HUNG HING

HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 450)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	**For the six months ended 30 June 2025 (Unaudited) HK$'000**	2024 (Unaudited) HK$'000
Revenue	2	**935,402**	1,095,702
Cost of sales		**(830,352)**	(942,638)
Gross profit		**105,050**	153,064
Other revenue		**19,658**	21,108
Other net gain		**16,001**	6,591
Distribution costs		**(30,038)**	(26,855)
Administrative and selling expenses		**(159,549)**	(162,408)
Operating loss		**(48,878)**	(8,500)
Finance costs	3	**(1,617)**	(2,520)
Share of profits of associates		**345**	138
Loss before income tax	4	**(50,150)**	(10,882)
Income tax	5	**(2,770)**	3,260
Loss for the period		**(52,920)**	(7,622)
Attributable to:			
Equity shareholders of the Company		**(48,779)**	(4,472)
Non-controlling interests		**(4,141)**	(3,150)
Loss for the period		**(52,920)**	(7,622)

	Note	2025	2024
		HK cents	HK cents
Loss per share attributable to equity shareholders of the Company	6		
Basic		**(5.4)**	(0.5)
Diluted		**(5.4)**	(0.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss for the period	**(52,920)**	(7,622)
Other comprehensive income for the period (net of tax):		
Item that will not be reclassified to profit or loss		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI") (non-recycling)	**1,609**	(695)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of subsidiaries and an associate outside Hong Kong	**10,119**	(47,650)
Change in fair value of intangible assets	**-**	(350)
Other comprehensive income for the period	**11,728**	(48,695)
Total comprehensive income for the period	**(41,192)**	(56,317)
Attributable to:		
Equity shareholders of the Company	**(38,089)**	(49,028)
Non-controlling interests	**(3,103)**	(7,289)
Total comprehensive income for the period	**(41,192)**	(56,317)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2025 (Unaudited) HK$'000**	31 December 2024 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**1,370,382**	1,415,823
Intangible assets		**13,215**	12,348
Prepayments for acquisition of non-current assets		**45,767**	40,659
Interest in associates		**8,832**	8,487
Financial investments		**49,879**	47,854
Deferred tax assets		**27,794**	28,384
		1,515,869	1,553,555
Current assets			
Inventories		**373,871**	342,431
Trade and other receivables	8	**642,455**	564,108
Income tax recoverable		**611**	-
Structured bank deposits		**328,998**	258,197
Cash at bank and on hand	9	**431,466**	717,286
		1,777,401	1,882,022
Current liabilities			
Trade and other payables	10	**335,801**	323,573
Bank borrowings		**45,628**	61,946
Lease liabilities		**17,918**	17,868
Income tax payable		**752**	4,661
		400,099	408,048
Net current assets		**1,377,302**	1,473,974
Total assets less current liabilities		**2,893,171**	3,027,529
Non-current liabilities			
Lease liabilities		**13,085**	21,792
Deferred income		**8,940**	12,693
Deferred tax liabilities		**35,607**	34,432
		57,632	68,917
Net assets		**2,835,539**	2,958,612
Capital and reserves			
Share capital		**1,652,854**	1,652,854
Reserves		**1,069,423**	1,189,393
Total equity attributable to equity shareholders of the Company		**2,722,277**	2,842,247
Non-controlling interests		**113,262**	116,365
Total equity		**2,835,539**	2,958,612

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash (outflow)/inflow from:		
Operating activities	**(109,157)**	(142,038)
Investing activities	**(116,455)**	58,416
Financing activities	**(108,345)**	(126,403)
Net decrease in cash and cash equivalents	**(333,957)**	(210,025)
Cash and cash equivalents at 1 January	**717,286**	799,660
Effect of foreign exchange rate changes	**4,277**	(2,502)
Cash and cash equivalents at 30 June	**387,606**	587,133

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Basis of Preparation and Accounting Policies

This interim financial report for the six months ended 30 June 2025 has not been audited and has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements as set out in Appendix D2 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention except that certain financial assets are stated at fair value and which should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements.

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group:

- Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Revenue and Segment Information

The management committee (being the chief operating decision-maker) has determined the operating segments based on the reports reviewed to make strategic decisions and assess performance. The management committee, comprising the executive chairman and other senior management, has determined the operating segments based on these reports. The Group is organised into four business segments:

(a) Book and Package Printing segment;
(b) Consumer Product Packaging segment;
(c) Corrugated Box segment; and
(d) Paper Trading segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Revenue from external customers are after elimination of intersegment revenue. Inter-segment revenue is charged in accordance with terms determined and agreed mutually by relevant parties.

Management assesses the performance of the operating segments based on a measure of gross profit and other revenue less distribution costs, administrative and selling expenses, and other net gain that are allocated to each segment. Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at an arm's length basis.

Segment results do not include corporate finance costs, other corporate income and expenses and share of result of associates.

The following tables present revenue, results and certain information for the Group ' s business segments for the six months ended 30 June 2025 and 2024.

	For the six months ended 30 June 2025			
	Segment Revenue			Segment Results
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total (Unaudited) HK'$000	(Unaudited) HK'$000
Book and Package Printing	**647,141**	**1,563**	**648,704**	**(22,144)**
Consumer Product Packaging	**144,523**	**177**	**144,700**	**(17,619)**
Corrugated Box	**91,818**	**23,597**	**115,415**	**(6,053)**
Paper Trading	**51,920**	**138,882**	**190,802**	**(3,949)**
Eliminations	**-**	**(164,219)**	**(164,219)**	**(611)**
	935,402	**-**	**935,402**	**(50,376)**
Corporate and unallocated expenses				**1,498**
Operating loss				**(48,878)**
Finance costs				**(1,617)**
Share of profits of associates				**345**
Loss before income tax				**(50,150)**
Income tax				**(2,770)**
Loss for the period				**(52,920)**

	For the six months ended 30 June 2024			
	Segment Revenue			Segment Results
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total (Unaudited) HK'$000	(Unaudited) HK'$000
Book and Package Printing	761,703	3,065	764,768	26,429
Consumer Product Packaging	150,740	478	151,218	(24,253)
Corrugated Box	86,413	30,358	116,771	(8,421)
Paper Trading	96,846	141,537	238,383	532
Eliminations	-	(175,438)	(175,438)	(705)
	1,095,702	-	1,095,702	(6,418)
Corporate and unallocated expenses				(2,082)
Operating loss				(8,500)
Finance costs				(2,520)
Share of profits of associates				138
Loss before income tax				(10,882)
Income tax				3,260
Loss for the period				(7,622)

3. Finance Costs

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank borrowings	**724**	1,621
Interest on lease liabilities	**893**	899
	1,617	2,520

4. Loss Before Income Tax

The Group's loss before income tax is arrived at after charging or crediting the following items:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
After charging -		
Depreciation		
- Owned property, plant and equipment	**50,800**	52,675
- Other assets leased for own use	**8,868**	8,966
- Land use rights	**2,317**	1,793
Amortisation of intangible assets	**816**	627
Loss on disposal of property, plant and equipment	**5,447**	921
Loss on disposal of intangible assets	**-**	71
Loss allowance of trade and other receivables, net	**566**	256
Employee benefits expense (including directors' emoluments)	**279,431**	295,739
Net foreign exchange loss	**-**	1,170
After crediting -		
Interest income	**4,588**	8,342
Dividend income from financial investments	**402**	346
Government grants	**6,757**	6,640
Reversal of write-down of inventories, net	**4,591**	584
Net foreign exchange gain	**9,612**	-
Fair value gain on derivative financial instruments not qualified as hedges	**53**	-
Fair value gain on structured bank deposits	**11,783**	8,753

5. Income Tax

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax		
- Hong Kong Profits Tax	**172**	904
- People's Republic of China ("PRC") Income Tax	**(595)**	(639)
- Vietnam Income Tax	**1,336**	899
Total current tax	**913**	1,164
Deferred tax	**1,857**	(4,424)
Income tax	**2,770**	(3,260)

The provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the period.

Hung Hing Printing (China) Company Limited (“HHCN”), an indirect wholly owned subsidiary of the Company, was certified as a High-New Technology Enterprise in 2023. The effective PRC Coporate Income Tax ("PRC CIT") for 2024 and 2025 was subject to a reduced tax rate of 15%. For PRC entities other than HHCN, PRC Income Tax represents PRC CIT calculated at 25% (2024: 25%) and PRC withholding tax at the applicable rates. Pursuant to the income tax rules and regulations, provision for PRC withholding tax on dividend income is calculated based on 5% (2024: 5%) of the dividend income from subsidiaries in the PRC.

The provision for Corporate Income tax in Vietnam ("Vietnam CIT") is calculated at 17% of the estimated taxable profits for the period. HH Dream Printing Company Limited and HHD (Thai Ha) Company Limited, subsidiaries of the Company incorporated in Vietnam, are entitled to a preferential tax treatment of Vietnam CIT exemption for the first two years starting from which profit is generated and 50% income tax reduction for the next four years.

6. Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK$48,779,000 (2024: HK$4,472,000) and the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Company under the Share Award Scheme.

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Loss attributable to equity shareholders of the Company (HK$'000)	**(48,779)**	(4,472)
Weighted average number of ordinary shares in issue ('000)	**907,865**	907,865
Weighted average number of own held shares for Share Award Scheme ('000)	**(573)**	(3,274)
Weighted average number of ordinary shares in issue for calculation of basic loss per share ('000)	**907,292**	904,591
Basic loss per share (HK cents per share)	**(5.4)**	(0.5)

(b) Diluted loss per share

For the period ended 30 June 2025 and 2024, the diluted and basic loss per share were the same as the ordinary shares repurchased for the Share Award Scheme are anti-diluted to the loss per share.

7. Dividend

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK3 cents (2024: HK4 cents) per ordinary share	**27,236**	36,315

8. Trade and Other Receivables

	30 June 2025 (Unaudited) HK$'000	31 December 2024 (Audited) HK$'000
Trade receivable	**533,865**	474,546
Less: Loss allowance	**(20,857)**	(24,872)
	513,008	449,674
Trade receivable due from related parties	**313**	9
Total trade receivable, net	**513,321**	449,683
Bills receivable	**6,781**	974
Prepayment, deposits and other receivables	**122,353**	113,451
	642,455	564,108

The aging analysis of total trade receivable at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) HK$'000	31 December 2024 (Audited) HK$'000
1 - 30 days	**238,921**	250,557
31 - 60 days	**112,312**	95,160
61 - 90 days	**83,528**	56,138
Over 90 days	**78,560**	47,828
	513,321	449,683

Trade receivable are normally due within 30 and 90 days from the date of billing.

9. Cash and Cash Equivalents

	30 June 2025 (Unaudited) HK$'000	31 December 2024 (Audited) HK$'000
Cash at banks and on hand	**431,466**	717,286
Less: time deposits with original maturity over three months	**(43,860)**	-
Cash and cash equivalents in consolidation statement of cash flows	**387,606**	717,286

10. Trade and Other Payables

	30 June 2025 (Unaudited) HK$'000	31 December 2024 (Audited) HK$'000
Trade payables	**142,616**	130,262
Bills payables	**10,316**	6,799
Deferred income current portion	**4,798**	5,956
Other payable and accrued liabilities	**173,171**	175,138
Amount due to an associate	**4,900**	5,418
	335,801	323,573

The aging analysis of total trade payables at the end of the reporting period, based on invoice date, is as follows :

	30 June 2025 (Unaudited) HK$'000	31 December 2024 (Audited) HK$'000
1 - 30 days	**102,309**	102,772
31 - 60 days	**23,696**	19,827
61 - 90 days	**5,674**	2,466
Over 90 days	**10,937**	5,197
	142,616	130,262

MANAGEMENT DISCUSSION AND ANALYSIS

Results and dividends

During the period under review, Hung Hing Printing Group was presented a dynamic and challenging global economic landscape, impacting our operations and overall business performance. Despite a downturn during this period, our proactive management and strategic initiatives have positioned us for resilience and future growth.

The global printing and packaging industry, particularly for export-oriented businesses, navigated significant headwinds in 1H 2025. Analysis from various international bodies have revealed rising protectionism and policy uncertainty, which collectively contributed to a reduction in demand across our key business segments, including book printing (especially greeting cards and premium items), consumer products packaging, paper trading, and corrugated boxes.

The US tariffs have created a substantial financial toll to many export-oriented companies. This has led to a sharp decrease in business confidence and a corresponding drop in planned investments in 2025. This trend also reflects a broader move as companies seeking to diversify their supply chain risks.

Our major customers, predominantly global brands in Europe and the USA, faced increased "landed costs" due to persistent tariff uncertainties. These trade barriers not only elevated operational interruptions for our clients but also contributed to a cautious consumer sentiment concerning a loss of disposable income driven by higher consumer price perception for imported goods. Consumers become more sensitive to inflationary pressures as supply chain disruptions drag on.

As a result, for the six months period ending 30 June 2025, the Group recorded a loss attributable to equity shareholders of the Company of approximately HK$49 million, as compared to a loss of HK$4 million recorded in the same period of last year.

The Group continued to maintain a robust total deposit and cash position of approximately HK$760 million (including structured deposits), giving us the resources to weather the downturn in 1H, drive future growth and pursue our ongoing policy of rewarding shareholders to the utmost. The Board of Directors has announced an interim dividend of HK3 cents (2024: HK4 cents). It is payable on 17 October 2025 to shareholders whose names appear in the Register of Members of the Company on 25 September 2025.

Lay groundwork for future development

Despite the demanding operating environment, the Group remained optimistic about the future. Management has taken various measures to proactively prepare for the Group's continuous development.

Construction at our second factory in Vietnam, Thai Ha site, has been in full swing with the warehouse becoming operational. New business including local customers are already in the pipeline. This strategic expansion is pivotal, offering an invaluable addition of manufacturing base for customers expanding their activities in Vietnam. At the same time, we also expand our geographical footprint, mitigates tariff-related delays, and strengthens our all-rounded positioning as a reliable and dynamic partner.

At Zhongshan site, two major business consolidations were completed in the first half of 2025 – Started managing the Zhongshan Hung Hing and South Gain team as a single unit to enhance communication and production efficiency; and relocated Jun Hing's paper warehouse in Shenzhen to Zhongshan for synergies. These moves enhanced operational workflow, yielded significant efficiency savings and improved the overall flow of goods within our China operations, contributing to a more agile Hung Hing team.

We continued to transform business operations through system standardisation and AI-driven innovations. A new ERP5.0 system, with upgraded functionality and flexibility, has significantly improved quotation and inventory management efficiency. We have also formed a new AI team to lead efforts in AI applications including streamlining of various operations. This team has been collaborating with different departments/functions, such as Pre-press, Estimation, Paper Trading, Retail Book Store, and Product Design on innovative initiatives. Projects are progressing well, and we expect more new initiatives to bring additional benefits to the Group.

In June, we made substantial progress in our journey toward compliance with the EU Deforestation Regulation (EUDR) in that we would be receiving official EUDR statement numbers from upstream European suppliers. Such progress would enable full traceability of our paper raw materials starting July 2025. Additionally, we have finalised and signed EUDR compliance agreements with all core suppliers, marking a complete rollout of compliance initiatives across our supply chain. This major milestone represented the culmination of months of hard work and a strong commitment to becoming an indispensable partner upholding the standards of the sustainable global supply chain.

Apart from the printing and paper-related businesses, Hung Hing has started diversified into different business sectors in the last few years. These new businesses have made progress in the 1H 2025.

STEM PLUS continued to expand its footprint in the education sector by organising related events. The "Study in Hong Kong" initiative promoted by the HKSAR Government to position the city as an international hub for post-secondary education and a cradle for future talents has created business opportunities for Hung Hing to engage educational institutions, parents and students looking to Hong Kong for development through various talent pass schemes. The education expos have been a remarkable success, featuring participation from 220 kindergartens, primary schools, secondary schools, and higher education institutions, while attracting over 40,000 visitors during the three-day event held in early July. The WeChat mini programme developed to connect the expo visitors have received more than 6,000 school applications, confirming the effectiveness of the expo in driving engagement and interest.

Active Minds Limited, a subsidiary of STEM PLUS specialising in children's books and educational toys business, maintained a strong emphasis on digital transformation. In Q2 2025, the company successfully transitioned from an outdated manual system to RFID technology in logistics management. This upgrade has enhanced operational efficiency, streamlined inventory management, and enabled the collection of critical data for advanced analytics in the future.

Yum Me Print, which provides self-service printing service, has established 50 service points in popular department stores and retail outlets across Hong Kong in the last few years. In addition to providing convenient service on photo and document printing to consumers, they have been actively collaborating with different IP characters in various promotional events in Hong Kong to reach out to more general public. Over the years, 20,000 users have subscribed as members to enjoy more members' privilege, and the number continues to grow. Plans are underway to expand their service coverage in major public transportation network by end of 2025.

Leveraging the connection with the retail outlets, Yum Me Print has formed a strategic partnership with a China-based power bank rental service supplier to set up rental stations alongside the Yum Me Print kiosks. Such a partnership can offer an enhanced user experience for consumers on the go in Hong Kong and across the border.

Business performance

In response to evolving global trade dynamics, including U.S.-China trade tensions, our Group has proactively implemented a geographic diversification strategy by expanding production facilities in Vietnam. The additional capability allows us to optimise production for timely order fulfilment based on market conditions and tariff landscapes, and thus better serve customer needs through complementary manufacturing arrangements while minimising geopolitical disruptions. Our largest business unit, Book and Packaging Printing (BPP), experienced a 15% decrease in revenue from HK$761.7 million in 1H2024 to HK$647.1 million in 1H2025 amid managing external uncertainties. Lower sales, margin pressure from intensified pricing competition and added logistic charges resulted in a loss of HK$22.1 million in 1H2025 compared to a profit of HK$26.4 million in 1H2024.

BPP has implemented a comprehensive transformation strategy that combines operational excellence with strategic growth initiatives to strengthen our competitive positioning and drive sustainable value creation, such as cost optimization measures, synergy-driven restructuring, embedding artificial intelligence across our production ecosystems and business diversification. These initiatives collectively position us for margin enhancement and balanced growth, demonstrating our resilience to navigate through near-term challenges while building long-term competitive advantages.

The Consumer Products Packaging (CPP) business continued to face challenges, with revenue decreased by 4.1% to HK$144.5 million (1H2024: HK$150.7 million). Despite domestic sales decline, our cost optimisation and operational efficiency measures helped narrow down losses from HK$24.2 million in 1H2024 to HK$17.6 million in 1H2025. CPP remained committed to enhancing efficiency by right-sizing, streamlining processes to achieve leaner operations, unlocking synergies through shared resources and optimising logistics. We expect sustainable cost savings, and improved margins can be realised in the near term.

Despite a challenging market environment characterised by soft demand and intense price competition, the Corrugated Box (CB) business delivered a 6.3% growth in revenue to HK$91.8 million and a reduced loss of HK$6 million (1H2024: loss of HK$8.4 million). CB strives to expand customer base and consolidate production resources across the Greater Bay Area for seamless cross-factory collaboration to upgrade customer offerings and go-to-market responsiveness.

The Paper Trading (PT) faced significant headwinds due to softer demand in export volumes, especially HK-based printers with China operations. The business unit saw a significant decrease in revenue by 46.4% to HK$51.9 million in 1H2025 (1H2024: HK$96.8 million). While 2025 presented unprecedented challenges, our turnaround plan involving new business development, cost rationalisation and strategic innovations, has been in place to navigate through the complex business transformation.

Liquidity and Capital Resources

We maintained our prudent cash management approach, keeping strong cash on hand to buffer against uncertain business conditions. As of 30 June 2025, the Group had total cash on hand of HK$760 million if structured deposits are included, and net cash on hand (total cash net of bank borrowings) of HK$715 million to support working capital requirements, capital expenditure, investment needs and rewarding our shareholders.

A portfolio of USD/RMB structured deposits were managed to provide hedging for RMB requirement and at the same time funding the Group's working capital requirement in mainland China at favourable exchange rates. The Group's RMB related structured bank deposits in 2025 interim balance increased from last year to HK$329 million.

About 71% of total cash including structured deposits was held in RMB. The remainder was held primarily in US dollars. Cash not earmarked for immediate use was placed in time deposits to match projected cash outflow and to maximise interest income.

Interest income during the period of HK$4.6 million, together with the fair value gain on structured deposits of HK$11.8 million, approximately in total a net decrease of HK$1.0 million compared with same period last year due to market changes affecting deposit yield.

Our strong financial standing continued to provide us an edge over options of debt finance if needed. As of 30 June 2025, the Group managed a total bank borrowing of HK$46 million at reduced gearing ratio of 1.6% (2024: 3.1%) in light of unfavourable interest rate environment. Total interest costs were minimised by 55% to HK$0.7 million compared with HK$1.6 million within the same period last year. All of the Group's total bank borrowings represent term loans with banks at fixed interest rates in US dollars. Based on agreed loan repayment schedules with banks, HK$32 million is repayable within one year and HK$14 million within one to two years.

During the period under review, the Group spent over HK$41 million on capital projects and committed an additional HK$43 million to expand and upgrade existing capacities. The funding was also used in acquiring new equipment and technology to support initiatives in our core businesses, including the upgrade of existing facilities and the preparation of a new factory site in Vietnam.

Environmental Sustainability

Climate change and the increasing prevalence of extreme weather events continued to present pressing environmental and economic challenges. In response, we have further strengthened our initiatives to enhance climate resilience and accelerate our transition toward a low-carbon economy. Our environmental sustainability strategy remained centred on expanding renewable energy adoption, improving resource efficiency, and advancing responsible sourcing practices.

A key pillar of this strategy is our solar energy programme. Compared with same period last year, we expanded our photovoltaic infrastructure to six sites — Hong Kong headquarters, Shenzhen, Zhongshan, Heshan, Shunde, and Vietnam — raising our total installed solar capacity to 9,806kWp (1H 2024: 6,504kWp). Collectively, these systems generated 4,472,301 units (1H 2024: 2,556,069 units, where 1 unit = 1kWh) of green electricity. This output offset approximately 1,771 tons (1H 2024: 959 tons) of carbon emissions, underscoring our progress toward low-carbon operations.

Further capacity growth is expected, with an additional 1,019kWp to be installed at our Wuxi Plant.

Including the solar energy we consumed, our total electricity consumption decreased to 26.81 million units (1H 2024: 28.25 million units). Water usage also declined to 177,859m^3 (1H 2024: 307,352m^3) reflecting significant efficiency enhancement in water management.

Our production waste recycling rate remained high at 96%, including 14,294 tons (1H 2024: 14,351 tons) of wastepaper, 136 tons (1H 2024: 164 tons) of plastic, 191 tons (1H 2024: 130 tons) of metal, while non-recyclable waste controlled at low level at 531 tons (1H 2024: 439 tons).

Our commitment to sustainable sourcing remained consistent. More than 95% of paper used was either forestry scheme certified paper or made from high recycled content. This included:

- 23,727 tons of FSC™ paper (1H 2024: 32,698 tons)
- 28 tons of PEFC-certified paper (1H 2024: 138 tons)
- 40,992 tons of high recycled content paper (1H 2024: 33,703 tons)

These figures reflect our ongoing efforts in responsible procurement and environmental stewardship.

Our People

As of June 30, 2025, our workforce consisted of 4,918 employees (1H 2024: 5,600) across Hong Kong, mainland China, and Vietnam. During this period, we delivered a total of 84,873 training hours (1H 2024: 94,252 hours), distributed across 34,131 training attendances, averaging 2.49 hours (1H 2024: 2.37 hours) per participant on training covered key areas such as environmental awareness, business ethics, role-specific competencies and diversity, equity, and inclusion (DE&I).

These initiatives reinforce our dual commitment to employee development and sustainable business practices.

Outlook

While 1H 2025 presented a challenging environment, the Group remains optimistic about the outlook for the latter half of the year and beyond. The strategic initiatives undertaken, from right-sizing and consolidating the operations, to workflow standardisation along with expanding into our second Vietnam site, are all proactive measures and fundamental steps to enhance our long-term competitiveness and resilience.

In the 2H of 2025, actions to leverage synergies will continue to achieve operational savings and resource optimisation. Corrugated operations in Shenzhen, have been in the process of teaming up with Shunde/Foshan and the Zhongshan site, while our second Vietnam site is preparing for full operations targeted by the end of September.

Superior printing quality and stringent control measures to meet international compliance standards are critical success factors that contribute to Hung Hing's success in achieving a leadership position in the market. Our dedication to sustainable printing also differentiates us in an increasingly environmentally conscious market, aligning with the values of many global brands. Through the efforts of our Zhongshan R&D team, we have secured new orders from several global consumer brands for their new product packagings which features innovative printing technology that proves to be more eco-friendly in its use of materials and inks. These are strong testaments to our innovation and printing capabilities that enable us to reach more new customers.

Hung Hing maintains a positive outlook on global trade and long-term economic growth. Chinese companies similar to Hung Hing also have expanded exports to offshore manufacturing in other countries such as Vietnam, helping to offset the impact of tariff uncertainty imposed by the Trump administration. Recent indications suggest that some major customers are progressively returning to China as trade tensions begin to ease, particularly following the recent extension of the 90-day trade truce. Apart from our export business, Hung Hing has become more proactive in promoting our printing capabilities in China through participating in major trade shows, such as the Guangdong Quality Products Exhibition to be held in September.

In our education related business, the solid foundation built by STEM PLUS over the last few years has earned us unprecedented credibility in the sector and opened up new opportunities to connect with numerous potential clients and partners. Looking ahead, STEM PLUS plans to expand its operations beyond Hong Kong, exploring new opportunities in Asia while fostering Hong Kong as a premier education hub for the region. The company will continue to build on its core mission, solidifying its position as the top education platform and driving further improvements in efficiency.

On the other hand, building on the rollout of a smart warehouse and supply chain enhancements, Active Minds will prioritise growth in its online digital marketplace, leveraging these technological advancements to drive expansion and innovation in the retail sector.

We are confident that the improvement and innovation initiatives, coupled with our inherent competitive advantages in quality, compliance, and sustainability, will enable us to effectively navigate through ongoing market uncertainties. As global trade dynamics evolve and consumer confidence gradually recovers, we are well-positioned to leverage our diversified manufacturing capabilities and strong value proposition to capture new opportunities and drive sustainable growth. We anticipate that the strategic investments made in 1H 2025 and beyond will yield positive returns, strengthen our market presence and ensure our continued leadership in the printing and packaging industry.

Last but not least, we would like to take this opportunity to thank our dedicated colleagues for their contribution and hard work.

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK3 cents (2024: HK4 cents) per share. The interim dividend will be paid on 17 October 2025 to shareholders whose names appear on the Register of Members of the Company on 25 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 September 2025 to 25 September 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 19 September 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the period, except that the trustee of the Restricted Share Award Scheme, pursuant to the terms of the rules and trust deed of the Restricted Share Award Scheme, purchased on the Stock Exchange a total of 288,000 shares of the Company at a total consideration of HK$298,000.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions listed in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules throughout the accounting period covered by the interim results, with the exception that:

Code Provision C 2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The roles of the chief executive officer have been undertaken by Mr. Yum Chak Ming, Matthew, the Executive Chairman of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Mr. Yum should hold these offices. The Board believes that it is effective to monitor and assess business performance in a manner that properly protects the interests of shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the interim results.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2025 and the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee comprises three independent non-executive directors and a non-executive director of the Company.

By Order of the Board
Hung Hing Printing Group Limited
Yum Chak Ming, Matthew
Executive Chairman

Hong Kong, 26 August 2025

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Yum Christopher Carson, who are executive directors; Mr. Hirofumi Hori, Mr. Hitoshi Shibasaki, Ms. Aki Tsuge and Mr. Yam Hon Ming, Tommy (Mr. Yum Nicholas Kevin as his alternate), who are non-executive directors; Mr. Luk Koon Hoo, Mr. Tan Chuen Yan, Paul and Mr. Lee Danny Lap, who are independent non-executive directors.