HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL HIGHLIGHTS

- The Group benefited from a number of strategic initiatives and the improvement in global economy to achieve overall revenues of HK$3,142 million, an increase of 6% over the previous year.
- Despite the rising cost of sales, operating efficiencies, cost controls as well as interest income and exchange gains from the strong RMB helped increase the Group's operating profit by 3%.
- A significant gain of HK$55 million as a result of change in the fair value of the derivative component of its convertible bond led to an increase in profit for the year of 11%.
- Net profit attributable to equity holders of the parent increased by 11% to HK$277 million.
- Earnings per share were HK46.1 cents.

The directors of Hung Hing Printing Group Limited ("the Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2007** **HK$'000**	2006 HK$'000
REVENUE		**3,141,985**	2,956,885
Cost of sales		**(2,523,810)**	(2,337,515)
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		**(5,483)**	(7,080)
		363,872	351,678
Fair value gain/(loss) on derivative component of convertible bonds		**55,275**	(1,800)
Finance costs	3	**(61,493)**	(28,247)
PROFIT BEFORE TAX	4	**357,654**	321,631
Tax	5	**(50,123)**	(45,540)
PROFIT FOR THE YEAR		**307,531**	276,091

	Notes		
ATTRIBUTABLE TO:			
Equity holders of the parent		**277,139**	248,891
Minority interests		**30,392**	27,200
		307,531	276,091
DIVIDENDS	6		
Interim		**57,074**	56,265
Proposed final		**120,156**	120,156
		177,230	176,421
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic	7	**46.1 cents**	42.5 cents

CONSOLIDATED BALANCE SHEET

	Notes	**2007 HK$'000**	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,493,144**	1,373,577
Prepaid land lease payments		**147,700**	145,531
Goodwill		**3,041**	3,041
Available-for-sale investments		**11,554**	10,766
Properties under construction		**50,090**	46,058
Deferred tax assets		**4,731**	5,869
Total non-current assets		**1,710,260**	1,584,842
CURRENT ASSETS			
Inventories		**596,372**	500,714
Accounts and bills receivable	8	**757,120**	542,132
Prepayments, deposits and other receivables		**40,741**	45,444
Derivative financial instruments		**4,768**	1,231
Structured deposits		**375,818**	-
Short-term note		**23,095**	-
Cash and cash equivalents		**603,584**	1,311,031
Total current assets		**2,401,498**	2,400,552
CURRENT LIABILITIES			
Accounts payable	9	**181,246**	113,838
Tax payable		**17,048**	25,574
Other payables and accrued liabilities		**120,367**	142,750
Derivative financial instruments		**7,517**	-
Derivative component of convertible bonds		**32,775**	88,050
Structured borrowings		**17,042**	-
Interest-bearing bank and other borrowings		**330,592**	427,246
Total current liabilities		**706,587**	797,458
NET CURRENT ASSETS		**1,694,911**	1,603,094
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,405,171**	3,187,936

NON-CURRENT LIABILITIES		
Convertible bonds	**679,590**	641,185
Interest-bearing bank and other borrowings	**110,833**	169,167
Structured borrowings	**56,896**	-
Deferred tax liabilities	**36,550**	23,354
Total non-current liabilities	**883,869**	833,706
Net assets	**2,521,302**	2,354,230
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**60,078**	60,078
Reserves	**1,986,974**	1,856,979
Proposed final dividend	**120,156**	120,156
	2,167,208	2,037,213
Minority interests	**354,094**	317,017
Total equity	**2,521,302**	2,354,230

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also includes Hong Kong Accounting Standards ("HKASs") and Interpretations("Int")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

2. Segment Information

Business Segments

The principal activities of the Group consisted of the printing and manufacturing of paper and carton boxes, the trading of paper, the manufacturing of corrugated cartons and the manufacturing of paper.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

An analysis by business segments is as follows:

2007

	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers HK'$000	**Inter-segment sales HK'$000**	**Total sales HK'$000**	**HK'$000**
Paper and carton box printing and manufacturing	**1,572,656**	**34,702**	**1,607,358**	**210,580**
Paper trading	**281,025**	**342,673**	**623,698**	**35,454**
Corrugated carton manufacturing	**538,487**	**108,696**	**647,183**	**24,697**
Paper manufacturing	**749,817**	**139,596**	**889,413**	**79,814**
Eliminations	**-**	**(625,667)**	**(625,667)**	**(610)**
	3,141,985	**-**	**3,141,985**	**349,935**
Interest, dividend income and other gains				**36,918**
Corporate and unallocated expenses				**(22,981)**
				363,872
Fair value gain/(loss) on derivative component of convertible bonds				**55,275**
Finance costs				**(61,493)**
Profit before tax				**357,654**
Tax				**(50,123)**
Profit for the year				**307,531**

2006

	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers HK'$000	Inter-segment sales HK'$000	Total sales HK'$000	HK'$000
Paper and carton box printing and manufacturing	1,556,040	32,916	1,588,956	255,247
Paper trading	269,544	322,682	592,226	27,266
Corrugated carton manufacturing	493,269	103,866	597,135	25,721
Paper manufacturing	638,032	189,645	827,677	55,839
Eliminations	-	(649,109)	(649,109)	208
	2,956,885	-	2,956,885	364,281
Interest, dividend income and other gains				11,492
Corporate and unallocated expenses				(24,095)
				351,678
Fair value gain/(loss) on derivative component of convertible bonds				(1,800)
Finance costs				(28,247)
Profit before tax				321,631
Tax				(45,540)
Profit for the year				276,091

Geographical Segments

In determining the Group's geographical segments, revenue are attributed to the segments based on the location of the customers.

An analysis of segment revenue by geographical segments is as follows:

	2007	2006
	HK'$000	HK'$000
Sales to external customers:		
Hong Kong	**1,204,090**	1,322,743
Mainland China	**1,141,811**	959,084
United States of America	**268,412**	282,804
Europe	**383,256**	290,314
Others	**144,416**	101,940
	3,141,985	2,956,885

3. Finance Costs

	2007	2006
	HK$'000	HK$'000
Interest on convertible bonds	**38,405**	-
Interest on bank loans	**23,088**	28,247
	61,493	28,247

4. Profit Before Tax

The Group's profit before tax is arrived at after charging or crediting the following items:

	2007	2006
	HK$'000	HK$'000
After charging -		
Depreciation	**122,307**	111,267
Minimum lease payments under operating leases in respect of land and buildings	**7,233**	7,251
Employee benefits expenses(including directors' remuneration)	**467,672**	418,168
Impairment on accounts receivable	**3,801**	3,174
Fair value loss on derivative instruments, not qualified as hedges	**1,090**	-
Fair value loss on short term note, net	**275**	-
Transaction cost related to derivative component of convertible bonds	**-**	2,932
After crediting -		
Bank interest income	**23,004**	8,405
Fair value gains on derivative instruments, not qualified as hedges	**-**	2,726
Fair value gains on structured deposits, net	**8,734**	-
Fair value gains on structured borrowings, net	**257**	-
Foreign exchange differences, net	**25,507**	4,787

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
- Charge for the year	**10,982**	13,396
- Overprovision in prior years	**(1,325)**	(1,798)
Current - Mainland China		
- Charge for the year	**33,044**	36,528
- Tax refund#	**(6,816)**	(6,646)
Deferred tax	**14,238**	4,060
Total tax charge for the year	**50,123**	45,540

\# Under certain PRC local income tax laws, a company is entitled to certain tax refund concession, representing the difference between the statutory tax rate and the reduced concession tax rate, upon successful application as an "export enterprise" whereby more than 70% of its turnover is derived from export sales. During the year, a subsidiary of the Group was granted such status from relevant authorities in respect of its operations in prior years and was entitled to a tax refund.

6. Dividends

	2007	2006
	HK$'000	HK$'000
Interim dividend of HK9.5 cents (2006: HK9.5 cents) per ordinary share	**57,074**	56,265
Proposed final dividend of HK20.0 cents (2006: HK20.0 cents) per ordinary share	**120,156**	120,156
	177,230	176,421

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. Earnings Per Share Attributable to Equity Holders of The Parent

The calculation of basic earnings per share amount is based on the net profit for the year attributable to equity holders of the parent of HK$277,139,000 (2006: HK$248,891,000) and the weighted average of 600,780,529 (2006: 586,141,600) shares in issue during the year.

Diluted earnings per share amount for the year ended 31 March 2007 and 31 March 2006 has not been presented as the convertible bonds had an anti-dilutive effect on the basic earnings per share for the years.

8. Accounts and Bills Receivable

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 to 90 days of issuance. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts and bills receivable are non-interest bearing.

	2007	2006
	HK$'000	HK$'000
Accounts receivable	**688,437**	506,900
Bills receivable	**68,683**	35,232
	757,120	542,132

An aged analysis of accounts receivable at the balance sheet date, based on invoice date and net of provision, is as follows:

	2007	2006
	HK$'000	HK$'000
Within 30 days	**268,849**	204,676
31 to 60 days	**176,874**	126,579
61 to 90 days	**122,232**	88,783
Over 90 days	**120,482**	86,862
	688,437	506,900

The carrying amounts of the accounts and bills receivable approximate to their fair values.

9. Accounts Payable

An aged analysis of accounts payable as at the balance sheet date, based on invoice date, is as follows :

	2007	2006
	HK$'000	HK$'000
Within 30 days	**147,540**	87,052
31 to 60 days	**30,419**	24,980
61 to 90 days	**421**	341
Over 90 days	**2,866**	1,465
	181,246	113,838

The accounts payable are non-interest-bearing and are normally settled on 30-day terms. The carrying amounts of the accounts payable approximate to their fair values.

MANAGEMENT DISCUSSION AND ALALYSIS

During the period under review, the global economy continued to improve, helping the Group achieve turnover growth of 6%. The Group capitalized on the exchange rate environment as well as a continued trend among overseas customers to consolidate their orders with a smaller number of reliable, value added suppliers. As a result, the Group achieved steady growth in Europe and Australia.

Several factors continued to affect the Group and the entire industry throughout the year, including power shortages across southern China. Oil price adjustments remained a factor globally, impacting the Group's transportation and paper costs and ultimately increasing the Group's cost of sales by 8%. Due to intense competition in mainland China, these cost increases could not be fully passed on to customers, which exerted pressure on margins.

The appreciation of the Renminbi has had an impact on our operating costs. However, conversion of our Renminbi monetary assets into Hong Kong dollars resulted in exchange gains. Together with interest income earned on surplus cash placed on deposit with bank, other income and gains were up 92% to HK$70 million.

Operating efficiencies and cost controls also helped increase operating profit by 3%.

Paper and Carton Box Printing and Manufacturing

Our biggest division reported a slight increase in revenue of 1%, which was achieved largely on volume growth from existing as well as new customers. However, increases in material costs resulted in a decline of operating profit of 17%.

The division increased its production of traditional books and expanded its product range into premium packaging for high-end products such as cosmetics. This strategy helped improve margins through a focus on value-added business, as did a number of initiatives to reduce costs and improve efficiencies.

The division continued with its aggressive marketing efforts in Europe with appointment of new marketing agents and was successful in expanding its customer base to new geographic markets such as Ireland, Russia and Spain. The Group now has four agents in Europe based in the UK, Germany, Scandinavia and the Benelux region (Belgium, Netherlands and Luxembourg).

The Group also expanded capacity by adding new machinery in its Tai Po, Shenzhen and Heshan plants. The launch of the Heshan plant faced slight delays due to power supply and road construction. The Heshan factory commenced operations in March 2007 and has shown satisfactory progress, now employing 1,000 staff.

Steady progress has been made in terms of implementing sustainable business practices. The Group recycles over 60,000 metric tonnes of waste paper from all our printing plants each year, much of it through the paper manufacturing division.

Paper Trading

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

The increase in revenue was also driven by sales of more high value items such as woodfree paper, art paper, ivory board and two-side coated board.

The Shenzhen distribution and logistic warehouse is now in its fourth year of operations and has built a reputation for a broad product range and the provision of value added services including paper cutting and slitting. The division achieved increases in revenues from local customers who purchased on credit terms.

The division distributed kraft liner and medium paper manufactured by the Group's paper manufacturing division, taking the Group's vertically integrated business strategy a step further. Strong demand from the Group's own printing division, especially conventional book printing, also boosted the division's operating profits.

The paper trading division has also achieved Forest Stewardship Council (FSC) certification for its sustainable practices, an achievement for the Group.

Corrugated Carton Manufacturing

The corrugated carton manufacturing division achieved steady revenue growth of 9%, in part by entering segments such as dairy products and electronics in mainland China.

Despite revenue growth, the division incurred depreciation charges on the new corrugator at the Zhongshan plant. Intense competition continued to persist in the industry together with increases in labour as well as material costs, exerting pressure on margins. As a result, operating profit declined by 4%.

The division will continue to focus as much as possible on higher-margin business and diversify its customer base to enhance profitability.

Paper Manufacturing

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

The Group plans to further upgrade the division's machinery and acquire additional land. This will enable the division to expand its capacity and position itself to capitalize on future growth opportunities.

The division continued to spearhead the Group's practice of implementing environmentally conscious measures across the board. The paper manufacturing division alone recycled over 400,000 metric tonnes of waste paper last year, which were used to produce kraft liner and medium paper for the corrugating paper market.

Financial and Capital Resources

Ongoing investment in machinery and facilities is an important part of the Group's plan to support its strategic growth plans. The expenditure incurred during the year was as follows:

	HK$ million
Buildings and machinery at the Heshan plant	101
Machinery and equipment at the Shenzhen plant	39
Machinery and equipment at the Tai Po plant	39
Buildings and machinery upgrade at the paper manufacturing facilities in Zhongshan	16
Buildings and machinery at the printing and corrugating facilities in Zhongshan	14
Buildings and machinery at the Wuxi plant	8
Total	217

The Group plans to invest further in machinery for the Heshan plant and land acquisition in Zhongshan to facilitate expansion of the paper manufacturing facilities.

At 31 March 2007, the Group had total bank borrowings including structured borrowings of HK$515 million of which HK$347 million was repayable within 1 year and HK$168 million was repayable within 2-4 years. Of the Group's total bank borrowings, 71% was borrowed in Hong Kong dollars, 15% in Renminbi and 14% in U.S. dollars.

With the appreciation of the Renminbi, the Group's paper manufacturing companies in China took steps to reduce their RMB borrowings and turned to Hong Kong dollar borrowings.

The Group accrued loan interest of HK$38 million on the convertible bonds (CB) at an interest rate of 5.9% which was then the market rate for straight bonds when the Group issued the CB in March 2006. This led to an increase of the Group's interest expenses by 118% to HK$61 million.

Excluding the loan interest on the CB, interest expenses declined by 18% to HK$23 million.

During the year, the Group made total loan repayments of HK$316 million but also drew down and made arrangements for new loans of HK$235 million. Some of the new loans were arranged in Hong Kong dollars for its mainland China subsidiaries. Net loan repayment during the year amounted to HK$81 million.

The Group had a net cash inflow from operating activities of HK$158 million. The cash inflow was impacted by increase in accounts receivable and inventory.

Compared to last year, the Group had a stronger fourth quarter as sales surged. This seasonality factor coupled with longer trade terms in conventional book printing, as well as an increased number of credit term customers for the paper trading and paper manufacturing divisions, led to a higher level of accounts receivable.

Inventory also increased as a result of the Group's long-term inventory strategy in anticipation of global paper price adjustments.

As at 31 March 2007, the Group had total cash on hand including structured deposits of HK$979 million of which HK$795 million was placed on deposits with bank. Of the total cash on hand, 40% was in Hong Kong dollars, 36% was in Renminbi, 22% in U.S. dollars and 2% in Euro and Sterling Pound.

The total debt of the Group including the loan component of the CB, was HK$1,195 million. Net debt (total debt net of cash on hand) was HK$216 million which as a ratio to shareholders' equity was 10%.

Contingent Liabilities and Pledge of Assets

As at 31 March 2007, guarantees amounting to HK$1,088 million were given to banks by the Company for banking and trading facilities granted to the Group's subsidiaries.

Certain leasehold land, buildings, and plant and machinery of the Group with a total carrying value of HK$314 million as at 31 March 2007 have been pledged to secure banking facilities granted to the Group.

Business Sustainability

The Group has implemented a number of measures across the board to ensure its business model is environmentally and socially sustainable. Some of our recent achievements in this regard include:

- Reducing the cost of water heating in our staff dormitories by about 60% through the use of solar power.
- Achieving savings of 50,000 kilowatt hours of electricity per month by using energy-saving fluorescent lights in our factories.
- Conserving about 60 metric tonnes of fuel per month used in steam generators by installing a waste steam collection facility.

The Group's entire supply chain is fully FSC certified. The Group is committed to sustainable business practices and meeting the environmental standards of our customers as well as local regulations.

Employees

As of 31 March 2007, the Group employed a total of 16,732 staff in Hong Kong and China. Of the total, 362 were employed in Hong Kong and 16,370 in China. During the year the Group continued to conduct training, safety and employee care programs, to motivate staff, boost morale and loyalty, build strong career paths, and foster productivity and efficiency.

Outlook

The Group is cautiously optimistic about the prospects of continued growth in the year ahead. The first half of the coming financial year is expected to be stable, with a potential slowing down of customer orders in the latter half of the year on the back of a slowdown in the US economy. The steady expansion in geographic markets has helped the Group reduce its reliance on any one market.

The macro economic factors associated with doing business on mainland China will likely improve over the long term. During the year ahead, due to strong demand in mainland China, slight labour cost adjustments might persist. Other challenges including price based competition as well as power shortages are likely to continue. The Group's prudent and forward looking strategies as well as its continued investment in long term growth will help it sustain its business and reputation as a value added and reliable partner.

The Group will continue to focus on value-added business and aggressive marketing overseas. We will also make further strategic investments to capitalize on future growth, especially in Heshan and Wuxi.

FINAL DIVIDEND

The directors recommend a final dividend of HK20.0 cents (2006 : HK20.0 cents) per share. The proposed final dividend will be payable in cash and it is subject to shareholders' approval at the forthcoming annual general meeting to be held on 31 August 2007. This, together with an interim dividend of HK9.5 cents (2006: HK9.5 cents) per share paid in January 2007, will make a total dividend of HK29.5 cents (2006: HK29.5 cents) per share for the financial year.

The final dividend will be paid on 27 September 2007 to shareholders whose names appear on the Register of Members of the Company on 31 August 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 27 August 2007 to 31 August 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tengis Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 24 August 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the annual results, with the exception of the following deviation:

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. However, the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the annual results.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited financial consolidated accounts of the Company for the year ended 31 March 2007.

REMUNERATION COMMITTEE

To comply with the CG Code, a remuneration committee was established with specific written terms of reference which deal clearly with its authority and duties. The members of the remuneration committee comprises three independent non-executive directors of the Company, Mr. Yap, Alfred Donald, Mr. Yip Yu Bun and Mr. Wong Siu Ping.

By Order of the Board
Yam Cheong Hung
Chairman

Hong Kong, 9 July 2007

As at the date of this announcement, the Board comprises Mr. Yam Cheong Hung, Mr. Yum Chak Ming, Matthew, Mr. Yam Ho Ming, Michael and Mr. Yam Hon Ming, Tommy as executive directors; Dr. Chu Shu Ho, David and Miss Yum Pui Ming, Anna as non-executive directors; Mr. Yip Yu Bun, Mr. Wong Siu Ping and Mr. Yap, Alfred Donald as independent non-executive directors.