



Press Release

Hung Hing reports 2006 / 07 revenues of HK\$3,142 million

Hong Kong, 9 July 2007 --- On the back of an improved global economy and continued outsourcing to China, Hung Hing Printing Group Limited (SEHK: 450) achieved overall revenues of HK\$3,142 million for the year ended 31 March 2007, an increase of 6 per cent over the previous year.

According to Chairman YAM Cheong Hung, the Group pursued a diversification strategy during the year under review, which included continued expansion of product portfolio, geographic markets as well as manufacturing base. This strategy was effective in driving sales in new markets as well as controlling operating costs.

The macro economic operating environment continued to pose some challenges. Oil and material price adjustments, and the increase in minimum wage in China caused the Group's cost of sales to increase by 8 per cent. On the other hand, the Group received interest income and exchange gains from the strong RMB, which helped increase operating profit by 3 per cent.

In the year under review, the Group recognized a significant gain of HK\$55 million as a result of change in the fair value of the derivative component of its convertible bond. This gain has led to an increase in profit for the year of 11 per cent.

Earnings per share were 46.1 cents compared to 42.5 cents the year before. The Board of Directors is proposing a final dividend of 20 cents per share, bringing total dividends for the year to 29.5 cents per share.

The Group's geographic diversification and aggressive marketing efforts in Europe allowed it to increase presence in its non-traditional markets, such as Australia, Canada, Eastern Europe, Germany and South America. The Group also took advantage of the strong domestic economy to increase revenues in mainland China by 19 per cent.

During the year, the Group achieved revenue growth in all its business divisions.

The Group's largest division, printing and carton box manufacturing, reported a slight increase in turnover of 1 per cent. However, increases in material costs resulted in a decline of operating profit of 17 per cent.

The paper trading division was able to take advantage of the prevailing paper price adjustments across the globe to increase revenue and operating profit by 4 per cent and 30 per cent respectively.

The corrugated carton manufacturing division achieved steady revenue growth of 9 per cent, in part by entering new business segments. However, depreciation charges on the new corrugator, intense competition and increases in labour and material costs resulted in operating profit declining by 4 per cent.

The paper manufacturing division capitalised on strong mainland China demand to achieve an increase of 18 per cent in sales. Global paper price adjustments and a continued emphasis on operating efficiencies led to an increase of 43 per cent in operating profit.

"In addition to steady business results, the Group has a number of measures across the board to ensure our business model is environmentally and socially sustainable," said Mr Yam. "A major achievement of the Group is the well recognized Forest Stewardship Council (FSC) certification received this year. This is the world's leading environmental certification that provides a guarantee that a product comes from well-managed, sustainable forests. We are committed to sustainable business practices and meeting the environmental standards of our customers as well as local regulations."

About the 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 U.S.A., as well as from Hong Kong and China. The company has a workforce of over 16,000 people and was listed on The Stock Exchange of Hong Kong in 1992.

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Issued by Hung Hing Printing Group Limited through GolinHarris. For inquiries, please contact: Charlotte Fan. Tel: 2501 7978; Fax: 2810 4780; Email: charlotte.fan@golinharris.com

Consolidated income statement and business division analysis attached.

Hung Hing Printing Group Limited

Audited Consolidated Income Statement for the Year Ended 31 March

	2007 HK\$'000	2006 HK\$'000
Revenue	3,141,985	2,956,885
Cost of sales	<u>(2,523,810)</u>	<u>(2,337,515)</u>
Gross profit	618,175	619,370
Other income and gains	69,553	36,309
Distribution costs	(75,541)	(70,942)
Administrative and selling expenses	(242,832)	(225,979)
Other expenses	<u>(5,483)</u>	<u>(7,080)</u>
	363,872	351,678
Fair value gain/(loss) on derivative component of convertible bonds	55,275	(1,800)
Finance costs	<u>(61,493)</u>	<u>(28,247)</u>
Profit before tax	357,654	321,631
Tax	<u>(50,123)</u>	<u>(45,540)</u>
Profit for the year	<u><u>307,531</u></u>	<u><u>276,091</u></u>
Attributable to:		
Equity holders of the parent	277,139	248,891
Minority interests	<u>30,392</u>	<u>27,200</u>
	<u><u>307,531</u></u>	<u><u>276,091</u></u>
Proposed final dividend per share	20 cents	20 cents
Earnings per share attributable to equity holders of the parent (basic)	46.1 cents	42.5 cents

Business Division Analysis Table

	Segment Revenue			Segment Results		
	Sales to external customers	%	% change from 2006	2007 HK\$'000	%	% change from 2006
	2007 HK\$'000					
Paper and carton box printing & manufacturing	1,572,656	50%	+1%	210,580	58%	-17%
Paper trading	281,024	9%	+4%	35,454	10%	+30%
Corrugated carton manufacturing	538,487	17%	+9%	24,697	6%	-4%
Paper manufacturing	749,817	24%	+18%	79,814	22%	+43%
Eliminations	-	-	-	(610)	-	N/A
	<u><u>3,141,984</u></u>	<u><u>100%</u></u>	+6%	<u><u>349,935</u></u>	<u><u>96%</u></u>	-4%
Interest, dividend income and other gains				36,918	10%	+221%
Corporate and unallocated expenses				<u>(22,981)</u>	<u>-6%</u>	<u>-5%</u>
				<u><u>363,872</u></u>	<u><u>100%</u></u>	+3%