



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 interim revenue of HK\$1,705 million

Revenue in China increases by 12 per cent

Hong Kong, 11 December 2006 – Hung Hing Printing Group Limited (HKSE: 450) today announced its interim results for the six months ended 30 September 2006. Steady turnover and an exceptional gain from the change in the fair value of the derivative component of the convertible bonds issued in March 2006 contributed to an increase of 19 per cent in the Group's profit before tax.

Net profit attributable to equity holders of the parent increased 32 per cent to HK\$227 million. Earnings per share increased 27 per cent to HK37.7 cents. The Board of Directors has declared an interim dividend of 9.5 cents per share.

Group Chairman Mr YAM Cheong Hung said that the Group was able to successfully implement a diversification strategy in terms of both product range and geographic customer spread during the period under review. As a result, the Group increased its revenue from Europe and China by 23 per cent and 12 per cent respectively.

The period under review saw global adjustments in oil prices, which impacted customer confidence and in turn resulted in a short-term slowdown in orders during the first quarter. Despite the steady flow of orders in the following quarter, overall revenue declined slightly by 2 per cent.

During the period, Hung Hing recognised a significant change in the fair value of the derivative component of the convertible bonds it issued in early 2006, which resulted in an exceptional gain of HK\$64 million. This gain was reflected in the Group's income statement and brought the Group's profit before tax to HK\$269 million, an increase of 19 per cent over last year.

The Group's corrugated carton manufacturing and paper manufacturing divisions took advantage of the strong mainland China economy to record increases of 6 per cent and 7 per cent respectively in external sales. The paper manufacturing division performed particularly well and is now the second largest division of the Group, underscoring the success of the Group's acquisition of a major stake in the two paper manufacturing companies in Zhongshan in December 2004.

The paper trading division capitalised on the global adjustments in paper prices and grew its internal sales to record an overall increase of 13 per cent in total revenue and 21 per cent in profit.

Affected by a slowdown in orders in the first quarter, the Group's paper and carton box printing and manufacturing division recorded a decline of 5 per cent in external sales during the period under review. The division was impacted by increasing labour and benefits costs driven by government regulations, resulting in pressure on margins and affecting profits.

Mr Yam said, "In its current five-year plan, the mainland China government encourages foreign investment that brings in advanced technology and new employment opportunities. Hung Hing's vertically integrated operations, long time emphasis on quality and continuous investment in printing technology render it well placed to capitalise on these opportunities."

- END -

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 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.

For enquiries, please contact:

Charlotte Fan

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

Unaudited Consolidated Income Statement for the Period Ended 30 September

	2006 HK\$'000	2005 HK\$'000
Revenue	1,705,338	1,731,635
Cost of sales	<u>(1,349,616)</u>	<u>(1,341,549)</u>
Gross profit	355,722	390,086
Other income and gains	45,173	16,306
Distribution costs	(42,476)	(41,944)
Administrative and selling expenses	(120,938)	(118,245)
Other expenses	<u>(1,385)</u>	<u>(5,846)</u>
	236,096	240,357
Fair value gain on derivative component of convertible bonds	64,050	-
Finance costs	<u>(31,211)</u>	<u>(15,185)</u>
Profit before tax	268,935	225,172
Tax	<u>(27,974)</u>	<u>(38,777)</u>
Profit for the period	<u>240,961</u>	<u>186,395</u>
Attributable to:		
Equity holders of the parent	226,649	171,720
Minority interests	<u>14,312</u>	<u>14,675</u>
	<u>240,961</u>	<u>186,395</u>
Interim dividend per share	9.5 cents	9.5 cents
Earnings per share attributable to equity holders of the parent (basic)	37.7 cents	29.7 cents

Business Division Analysis Table

	Segment Revenue			Segment Results		
	Sales to external customers	%	% change from 2005	2006 HK\$'000	%	% change from 2005
	2006 HK\$'000					
Paper and carton box printing & manufacturing	892,131	52%	-5%	142,290	60%	-21%
Paper trading	159,357	9%	-13%	21,392	9%	+21%
Corrugated carton manufacturing	283,138	17%	+6%	20,299	9%	-15%
Paper manufacturing	370,712	22%	+7%	34,469	15%	+44%
Eliminations	-	-	-	948	-	N/A
	<u>1,705,338</u>	<u>100%</u>	-2%	219,398	93%	-10%
Interest, dividend income and other gains				24,189	10%	+225%
Corporate and unallocated expenses				<u>(7,491)</u>	-3%	-34%
				236,096	<u>100%</u>	-2%
Fair value gain on derivative component of convertible bonds				64,050		
Finance costs				<u>(31,211)</u>		
Profit before tax				268,935		
Tax				<u>(27,974)</u>		
Profit for the period				<u>240,961</u>		