HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2009

The directors of Hung Hing Printing Group Limited ("the Company") are pleased to announce the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 March 2009 as follows:

FINANCIAL HIGHLIGHTS

- Revenue decreased 5% to HK$3,459 million.
- Profit from operating activities was HK$147 million.
- Rising costs and several one-off losses led to a loss for the year of HK$165 million.
- After netting off the loss attributable to minority interests of HK$167 million due to the 41% share of the minority interests in the loss-making paper manufacturing companies, profit attributable to equity holders of the parent was HK$1.8 million.
- Profit per share was HK0.2 cent.
- Balance sheet remains strong with the net cash position standing at HK$753 million.
- Proposed final dividend is HK10 cents per share, giving a total dividend of HK14 cents per share for the full year.

CONSOLIDATED INCOME STATEMENT

	Notes	**2009 HK$'000**	2008 HK$'000
REVENUE	2	**3,458,895**	3,658,095
Cost of sales		**(2,947,779)**	(3,082,621)
Gross profit		**511,116**	575,474
Other income and gains		**57,643**	112,453
Distribution costs		**(83,042)**	(83,438)
Administrative and selling expenses		**(285,250)**	(265,332)
Other expenses		**(53,121)**	(40,071)
		147,346	299,086
Loss from fire	3	**(30,331)**	-
Impairment of property, plant and equipment	4	**(260,499)**	-
Impairment of goodwill	5	**(3,041)**	-
Impairment of properties under construction	4	**(27,807)**	-
Fair value gain/(loss) on derivative financial instruments not qualified as hedges, net	6	**104,055**	(157,473)
Fair value gain on derivative component of convertible bonds	7	-	32,775
Finance costs	8	**(66,422)**	(142,744)
Share of loss of an associate		**(1,560)**	-
PROFIT/(LOSS) BEFORE TAX	9	**(138,259)**	31,644
Tax	10	**(27,180)**	(35,039)
LOSS FOR THE YEAR		**(165,439)**	(3,395)
ATTRIBUTABLE TO:			
Equity holders of the parent		**1,769**	(17,799)
Minority interests		**(167,208)**	14,404
		(165,439)	(3,395)

	Notes		
DIVIDENDS	11		
Interim		**36,971**	45,059
Proposed final		**92,428**	9,243
		129,399	54,302
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	12		
Basic		**HK0.2 cent**	HK(3.0) cents

CONSOLIDATED BALANCE SHEET

	Notes	**2009 HK$'000**	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,362,602**	1,619,897
Prepaid land lease payments		**147,859**	150,784
Goodwill		**-**	3,041
Available-for-sale investments		**9,785**	15,067
Properties under construction		**35,994**	40,844
Interest in an associate		**504**	-
Deferred tax assets		**4,348**	7,735
Total non-current assets		**1,561,092**	1,837,368
CURRENT ASSETS			
Inventories		**503,957**	855,800
Accounts and bills receivable	13	**538,295**	891,195
Prepayments, deposits and other receivables		**40,793**	61,398
Derivative financial instruments		**3,691**	5,389
Tax recoverable		**11,577**	8,264
Pledged time deposits		**115,628**	322,492
Cash and cash equivalents		**1,310,268**	811,310
Total current assets		**2,524,209**	2,955,848
CURRENT LIABILITIES			
Accounts and bills payable	14	**128,434**	264,133
Tax payable		**23,417**	19,360
Other payables and accrued liabilities		**123,557**	164,975
Derivative financial instruments		**6,858**	126,682
Structured borrowings		**-**	22,655
Convertible bonds		**-**	11
Interest-bearing bank and other borrowings		**337,153**	785,353
Total current liabilities		**619,419**	1,383,169
NET CURRENT ASSETS		**1,904,790**	1,572,679
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,465,882**	3,410,047
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**335,825**	893,485
Structured borrowings		**-**	42,163
Deferred tax liabilities		**39,797**	40,802
Total non-current liabilities		**375,622**	976,450
Net assets		**3,090,260**	2,433,597

EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**92,428**	60,078
Reserves	**2,686,446**	1,981,389
Proposed final dividend	**92,428**	9,243
	2,871,302	2,050,710
Minority interests	**218,958**	382,887
Total equity	**3,090,260**	2,433,597

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 include all Hong Kong Financial Reporting Standards, 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 interpretations and amendments to HKFRSs for the first time for the current year's financial statements:

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. Segment Information

Business Segments

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

	2009			
	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	1,948,485	50,341	1,998,826	155,708
Corrugated carton manufacturing	593,491	145,730	739,221	90,593
Paper trading	331,734	302,883	634,617	54,900
Paper manufacturing	585,185	137,774	722,959	(142,299)
Eliminations	-	(636,728)	(636,728)	3,418
	3,458,895	-	3,458,895	162,320
Interest, dividend income and other gains				27,033
Corporate and unallocated expenses				(42,007)
				147,346
Loss from fire				(30,331)
Impairment of property, plant and equipment				(260,499)
Impairment of goodwill				(3,041)
Impairment of properties under construction				(27,807)
Fair value gain on derivative financial instruments not qualified as hedges, net				104,055
Finance costs				(66,422)
Share of loss of an associate				(1,560)
Loss before tax				(138,259)
Tax				(27,180)
Loss for the year				(165,439)

	2008			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers	Inter-segment sales	Total sales	
	HK'$000	HK'$000	HK'$000	HK'$000
Paper and carton box printing and manufacturing	1,770,657	42,130	1,812,787	159,100
Corrugated carton manufacturing	593,045	116,775	709,820	45,490
Paper trading	464,220	361,997	826,217	62,519
Paper manufacturing	830,173	178,335	1,008,508	27,588
Eliminations	-	(699,237)	(699,237)	(59)
	3,658,095	-	3,658,095	294,638
Interest, dividend income and other gains				31,600
Corporate and unallocated expenses				(27,152)
				299,086
Fair value loss on derivative financial instruments not qualified as hedges, net				(157,473)
Fair value gain on derivative component of convertible bonds				32,775
Finance costs				(142,744)
Profit before tax				31,644
Tax				(35,039)
Loss for the year				(3,395)

Geographical Segments

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

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

	2009	2008
	HK'$000	HK'$000
Sales to external customers:		
Hong Kong	**1,077,183**	1,315,169
Mainland China	**1,304,296**	1,401,854
Europe	**591,765**	528,602
United States of America	**301,480**	289,168
Others	**184,171**	123,302
	3,458,895	3,658,095

3. Loss from Fire

The loss arose from the write-off of inventories of HK$30,331,000 due to the fire accident in the Group's two PRC subsidiaries during the year. The Group has commenced the process to claim compensation from the insurance company. Up to the date of these financial statements, the estimated amount recoverable from the insurance claim remained uncertain and accordingly, no insurance compensation has been recorded.

4. Impairment of Property, Plant and Equipment and Properties Under Construction

The Group's subsidiaries, Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("Rengo") and Zhongshan Ren Hing Paper Manufacturing Company Limited ("Ren Hing"), have suffered significant loss from their paper manufacturing operation located at Zhongshan, the PRC, during the current year. As a result of the adverse operating environment, the property, plant and equipment and properties under construction of Rengo and Ren Hing located at Zhongshan allocated to four paper manufacturing lines are impaired.

The carrying amounts of property, plant and equipment and properties under construction of the four manufacturing lines are as follows:

	Properties under construction	Property, plant and equipment	Total
	HK'$000	HK'$000	HK'$000
31 March 2009			
Gross carrying amount	29,995	286,606	316,601
Impairment	(27,807)	(260,499)	(288,306)
Net carrying amount	2,188	26,107	28,295

5. Impairment of Goodwill

	HK'$000
At 1 April 2007, at 31 March 2008 and at 1 April 2008	
Cost	3,041
Impairment during the year	(3,041)
Cost and carrying amount at 31 March 2009	-

6. Fair Value Gain/(Loss) on Derivative Financial Instruments not Qualified as Hedges, Net

The Group has entered into various forward currency contracts and structured forward currency contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. The net fair value gain of non-hedging currency derivatives amounting to HK$104,055,000 was credited to the consolidated income statement during the year (2008: loss of HK$157,473,000).

7. Fair Value Gain on Derivative Component of Convertible Bonds

On 29 March 2006, Greatest Joy Investments Limited, a subsidiary of the Company, issued five-year zero coupon guaranteed convertible bonds with a nominal value of HK$750,000,000. The net proceeds received from the issue of the convertible bonds had been split between the derivative and liability components. The derivative component was measured at fair value using an option pricing model and the change in fair value of that component is recognised in the consolidated income statement. During the year ended 31 March 2008, the share price of the Company decreased, the fair value of the derivative component of the convertible bonds decreased accordingly, resulting in a fair value gain of HK$32,775,000. As of 28 April 2008, all the outstanding convertible bonds were fully redeemed.

8. Finance Costs

	2009	2008
	HK$'000	HK$'000
Interests on early redemption of convertible bonds	**-**	71,031
Interests on convertible bonds	**-**	40,704
Interests on bank loans	**66,422**	31,009
	66,422	142,744

9. Profit/(Loss) Before Tax

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

	2009	2008
	HK$'000	HK$'000
After charging -		
Depreciation	**145,212**	134,278
Recognition of prepaid land lease payments	**3,831**	3,863
Impairment of accounts and bills receivable	**20,846**	20,427
Minimum lease payments under operating leases in respect of land and buildings	**9,148**	8,042
Write-down of inventories to net realisable value*	**64,125**	45
Employee benefits expenses (including directors' remuneration)	**579,239**	541,485
Fair value loss on short-term note	**-**	865
Fair value loss on structured borrowings**	**14,741**	6,573
Foreign exchange differences, net	**3,517**	-
After crediting -		
Dividend income from available-for-sale investments	**347**	369
Gain on disposal of available-for-sale investments	**-**	225
Bank interest income	**26,686**	22,460
Fair value gains on structured deposits, net	**-**	9,051
Foreign exchange differences, net	**-**	57,935

* The write-down of inventories to net realisable value is included in "Cost of sales" on the face of the consolidated income statement.

** The net fair value loss on structured borrowings is included in "Other expenses" on the face of the consolidated income statement.

10. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lowered Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. 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.

	2009	2008
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
- Charge for the year	**13,210**	20,933
- Overprovision in prior years	**(31)**	-
Current - Mainland China		
- Charge for the year	**21,827**	21,774
- Tax refund#	**(9,557)**	(9,076)
- Underprovision/(overprovision) in prior years	**(287)**	60
Deferred tax	**2,018**	1,348
Total tax charge for the year	**27,180**	35,039

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.

11. Dividends

	2009	2008
	HK$'000	HK$'000
Interim dividend of HK4 cents (2008: HK7.5 cents) per ordinary share	**36,971**	45,059
Proposed final dividend of HK10 cents (2008: HK1 cent) per ordinary share	**92,428**	9,243
	129,399	54,302

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

12. Earnings/(Loss) Per Share Attributable to Equity Holders of the Parent

The calculation of the basic earnings per share (2008: loss per share) amount is based on the profit for the year attributable to equity holders of the parent of HK$1,769,000 (2008: loss of HK$17,799,000) and the weighted average of 837,423,320 (2008: 600,780,529) shares in issue during the year.

A diluted earnings per share amount for the year ended 31 March 2009 has not been disclosed as no diluting events existed during the year.

A diluted loss per share amount for the year ended 31 March 2008 has not been presented as the convertible bonds had an anti-dilutive effect on the basic loss per share for that year.

13. 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 number of diversified customers, there is no significant concentration of credit risk. Accounts and bills receivable are non-interest-bearing.

	2009	2008
	HK$'000	HK$'000
Accounts receivable	**544,071**	818,911
Impairment	**(33,271)**	(38,746)
	510,800	780,165
Bills receivable	**27,495**	111,030
	538,295	891,195

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

	2009	2008
	HK$'000	HK$'000
Within 30 days	**173,894**	355,498
31 to 60 days	**134,462**	158,898
61 to 90 days	**79,328**	139,143
Over 90 days	**123,116**	126,626
	510,800	780,165

14. Accounts and Bills Payable

	2009	2008
	HK$'000	HK$'000
Accounts payable	**107,842**	264,133
Bills payable	**20,592**	-
	128,434	264,133

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

	2009	2008
	HK$'000	HK$'000
Within 30 days	**68,819**	184,073
31 to 60 days	**27,171**	55,491
61 to 90 days	**2,045**	11,294
Over 90 days	**9,807**	13,275
	107,842	264,133

The accounts payable are non-interest-bearing and are normally settled on 30-day terms.

15. Post Balance Sheet Events

Subsequent to the balance sheet date on 25 June 2009, the Group entered into two acquisition agreements to acquire 10% and 5% of the equity interests in each of the following subsidiaries, namely Zhongshan Hung Hing Printing & Packaging Company Limited, Zhongshan Hung Hing Off-Set Printing Company Limited and South Gain Enterprises Limited, from LeMonde Inc. ("LeMonde") and Homegrace Consultants Limited ("Homegrace"), respectively. The Group will pay agregate amounts of HK$45,703,241 and HK$22,851,621 to LeMonde and Homegrace, respectively, for the acquisition. Following the acquisition, the three subsidiaries will remain as subsidiaries of the Group.

On the same day, the Group entered into two disposal agreements to dispose of 25% and 5% of the equity interests in each of the following subsidiaries, Rengo and Ren Hing, to LeMonde and Homegrace, respectively. The Group will receive aggregate amounts of RMB8,333,333 and RMB1,666,667 from LeMonde and Homegrace, respectively, for the disposal. Following the disposal, Rengo and Ren Hing will be accounted for as associates of the Group.

Details of these transactions are set out in the Group's announcement dated 6 July 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue remained stable during the year, down only slightly by 5%. The first half was relatively strong with steady customer demand, however, the economic recession began to impact the Group's business in the second half of the year. Profit from operating activities was HK$147 million.

Paper and carton box printing performed particularly well, recording double digit revenue growth, despite the downturn in the second half of the year. The corrugated carton manufacturing division achieved strong profit growth of more than 99% as the Group continued to direct its strategy toward preferred customers.

The depreciation of key currencies, notably the Euro and British Pound, negatively affected Hung Hing's profitability. The paper manufacturing and paper trading divisions both experienced declines in revenue and profit largely due to reduced customer demand, volatility in paper prices and increased competition.

During the second half of the financial year, the paper manufacturing division suffered losses as a result of a significant decline in product prices and lower demand which led to reduced production. The division also recognized one-time losses arising from inventory adjustments in raw materials and mechanical parts to the value of HK$60 million.

In view of the significant operating loss of the paper manufacturing division and anticipated future volatility, the Group reassessed the carrying value of its investments in the two Zhongshan companies which comprise the paper manufacturing division. As a result, the Group recognized an impairment loss on the plant and equipment at the two companies of HK$288 million and an impairment loss on goodwill of HK$3 million.

Despite a net aggregate fair value gain of HK$89 million as a result of the expiry and termination of all the Group's structured forward contracts, structured borrowings, and forward contracts that remained at their open position, the Group incurred a loss for the year of HK$165 million. After netting off the loss attributable to minority interests of HK$167 million due to the 41% share of the minority interests in the loss-making paper manufacturing companies, profit attributable to equity holders of the parent was HK$1.8 million.

Profit per share was HK0.2 cent.

Paper and Carton Box Printing and Manufacturing

The division performed well, achieving an overall revenue increase of 10% compared with last year. This was consistent with strong customer demand, particularly in the export market during the first half as the market anticipated further paper price adjustments. Demand slowed in the second half of the year as a result of the global business downturn.

The Zhongshan printing and packaging plant performed particularly well, increasing its sales to producers of brand name consumer products for the China domestic market.

The division faced increased costs of both materials and labor which contributed to a reduction of 2% in operating profit.

The second phase of work at the Heshan plant was completed during the year with the construction of a central warehouse. Total staff at the facility stands at 2,000 and plans are continuing to increase capacity further during 2009, allowing the Group to benefit from manufacturing efficiencies available at that location.

Corrugated Carton Manufacturing

The corrugated carton manufacturing division recorded a strong first half which saw steady growth within its core group of customers. While revenue for the full year was largely the same as the previous year, operating profit increased by 99%.

This result was achieved through increased business from both existing and new customers, particularly in the electronics, food and beverage segments; and from increased sales to the China domestic market. The division was also successful in achieving manufacturing efficiencies which resulted in improved margins.

Paper Trading

Ongoing adjustments in paper prices during the year under review impacted the paper trading business, resulting in a decline of 29% in revenue and of 12% in operating profit. The division experienced a strong first half as customers bought in anticipation of further increases in paper prices. Reductions in paper prices and the global recession resulted in a decline in external sales during the latter part of the year.

The division managed to significantly reduce its inventory position despite these difficulties. Strong management of credit risk limited the exposure to bad debt.

In line with the strategy to focus on growth of the China domestic market, the Group established a subsidiary with a business license to trade in the China domestic market. Initial interest in this new service capability is encouraging.

Paper Manufacturing

The paper manufacturing division was faced with increased competition from new capacity in the market. Combined with a fall in overall demand, this resulted in an imbalance of market supply and demand, and a subsequent decline in prices. This led to the decision to shut down one of the oldest paper machines at our plant, resulting in decreased production capacity.

During the first half of the financial year, the rising cost of waste paper used for paper manufacturing and increasing energy costs such as coal prices resulted in significant increases in production costs.

In the second half, the division suffered significant losses in its raw material inventory arising from declines in waste paper prices, both on hand and on order. The write-down of mechanical parts following the shut-down of one paper machine increased the total inventory write-down for the year to HK$60 million. The division incurred an operating loss of HK$142 million for the year.

The fire that occurred in January 2009 caused temporary disruption to production and a loss of raw materials. While insurance claims have been submitted, the Group made full provisions of HK$30 million for the losses arising from the fire.

In June 2009, the Group reduced its shareholding in the paper manufacturing plant in Zhongshan through the sale of a total of 30% of its equity stake in the plant to LeMonde and Homegrace. The transaction is a major step forward in Hung Hing's strategy to refocus on its core printing and packaging businesses.

Associated company

The new joint venture with Graphic Packaging International Japan Limited was in its early stages of operation during the year under review and the Group incurred its share of a loss of HK$1.6 million. The outlook for the joint venture's branded multi-pack packaging for beer, soft drinks and dairy products remains promising.

Financial and Capital Resources

The Group continued its capital investment program in the first half of the year, investing in a printing press and book binding production line as well as expanded production and warehouse buildings at Heshan, and machinery upgrade at the Zhongshan paper mill which will enhance its manufacturing capability.

Total capital expenditure incurred during the year was:

	HK$ million:
Buildings and machinery at the Heshan plant	97
Machinery upgrade at the Zhongshan paper mill	34
Buildings and machinery at the Tai Po plant	10
Machinery at the Zhongshan printing and corrugating plant	9
Machinery at the Shenzhen plant	8
Machinery at the Wuxi plant	7
Equipment at the Shenzhen logistic warehouse	1
Total	166

In response to the global recession, the Group reduced its capital expenditure in the second half of the year. Looking forward, the Group will continue to adopt a prudent approach to capital investment taking an aggressive approach to projects which deliver early cost reductions and efficiency improvements.

The subscription of shares by the new investor Asia Packaging Company Limited in July 2008 injected new funds of HK$867 million. This strengthened the capital base and enhanced the cash position of the Group which remains strong.

The Group remained cautious in granting credit and maintained tight control of its inventory levels. Both accounts receivable and inventory levels were managed down significantly, resulting in a net cash inflow from working capital of HK$423 million.

A large part of the year under review was dominated by higher interest rates, particularly in China, which drove up borrowing costs. However, interest rates declined in the latter part of the year. Excluding the interest charges of HK$71 million on early redemption of convertible bonds last year, finance costs for the year under review fell 7% to HK$66 million.

During the year, the Group repaid total bank loans including the termination of structured borrowings of HK$1,300 million. As at 31 March, 2009 the Group's total bank borrowings amounted to HK$673 million of which HK$337 million was repayable within one year with HK$336 million repayable within two to four years. Of the Group's total bank borrowings, 79% was borrowed in Hong Kong dollars, 20% in Renminbi and 1% in U.S. dollars.

As at 31 March, 2009, the Group had total cash on hand, including a pledged time deposit, of HK$1,426 million of which HK$1,133 million was held in bank deposits. Of the total cash on hand, 60% was held in Hong Kong dollars, 18% in US dollars and 22% in Renminbi.

The net cash holdings of the Group (total cash net of total bank borrowings) stood at HK$753 million at the end of the year under review. Because of its strong cash position, the Board is recommending the payment of a final dividend of HK10 cents per share to shareholders.

Contingent Liabilities and Pledge of Assets

As at 31 March 2009, guarantees amounting to HK$1,423 million were given to banks by the Company for banking and trading facilities granted to the Group's subsidiaries and an associate.

Certain buildings, plant and machinery, leasehold land and time deposits of the Group with a total carrying value of HK$274 million as at 31 March 2009 have been pledged to secure banking facilities granted to the Group.

Environmental sustainability

Hung Hing's commitment to adopting sustainable practices across our businesses has continued with a variety of measures implemented during the year under review. Our largest spending was a HK$10 million investment in installing systems to reduce sulphur dioxide emissions at the Zhongshan paper manufacturing plant.

In our printing business, we have introduced a manufacturing process which reduces our use of chemicals and a lower use of VOCs (Volatile Organic Compounds), significantly reducing our impact on the environment. We continued our energy saving program across our factories with clearly defined targets and goals.

Employees

During the year, the Group managed staff numbers to meet the reduction in overall demand. Total staff numbers were reduced from 16,000 to 12,983, of which 359 were employed in Hong Kong and 12,624 in China.

The Group continues to place a high priority on the safety, ongoing professional development and engagement of our employees. During the year, we continued to identify, support and introduce programs which improved skill levels of employees and managers at a core part of our performance improvement initiatives.

Outlook

The Group believes the coming year will continue to present challenging business conditions. The reduced investment in our paper manufacturing interests reflects Hung Hing's strategy to focus on our core printing and packaging business which the Group views as having the highest potential for growth, especially in the domestic China consumer market.

The Group's strong cash position places Hung Hing in an excellent position to take advantage of growth opportunities which may arise as economic recovery gets underway.

FINAL DIVIDEND

The directors recommend a final dividend of HK10 cents (2008 : HK1 cent) per share. The proposed final dividend will be payable in cash and is subject to shareholders' approval at the forthcoming annual general meeting to be held on 21 August 2009. This, together with an interim dividend of HK4 cents (2008: HK7.5 cents) per share paid in January 2009, will make a total dividend of HK14 cents (2008: HK8.5 cents) per share for the financial year.

The final dividend will be paid on 10 September 2009 to shareholders whose names appear on the Register of Members of the Company on 21 August 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 17 August 2009 to 21 August 2009, 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, Tricor Tengis Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 14 August 2009.

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 that 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.

Following the resignation of Mr. Wong Siu Ping as an independent non-executive director and a member of the audit committee of the Company with effect from 28 July 2008, the Company had two independent non-executive directors, which fell below the minimum number of three independent non-executive directors as required under Rule 3.10(1) of the Listing Rule and also the audit committee members did not have the appropriate accounting expertise as required under Rule 3.21 of the Listing Rule. Mr. Luk Koon Hoo has been appointed as an independent non-executive director and a member of the audit committee of the Company to fill the vacancy with effect from 15 August 2008.

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 and a non-executive director 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 2009.

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, Mr. Yip Yu Bun, Mr. Yap, Alfred Donald and Mr. Luk Koon Hoo and a non-executive director, Mr. Lam Tsz-Wang, Alvin .

By Order of the Board
Peter Martin Springford
Chairman

Hong Kong, 15 July 2009

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew, Mr. Yam Ho Ming, Michael and Mr. Sung Chee Keung as executive directors; Mr. Peter Martin Springford, Mr. David Murray Lonie, Mr. Ho Chi Kit, and Mr. Lam Tsz-Wang, Alvin as non-executive directors; Mr. Yip Yu Bun, Mr. Yap, Alfred Donald and Mr. Luk Koon Hoo as independent non-executive directors.