



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

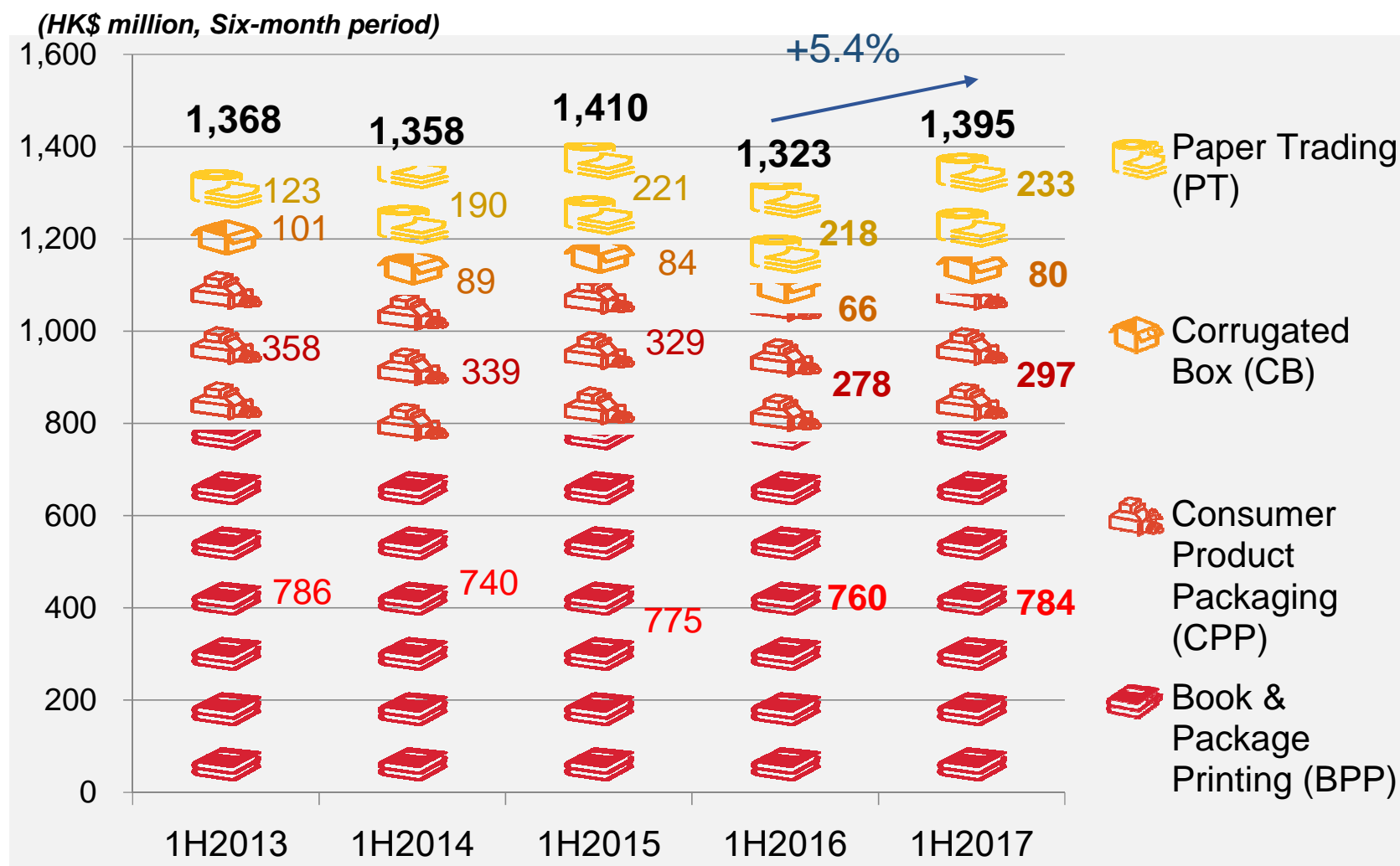
Interim Results
6 months to 30 June 2017

Highlights – Six months ended 30 June, 2017

- ▶ Group revenue grew +5.4% vs. LY to HK\$1,395 mil.
- ▶ Gross profit margin increased by 1.7% pt. to 14.5%
- ▶ Profit attributable to the shareholders HK\$14 mil. (vs. 22m loss LY)
- ▶ Net cash on-hand HK\$501 mil.
- ▶ Proposed interim dividend HK¢ 2 per share

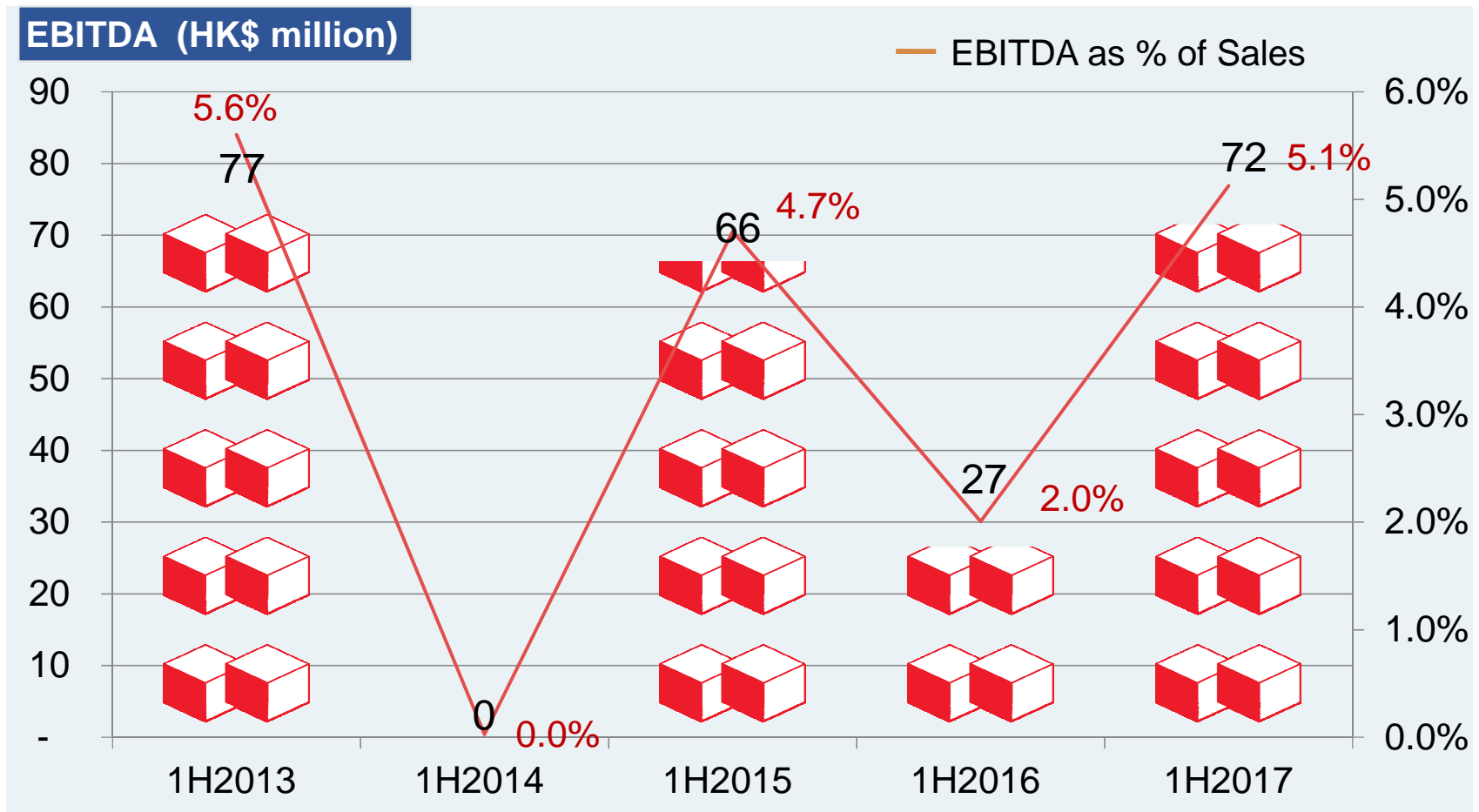
- Economic stabilization and improved customer confidence in key markets on the demand side; and continuing consolidation on the supply side:
 - Orders picked up towards the end of Q2 as the demand from the US and China is gaining pace, and business sentiments in Europe showing signs of improvement.
 - Added uncertainties from currency exchanges, paper price adjustments and enforcement of new compliance requirements would lead to further and quicker market consolidation.
- With unparalleled reputation for quality, economies of scale and strong financial position, Hung Hing is cautiously optimistic about sustaining a solid business performance and expected a smooth completion of the disposal transaction in 2H/17.
- Shareholders value enhancement via special dividends and long-term strategic development (in line with the previous Circular) will be unwaveringly implemented.

Group external revenue in 1H grew +5.4% vs. LY to HK\$1,395 mil.



Group EBITDA as % to Sales in 1st Half increased to 5.1%

EBITDA performance mainly driven by sales growth, improved product mix at higher capacity utilization, effective pricing & costs control, and RMB exch



Group Income Statement – 1st Half 2017

- Upgraded workflow efficiency & abilities to offer broader range of customised solutions
- Embraced innovations and stay prudent to monitor ext'l environment & order in-take in Q4.

(Unit: HK\$' Mil.)	For YTD 6 months up to June 2017			
	2017	2016	Change vs. 2016	
	YTD June	YTD June	HK\$ Mil.	%
Revenue	1,394.7	1,322.7	72.1	5.4%
Cost of sales	(1,193.1)	(1,154.0)	(39.1)	3.4%
Gross profit	201.6	168.7	32.9	19.5%
Gross Margin as % of Revenue	14.5%	12.8%	1.7%	pts
Other revenue	10.8	12.3	(1.5)	-12.0%
Other net income/(loss)	9.5	(7.2)	16.7	-232.5%
Distribution costs	(30.3)	(34.3)	4.0	-11.7%
Administrative and selling expenses	(164.3)	(157.1)	(7.2)	4.6%
Operating profit/(loss)	27.4	(17.6)	45.0	-256.2%
Finance costs	(3.0)	(2.8)	(0.3)	10.1%
Profit/(loss) before income tax	24.4	(20.3)	44.7	-220.0%
Income tax	(7.4)	0.5	(7.9)	--
Profit/(loss) for the period	17.0	(19.8)	36.8	-185.9%
Attributable to:				
Equity shareholders of the Company	14.4	(21.6)	36.0	-166.5%
Non-controlling interests	2.6	1.9	0.7	39.2%
Profit/(loss) for the period	17.0	(19.8)	36.8	-185.9%

Commentary

Demand of US & China gaining pace; Business sentiments of Europe improved; Inventory turns and selling price increased with paper prices.

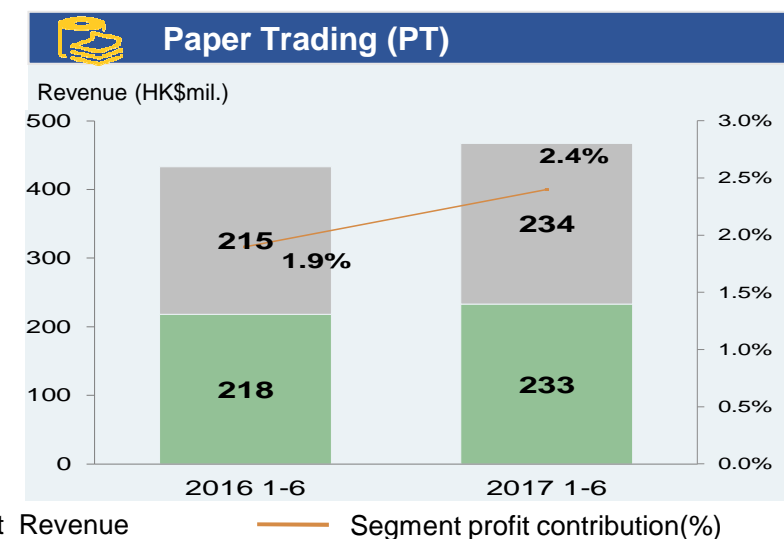
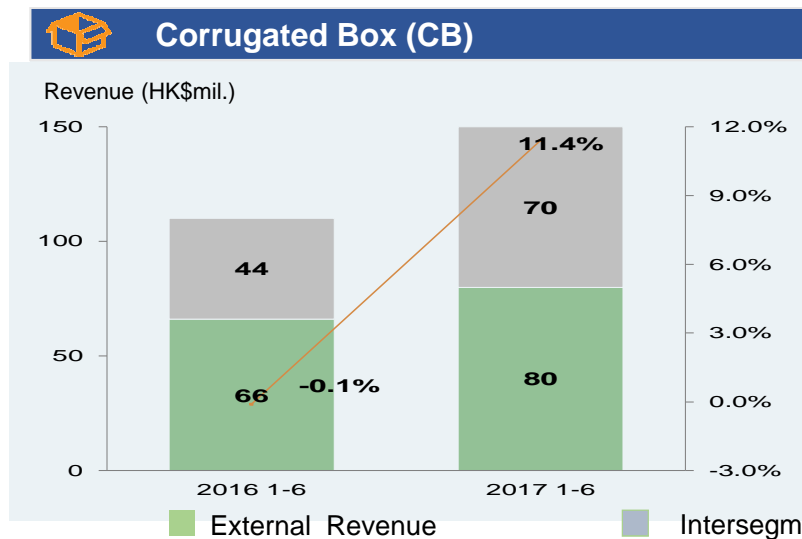
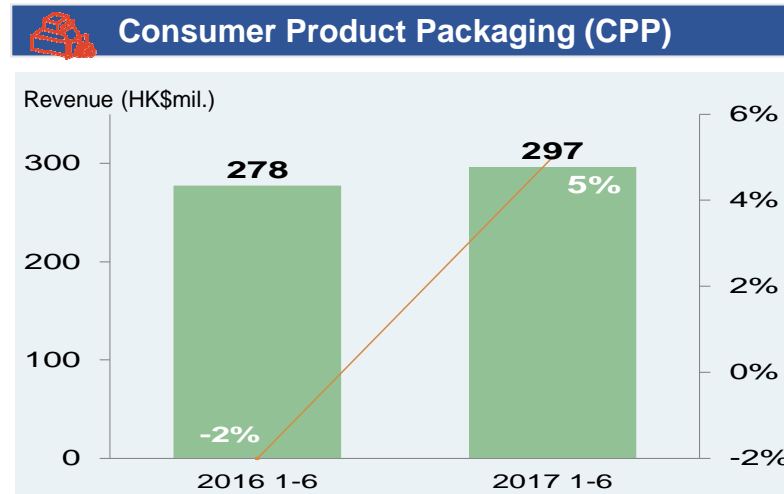
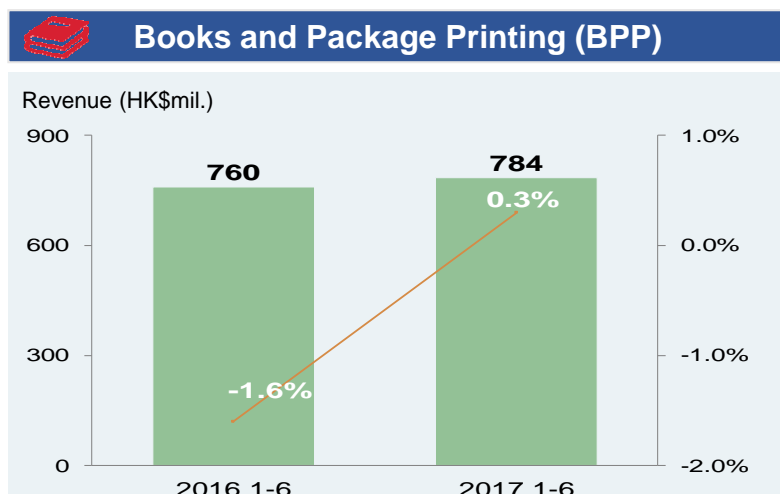
Sales growth with favorable mix pushing capacity utilization even higher, fav. RMB exch, efficiency improvement via automation, etc.

Mainly exch/fwd gains (total 9.7m) from RMB & Euro in 2017, vs. losses (total 5m) from RMB & GBP in 2016.

Provisions for bonus and share-based reward in 2017.

Sales and profitability improved across the board for all BUs

Segment revenue & profit contribution% (6-mth period)



■ External Revenue

■ Intersegment Revenue

— Segment profit contribution(%)

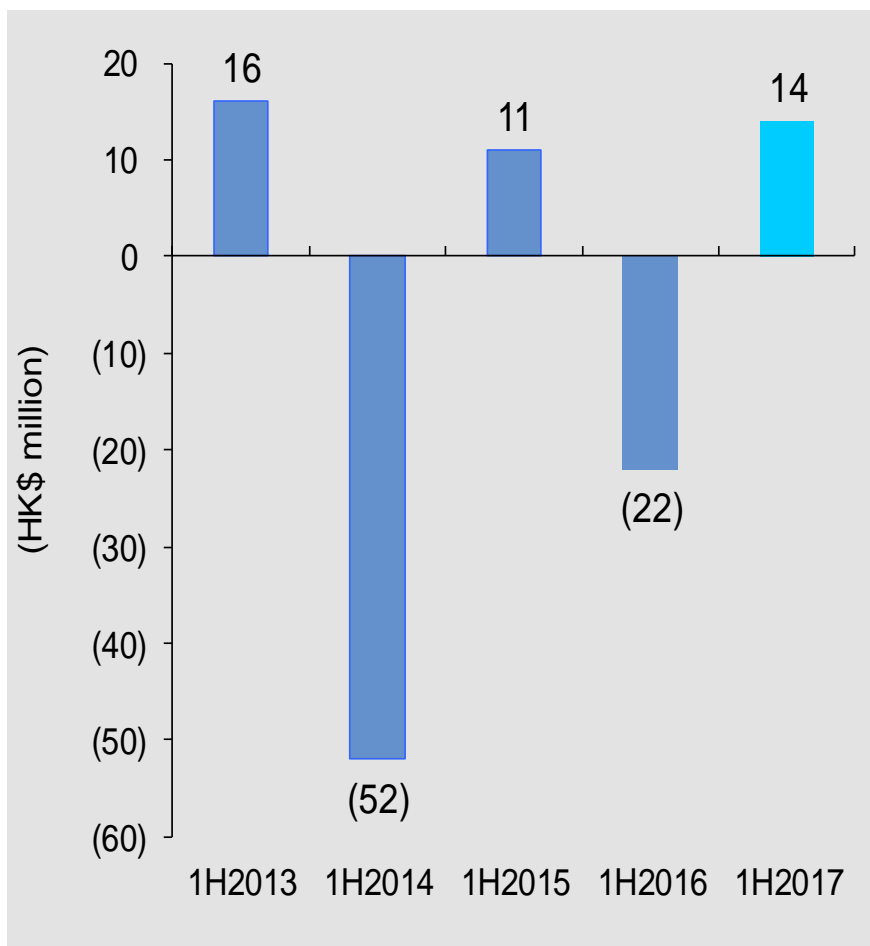
Financial Position Remains Strong: Net Cash HK\$501m as at Jun-17

- *1: Improved liquidity (current ratio 3.7) and maintain a low gearing ratio 10%
- *2: Regroup 146m SHPSZ under Current Assets: “assets held for sale” as at 30 Jun, 2017
- *3: Changes of Equity in 1H/17 are mainly: Interim profits 17mil., exch reserves 26mil. from RMB appreciation >3%, payout of 2016 final dividend 27mil., and temporary booking of reduction for share-award scheme 9mil.

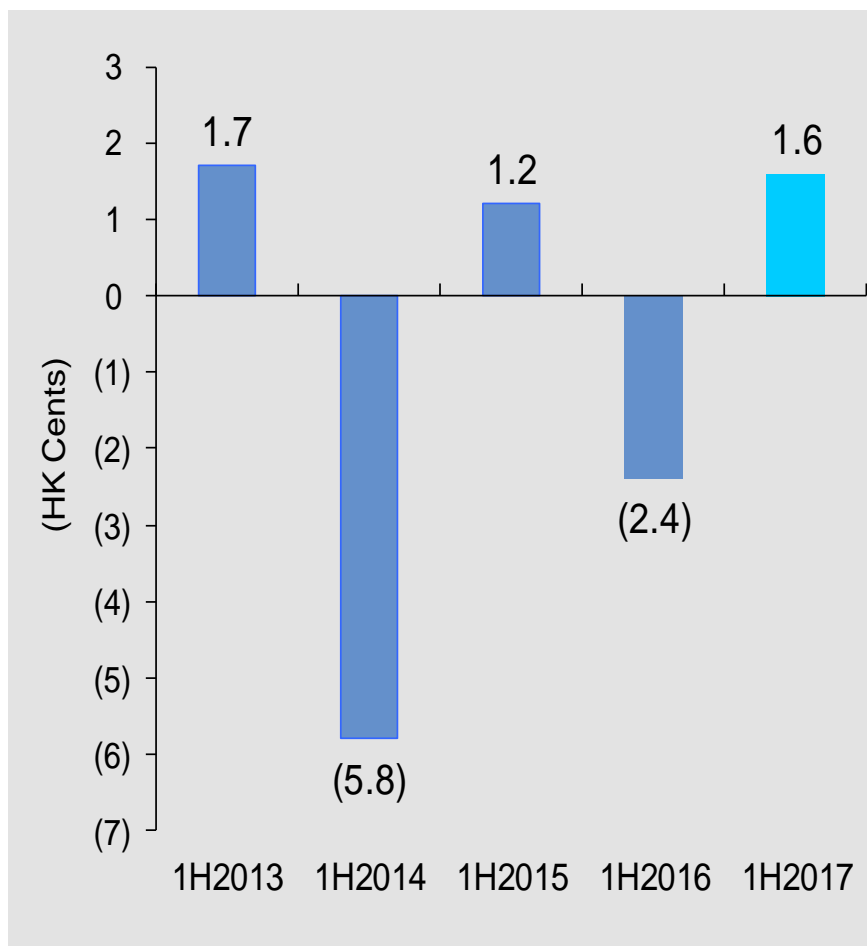
(HK\$ million)	As at Jun 30			As at Dec 31
	2017	2016	Changes	2016
Assets				
Non-current	1,293	1,341	-48	1,303
Current *2	2,290	2,228	62	2,189
Total Assets	3,583	3,568	15	3,492
<i>Incl. Cash & Bank and Time deposits</i>	778	814	-36	827
Liabilities				
Non-current	198	181	17	211
Current	619	643	-24	523
Total Liabilities	817	824	-7	734
<i>Incl. liabilities - Bank Borrowings</i>	277	299	-22	266
Net Assets	2,766	2,744	22	2,758
Equity				
Attributable to shareholders of the company	2,613	2,592	21	2,613
Non-controlling interest	153	152	1	145
Total Equity *3	2,766	2,744	22	2,758
Gearing Ratio *1	10%	11%	-1%	10%
Net Cash (Cash & Deposits - Bank borrowings)	501	515	(14)	561
Current Ratio *1	3.7	3.5	0.2	4.2

Earnings / Loss per Share (EPS/LPS): 1st Half 2017

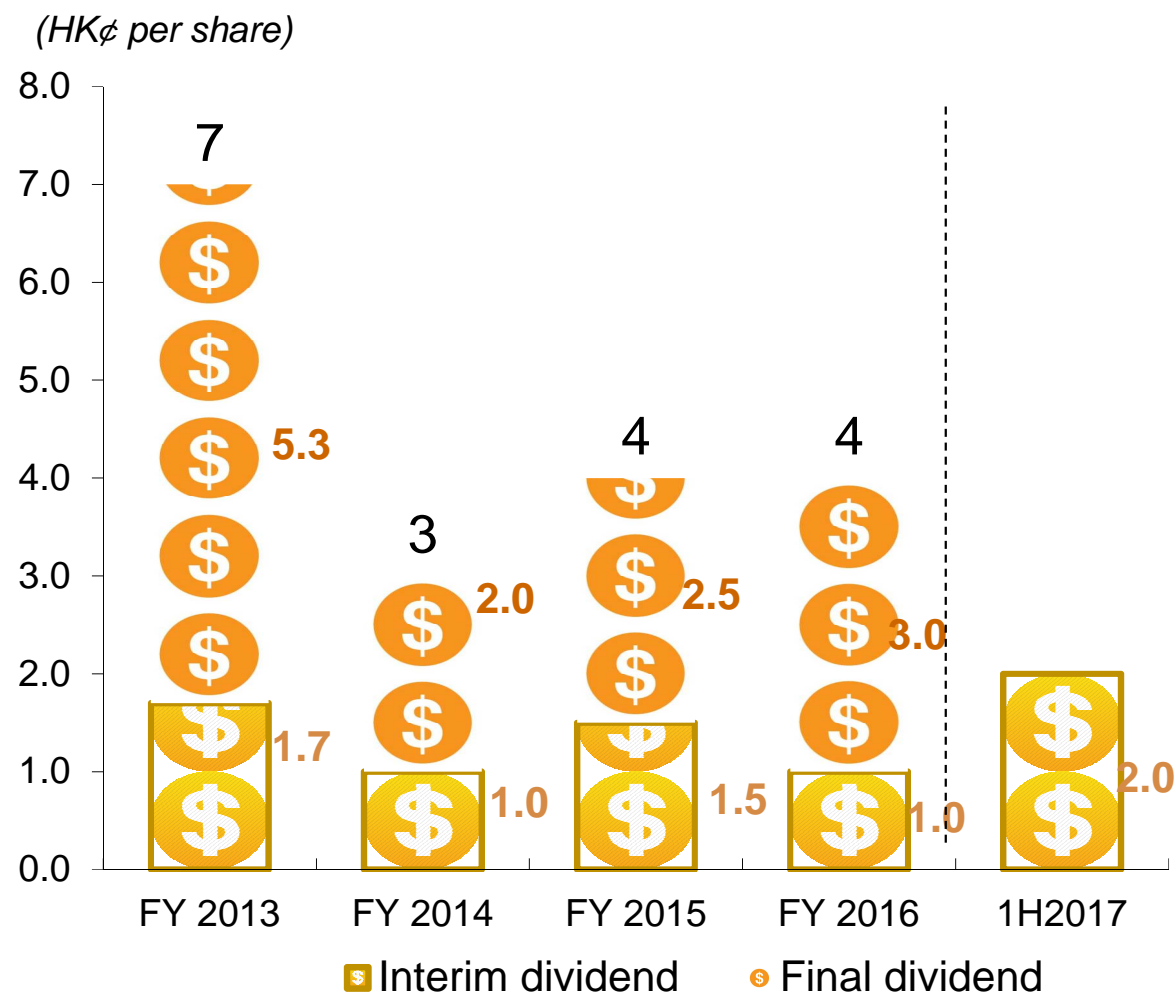
**Profits/Loss
Attributable to Shareholders**



**Basic
EPS / (LPS)**



Proposed Interim Dividend of 2017



Commentary

Interim Dividend:

Cautiously optimistic about sustaining a solid business performance in 2H, and backed by the strong cash and financial position:

- the Board resolved to pay an interim dividend of HK¢ 2.

Special Dividend:

Expects smooth completion and booking of the disposal gains of SHPSZ within 2H/17, the Board recommended:

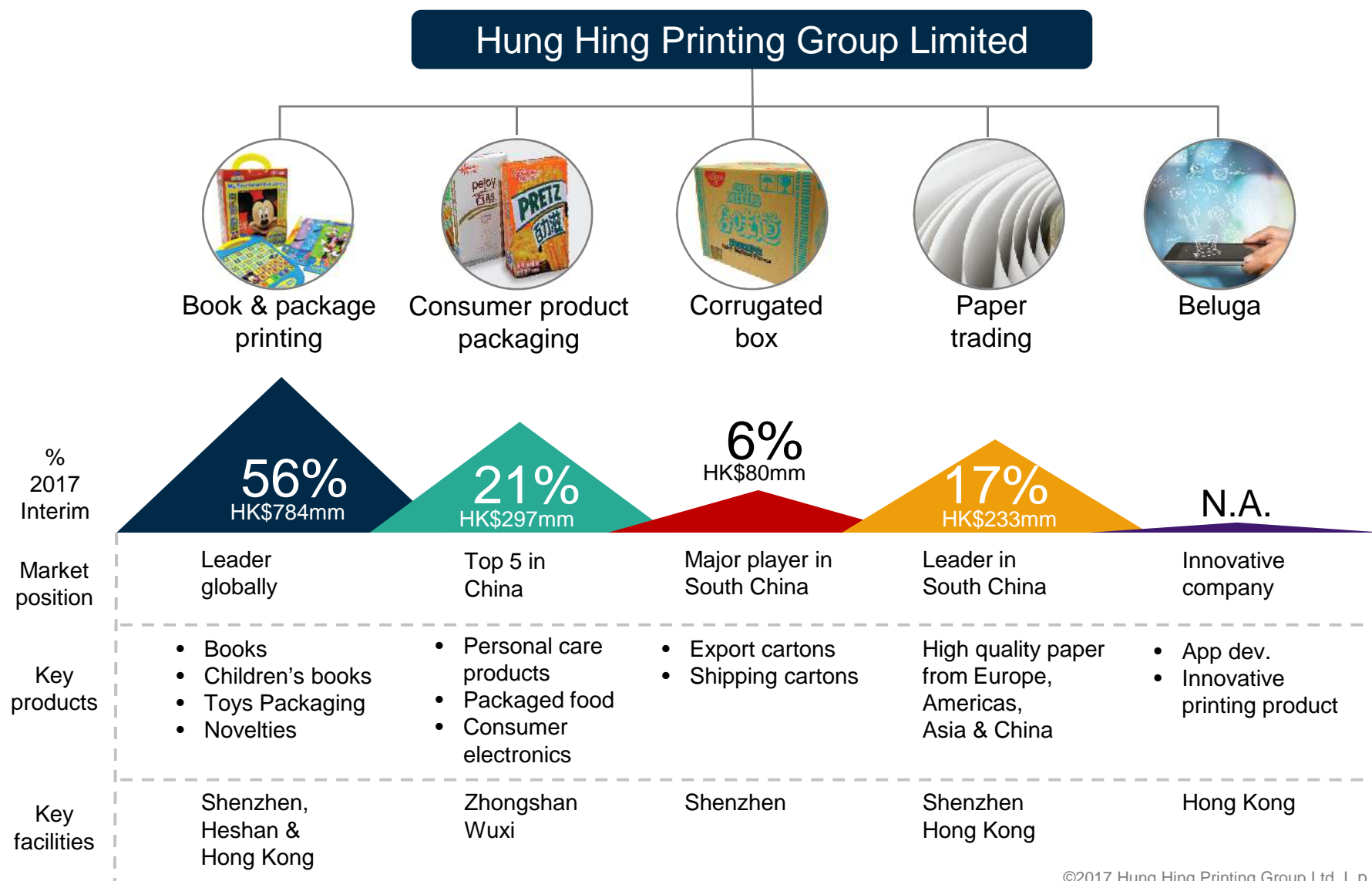
- To pay a special dividend in cash or scrip.
- Amount to be determined at the same time as the 2017 final dividend in Mar 2018
- Distribution at the same time together with final dividend in approx. May/Jun 2018



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Appendices

Business Structure



Our Office and Production Plants

Hong Kong

- Relocated to Tai Po Industrial Estate in 1989 .
- Corporate headquarters.
- 2 production lines for conventional books printing, suitable for printing of sensitive materials.
- 340 full time staff/ workers.

Established
1950

Hong Kong



Shenzhen

- Printing and manufacturing of folding cartons, children's book, conventional books, litho lam and corrugated containers.
- Awarded ISO9001; ISO 14001 and ICTI-COBP certifications.
- 5000-8000 full time workers of which 4000-5000 hand assembled related.

Established
1992

Shenzhen



Zhongshan

- Printing and manufacturing of folding cartons, litho lam and corrugated containers.
- Awarded ISO9001; ISO 14001 & BRC/IOP certifications.
- 1200 full time workers.

Established
1994

Zhongshan



Wuxi

- Printing and manufacturing of folding cartons, litho lam and corrugated containers.
- Awarded ISO9001; ISO 14001 & BRC/IOP certifications.
- 800-1300 full time workers of which 200-900 hand assembled related.

Established
2003

Wuxi



Heshan

- Established in 2007 for printing children's and conventional books.
- Awarded ISO9001; ISO 14001; ICTI-COBP & BRC/IOP certifications; M&S Eco-factory.
- 2500-4000 full time workers of which 1600- 2900 hand assembled related.

Established
2007

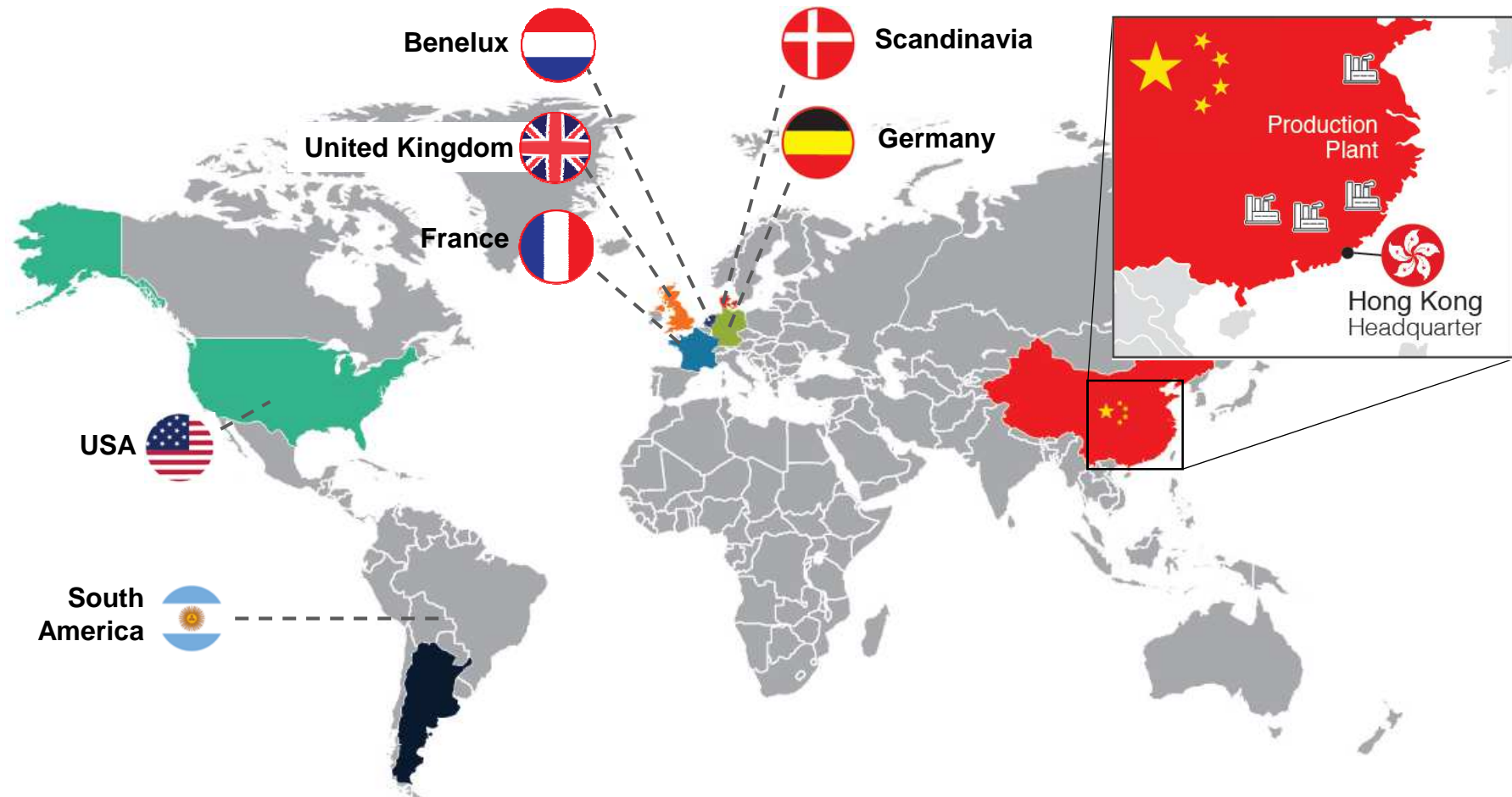
Heshan



China 

Our Global Presence

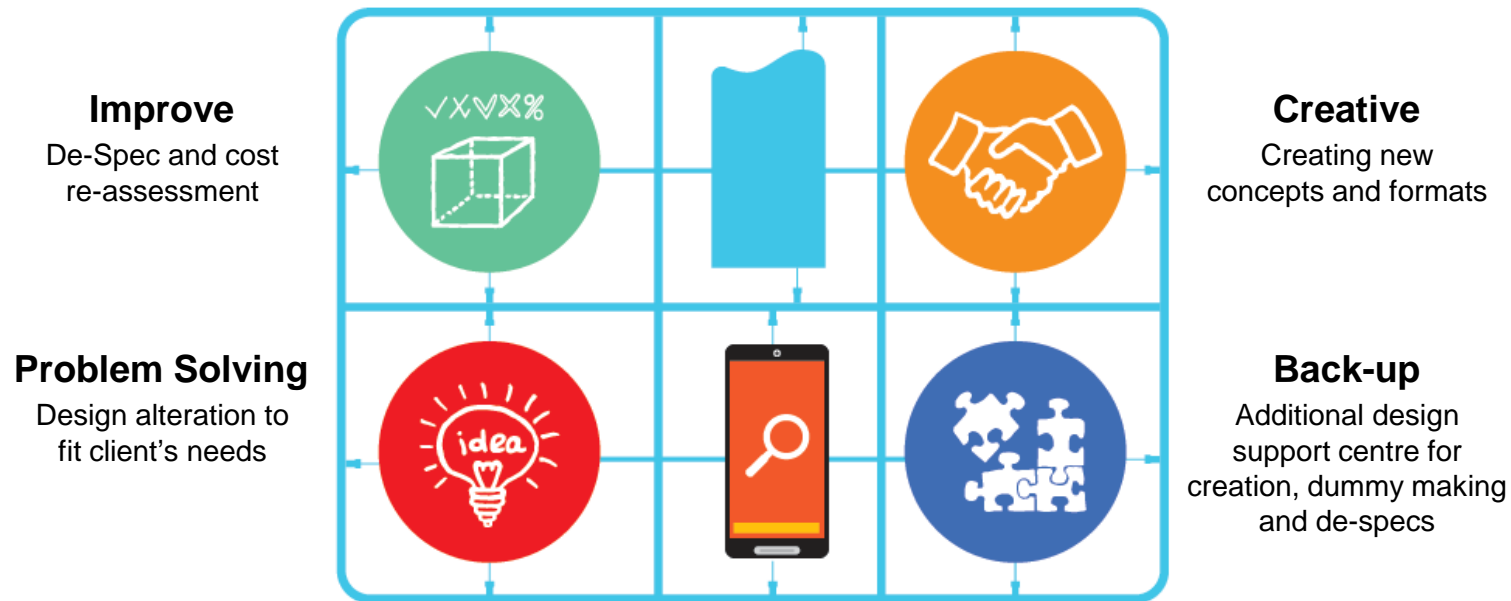
Sales Offices:



Innovation Hub at HH

Our team is specialized in creative design and product development for a brand new and exciting category of 'print + digital' products using innovative and patented technologies.

B E L U G A
print + digital



Green Manufacturing



Soy ink

Soy-based ink is more environmentally friendly, might provide more accurate colors, and makes it easier to recycle paper.

Clean Energy

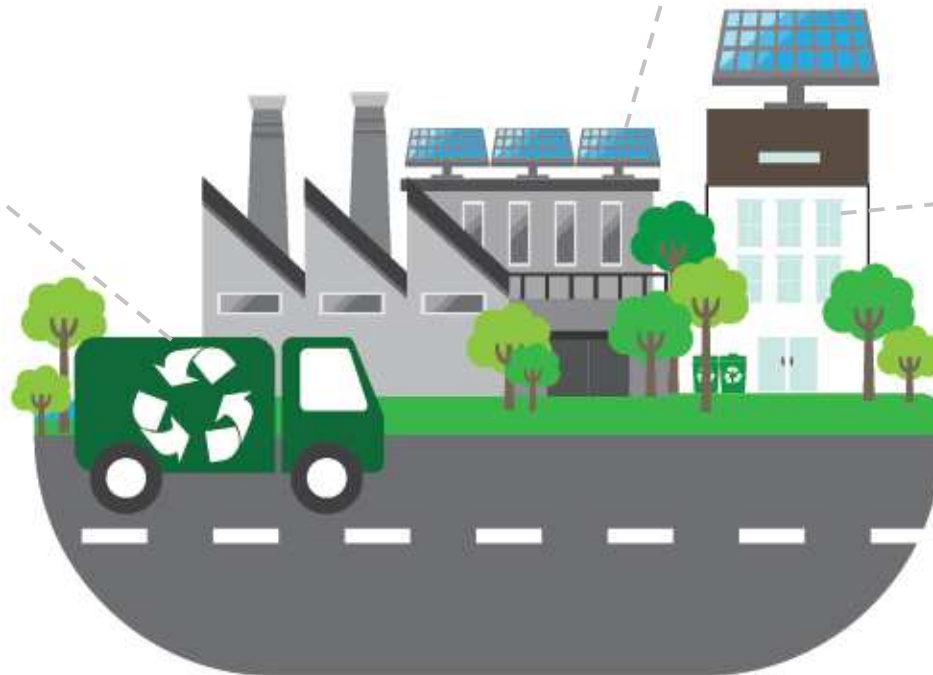
Solar energy is used to provide hot water supply to our dormitories.

Recycle

We recycle all waste materials such as paper, plastic packing materials, nylon straps, metal printing plates, etc.

Energy Efficiency

Replaced normal fluorescent light (T8 type) to energy saving type (T5 type)/ LED to save more energy.



Going forward

1950

Founded as a small printing shop in Central, Hong Kong, by **Mr. Yam Cheong Hung**.



1959

Diversified into the printing and manufacturing of paper and carton boxes.



1966

Began operation in corrugated carton manufacturing.



1970

Expanded into paper trading business.



1989

Relocated to Tai Po Industrial Estate in Hong Kong.



1992

Listed on the Stock Exchange of Hong Kong.



1992

Established the print and packaging plant in Shenzhen, China.



2003

Established a new printing plant in Wuxi.



2000

Established a new plant in Shenzhen for children's book printing.



1994

Established the print and packaging plant in Zhongshan, China.



2004

Established the logistics warehouse in Shenzhen, China. As well as a new plant in Zhongshan, China.



2007

Established the plant in Heshan and commenced full operation in 2008.

2017

Hung Hing is currently the world's leading printing solution provider with customers spanning most part of the world.

Disclaimer

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Thank you.