NEW ISLAND PRINTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 0377)

INTERIM RESULTS 2007/2008

INTERIM RESULTS

The board of directors ("the Directors") of New Island Printing Holdings Limited ("the Company") announces the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th September, 2007 as follows:-

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2007 - unaudited

		Six months ended 30th September,	
		2007	2006
		HK$'000	*HK$'000*
	Note		
Turnover	2	283,624	277,638
Cost of sales		(226,677)	(219,318)
		56,947	58,320
Other revenue		4,146	2,723
Other net income		7,250	2,337
Selling and distribution costs		(15,423)	(14,868)
Administrative expenses		(33,271)	(27,942)
Profit from operations		19,649	20,570
Finance costs	3(a)	(8,538)	(9,547)
Profit before taxation	3	11,111	11,023
Income tax	4	(1,002)	(2,658)
Profit for the period		10,109	8,365
Earnings per share	5		
- Basic		HK4.54cents	HK3.76cents
- Diluted		HK4.54cents	HK3.76cents

CONSOLIDATED BALANCE SHEET

At 30th September, 2007 - unaudited

	Note	At 30th September, 2007		At 31st March, 2007	
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
-Property, plant and equipment			363,649		378,074
-Interest in leasehold land held for own use under operating leases			29,929		29,943
			393,578		408,017
Current assets					
Inventories		90,173		74,032	
Trade debtors, prepayments and deposits	6	180,007		108,720	
Current taxation recoverable		—		3,764	
Pledged bank deposit		1,038		11,134	
Cash and cash equivalents		37,163		43,160	
		308,381		240,810	
Current liabilities					
Bank loans and overdrafts		131,849		130,391	
Obligations under finance leases		24,109		15,805	
Trade creditors and accrued charges	7	124,858		85,192	
Bills payable		27,657		17,447	
Current taxation payable		2,192		1,817	
		310,665		250,652	
Net current liabilities			(2,284)		(9,842)
Total assets less current liabilities			391,294		398,175
Non-current liabilities					
Bank loans		80,367		82,977	
Obligations under finance leases		17,360		33,426	
Deferred taxation		17,532		19,220	
			(115,259)		(135,623)
NET ASSETS			276,035		262,552

CONSOLIDATED BALANCE SHEET

At 30th September, 2007 - unaudited (cont'd)

	At 30th September, 2007		At 31st March, 2007	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves				
Share capital		22,253		22,253
Reserves		253,782		240,299
TOTAL EQUITY		276,035		262,552

NOTES

1. Basis of preparation

The interim financial information for the six months ended 30th September, 2007 has been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), including compliance with Hong Kong Accounting Standard 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial report should be read in conjunction with the annual financial statements for the year ended 31st March, 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The interim financial report is unaudited, but has been reviewed by the independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the HKICPA. The interim financial report has also been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31st March, 2007 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31st March, 2007 are available from the Company's registered office.

2. Turnover

The principal activities of the Group are printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products.

Turnover represents the invoiced value of goods sold, net of sales tax, returns and discounts.

All the Group's turnover and operating result are generated from the printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products. Further, the Group's business participates in only one geographical location classified by the location of assets, i.e. the People's Republic of China ("PRC"). Accordingly, no segmental analysis is provided.

3. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30th September, 2007	2006
	HK$'000	*HK$'000*
(a) Finance costs:		
Finance charges on obligations under finance leases	1,333	376
Interest payable on bank loans and overdrafts	7,205	9,171
	8,538	9,547
(b) Other items:		
Cost of inventories sold	226,677	219,318
Depreciation		
-owned assets	12,626	18,366
-assets held under finance leases	5,745	1,336
Amortisation of land lease premium	387	479
Gain on disposal of fixed assets	(6,185)	(1,960)

4. Income tax

	Six months ended 30th September, 2007	2006
	HK$'000	*HK$'000*
Current tax — Provision for Hong Kong Profits Tax		
Tax for the period	992	—
Current tax — PRC income tax		
Tax for the period	1,644	4,468
	2,636	4,468
Deferred tax		
Origination and reversal of temporary differences	(1,634)	(1,810)
	1,002	2,658

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for the period is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period.

PRC Income Tax

Income tax for subsidiaries in the PRC is calculated using the estimated annual effective rates of taxation that would be applicable to the relevant areas in which the subsidiaries operate, being 27% (2006: 27%).

On 16th March, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which will take effect on 1st January, 2008. As a result of the New Tax Law, it is expected that the income tax rate for subsidiaries in the PRC will be reduced to 25% from 1st January, 2008. The new tax rate of 25% has been applied in the measurement of the Group's deferred tax liabilities as at 30th September, 2007 which are expected to be reversed subsequent to 1st January, 2008.

5. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the consolidated profit for the period of HK$10,109,000 (2006: HK$8,365,000) and on the number of 222,529,000 shares (2006: 222,529,000 shares) in issue during the period.

(b) *Diluted earnings per share*

There were no dilutive potential shares during the six months ended 30th September, 2007 and 2006 and diluted earnings per share is the same as basic earnings per share.

6. Trade debtors, prepayments and deposits

Included in trade debtors, prepayments and deposits are trade debtors (net of impairment losses for bad and doubtful debts) with the following ageing analysis:

	At 30th September, 2007 *HK'000*	At 31st March, 2007 *HK$000*
Current	88,786	64,185
One to three months overdue	55,148	22,840
More than three months overdue	4,058	11,433
	147,992	98,458

Trade debtors are due not more than 90 days from the date of billing.

7. Trade creditors and accrued charges

Included in trade creditors and accrued charges are trade creditors with the following ageing analysis:

	At 30th September, 2007 *HK'000*	At 31st March, 2007 *HK$000*
Current	55,078	32,056
One to three months overdue	27,533	13,470
More than three months overdue	1,102	3,243
	83,713	48,769

MANAGEMENT DISCUSSIONS AND ANALYSIS

The Group reported a turnover of approximately HK$283.6 million for the six months period ended 30th September, 2007 (the "Review Period"), as compared to approximately HK$277.6 million for the corresponding period in 2006/2007 (the "Corresponding Period"). Profit before taxation and net profit for the Review Period increased to approximately HK$11.1 million and approximately HK$10.1 million, as compared to approximately HK$11.0 million and approximately HK$8.4 million for the Corresponding Period.

During the Review Period, turnover increased by approximately 2% over the Corresponding Period due mainly to an increase in overseas sales. However, with the rising cost pressures, the operating environment remained difficult and challenging. Driven by further increments in statutory wages in the Guangdong Province and the Shanghai areas, labour costs continued to increase. Coupled with the increase in raw material costs, and notwithstanding the efforts made by the Group to improve production efficiencies, gross profit margin declined marginally from approximately 21.0% during the Coresponding Period to approximately 20.1% during the Review Period. Accordingly, gross profit also declined by approximately 2% from the Corresponding Period to approximately HK$56.9 million for the Review Period.

To counter the rising cost pressures, the Group continued to take measures, including the retraining of workers, the reorganisation of workshops and the automation of selected hand assembly processes, with a view to improve productivities and production efficiencies. The Group had also completed during the Review Period the construction of a new factory building with a gross floor area of approximately 146,000 sq.ft. for the Shanghai plant and continued to review the Shanghai plant's operational requirements which had led to the decision to dispose of certain machineries. The disposal of these machineries generated positive gains for the Group during the Review Period.

Due mainly to an increase in freight costs reflecting by the increase in turnover especially in overseas sales as well as the increase in freight rates, selling and distribution costs during the Review Period increased by approximately 4% over the Corresponding Period. Administration expenses increased by approximately 19% during the Review Period when compared to the Corresponding Period due mainly to the inclusion of the depreciation expenses associated with the recently completed administration block at the Dongguan plant and an increase in various administrative fees in connection with the Group's operations in the PRC.

Finance costs during the Review Period, on the other hand, fell by approximately 11% from the Corresponding Period as the Group continued to strengthen its financial position and cut down the level of its borrowings. There was also a reduction of approximately HK$1.7 million in income tax when compared to the Corresponding Period as the Group took advantage of the tax relieves of a Shanghai subsidiary which commenced operations during the Review Period. Accordingly, net profit increased by approximately 21% from the Corresponding Period to approximately HK$10.1 million for the Review Period.

With a view to further strengthening its financial standing, the Group continued to adopt a prudent financial management approach. In spite of the increase in working capital financing for the high season with inventories and trade debtors increasing by a total of approximately HK$66 million from the end of the last financial year to the end of the Review Period, the net borrowings (defined as total borrowings less cash holdings) of the Group increased by only approximately HK$17 million during the same period. Net current liabilities, in fact, fell from approximately HK$10 million as at 31st March, 2007 to approximately HK$2 million as at 30th September, 2007. The Directors are confident that the Group would be able to continue to strengthen its financial position particularly when the high season effects subsided by the end of the financial year.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group spent a total of approximately HK$14 million on fixed assets investment. These investing activities and the daily operating activities of the Group were generally funded by the cash flow generated from the Group's operations and its banking facilities.

As at 30th September, 2007, the total borrowings of the Group, which were either denominated in Hong Kong dollars or Chinese Renminbi, stood at approximately HK$281 million (31st March, 2007: HK$280 million). Of these borrowings, approximately HK$152 million (31st March, 2007: HK$112 million) were secured by mortgages over the Group's land and buildings, machinery, trade debtors and pledged bank deposits with an aggregate net book value of approximately HK$251 million (31st March, 2007: HK$276 million). The gearing ratio (defined as total interest-bearing borrowings divided by total assets) of the Group as at 30th September, 2007 was approximately 40% (31st March, 2007: 43%).

CONTINGENT LIABILITIES

The Company has given guarantees to banks to secure facilities of HK$330 million (31st March, 2007: HK$307 million) granted to subsidiaries, of which HK$207 million (31st March, 2007: HK$192 million) was utilised at 30th September, 2007.

COMMITMENTS

Capital commitments outstanding at 30th September, 2007, not provided for in the interim financial report were as follows:

	At 30th September, 2007	At 31st March, 2007
	HK$'000	*HK$'000*
Contraced for	8,728	7,104

STAFF

As at 30th September, 2007, the Group had a total staff of 3,238 (31st March, 2007: 3,493) of which 3,164 (31st March, 2007: 3,421) were employed in the PRC for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship.

INTERIM DIVIDEND

The Directors resolved not to pay an interim dividend for the six months ended 30th September, 2007 (2006: HK$ nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six months period ended 30th September, 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-Executive Directors and a Non-Executive Director and reports directly to the Directors. The audit committee meets regularly with the Group's senior management and the Company's external auditors to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the interim results of the Group for the six months ended 30th September, 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30th September, 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

By Order of the Board
LI SAU YAN, PHILIP
Secretary

Hong Kong, 21st December, 2007

As at the date of this announcement, the Board comprises Madam So Chau Yim Ping, BBS, JP, Mrs. Cheong So Ka Wai, Patsy, Mrs. Fung So Ka Wah, Karen and Mr. So Wah Sum, Conrad as Executive Directors; Mr. Ting Woo Shou, Kenneth, SBS, JP as Non-Executive Director and Mr. Hui Yin Fat, O.B.E. JP, Mr. Wong Wang Fat, Andrew, O.B.E. (Hon.), JP. and Mr. She Chiu Shun, Ernest as Independent Non-Executive Directors.