HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The directors of Hung Hing Printing Group Limited ("the Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30 September 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
REVENUE	2	**1,934,840**	1,705,338
Cost of sales		**(1,593,070)**	(1,349,616)
Gross profit		**341,770**	355,722
Other income and gains		**33,065**	45,173
Distribution costs		**(46,072)**	(42,476)
Administrative and selling expenses		**(131,434)**	(120,938)
Other expenses		**(7,360)**	(1,385)
		189,969	236,096
Fair value gain on derivative component of convertible bonds	3	**10,200**	64,050
Finance costs	4	**(31,090)**	(31,211)
PROFIT BEFORE TAX	5	**169,079**	268,935
Tax	6	**(30,899)**	(27,974)
PROFIT FOR THE PERIOD		**138,180**	240,961
ATTRIBUTABLE TO:			
Equity holders of the parent		**124,795**	226,649
Minority interests		**13,385**	14,312
		138,180	240,961
INTERIM DIVIDEND	7	**45,059**	57,074
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
Basic		**20.8 cents**	37.7 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 September 2007 (Unaudited) HK$'000**	31 March 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,542,921**	1,493,144
Prepaid land lease payments		**147,874**	147,700
Goodwill		**3,041**	3,041
Available-for-sale investments		**13,504**	11,554
Properties under construction		**27,953**	50,090
Deferred tax assets		**4,910**	4,731
Total non-current assets		**1,740,203**	1,710,260
CURRENT ASSETS			
Inventories		**705,934**	596,372
Accounts and bills receivable	9	**1,084,676**	757,120
Prepayments, deposits and other receivables		**48,857**	40,741
Derivative financial instruments		**10,723**	4,768
Structured deposits		**249,097**	375,818
Short-term note		**22,116**	23,095
Cash and cash equivalents		**544,939**	603,584
Total current assets		**2,666,342**	2,401,498
CURRENT LIABILITIES			
Accounts payable	10	**252,982**	181,246
Tax payable		**17,442**	17,048
Other payables and accrued liabilities		**158,030**	120,367
Derivative component of convertible bonds		**22,575**	32,775
Derivative financial instruments		**28,124**	7,517
Structured borrowings		**17,770**	17,042
Interest-bearing bank and other borrowings		**421,864**	330,592
Total current liabilities		**918,787**	706,587
NET CURRENT ASSETS		**1,747,555**	1,694,911
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,487,758**	3,405,171
NON-CURRENT LIABILITIES			
Convertible bonds		**699,646**	679,590
Interest-bearing bank and other borrowings		**125,346**	110,833
Structured borrowings		**46,494**	56,896
Deferred tax liabilities		**43,832**	36,550
Total non-current liabilities		**915,318**	883,869
Net assets		**2,572,440**	2,521,302

EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**60,078**	60,078
Reserves	**2,089,674**	1,986,974
Proposed dividend	**45,059**	120,156
	2,194,811	2,167,208
Minority interests	**377,629**	354,094
Total equity	**2,572,440**	2,521,302

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation and Accounting Policies

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure requirements as set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the annual financial statements for the year ended 31 March 2007, except that in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) which are effective for the Group's accounting periods beginning on or after 1 April 2007 and are adopted for the first time for the current period's financial statements.

The adoption of the new and revised HKFRSs (HKAS 1(Amendment); HKFRS 7 and HK(IFRIC) Interpretation 8, 9, 10 and 11) has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

2. Segment Information

Business Segments

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

For the six months ended 30 September 2007

	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers (Unaudited) HK'$000	**Inter-segment sales (Unaudited) HK'$000**	**Total sales (Unaudited) HK'$000**	**(Unaudited) HK'$000**
Paper and carton box printing and manufacturing	**970,796**	**20,728**	**991,524**	**98,872**
Paper manufacturing	**394,197**	**92,168**	**486,365**	**26,487**
Corrugated carton manufacturing	**320,766**	**69,355**	**390,121**	**27,549**
Paper trading	**249,081**	**204,767**	**453,848**	**35,792**
Eliminations	**-**	**(387,018)**	**(387,018)**	**(1,662)**
	1,934,840	**-**	**1,934,840**	**187,038**
Interest, dividend income and other gains				**17,590**
Corporate and unallocated expenses				**(14,659)**
				189,969
Fair value gain on derivative component of convertible bonds				**10,200**
Finance costs				**(31,090)**
Profit before tax				**169,079**
Tax				**(30,899)**
Profit for the period				**138,180**

For the six months ended 30 September 2006

	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers (Unaudited) HK'$000	Inter-segment sales (Unaudited) HK'$000	Total sales (Unaudited) HK'$000	(Unaudited) HK'$000
Paper and carton box printing and manufacturing	892,131	19,341	911,472	142,290
Paper manufacturing	370,712	71,544	442,256	34,469
Corrugated carton manufacturing	283,138	59,797	342,935	20,299
Paper trading	159,357	266,916	426,273	21,392
Eliminations	-	(417,598)	(417,598)	948
	1,705,338	-	1,705,338	219,398
Interest, dividend income and other gains				24,189
Corporate and unallocated expenses				(7,491)
				236,096
Fair value gain on derivative component of convertible bonds				64,050
Finance costs				(31,211)
Profit before tax				268,935
Tax				(27,974)
Profit for the period				240,961

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:

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK'$000	HK'$000
Sales to external customers:		
Hong Kong	**771,532**	687,050
Mainland China	**676,768**	568,612
Europe	**279,378**	215,251
United States of America	**139,513**	157,547
Others	**67,649**	76,878
	1,934,840	1,705,338

3. 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. There was no movement in the number of these convertible bonds during the period. The net proceeds received from the issue of the convertible bonds have been split between the derivative and liability components. The derivative component is measured at fair value using an option pricing model and the change in fair value of that component is recognised in the income statement. During the period, 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$10,200,000 (2006: HK$64,050,000).

4. Finance Costs

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on convertible bonds	**20,056**	18,923
Interest on bank loans	**11,034**	12,288
	31,090	31,211

5. Profit Before Tax

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

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
After charging -		
Depreciation	**66,225**	60,075
Recognition of prepaid land lease payments	**1,915**	1,601
Employee benefits expenses (including directors' remuneration)	**279,224**	247,061
Fair value loss on derivative instruments not qualified as hedges, net	**3,982**	-
Fair value loss on short-term note, net	**979**	-
After crediting -		
Dividend income from available-for-sale investments	**232**	206
Gain on disposal of available-for-sale investments	**225**	-
Bank interest income	**9,715**	15,193
Fair value gains on derivative instruments not qualified as hedges, net	**-**	3,510
Fair value gains on structured deposits, net	**5,356**	5,280
Fair value gains on structured borrowings, net	**1,494**	-

6. 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 period. 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.

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current - Hong Kong	**7,252**	7,335
- Mainland China	**16,627**	14,448
Deferred tax	**7,020**	6,191
Total tax charge for the period	**30,899**	27,974

7. Interim Dividend

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interim dividend of HK7.5 cents (2006: HK9.5 cents) per ordinary share	**45,059**	57,074

8. 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 period attributable to equity holders of the parent of HK$124,795,000 (2006: HK$226,649,000) and the weighted average of 600,780,529 (2006: 600,780,529) shares in issue during the period.

Diluted earnings per share amount for the period ended 30 September 2007 and 30 September 2006 has not been presented as the convertible bonds had an anti-dilutive effect on the basic earnings per share for the periods.

9. 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.

	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
Accounts receivable	**997,487**	688,437
Bills receivable	**87,189**	68,683
	1,084,676	757,120

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

	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
Within 30 days	**373,955**	268,849
31 to 60 days	**283,635**	176,874
61 to 90 days	**190,154**	122,232
Over 90 days	**149,743**	120,482
	997,487	688,437

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

10. Accounts Payable

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

	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
Within 30 days	**149,883**	147,540
31 to 60 days	**80,836**	30,419
61 to 90 days	**13,323**	421
Over 90 days	**8,940**	2,866
	252,982	181,246

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, Hung Hing maintained steady growth in business and volumes in challenging operating circumstances.

Strong demand in Europe and mainland China for quality paper products saw the Group achieve revenue growth across all business divisions. Overall revenue increased by 13% when compared to the same period last year, to a total of HK$1,935 million. The paper trading division took advantage of global adjustments in paper prices and grew its external sales to record an increase of 56 %.

Set against this, macro-economic factors had an impact on the Group, particularly on its cost of sales. The period under review saw a further rise in oil prices, which affected the Group's energy, transportation and material costs. Regulation-driven increases in wages and benefits, as well as the appreciation of the Renminbi, were also felt by the industry as a whole. These factors, as well as price pressure due to intense competition, impacted the Group's margins and led to a decrease in profit from operating activities of 20%.

Last year, during the period ended 30 September 2006, the Group recognised a significant change in the fair value on the derivative component of its convertible bond (CB), which resulted in an exceptional gain of HK$64 million. For the period now under review, the Group recognised a smaller gain of HK$10 million, which correspondingly contributed to a decrease of 37 % in profit before tax.

The Group also received a tax refund of HK$7 million in the same period last year. The refund was granted by the Chinese government to a PRC subsidiary with export enterprise status. This refund had not yet been received during the period under review. Taking into account this factor, profit for the period declined by 43% to HK$138 million.

Net profit attributable to equity holders of the parent decreased 45% to HK$125 million. Earnings per share decreased 45% to HK20.8 cents.

The Board of Directors has declared an interim dividend of HK7.5 cents per share.

Ongoing investments and market expansion

In the face of the challenging business environment, the Group continued to upgrade its facilities and expand to new markets in order to position itself competitively.

The Group commissioned its factory in Heshan in March 2007, and added new machinery to expand capacity during the period under review. A new testing laboratory is also being installed at the Heshan operation to allow faster results and further strengthen the Group's control over the quality of raw materials used in the manufacturing process.

The Group's strategy of diversifying its product base to provide a more comprehensive service for customers also drove volume growth, as the demand for conventional books and packaging increased. This was particularly evident in the UK, which saw sales increase by 34% to account for 12% of the Group's business.

Business growth was also seen in Europe and Canada, as the strong Euro and Canadian dollar facilitated the ongoing trend of outsourcing production to China-based manufacturers. During the period under review the Group augmented its revenues from these two regions by 30% and 60% respectively.

Marketing efforts drove sales in other geographic regions, with the Group significantly increasing orders in Switzerland, Russia and South America. The Group's strategy of appointing an agent in Scandinavia proved successful, resulting in considerable sales growth in Sweden, Denmark and Norway.

Paper and Carton Box Printing and Manufacturing

Driven by increased sales to Europe and the rising production of conventional books, revenue for the paper and carton box printing and manufacturing division grew by 9%. However, paper price adjustments had an impact on margins, leading to a drop of 31% in operating profit to HK$99 million.

The Group's largest division contributed 50% of the Group's revenue for the period under review. The Group currently has two production lines for conventional book printing and intends to add one more in the Heshan facility to manage increased demand and ensure future business growth.

The Heshan facility has made steady progress and allows the Group to enjoy more favourable labour costs and flexibility in production. The facility currently has 1,700 employees, a figure that is expected to grow to 3,000 in the coming year.

The Wuxi factory's performance continued to improve as revenue increased by 24%. However, pressure on margins due to keen competition and cost increases will continue to be felt in the short-term.

Paper Manufacturing

External sales continued to grow during the period under review, increasing by 6%. Enhanced operational efficiency contributed to an increase of 29% in internal sales revenue, where the division supplied paper to the Group's other business divisions.

The paper manufacturing division returned an operating profit of HK$26 million, a decrease of 23% largely caused by pricing pressure and the rising cost of raw materials. The price of waste paper, the main raw material in the paper manufacturing process, rose as a result of growing environmental concern across the industry. Oil price adjustments also increased transportation costs, as the materials used in the production process are mainly imported from Europe.

Corrugated Carton Manufacturing

The corrugated carton division was able to increase its customer base during the period under review, adding domestic customers from the technology and consumer products sectors. The division faced less pricing pressure due to the more established nature of the sector, and greater automation of production processes meant that labour cost increases had a smaller impact. As a result, the division recorded increases of 13% and 36% in sales and operating profit respectively.

It is anticipated that future consolidation in the industry will improve the business environment. With the additional capacity from the new corrugator installed in the Zhongshan facility and its ongoing focus on providing value-added services, the Group will be well-positioned to capitalise on opportunities in the domestic and export markets.

Paper Trading

The paper trading division benefited from global paper price adjustments to achieve an increase of 67% in operating profit.

The division improved its external sales performance by 56%, benefiting from rising demand for high quality paper types, including woodfree and art paper. As the mainland economy grows, domestic demand for quality paper is also increasing. To take advantage of this shift, the division will intensify its marketing activities to further develop domestic sales.

The Shenzhen logistics facility's broad range of paper and prompt delivery service enabled the division to comfortably manage larger, often urgent, orders. A new warehouse will be added to the Shenzhen facility in 2008, to increase capacity and cope with future demand.

Environmental achievements

The Group is committed to sustainable practices that are sensitive to environmental considerations. The Group was one of the first China-based printing companies to receive Forest Stewardship Council (FSC) certification, the world's leading environmental certification that provides a guarantee that a product comes from well-managed, sustainable forests.

In the period under review, the Group continued its ongoing sustainability measures, including solar power utilisation and fuel conservation. New measures during the period included the replacement of high-wattage lighting with fluorescent globes that will save approximately 770,000kwh of electricity per year. The Group additionally invested in its drainage and wastewater treatment plant to enable the recycling and re-use of wastewater.

Liquidity and Capital Resources

The Group continued to strategically invest in new equipment and facilities in the period under review. Capital expenditure for the period was HK$71 million, the majority of which was spent on investments in new machinery for the Shenzhen, Heshan and Wuxi plants.

As at 30 September 2007, the Group had total bank borrowings, including structured borrowings, of HK$611 million, of which HK$439 million was repayable within one year and HK$172 million was repayable within two to four years. Of the Groups' total bank borrowings, 74% was borrowed in Hong Kong dollars, 16% in U.S. dollars and 10% in Renminbi. The Group continued to take steps to reduce its borrowings in Renminbi.

The Group's interest expenses, including the accrued loan interest on the convertible bond of HK$20 million, amounted to HK$31 million, a similar amount to the same period last year.

Anticipating increasing paper prices, the Group retained higher than usual levels of inventory, which had the impact of reducing the Group's cash on hand. As at 30 September 2007, the Group had total cash on hand, including structured deposits, of HK$794 million, of which HK$491 million was placed in bank deposits. Of the total cash on hand, 41% was in Hong Kong dollars, 36% was in Renminbi, 19% in U.S. dollars and 4% in Euro and Sterling Pounds.

The total debt of the Group, including the loan component of the convertible bond, was HK$1,311 million. Net debt (total debt net of cash on hand) was HK$517 million, which, as a ratio to shareholders' equity, was 24%.

Contingent Liabilities and Pledge of Assets

As at 30 September 2007, guarantees amounting to HK$1,087 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$310 million as at 30 September 2007 have been pledged to secure banking facilities granted to the Group.

Employees

As at 30 September 2007, the Group employed a total of 17,145 people in Hong Kong and China. Of the total, 388 were employed in Hong Kong and 16,757 in China. As the Heshan facility continues to grow, the number of employees based in China is expected to increase gradually.

The Group maintained its policy of providing its employees with competitive remuneration. As an employer of choice, we are committed to the provision of regular training to motivate staff, enhance their operational efficiency and facilitate further career development.

Prospects

The ongoing trend of outsourcing production to Asia is expected to continue to benefit quality and reliable suppliers such as Hung Hing. The Group will continue its strategy of expanding business in new geographic regions and will increase its European marketing efforts in order to take advantage of the strong Euro. Domestic sales are also expected to increase as the robust mainland economy leads customers to demand better quality products.

Nonetheless, macro-economic factors, such as high oil and paper prices as well as exchange rate volatility will continue to impact the industry as a whole in the second half of the fiscal year and will continue to affect the Group's margins.

Despite these challenging operating conditions, Hung Hing's strong financial situation, and reputation for high-quality products, leave it better positioned to face the challenges ahead. In the longer term, the trend of consolidation will ease the current intense industry competition and the Group's vertically-integrated operations and high business standards make it well placed to benefit from this shift.

INTERIM DIVIDEND

The directors have resolved to pay an interim dividend of HK7.5 cents (2006 : HK9.5 cents) per share. The interim dividend will be paid on 24 January 2008 to shareholders whose names appear on the Register of Members of the Company on 5 January 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2 January 2008 to 5 January 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 31 December 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 period.

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 interim 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 interim 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 unaudited financial consolidated accounts of the Company for the period ended 30 September 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, 10 December 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.