



PRESS RELEASE

Hung Hing announces interim results

Turnover increases by 13% to HK\$1,935 million

Hong Kong, 10 December 2007 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 September 2007. Driven by strong demand in Europe and mainland China for quality paper products, the Group recorded revenue growth across all business divisions. Turnover during the period grew by 13% to a total of HK\$1,935 million.

Despite the robust demand, macro-economic factors affecting the industry as a whole had an impact on the Group, particularly on its cost of sales. Rising oil prices affected energy, transportation and material costs. Regulation-driven increases in wages and benefits, and the appreciation of the Renminbi, also increased costs. As a result, the Group's profit from operating activities declined 20% to HK\$190 million.

A smaller gain on the derivative component of the Group's convertible bond issue than was recorded in the same period last year, and a delay in receipt of the tax refund available to a PRC subsidiary with export enterprise status, contributed to a decline of 43% in profit for the period to HK\$138 million.

Net profit attributable to equity holders of the parent decreased 45% to HK\$125 million. Earnings per share decreased 45% to HK20.8 cents. The Board of Directors has declared an interim dividend of 7.5 cents per share.

Group Chairman Mr YAM Cheong Hung said, "The business environment during the period proved challenging. Despite this, we continued to upgrade our facilities and expand to new markets in order to improve our competitive position. As a result, we achieved considerable sales growth in non-traditional markets such as northern Europe and South America."

Both the Paper Trading and Corrugated Carton Manufacturing divisions performed strongly, recording growth of 67% and 36% in profit from operating activities respectively.

The Paper Trading division benefited from the robust mainland economy, which drove demand for quality paper, as well as increasing global paper prices. The Corrugated Carton Manufacturing division was also able to add domestic customers to grow its customer base. Greater automation of production processes further favoured this division, as rising labour costs had a smaller impact.

The Group's largest division, Paper and Carton Box Printing and Manufacturing, recorded revenue growth of 9%, largely driven by rising demand for conventional book printing and packaging in overseas markets such as the UK. However, paper price and wage increases, as well as climbing energy, transportation and material costs, had an impact on the division's operating profit which declined by 31%. The recently commissioned Heshan facility will allow the Group to enjoy lower labour costs and production flexibility in the long term.

Despite growth in both external and internal sales, the Paper Manufacturing division returned an operating profit of HK\$26 million, a decrease of 23 %. This was largely caused by the rising cost of waste paper, the main raw material in the paper manufacturing process.

Mr Yam said, "We expect to see a trend of consolidation in the industry that will ease the current intense competition, and improve the business environment. Our vertically-integrated operations and high quality products will help us benefit from this change."

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About Hung Hing Printing Group Limited

Hung Hing was established by Mr Yam Cheong Hung as a printing shop in 1950. Over the five decades that followed, the company has built operations in the printing and manufacture of paper and carton boxes, corrugated boards and corrugated cartons, paper manufacturing as well as paper trading. Headquartered in Taipo, Hong Kong, the company has five plants in China: four in the Guangdong province (Fuyong, Zhongshan and Heshan) and one in Wuxi (near Shanghai). Customers include brand name manufacturers from Japan, Europe and the United States, as well as from Hong Kong and China. The company has a workforce of over 17,000 people and was listed on The Stock Exchange of Hong Kong in 1992.

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Consolidated profit and loss table and business division analysis attached.

Hung Hing Printing Group Limited

Unaudited Consolidated Income Statement for the Period Ended 30 September

	2007 HK\$'000	2006 HK\$'000
Revenue	1,934,840	1,705,338
Cost of sales	<u>(1,593,070)</u>	<u>(1,349,616)</u>
Gross profit	341,770	355,722
Other income and gains	33,065	45,173
Distribution costs	(46,072)	(42,476)
Administrative and selling expenses	(131,434)	(120,938)
Other expenses	<u>(7,360)</u>	<u>(1,385)</u>
	189,969	236,096
Fair value gain on derivative component of convertible bonds	10,200	64,050
Finance costs	<u>(31,090)</u>	<u>(31,211)</u>
Profit before tax	169,079	268,935
Tax	<u>(30,899)</u>	<u>(27,974)</u>
Profit for the period	<u>138,180</u>	<u>240,961</u>
Attributable to:		
Equity holders of the parent	124,795	226,649
Minority interests	<u>13,385</u>	<u>14,312</u>
	<u>138,180</u>	<u>240,961</u>
Interim dividend per share	7.5 cents	9.5 cents
Earnings per share attributable to equity holders of the parent (basic)	20.8 cents	37.7 cents

Business Division Analysis Table

	Segment Revenue			Segment Results		
	Sales to external customers 2007 HK\$'000	%	% change from 2006	2007 HK\$'000	%	% change from 2006
Paper and carton box printing & manufacturing	970,796	50%	+9%	98,872	52%	-31%
Paper manufacturing	394,197	20%	+6%	26,487	14%	-23%
Corrugated carton manufacturing	320,766	17%	+13%	27,549	15%	+36%
Paper trading	249,081	13%	+56%	35,792	19%	+67%
Eliminations	-	-	-	(1,662)	-1%	N/A
	<u>1,934,840</u>	<u>100%</u>	+13%	187,038	99%	-15%
Interest, dividend income and other gains				17,590	9%	-27%
Corporate and unallocated expenses				<u>(14,659)</u>	-8%	+96%
				189,969	<u>100%</u>	-20%
Fair value gain on derivative component of convertible bonds				10,200		
Finance costs				<u>(31,090)</u>		
Profit before tax				169,079		
Tax				<u>(30,899)</u>		
Profit for the period				<u>138,180</u>		