



鴻興印刷集團有限公司

Hung Hing Printing Group Limited

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PRESS RELEASE

Hung Hing announces interim results

Turnover increases by 14% to HK\$2,208 million

Hong Kong, 16 December 2008 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 September 2008. Despite a challenging macro environment, the Group boosted revenue to HK\$2,208 million, an increase of 14% over the same period last year. This was largely the result of new and expanded business in the key markets of mainland China and European countries outside the UK, where the Group recorded strong growth of 26% and 129% respectively.

Group Managing Director Mr Matthew Yum said that Hung Hing benefited from the robust economy in China which helped drive demand for high quality paper and packaging products. Aggressive marketing efforts in Europe also helped the Group secure incremental business in new markets such as Russia, Belgium, Spain and Portugal.

The period under review saw continued pressure on margins as a result of oil price adjustments, increases in labour cost as well as the appreciation of the RMB. The paper manufacturing division in particular experienced an operating loss of HK\$36 million due to increases in raw material and coal prices and the need to write down its inventory. However, effective cost-control and inventory management measures in other business divisions enabled the Group to increase profit from operating activities by 8%.

In July 2008, all the Group's structured forward currency contracts and structured borrowings have either expired or been terminated. Together with certain forward currency contracts which remained at their open position, the Group recognized an aggregate fair value gain of HK\$89 million.

With the inclusion of this gain, profit for the period increased 60% to HK\$222 million. Net profit attributable to equity holders of the parent increased 78% to HK\$222 million. Earnings per share increased 42% to HK29.6 cents. The Board of Directors has declared an interim dividend of 4 cents per share.

According to Mr Yum, Hung Hing also benefited from its new investor, Asia Packaging Company Ltd, which provides enhanced financial stability and strengthened management with the addition of new directors to the Board who are seasoned professionals in the financial and packaging industries.

Strong demand from brand-name customers and successful geographical diversification helped the Group's largest division, paper and carton box printing and manufacturing, increase both revenue and operating profit by 23% and 34% respectively. Industry consolidation also played a key role in helping ease pricing pressures and driving customers to reliable suppliers like Hung Hing.

The corrugated carton manufacturing division increased its revenue and operating profit by 7% and 91% respectively on the back of increased domestic demand and intra-group sales.

Meanwhile, global price adjustments and prudent inventory strategies helped the paper trading division achieve operating profit growth of 36%. Focus on high-value items such as wood-free paper, art paper and ivory board increased margins, and rising demand from the Group's printing division helped boost operating profit.

Mr Yum said, "The global economic downturn will affect all participants in the sector. Hung Hing will continue to focus on increasing productivity and cost controls to address the challenges ahead. "

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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

	2008 HK\$'000	2007 HK\$'000
Revenue	2,207,706	1,934,840
Cost of sales	(1,815,816)	(1,593,070)
Gross profit	<u>391,890</u>	<u>341,770</u>
Other income and gains	38,398	33,065
Distribution costs	(50,194)	(46,072)
Administrative and selling expenses	(156,505)	(131,434)
Write-down of inventories to net realisable value	(11,432)	-
Other expenses	<u>(7,705)</u>	<u>(7,360)</u>
	204,452	189,969
Fair value gain on derivative financial instruments not qualified as hedges, net	103,422	-
Fair value loss on structured borrowings, net	(14,741)	-
Fair value gain on derivative component of convertible bonds	-	10,200
Finance costs	(43,968)	(31,090)
Share of losses of an associate	<u>(213)</u>	<u>-</u>
Profit before tax	248,952	169,079
Tax	<u>(27,295)</u>	<u>(30,899)</u>
Profit for the period	<u><u>221,657</u></u>	<u><u>138,180</u></u>
Attributable to:		
Equity holders of the parent	221,890	124,795
Minority interests	<u>(233)</u>	<u>13,385</u>
	<u><u>221,657</u></u>	<u><u>138,180</u></u>
Interim dividend per share	4.0 cents	7.5 cents
Earnings per share attributable to equity holders of the parent (basic)	29.6 cents	20.8 cents

Business Division Analysis Table

	Segment Revenue			Segment Results		
	Sales to external customers 2008 HK\$'000	%	% change from 2007	2008 HK\$'000	%	% change from 2007
Paper and carton box printing & manufacturing	1,196,143	54%	+23%	132,070	65%	+34%
Paper manufacturing	421,761	19%	+7%	(36,375)	-18%	-237%
Corrugated carton manufacturing	342,170	16%	+7%	52,583	26%	+91%
Paper trading	247,632	11%	-1%	48,616	24%	+36%
Eliminations	-	-	-	3,686	2%	N/A
	<u><u>2,207,706</u></u>	<u><u>100%</u></u>	+14%	<u><u>200,580</u></u>	<u><u>99%</u></u>	+7%
Interest, dividend income and other gains				15,397	7%	-12%
Corporate and unallocated expenses				<u>(11,525)</u>	<u>-6%</u>	<u>-21%</u>
				204,452	<u><u>100%</u></u>	+8%
Fair value gain on derivative financial instruments not qualified as hedges, net				103,422		
Fair value loss on structured borrowings, net				(14,741)		
Finance costs				(43,968)		
Share of losses of an associate				<u>(213)</u>		
Profit before tax				248,952		
Tax				<u>(27,295)</u>		
Profit for the period				<u><u>221,657</u></u>		