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## HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The directors of Hung Hing Printing Group Limited (the "Company") are pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 as follows:

#### CONSOLIDATED INCOME STATEMENT

		2024	2023
	Note	HK\$'000	HK\$'000
<b>Revenue</b>	2	<b>2,194,763</b>	2,386,862
Cost of sales		<b>(1,888,255)</b>	(1,997,950)
<b>Gross profit</b>		<b>306,508</b>	388,912
Other revenue		<b>49,802</b>	52,663
Other net gain		<b>1,917</b>	121,309
Distribution costs		<b>(57,052)</b>	(48,432)
Administrative and selling expenses		<b>(336,122)</b>	(337,245)
<b>Operating (loss)/profit</b>		<b>(34,947)</b>	177,207
Finance costs	3	<b>(4,539)</b>	(9,391)
Share of profits/(losses) of associates		<b>782</b>	(933)
<b>(Loss)/profit before income tax</b>	4	<b>(38,704)</b>	166,883
Income tax	5	<b>(13,083)</b>	(35,615)
<b>(Loss)/profit for the year</b>		<b>(51,787)</b>	131,268
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(43,364)</b>	135,155
Non-controlling interests		<b>(8,423)</b>	(3,887)
<b>(Loss)/profit for the year</b>		<b>(51,787)</b>	131,268
		<b>HK cents</b>	<b>HK cents</b>
<b>(Loss)/earnings per share attributable to equity shareholders of the Company</b>	6		
Basic		<b>(4.8)</b>	15.0
Diluted		<b>(4.8)</b>	14.9

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	2024 HK\$'000	2023 HK\$'000
<b>(Loss)/profit for the year</b>	<b>(51,787)</b>	<b>131,268</b>
<b>Other comprehensive income for the year (net of tax):</b>		
<i>Item that will not be reclassified to profit or loss</i>		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI") (non-recycling)	(6,904)	(6,685)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of subsidiaries and an associate outside Hong Kong	(39,606)	(24,147)
Change in fair value of intangible assets	(1,000)	(200)
<b>Other comprehensive income for the year</b>	<b>(47,510)</b>	<b>(31,032)</b>
<b>Total comprehensive income for the year</b>	<b>(99,297)</b>	<b>100,236</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(86,513)	106,467
Non-controlling interests	(12,784)	(6,231)
<b>Total comprehensive income for the year</b>	<b>(99,297)</b>	<b>100,236</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2024 HK\$'000	At 31 December 2023 HK\$'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		1,415,823	1,482,133
Intangible assets		12,348	13,274
Prepayments for acquisition of non-current assets		40,659	63,368
Interest in associates		8,487	15,310
Financial investments		47,854	55,427
Deferred tax assets		28,384	32,396
		<u>1,553,555</u>	<u>1,661,908</u>
<b>Current assets</b>			
Inventories		342,431	401,028
Trade and other receivables	8	564,108	626,242
Income tax recoverable		-	315
Structured bank deposits		258,197	311,025
Cash at bank and on hand		717,286	810,695
		<u>1,882,022</u>	<u>2,149,305</u>
<b>Current liabilities</b>			
Trade and other payables	9	323,573	343,343
Bank borrowings		61,946	126,004
Lease liabilities		17,868	16,406
Income tax payable		4,661	72,365
		<u>408,048</u>	<u>558,118</u>
<b>Net current assets</b>		<u>1,473,974</u>	<u>1,591,187</u>
<b>Total assets less current liabilities</b>		<u>3,027,529</u>	<u>3,253,095</u>
<b>Non-current liabilities</b>			
Lease liabilities		21,792	22,652
Deferred income		12,693	15,847
Deferred tax liabilities		34,432	39,441
		<u>68,917</u>	<u>77,940</u>
<b>Net assets</b>		<u>2,958,612</u>	<u>3,175,155</u>
<b>Capital and reserves</b>			
Share capital		1,652,854	1,652,854
Reserves		1,189,393	1,393,152
<b>Total equity attributable to equity shareholders of the Company</b>		<u>2,842,247</u>	<u>3,046,006</u>
<b>Non-controlling interests</b>		<u>116,365</u>	<u>129,149</u>
<b>Total equity</b>		<u>2,958,612</u>	<u>3,175,155</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Basis of Preparation and Accounting Policies

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of final results for the year ended 31 December 2024 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2023, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance ("Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course. The Company's auditor has reported on these financial statements for both years. 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 sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023 except for the accounting policy changes that are reflected in the consolidated financial statements for the year ended 31 December 2024.

Details of any change in accounting policies are set out below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKAS 1, *Presentation of financial statements:*  
*Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements:*  
*Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statements of cash flows* and HKFRS 7,  
*Financial Instruments: Disclosures: Supplier finance arrangements*

None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented. The Group has not adopted 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 inter-segment 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 and 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 years ended 31 December 2024 and 2023.

	2024			Segment results
	Segment revenue			
	Sales to external customers	Inter-segment sales	Total	
	HK'\$000	HK'\$000	HK'\$000	HK'\$000
Book and Package Printing	1,490,562	4,836	1,495,398	25,698
Consumer Product Packaging	339,014	784	339,798	(38,788)
Corrugated Box	197,881	53,143	251,024	(15,033)
Paper Trading	167,306	245,272	412,578	(3,682)
Eliminations	-	(304,035)	(304,035)	684
	<u>2,194,763</u>	<u>-</u>	<u>2,194,763</u>	<u>(31,121)</u>
Corporate and unallocated expenses				(3,826)
Operating loss				(34,947)
Finance costs				(4,539)
Share of profits of associates				782
Loss before income tax				(38,704)
Income tax				(13,083)
Loss for the year				<u>(51,787)</u>

	2023			Segment results
	Segment revenue			
	Sales to external customers	Inter-segment sales	Total	
	HK'\$000	HK'\$000	HK'\$000	HK'\$000
Book and Package Printing	1,700,115	5,528	1,705,643	122,569
Consumer Product Packaging	296,176	1,319	297,495	(51,114)
Corrugated Box	186,695	64,200	250,895	(9,289)
Paper Trading	203,876	273,224	477,100	(5,224)
Eliminations	-	(344,271)	(344,271)	3,635
	<u>2,386,862</u>	<u>-</u>	<u>2,386,862</u>	<u>60,577</u>
Gain on disposal of property, plant and equipment				133,667
Corporate and unallocated expenses				(17,037)
Operating profit				177,207
Finance costs				(9,391)
Share of losses of associates				(933)
Profit before income tax				166,883
Income tax				(35,615)
Profit for the year				<u>131,268</u>

### 3. Finance Costs

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	2,615	7,455
Interest on lease liabilities	1,924	1,936
	<u>4,539</u>	<u>9,391</u>

### 4. (Loss)/Profit Before Income Tax

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

	2024 HK\$'000	2023 HK\$'000
After charging -		
Depreciation		
- owned property, plant and equipment	108,028	103,503
- other assets leased for own use	18,149	15,664
- land use rights	3,584	3,674
Amortisation of intangible assets	1,368	1,580
Loss allowance of trade receivables, net	2,198	5,556
Loss allowance of loan to an associate	1,080	4,574
Impairment loss on investment in an associate	7,605	3,300
Lease charges for short-term leases	2,255	3,934
Staff cost (including directors' emoluments)	579,357	633,284
Write-down of inventories, net	1,477	3,803
Loss on disposal of property, plant and equipment, net	2,369	-
Net foreign exchange loss	5,226	12,065
Net realised loss on derivative financial instruments not qualified as hedges	-	1,726
After crediting -		
Dividend income from financial investments	553	4,058
Interest income	15,728	23,743
Government grants	18,123	10,460
Gain on disposal of property, plant and equipment, net*	-	131,043
Fair value gain on structured bank deposits	17,255	7,357

\* During the year ended 31 December 2023, the Group surrendered and vacated from all of its land and properties in Wuxi to Wuxi Local Administration and recognised a gain of HK\$133,667,000.

## 5. Income Tax

	2024 HK\$'000	2023 HK\$'000
<b>Current tax</b>		
- Hong Kong Profits Tax	(16)	715
- People's Republic of China ("PRC") Income Tax	7,315	72,534
- Vietnam Income Tax	3,175	-
Toal current tax	<u>10,474</u>	<u>73,249</u>
<b>Withholding tax</b>	<u>3,629</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(1,020)</u>	<u>(37,634)</u>
	<u>13,083</u>	<u>35,615</u>

The provision for Hong Kong Profits Tax for 2024 and 2023 is calculated at 16.5% of the estimated assessable profits for the year.

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 Corporate Income Tax ("CIT") for 2023 and 2024 was subject to a reduced tax rate of 15%. For Chinese Mainland entities other than HHCN, PRC Income Tax represents CIT calculated at 25% (2023: 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% (2023: 5%) of the dividend income from subsidiaries in the Chinese Mainland.

The provision for CIT in Vietnam is calculated at 17% of the estimated taxable profits for the year. 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 CIT exemption for the first two years starting from which profit is generated and 50% income tax reduction for the next four years. Pursuant to the income tax rules and regulations, provision for Vietnam withholding tax on interest income is calculated based on 5% (2023: 5%) of the interest income from subsidiary in Vietnam.



## 6. (Loss)/Earnings Per Share

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of HK\$43,364,000 (2023: profit of HK\$135,155,000) and the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company under the Share Award Scheme.

	2024	2023
(Loss)/profit attributable to equity shareholders of the Company (HK\$'000)	<u>(43,364)</u>	<u>135,155</u>
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)	<u>(2,009)</u>	<u>(5,737)</u>
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	<u>905,856</u>	<u>902,128</u>
Basic (loss)/earnings per share (HK cents per share)	<u>(4.8)</u>	<u>15.0</u>

### (b) Diluted (loss)/earnings per share

For the year ended 31 December 2024, the diluted and basic loss per share were the same as the ordinary shares repurchased for the Share Award Scheme are anti-dilutive to the loss per share.

For the year ended 31 December 2023, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$135,155,000 and the weighted average number of ordinary shares of 907,048,000 shares.

	2023
Profit attributable to equity shareholders of the Company (HK\$'000)	<u>135,155</u>
Weighted average number of ordinary shares in issue ('000)	902,128
Effect of deemed issue of shares under the Company's Share Award Scheme ('000)	<u>4,920</u>
Weighted average number of ordinary shares (diluted) at 31 December ('000)	<u>907,048</u>
Diluted earnings per share (HK cents per share)	<u>14.9</u>

## 7. Dividends

	2024 HK\$'000	2023 HK\$'000
Interim dividend of HK4 cents (2023: HK4 cents) per ordinary share	36,315	36,315
Proposed special dividend of HK5 cents (2023: HK5 cents) per ordinary share	45,393	45,393
Proposed final dividend of HK4 cents (2023: HK4 cents) per ordinary share	36,315	36,315
	<u>118,023</u>	<u>118,023</u>

The directors recommend the payment of a special dividend of HK5 cents per ordinary share and a final dividend of HK4 cents per ordinary share. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company.

## 8. Trade and Other Receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivable	474,546	545,675
Less: Loss allowance	(24,872)	(23,230)
	<u>449,674</u>	<u>522,445</u>
Trade receivable due from related parties	9	293
Total trade receivable, net	<u>449,683</u>	<u>522,738</u>
Bills receivable	974	203
Prepayment, deposits and other receivables	113,451	103,301
	<u>564,108</u>	<u>626,242</u>

Trade receivables are normally due within 30 to 90 days from the date of billing.

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

	2024 HK\$'000	2023 HK\$'000
1 - 30 days	250,557	220,826
31 - 60 days	95,160	153,758
61 - 90 days	56,138	78,401
Over 90 days	47,828	69,753
	<u>449,683</u>	<u>522,738</u>

Movement in the loss allowance account in respect of trade receivable during the year is as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	23,230	18,004
Acquisition of a subsidiary company	-	132
Impairment loss	2,198	5,556
Amount written off as uncollectible	(265)	(356)
Exchange differences	(291)	(106)
At 31 December	<u>24,872</u>	<u>23,230</u>

## 9. Trade and Other Payables

	2024 HK\$'000	2023 HK\$'000
Trade payables	130,262	112,909
Bills payables	6,799	10,014
Deferred income - current portion	5,956	6,267
Other payable and accrued liabilities	175,138	208,453
Amount due to an associate	5,418	5,700
	<u>323,573</u>	<u>343,343</u>

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

	2024 HK\$'000	2023 HK\$'000
1 - 30 days	102,772	82,406
31 - 60 days	19,827	22,801
61 - 90 days	2,466	3,261
Over 90 days	5,197	4,441
	<u>130,262</u>	<u>112,909</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

Globally, consumers and producers continued to feel the pressure of high costs, despite an easing in inflation toward the end of 2024. Customers remained cautious in placing orders as new risks emerged, particularly due to ongoing geopolitical tensions which pushed up the logistic costs for exports. During the period under review, there was speculation about the impact on how the Trump administration might reshape the global economic landscape. China, the world's second-largest economy, experienced pressure to grow in 2024. Economic involution intensified market competition across the industry, prompting printing manufacturers to rationalise operations and cut prices aggressively to pursue businesses. This has had negative impact to us both in exports and domestic sales, in particular in the 2<sup>nd</sup> half of the year.

Geopolitical tensions in the Middle East and drought conditions at the Panama Canal in 2024 have further affected global supply chains. Our export business faced significant challenges due to these disruptions, resulting in longer shipping routes, higher costs, and increased port congestion. In response to shipment delays, some customers might have front-loaded their inventory, but many were strained by the exacerbated cashflow deterioration.

The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$43 million, as compared to a profit of HK\$135 million recorded last year. This is mainly attributable to the fact that the Group did not have any benefit of the progressive recognition of one-off income of HK\$134 million generated from the land resumption in Wuxi, China, which benefit the Group in 2023. Basic loss per share was HK\$4.8 cents, compared to basic earnings per share of HK\$15 cents in 2023.

In spite of this, Hung Hing has demonstrated resilience through consolidation of our core businesses while pursuing diversification.

Our sales and marketing team consistently strengthened our relationship with existing customers while proactively reaching out to potential clients and exploring new markets. In response to the growing global focus on sustainability, we also introduced a new collection of samples showcasing our offerings in eco-friendly materials.

Following the success of our investment in HHDream in Vietnam five years ago, we celebrated the groundbreaking of our second Vietnam site at Thai Ha in late November 2024. This new facility, located just 20 minutes from our existing Binh Luc factory and one hour from Haiphong Port, will feature five three-storey buildings and a large warehouse, covering a total area of 62,300 square meters upon completion, expected by end of 2025.

STEM PLUS, a Hung Hing subsidiary, has been actively expanding its presence in the education sector through organising education expos and the Formula Edge™ Inter-school AI Racing Competition in both Hong Kong and Macau. Since launching the first Greater Bay Area Hong Kong Through-Train Schools Expo in late 2023, two successful sessions have already taken place in 2024. These events have seen a remarkable increase in both participating schools and leading sponsoring bodies (2023: less than 200 vs 2024: more than 300) and visitors (2023: less than 30,000 vs 2024: more than 40,000), effectively addressing the diverse needs of our target audience across various age groups.

Active Minds Ltd (AML), our children's book distribution business under STEM PLUS, has expanded and optimised its bookstore network across Hong Kong, and revitalised existing outlets through redesign and refurbishment to elevate the customer buy experience. Additionally, it also has invested in technology to drive digital transformation, launching RFID technology for future smart warehousing solutions to enhance inventory efficiency. The company is also advancing its digital store to ensure seamless online shopping experience for customers.

Other initiatives included expanding our offerings in new businesses such as Yum Me Print of Beluga Ltd, another Hung Hing subsidiary. Yum Me Print pioneered an upgraded model capable of printing documents at more than 50 document print points across the city, including locations in MTR stations, The Commercial Press, and AEON stores, providing users with affordable and high-quality document printing services. All of these printing booths utilise FSC™-certified paper, ensuring premium print quality while promoting environmentally friendly practices.

## **Business Unit Report**

Our largest business unit, Book and Packaging Printing (BPP), has faced significant challenges, with revenue declined by 12.3% to HK\$1,490 million in 2024 (2023: HK\$1,700 million). Global economic uncertainty and weakness in consumer confidence led to ruthless price competition and impacted our export sales and pressure on our margins, as we strive to remain competitive while maintaining unparalleled quality. Added logistic charges also partly attributed to an overall decline in profit contribution to HK\$25.7 million in 2024.

The Consumer Product Packaging (CPP) business unit achieved a 14.5% increase in revenue to HK\$339 million in 2024 (2023: HK\$296 million) attributed to the resumption of full operation in Wuxi plant. Despite the revenue increase, CPP has yet to recover from operating losses but is confident to turn-around through new business development, new sources of income and production processes optimisation with cost-saving measures. We anticipate favourable economic climate in mainland China, bolstered by government initiatives aimed at stimulating growth. Coupled with our improved capabilities to broaden sources of income and economise on expenditure, the development of domestic market presents us with valuable opportunities.

The Corrugated Box (CB) business achieved modest revenue growth of 6% to HK\$198 million in 2024 (2023: HK\$187 million), alongside a segment loss of HK\$15 million at the backdrop of unfavourable market conditions, which emphasises the need for stepping up implementation of operational strategy. Our strategic initiatives, including the consolidation of our manufacturing facilities across Greater Bay Area, are designed to enhance operational efficiencies and drive synergy within our operations. This strategic move will allow us to optimise resource allocation, enhance collaboration and improve supply chain efficiency.

The performance of the Paper Trading (PT) business has faced a notable revenue decline of 17.9% to HK\$167 million in 2024, primarily driven by lacklustre market demand with disruptions in paper supply and prices. In response, we are implementing a robust strategy to navigate these challenges, focusing on inventory management, order rationalisation and cost-saving initiatives. PT remains committed to adapting our strategies to ensure long-term sustainability and play a crucial supporting role in other business units in the Group.

## Principal Risks and Uncertainties

Risks and uncertainties may affect the Group's business performance or growth prospects, leading to a divergence from expected or historical results. The Group faces certain generic risks that commonly apply to players within the industry, such as fluctuations in exchange rates and commodities prices, including paper prices, and inflation in labour cost.

Economic uncertainty remains a paramount concern. As consumers and businesses grapple with fluctuating economic conditions, they tend to become very conservative while delaying or minimising commitment and investment. Uncertain US tariff policy and supply chain disruptions further exacerbate these challenges; geopolitical tensions, natural disasters, and logistical issues can delay production and hinder timely delivery, resulting in lost sales and diminished customer satisfaction and slow in investment. Although some front-loading of exports in 2025 might temporarily boost shipment performance, tariffs will ultimately weigh on external demand for exports and dampen domestic sentiment, particularly against a backdrop of already weak confidence. However, with external headwinds stiffening, we think that governments will redouble their efforts to spur domestic demand, including potentially expanding the scope of direct consumption stimulus, taking more proactive measures to bolster effective investment, including building a better social welfare system to stimulate sustainable growth in domestic consumption.

### **Strong Financial Position: Net Cash Holding of HK\$914 million**

The Group maintained a robust cash position with HK\$914 million net cash in hand (total cash including structured bank deposits and net of bank borrowings). The financial strength enables us to invest for long-term sustainable growth and reward our shareholders.

The Group deployed RMB-link structured bank deposits (2024 year-end balance at HK\$258 million) to enhance yield and at the same time, provide hedging for RMB requirements.

During the year, the Group spent over HK\$51 million on capital projects to expand and upgrade existing capacities, and acquire new equipment and technology to support new initiatives of our core businesses including upgrading our existing facility and preparation of a new factory site in Vietnam.

Gearing ratio was kept at a conservative level of 2.1% (2023: 4.0%) to minimize interest risks.

To meet operating cash requirements while mitigating exchange risks, 72% of total cash including structured deposits (vs. 2023: 54%) was held in RMB, while the rest was mainly held in USD 18% (vs 2023: 39%) and HKD 3% (vs 2023: 4%). Loans were in USD under fixed interest rate arrangement and naturally hedged with expected income flow to minimise interest expenses and control currency exposure.

## Future Business Development

Environmental concerns brought about by climate change have resulted in more stringent regulatory restrictions imposed by different governments, particularly the European Commission (EU). The extended application deadline for the Regulation on Deforestation Free Products (EUDR) until December 2025 has allowed more time to prepare for compliance with the regulations and more effective communication among players in the entire value chain. As customers also strive to adhere to these regulations, they have become more cautious when placing orders with trusted suppliers, which could be an interruption in short-term but opportunities for us in the long-term.

## Outlook

Although the US-China trade war and the subsequent tariffs issue will have far-reaching implications to our business, our Group is well prepared and equipped with sufficient agility to manage our operations effectively. Having operated in mainland China for years, we are well positioned to grow our business further in domestic market. The construction of our second site in Vietnam, HHDream Thai Ha, is advancing on schedule, with the first phase expected to be completed by mid-2025. Leveraging on Vietnam's economic growth potential, we anticipate that this new facility will effectively cater to both local and export markets, particularly for clients seeking additional production options amid the ongoing US-China trade tensions. Additionally, we are actively establishing a publishing printing function in Vietnam to enhance our business portfolio and expand our service offerings.

While we continue to drive business growth in our core businesses, diversification remains a crucial focus for achieving business sustainability. STEM PLUS will continue to enhance its placement service in the education sector, capitalising on the strong demand from parents seeking first-hand information on school admission process and convenient access to interviews for their children. By leveraging its event-based growth strategy, it is actively building collaborations with overseas government agencies to help promote STEM education in their local markets. This multi-pronged approach will enable STEM PLUS to better serve families and educational institutions worldwide, further solidifying its position as a leading provider of STEM-focused educational solutions. Meanwhile, AML, a retail subsidiary of STEM PLUS, will continue to improve its digital store to expand its sales channels and further embrace its target audience.

The integration of artificial intelligence (AI) in the printing industry has fundamentally transformed our business operations in recent years. As technology continues to advance, we are committed to expanding its applications across strategic areas including product design and internal process standardisation. Trainings are provided to our staff members to ensure they have the skills necessary to master this new technology and enhance their efficiency. We endeavour to leverage improved AI functionalities to further reshape production efficiency by optimising job scheduling, resource allocation and inventory management.

As we reflect on the past 75 years, we have transformed from a modest printing factory focused solely on stationery and office supplies into a dynamic and diversified printing group. This spirit of innovation and exploration is deeply ingrained in our DNA, and we remain steadfast in our commitment to embracing new opportunities as we approach the remaining quarter of our first century. We extend our heartfelt gratitude to our dedicated colleagues and valued business partners for their unwavering support and hard work throughout this journey. Together, we look forward to building an even brighter future.

## SPECIAL DIVIDEND AND FINAL DIVIDEND

The directors recommend a special dividend of HK5 cents (2023: HK5 cents) per share and a final dividend of HK4 cents (2023: HK4 cents) per share. The proposed special dividend and final dividend are subject to shareholders' approval at the forthcoming annual general meeting of the Company. These, together with an interim dividend of HK4 cents (2023: HK4 cents) per share paid in October 2024, will make a total dividend of HK13 cents (2023: HK13 cents) per share for the financial year.

The proposed special dividend and final dividend will be paid by cash on 20 June 2025 to shareholders whose names appear on the Register of Members of the Company on 5 June 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Thursday, 22 May 2025 to Tuesday, 27 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all transfer of shares 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 Monday, 21 May 2025.

The Register of Members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed special dividend and final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 30 May 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 year.

## **CORPORATE GOVERNANCE**

In the opinion of the directors, the Company has complied with all the applicable code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2024 except for the following deviations:

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") 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 final results.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the final results for the year ended 31 December 2024 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.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group's results for year ended 31 December 2024 have been agreed by the Group's auditor, KPMG ("KPMG"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

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

Hong Kong, 25 March 2025

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