NEW ISLAND PRINTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 0377)

RESULTS FOR THE YEAR ENDED 31ST MARCH, 2008

RESULTS

The board of directors ("the Directors") of New Island Printing Holdings Limited ("the Company") announces the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31st March, 2008 as follows:-

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2008

	Note	2008 *HK$'000*	2007 *HK$'000*
Turnover	3&4	534,791	494,612
Cost of sales		(430,644)	(391,157)
		104,147	103,455
Other revenue		8,702	7,795
Other net gain		5,370	5,106
Selling and distribution costs		(30,190)	(26,123)
Administrative expenses		(60,366)	(57,569)
Profit from operations		27,663	32,664
Finance costs	5(a)	(16,658)	(18,582)
Profit before taxation	5	11,005	14,082
Income tax	6	(3,402)	(7,895)
Profit for the year		7,603	6,187
Dividends	7		
Final dividend proposed after the balance sheet date		2,225	-
Earnings per share	8		
- Basic		HK3.42cents	HK2.78cents
- Diluted		HK3.42cents	HK2.78cents

CONSOLIDATED BALANCE SHEET

At 31st March, 2008

	Note	2008		2007	
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
-Property, plant and equipment		375,557		378,074	
-Interest in leasehold land held for own use under operating leases		30,744		29,943	
		406,301		408,017	
Non-current prepayments		4,056		-	
			410,357		408,017
Current assets					
Inventories		110,989		74,032	
Trade debtors, prepayments and deposits	9	112,942		108,720	
Current tax recoverable		-		3,764	
Pledged bank deposit		1,002		11,134	
Cash and cash equivalents		26,051		43,160	
		250,984		240,810	
Current liabilities					
Bank loans and overdrafts		82,063		130,391	
Obligations under finance leases		15,431		15,805	
Trade creditors and accrued charges	10	105,897		85,192	
Bills payable		37,809		17,447	
Current tax payable		2,868		1,817	
		244,068		250,652	
Net current assets/(liabilities)			6,916		(9,842)
Total assets less current liabilities			417,273		398,175
Non-current liabilities					
Bank loans		86,641		82,977	
Obligations under finance leases		19,651		33,426	
Deferred taxation		16,827		19,220	
			(123,119)		(135,623)
NET ASSETS			294,154		262,552

CONSOLIDATED BALANCE SHEET

At 31st March, 2008 - (cont'd)

	2008		2007	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Capital and reserves				
Share capital		22,253		22,253
Reserves		271,901		240,299
TOTAL EQUITY		294,154		262,552

NOTES

1. Statement of compliance

The financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The financial information also comply with the applicable disclosure provisions of the Rule Governing the Listing of Securities (the "Listing Rule") on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31st March, 2008 but is derived from those financial statements.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group. The following provides information on any changes in accounting policy resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial information.

There have been no significant changes to the accounting policies applied in these financial information for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures,* there have been some additional disclosures provided as follows:

2. Changes in accounting policies *(cont'd)*

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed HKAS 32, *Financial instruments: Disclosures and presentation.*

The amendment to HKAS 1 introduces additional disclosure requirements to provided information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and the measurement of the amounts recognised in the financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Turnover

The principal activities of the Group are the 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.

4. Segment reporting

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of assets is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

No business segment information is presented as 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.

4. Segment reporting *(cont'd)*

Geographical segments by the location of assets and by the location of customers

As 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"), no separate geographical segment analysis based on the location of assets is presented.

The Group's geographical segments are also classified according to the location of customers. There are five customer-based geographical segments. Hong Kong and other areas of the PRC are major markets for the Group's business. Segment revenue from external customers by the location of customers is analysed as follows:

	2008 *HK$'000*	2007 *HK$'000*
Hong Kong	114,779	99,761
Others areas of the PRC	247,376	224,962
United States	141,575	137,593
Europe	18,046	20,083
Other countries	13,015	12,213
	534,791	494,612

5. Profit before taxation

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

	2008 *HK$'000*	2007 *HK$'000*
(a) Finance costs:		
Finance charges on obligations under finance leases	2,356	1,496
Interest on bank overdrafts and advances repayable within five years	14,302	17,086
	16,658	18,582

5. Profit before taxation *(con'd)*

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

	2008 *HK$'000*	2007 *HK$'000*
(b) Other items:		
Cost of inventories sold	430,644	391,157
Depreciation		
-owned assets	25,030	31,534
-assets held under finance leases	12,125	6,639
Amortisation of land lease premium	1,002	1,032
Net gain on disposal of fixed assets	(6,212)	(4,315)

6. Income tax

(a) Income tax in the consolidated income statement represents:

	2008 *HK$'000*	2007 *HK$'000*
Current tax — Provision for Hong Kong Profits Tax		
Provision for the year	600	—
Under-provision in respect of prior years	83	—
	683	—
Current tax — PRC income tax		
Provision for the year	4,828	7,507
Under-provision in respect of prior years	284	337
	5,112	7,844
Deferred tax		
Origination and reversal of temporary differences	(1,576)	353
Effect of change in tax rate on deferred tax balances	(817)	(302)
	(2,393)	51
	3,402	7,895

6. Income tax *(cont'd)*

(a) Income tax in the consolidated income statement represents: (cont'd)

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax for 2008 is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year. No provision for Hong Kong Profits Tax had been made in the financial information for 2007 as the Group had tax losses brought forward which offset the current year's estimated assessable profits.

PRC Income Tax

The Company's subsidiaries in the PRC are subject to PRC income tax. Pursuant to the income tax rules and regulations of the PRC, Dongguan New Island Printing Company Limited ("DNIP"), Shanghai New Island Packaging Printing Company Limited ("SNIP"), and New Island (Shanghai) Paper Products Company Limited ("NISPP") were subject to an income tax rate of 27% prior and up to 31st December, 2007. However, there are preferential tax arrangements for DNIP and NISPP. DNIP has been granted a tax relief in 2006 as it has been recognised as an Export Enterprise. As a result, it is subject to income tax rate of 12% for the period from 1st January, 2006 to 31st December, 2007. NISPP has been granted a tax holiday where it is fully exempted from PRC income tax for two years from its first profit-making year of operations and it is subject to a reduced tax rate at 50% of the applicable income tax rate for the following three years. The calendar year ended 31st December, 2007 is the first profit-making year of NISPP.

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 became effective on 1st January, 2008. As a result of the New Tax Law, the income tax rate for DNIP, SNIP and NISPP has been reduced to 25% from 1st January, 2008.

Further, the State Council released the Implementation Rules to the Corporate Income Tax Law on 6th December, 2007 and Notice on the Implementation Rules of the Grandfathering Relief under the Corporate Income Tax Law (Guo Fa [2007] No. 39) on 26th December, 2007 (collectively, the "Implementation Rules"). Under the Implementation Rules, the exemption from PRC income tax for the calendar year ending 31st December, 2008 and the 50% reduction in income tax for the three years ending 31st December, 2011 granted to NISPP will be grandfathered and will continue to be granted to NISPP until expiry on 31st December, 2011.

6. Income tax *(cont'd)*

(a) Income tax in the consolidated income statement represents: *(cont'd)*

PRC Income Tax *(cont'd)*

Pursuant to the New Tax Law and the Implementation Rules, an investment holding company established in Hong Kong will be subject to a withholding tax at a tax rate of 5% on dividends that it receives from its PRC subsidiaries. This applies to dividends declared by all the Group's subsidiaries in the PRC the equity interests of which are held by a subsidiary incorporated in Hong Kong. Dividend receivable by the Group from subsidiaries in the PRC in respect of their undistributed profits accumulated up to 31st December, 2007 is exempted from withholding tax.

Bermuda tax

Pursuant to the rules and regulations of Bermuda, the Company is not subject to any income tax in Bermuda.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2008	2007
	HK$'000	*HK$'000*
Profit before taxation	11,005	14,082
Notional tax on profit before tax, calculated at the rates applicable to profits in the jurisdictions concerned	703	4,865
Tax effect of non-deductible expenses	2,461	2,823
Tax effect of non-taxable revenue	(90)	(480)
Deferred tax assets not recognised	778	652
Tax effect of change in tax rate	(817)	(302)
Under-provision in prior years	367	337
Actual tax expense	3,402	7,895

7. Dividends

	2008	2007
	HK$'000	*HK$'000*
Dividends payable to equity shareholders of the Company attributable to the year:		
Final dividend proposed after the balance sheet date of HK1.0 cent per share (2007: Nil)	2,225	—

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit for the year of HK$7,603,000 (2007: HK$6,187,000) and on the number of 222,529,000 shares (2007: 222,529,000 shares) in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential shares during 2008 and 2007 and diluted earnings per share are the same as basic earnings per share.

9. Trade debtors, prepayments and deposits

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

	2008	2007
	HK$'000	*HK$'000*
Current and less than one month past due	85,330	78,485
One to three months past due	9,771	8,540
More than three months past due	8,354	11,433
	103,455	98,458

Trade debtors are due within 90 days from the date of billing.

10. Trade creditors and accrued charges

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

	2008	2007
	HK$'000	*HK$'000*
Current and less than one month past due	50,974	37,843
One to three months past due	12,849	7,683
More than three months past due	2,174	3,243
	65,997	48,769

MANAGEMENT DISCUSSIONS AND ANALYSIS

The Group reported for the year under review ("Review Period") a turnover of approximately HK$534.8 million (2006/07: HK$494.6 million). Profit attributable to Shareholders for the Review Period was approximately HK$7.6 million (2006/07: HK$6.2 million).

Notwithstanding the highly competitive environment and the general slowdown in the global economy, the Group achieved during the Review Period an increase of approximately 8.1% in turnover over the corresponding period last year ("Corresponding Period"). The increase was primarily attributable to the Group's continued efforts to develop and expand low season sales in order to reduce its seasonal dependence. Moreover, the capacity of the Shanghai plant had also been expanded following the recent completion of a new factory building with a gross floor area of approximately 146,000 sq.ft. Nevertheless, with increasing raw material costs on the back of the surge in commodity prices and increasing labour costs reflecting the upward adjustments in statutory wages in the Guangdong and Shanghai areas, the Group was faced with substantial cost pressures. To alleviate such cost pressures, the Group had taken measures aimed to streamline its hand assembly operations through reorganising workshops, automating selected processes and retraining workers. These measures had enabled the Group to improve productivities and efficiencies while at the same time containing headcounts, thereby countering the adverse impact from the increase in labour costs. Thus, there was a marginal increase in gross profit during the Review Period to approximately HK$104.1 million (2006/07: HK$103.5 million).

Due largely to the increase in freight costs and the increase in agency fees associated with overseas sales, selling and distribution costs during the Review Period increased by approximately 15.6% over the Corresponding Period. Administrative expenses also increased by approximately 4.9% during the Review Period when compared with the Corresponding Period. The increase, which was due largely to the payment to the relevant authorities of certain administrative fees in connection with the Group's operations in the PRC, was however contained at a rate well below the increase in turnover. Finance costs during the Review Period, on the other hand, declined by approximately 10.4% from the Corresponding Period as the Group continued to strengthen its financial position and liquidity standing and cut down the level of its borrowings.

During the Review Period, income tax was reduced by approximately 56.9% when compared with the Corresponding Period. The reduction arose primarily from the reversal of temporary differences in deferred tax provisions and from the benefits of the tax holiday enjoyed by a Shanghai subsidiary. As a result of the combined effects of the foregoing, and notwithstanding the difficult operating conditions, the Group achieved during the Review Period an increase of approximately 22.9% in profit attributable to Shareholders over the Corresponding Period.

The Group remains committed to prudent financial management and continued during the Review Period to strengthen its financial position and liquidity standing. The current ratio of the Group was restored to above 100%. Its short term borrowings were cut down by approximately HK$28.3 million to approximately HK$135.3 million and total borrowings were cut down by approximately HK$38.5 million to approximately HK$241.6 million. During the Review Period, the Group generated cash flow from its operations in excess of HK$65 million. While the Group continued to invest in fixed assets with a view to enhancing production capabilities and competitiveness, the Group also disposed of machinery that was surplus to its operational requirements. The disposals yielded positive gains for the Group and made the Group's net capital expenditure to be less than HK$10 million during the Review Period. Accordingly, the Directors are optimistic that the Group is capable of generating free cash flow that would in the near term strengthen further its financial standing and in the longer term enhance Shareholders' value.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group spent approximately HK$30.3 million on fixed asset investments. These fixed asset investments were financed by the retained profits and bank borrowings of the Group and by the cash derived from the disposal by the Group of machinery that was surplus to its operational requirements. The daily operating activities of the Group were funded by the cash flow generated from its operations and by banking facilities of the Group.

As at 31st March, 2008, the Group had bank borrowings, which were either denominated in Hong Kong dollars or Chinese Renminbi, totaling approximately HK$241.6 million (2006/07: HK$280 million). Of these borrowings, approximately HK$122.6 million (2006/07: HK$111.9 million) were secured by mortgages over the Group's land, buildings and machinery, trade debtors and bank deposits with an aggregate net book value of approximately HK$187.6 million (2006/07: HK$276.4 million). The Group defines the gearing ratio as net debt-to-capital ratio. For this purpose the Group defines net debt as total interest-bearing borrowings less cash and cash equivalents. Capital comprises all components of equity. The net debt-to-capital ratio of the Group as at 31st March, 2008 fell to approximately 73 % (2006/07: 90%), reflecting the improvement in the financial position of the Group as discussed in the section headed "Management Discussion and Analysis".

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and secure necessary facilities from the banks to meet its ongoing obligations and commitments.

CONTINGENT LIABILITIES

The Company has given guarantees to banks to secure facilities of HK$289 million (31st March, 2007: HK$307 million) granted to subsidiaries, of which HK$165 million (31st March, 2007: HK$192 million) was utilised at 31st March, 2008.

COMMITMENTS

(a) Capital commitments outstanding at 31st March, 2008, not provided for in the financial statements were as follows:

	2008	2007
	HK$'000	HK$'000
Contracted for	3,275	7,104

(b) At 31st March, 2008, the total future minimum lease payments under non-cancellable operating leases in respect of properties are payable as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	2,587	397
After one year but within five years	7,924	815
After five years	20,656	4,503
	31,167	5,715

STAFF

As at 31st March, 2008, the Group had a total staff of 3,092 (31st March, 2007: 3,493) of which 3,017 (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.

DIVIDENDS

The Directors recommend the payment of a final dividend of HK1.0 cent (2007: Nil) per share for the year ended 31st March, 2008 to shareholders whose names appear on the register of members of the Company on 5th September, 2008. Subject to the approval by shareholders at the forthcoming Annual General Meeting, the proposed final dividend will be payable on 12th September, 2008.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 1st September, 2008 to Friday, 5th September, 2008, both days inclusive, during which period no transfer of shares will be effected, In order to qualify the proposed final dividend, all share certificates with completed transfer forms must be lodged with the Company's Registrars in Hong Kong, Union Registrars Limited at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 29th August, 2008.

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 year ended 31st March, 2008.

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 annual results of the Group for the year ended 31st March, 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

By Order of the Board
LI SAU YAN, PHILIP
Secretary

Hong Kong, 18th July, 2008

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. She Chiu Shun, Ernest and Mr. Wong Wang Fat, Andrew, O.B.E. (Hon.), JP. as Independent Non-Executive Directors.