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## **HUNG HING PRINTING GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

*(Stock Code: 450)*

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the Group's unaudited management accounts for the six months period ended 30 June 2018 and information currently available to the Board, the Group expects to record a net loss of approximately HK\$ 33 million as compared to a net profit of HK\$ 17 million recorded by the Group in the same period last year.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Hung Hing Printing Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the Group's unaudited management accounts for the six months period ended 30 June 2018 and information currently available to the Board, the Group expects to record a net loss of approximately HK\$ 33 million as compared to a net profit of HK\$ 17 million recorded by the Group in the same period last year.

During the six months ended 30 June 2018, the Group re-aligned the production setting and capacity of the manufacturing facilities under the book and package printing business unit to cope with the expansion of the Heshan facility for long-term efficiency improvement. This re-alignment has brought a one-off interruption impact to the operations of the business unit. While paper price inflation sustained at a high level despite weak industry demands in the first half of 2018, full recovery of paper costs increases from customer price adjustments were prolonged to a certain extent in order to strengthen the Group's partnership with key customers for our strategic benefit and goodwill in the long run. The strengthening of Renminbi during the six months ended 30 June 2018 has adversely affected our gross profit margin. Favourability in earnings from forward exchange contracts used by the Group as economic hedges of monetary assets and liabilities denominated in foreign currencies was unexpectedly reversed because of the drop in fair value triggered by an abrupt depreciation of Renminbi within a very short period of time towards the end of June 2018.

The Board wishes to point out that as of 30 June 2018, the Group continued to maintain strong net cash in hand (total cash net of bank borrowings) of approximately HK\$1,017 million, which will continue to allow us the financial leverage to invest for future growth and create shareholders value.

The Company is in the process of finalizing the Group's interim results for the six months ended 30 June 2018 (the "**Interim Results**"). The information contained in this announcement is only a preliminary assessment by the management of the Company based on the latest management accounts of the Group currently available and is not based on any figures or information which has been audited or reviewed by the Company's auditors. Finalized Interim Results and other details of the Group are expected to be announced before end of August 2018.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board

**Hung Hing Printing Group Limited**

**Shek Kwok Man**

Chief Financial Officer & Company Secretary

Hong Kong, 10 August 2018

*As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung, who are executive directors; Mr. Hirofumi Hori, Mr. Sadatoshi Inoue, Mr. Yoshihisa Suzuki and Mr. Yam Hon Ming, Tommy, who are non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong, who are independent non-executive directors.*