

PRESS RELEASE

Hung Hing announces interim growth in operating profit of 21 percent

Group interim turnover increases to HK\$1,732 million

Hong Kong, 9 December 2005 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 September 2005. The Group achieved a 43 per cent increase in turnover to HK\$1,732 million during the period due to its success in taking advantage of an overall improvement in the market environment and an increase in demand for quality paper products.

Group Chairman Mr Yam Cheong Hung said that strategies such as expansion to new geographic markets and an increase in new products, as well as increased orders from existing customers, had contributed to the increase in business. The two paper manufacturing companies in Zhongshan contributed significantly to the Group's turnover in China following the Group's increase in stake in them from 35 to 59 per cent.

The period under review saw continued pressure on margins as a result of adjustments in oil prices, as well as keen competition and ongoing increases in labour costs. Despite these challenges, the Group leveraged its vertically integrated operations, economies of scale and quick response to market needs to achieve a 21 per cent increase in profit from operating activities. Net profit attributable to equity holders of the parent increased 10 per cent to HK\$ 172 million.

Earnings per share increased 8 per cent to HK 29.7 cents. The Board of Directors has declared an interim dividend of HK 9.5 cents per share in cash with a scrip option for the current financial period.

The Group's paper and carton box printing and manufacturing division increased its direct exports and conducted successful marketing initiatives in key markets in Europe, as well as South America, to achieve an increase of 16 percent in turnover.

With the Shenzhen logistic warehouse fully up and running, the paper trading division improved its external sales performance by 50 per cent.

The corrugated carton division recorded a slight drop in turnover of 4 per cent, largely due to keen competition and price pressure.

Following the Group's increase in stake from 35 per cent to 59 per cent, the two paper manufacturing companies in Zhongshan improved their management and operational efficiency. This division contributed 20 and 10 per cent to the Group's turnover and profit from operating activities respectively.

The Group conducted an overall review of the operations at its China facilities during the period under review. This included upgrades to the working environment, health and safety measures, and training for staff on workplace safety and health. These measures have resulted in a better and safer workplace, and improvements in worker relations.

Mr Yam said, "We believe that the Group's vertically integrated, synergistic operations, as well as its commitment to quality and high business standards have earned it a long-term and stable customer base. This strong reputation will serve to help attract and retain quality customers in the months ahead."

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About Hung Hing Printing Group Limited

Founded in 1950, the Group is now one of the largest packaging printers in China and Hong Kong. Headquartered in Taipo, the Group has one plant in Fuyong (Shenzhen), two plants in Zhongshan and one plant in Wuxi (near Shanghai). The Group has strong vertical integration and is involved in the printing and manufacturing of paper and carton boxes, corrugated board and corrugated boxes, and in the trading and manufacturing of paper.

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[Consolidated profit and loss table and business division analysis attached.](#)