



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Ind. Est., N.T., Hong Kong Tel: 2664 8682 Fax: 2664 2070

PRESS RELEASE

Hung Hing announces annual results

Strong balance sheet mitigates effects of global economic downturn

Hong Kong, 15 July 2009 – Hung Hing Printing Group Limited (HKSE: 450) today announced its annual results for the year ended 31 March 2009, reporting a decline of revenue of 5% compared to the previous financial year. Profit from operating activities declined by 51% to HK\$147 million.

Despite this, the Group's balance sheet remains strong with the net cash position standing at HK\$753 million as at the end of the year under review.

The Group's core businesses maintained steady growth. Paper and carton box printing and manufacturing performed strongly, recording a 10% revenue growth, despite the downturn in the second half of the year. The corrugated carton manufacturing division also achieved strong profit growth of more than 99% on the back of increased demand from the China domestic market and improved manufacturing efficiencies.

However, both the paper manufacturing and paper trading divisions experienced declines in revenue and profit largely due to reduced customer demand, volatility in paper prices and increased competition.

The paper manufacturing division recognized one-time losses arising from inventory adjustments in the value of raw materials and mechanical parts of HK\$60 million as it shut down one of its oldest paper machines resulting in decreased production capacity. The Group also recognized an impairment loss on the plant and equipment at its two paper manufacturing companies of HK\$288 million and an impairment loss on goodwill of HK\$3 million.

As a result of these one-off losses, the Group recorded a loss for the year of HK\$165 million. After netting off loss attributable to minority interests of HK\$167 million due to the 41% share of minority interests in the paper manufacturing companies, profit attributable to equity holders of the parent was HK\$1.8 million. Profit per share was HK0.2 cent.

Managing Director, Mr. Matthew C.M. Yum said, "The global economic recession had a widespread effect on business. Given the challenges faced however, our core businesses, particularly the printing and packaging business, have continued to deliver solid results."

Due to the Group's excellent cash position and strong balance sheet, the Board of Directors is proposing a final dividend of HK10 cents per share, bringing the total dividend for the year to HK14 cents.

In view of the solid financial performance of the printing and packaging divisions over the years, Hung Hing increased its investment in the business in June 2009 with the acquisition of LeMonde Inc. (LeMonde) and Homegrace Consultants Limited (Homegrace)'s equity interests in the three companies which comprise its Zhongshan printing and packaging business. LeMonde and Homegrace owned 10% and 5% respectively of equity interests in these three companies.

At the same time, the Group also entered into agreements with LeMonde and Homegrace to dispose of 25% and 5% respectively of its equity interests in two paper manufacturing companies in Zhongshan. LeMonde and Homegrace will provide a loan of RMB 30 million to the two paper manufacturing companies.

Mr Yum believes this business realignment will help refocus the Group on its core printing and packaging business which is showing high potential for growth, especially in the China consumer market.

The Group also expanded its sales outside the traditional markets of the U.S. and the U.K. during the year under review. Sales in new markets such as Continental Europe, particularly Germany and Spain, and Russia recorded significant growth in terms of both volume and revenue.

With a view to fuel further growth in the China domestic market, Hung Hing established a paper trading subsidiary with a business license to trade in paper in the mainland.

Mr Yum said, "Although positive indications of a recovery are appearing, we believe the coming year will continue to present challenging business conditions. Our strong cash position places Hung Hing in excellent shape to take advantage of growing opportunities which will arise as economic recovery gets underway."

- END -

About Hung Hing Printing Group Limited

Hung Hing was founded by the Company's Honorary Chairman Mr Yam Cheong Hung in 1950. Over the five decades that followed, the Company has established significant operations in paper and carton box printing and manufacturing, corrugated carton manufacturing, paper manufacturing and paper trading. Headquartered in Hong Kong, the Company has five plants in China: four in the Guangdong province (Shenzhen, Zhongshan and Heshan) and one in Wuxi. Customers include multinational corporations from the US and Europe as well as from domestic companies in China. The Company has a workforce of over 13,000. It has been listed on The Hong Kong Stock Exchange since 1992.

###

For enquiries, please contact Charlotte Fan at GolinHarris.
Tel: 2501 7978 Fax: 2810 4780 Email: charlotte.fan@golinharris.com

Consolidated profit and loss table and business division analysis attached.

Hung Hing Printing Group Limited

Audited Consolidated Income Statement for the Year Ended 31 March

	2009	2008
	HK\$'000	HK\$'000
Revenue	3,458,895	3,658,095
Cost of sales	<u>(2,947,779)</u>	<u>(3,082,621)</u>
Gross profit	511,116	575,474
Other income and gains	57,643	112,453
Distribution costs	(83,042)	(83,438)
Administrative and selling expenses	(285,250)	(265,332)
Other expenses	<u>(53,121)</u>	<u>(40,071)</u>
	147,346	299,086
Loss from fire	(30,331)	-
Impairment of property, plant and equipment	(260,499)	-
Impairment of goodwill	(3,041)	-
Impairment of properties under construction	(27,807)	-
Fair value gain/(loss) on derivative financial instruments not qualified as hedges, net	104,055	(157,473)
Fair value gain on derivative component of convertible bonds	-	32,775
Finance costs	(66,422)	(142,744)
Share of loss of an associate	(1,560)	-
Profit/(Loss) before tax	<u>(138,259)</u>	<u>31,644</u>
Tax	<u>(27,180)</u>	<u>(35,039)</u>
Loss for the year	<u><u>(165,439)</u></u>	<u><u>(3,395)</u></u>
Attributable to:		
Equity holders of the parent	1,769	(17,799)
Minority interests	<u>(167,208)</u>	<u>14,404</u>
	<u><u>(165,439)</u></u>	<u><u>(3,395)</u></u>
Proposed final dividend per share	10 cents	1 cent
Earnings/(Loss) per share attributable to equity holders of the parent (basic)	0.2 cent	(3.0) cents

Business Division Analysis Table

	Segment Revenue			Segment Results		
	Sales to external customers	%	% change	2009	%	% change
	2009			2009		
	HK\$'000		from 2008	HK\$'000		from 2008
Paper and carton box printing & manufacturing	1,948,485	56%	+10%	155,708	106%	-2%
Corrugated carton manufacturing	593,491	17%	-	90,593	62%	+99%
Paper trading	331,734	10%	-29%	54,900	37%	-12%
Paper manufacturing	585,185	17%	-30%	(142,299)	-97%	-616%
Eliminations	-	-	-	3,418	2%	N/A
	<u>3,458,895</u>	<u>100%</u>	-5%	162,320	110%	-45%
Interest, dividend income and other gains				27,033	18%	-14%
Corporate and unallocated expenses				<u>(42,007)</u>	<u>-28%</u>	<u>+55%</u>
				<u><u>147,346</u></u>	<u><u>100%</u></u>	<u><u>-51%</u></u>