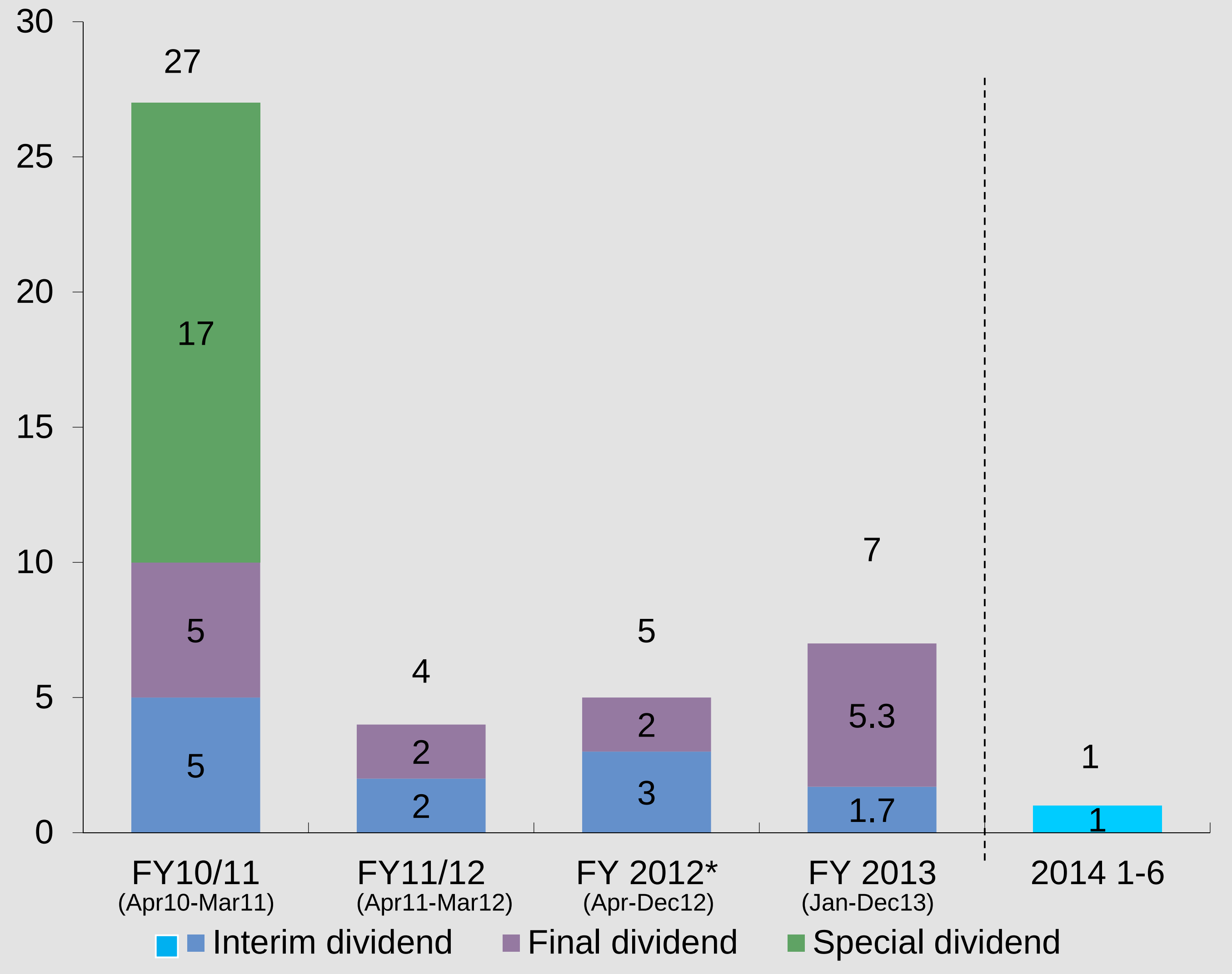
Proposed Interim Dividends



Commentary

- Based on confidence in improvement of business performance during the rest of the year, and backed by the Group's strong cash and financial position, the Board resolved to pay an interim dividend of HK 1 cent.

* Nine months' results for financial year FY2012 due to change of year end from 31-Mar to 31-Dec.

Appendix: Four Complementary Hung Hing Business Segments

	Book & Package Printing	Consumer Product Packaging	Corrugated Box	Paper Trading
Market position	**Leader globally**	**Major player in China**	**Major player in South China**	**Major player in South China**
% 2014 interim revenue	54% (HK$728mm)	25% (HK$339mm)	7% (HK$89mm)	14% (HK$190mm)
Key products	Conventional & Children's books Toys Packaging Luxury Packaging 	Personal care products Packaged food Consumer goods & electronics 	Primarily for export and transportation purposes 	High quality papers sourced from Europe, Americas, Southeast Asia and China. 
Key facilities	Three production facilities in Shenzhen, Heshan, and Hong Kong Total capacity of ~850 million impressions	Two production facilities in Zhongshan and Wuxi , both equipped with dust-free manufacturing zone and BRC (British Retail Consortium) certified.	Main production facility in Shenzhen Additional facility in Zhongshan included under Consumer Product Packaging	Two warehouses in Shenzhen and Hong Kong, with total storage capacity of ~80,000 tons

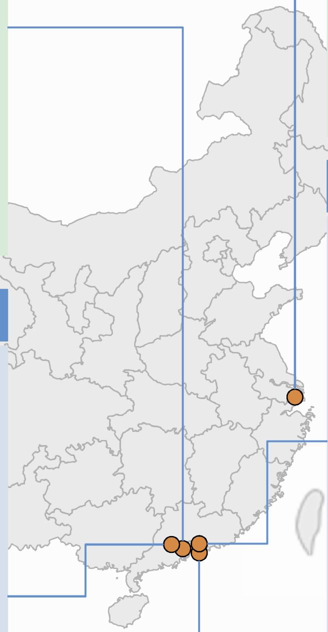
Appendix: Hung Hing established multi-locations infrastructure

Zhongshan

- Printing and manufacturing of folding cartons, litho lam and corrugated containers
- Awarded certifications of ISO9001, ISO14001, BRC, etc.
- Production area: 130,000 m^2
- Production capacity: 222 million impressions

Heshan

- Printing children's and conventional books
- ~330,000 m^2 of land available for further expansion, enough to double current operations
- Awarded certifications of ISO9001, ISO14001, ICTI-COBP, BRC, etc.
- Production area: 110,000 m^2
- Production capacity: 213 million impressions



Wuxi

- Printing & mfg. of folding cartons, litho lam and corrugated containers
- Awarded certifications of ISO9001, ISO14001, BRC, etc.
- Production area: 50,000 m^2
- Production capacity: 147 million impressions

Shenzhen

- Printing & mfg. of folding carton, children's & conventional books, litho lam, corrugated containers
- Paper Trading: warehouse of 36,600m^2 and storage capability of 60,000 tons
- Awarded certifications of ISO9001, ISO14001, ICTI-COBP, etc.
- Production area: 175,000 m^2
- Production capacity: 638 million impressions

Hong Kong

- Corporate headquarters
- Printing of conventional books
- Paper Trading: warehouse of 11,560 m^2 and storage capability of 20,000 tons

Note: The Hong Kong, Shenzhen and Heshan facilities focus primarily on export sales, whilst the Wuxi and Zhongshan facilities cater primarily to the local Chinese market

Thank you

A Leading Printer in Asia

With unrivalled market leadership, well-balanced portfolio and sustained growth for over six decades, Hung Hing is in an excellent position to take advantage of growing opportunities as our industry continues to build momentum.