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PRESS RELEASE

Hung Hing Reports Strong Profit Growth
Amid Challenging Economic Environment

- Revenue was HK$2,398 million, down 17% from the previous year
- Profit for the year was HK$185 million, compared to the loss of HK$165 million the previous year
- Gross profit margin stood at 21%, same as the previous year
- Profit attributable to equity holders of the Company was HK$167 million, representing a significant increase compared to HK$2 million recorded in the previous year
- Basic earnings per share were HK18.2 cents, compared to HK0.2 cents for the previous year
- Balance sheet remains strong with a net cash position of HK$683 million
- To celebrate the 60th anniversary of the Group in 2010, the Board of Directors has proposed a final dividend of HK10 cents, plus a special dividend of HK9 cents per share. This, together with the interim dividend of HK4 cents, will bring the total dividend for the year to HK23 cents

Hong Kong, 14 July 2010 – Hung Hing Printing Group Limited (HKSE: 450) today announced its annual results for the year ended 31 March 2010, reporting positive growth in profit despite the challenging economic and operating climate, placing the Group in a strong position as demand levels steadily increase along with the economic recovery.

For the year ended 31 March 2010, the Group sold down its majority shareholding in its paper manufacturing business. Profit from the Group's continuing operations, including Book and Packaging Printing, Consumer Product Packaging, Corrugated Box and Paper Trading, amounted to a total of HK$166 million, while the paper manufacturing business, which is now a discontinued operation, contributed an additional HK$19 million, bringing the total profit for the year to HK$185 million. Profit attributable to the equity holders of the Company was HK$167 million, representing a significant increase when compared to the HK$2 million recorded in the previous year.

Just like many other corporations around the world which faced adversity following the global financial crisis, Hung Hing also experienced a challenging economic and operating climate. During the year under review, sales revenue declined by 17% to HK$2,398 million due to soft customer demand and lower prices. Operating profit from our continuing operations declined by 27% to HK$204 million.

Basic earnings per share increased to HK18.2 cents, compared to HK0.2 cents in the previous financial year. Due to our excellent cash position and to celebrate our 60th anniversary in 2010, the Board of Directors has proposed a final dividend of HK10 cents, plus a special dividend of HK9 cents per share. This, together with the interim dividend of HK4 cents, will bring the total dividend for the year to HK23 cents.

Mr. Matthew C.M. Yum, Managing Director of Hung Hing Printing Group Limited, commented, "Reduced demand from overseas markets, the slowdown of manufacturing activity in the Pearl River Delta (PRD) region, and the increased competition in the domestic market leading to reduced selling prices were key factors contributing to the revenue shortfall. Conversely Hung Hing benefited from the decline in paper prices and stable energy and wage costs. Company-wide initiatives focusing on efficiency and productivity enhancements helped us mitigate partially the pressure on pricing and margins brought by the market downturn."

Business Unit Review

This trend transcended to all business units, which experienced a revenue decline ranging from 17% to 25%, with the exception of Paper Trading.

Book and Packaging Printing, the largest business unit contributing 43% of the Group's revenue, performed well. While revenue was down 19% to HK$1,178 million due to reduced demand from overseas markets as a result of the weakened global economy, profit increased by 33% to HK$119 million and operating margin increased to 10%, up from 6% the previous year. This was primarily the result of effective cost-control measures and productivity initiatives implemented over the past year. The Group injected substantial investment to replace older machines across the business unit with modern pressers to enhance both quality and capacity which is expected to help place the Group in a competitive position as the economy recovers in many of the Group's key markets.

The Consumer Product Packaging business unit saw revenue decrease 17% to HK$621 million as a result of intensified competition and reduced selling prices. Operating profit decreased 42% to HK$39 million, and operating margin also decreased from 9% to 6% compared to the previous year. In February 2010 the Group increased its stake in the Zhongshan Packaging from 56% to 71%, which will help sustain the Group's position as a leading print and packaging supplier in the China domestic market.

The Corrugated Box business unit experienced a revenue decline of 25%. Operating profit decreased 62% to HK$34 million, and operating margin also decreased from 18% to 10% compared to the previous year. While largely impacted by the slowdown in manufacturing and export activity in the PRD, the business unit strategically shifted its focus to the China domestic market to secure increased sales.

The Paper Trading business unit increased revenue by 3% to HK$343 million. Operating profit decreased 18% to HK$45 million, and operating margin also decreased from 9% to 6% compared to the previous year. The revenue increase was largely driven by effective buying and sales strategy that took advantage of the market dynamics during a period of economic uncertainty. During the financial year both external and internal cross-segment paper sales increased.

During the financial year of 2008/09, the Group's paper manufacturing business incurred a total loss of HK$470 million, including an impairment provision of HK$291 million. During the financial year under review, the improved paper market, the successful insurance claims of HK$18 million and the HK$17 million gain on disposal helped the business unit deliver a profit of HK$19 million in the eleven months ended February 2010.

In July 2009, the Group entered into agreements to sell 30% of its equity stake in the paper manufacturing business. The transaction was completed in February 2010. The financial contributions of the business unit for the eleven months ended February 2010 was reported under Discontinued Operation. Since then, the Group's equity stake in the paper manufacturing business has been diluted to 31% and the financial contributions of the business began to be reported under Associated Company.

<u>Financial and Capital Resources</u>

Overall, the Group ended the year in a stable financial position. As of March 31, 2010, the Group had a net cash—total cash net of bank borrowings—balance of HK$683 million.

Capital expenditure reached HK$62 million during the financial year. The Group added an advanced printing press at its Zhongshan packaging plant, and completed the construction of a new building at its Heshan plant, which helped increase the production capacity at these two plants.

<u>Management Changes</u>

The Board of Directors also announced today that with effect from 1 September 2010:

- Mr. Peter Martin Springford will cease to act as Chairman of the Board. Mr Springford will retain his position as a non-executive director of the Group.
- Mr. Matthew Yum will take up the Chairmanship of the Board and will be re-designated as Executive Chairman. He will cease to act as Managing Director.
- Mr. David Roy Eitemiller, currently the Group's Chief Operating Officer, will be appointed as Chief Executive Officer.

Mr. Yum complimented the contributions of Mr. Springford over the past two years for leading Hung Hing to the next stage of development. In view of his frequent traveling schedule and base in New Zealand, Mr. Springford would like to pass the responsibilities to a Chairman who can manage the business from a base which is closer to China and Asia.

Mr. Yum is also pleased with the appointment of Mr. Eitemiller to the new position of Chief Executive Officer, which he believes will greatly strengthen the management team. “Mr. Eitemiller is a veteran in the industry with over 20 years of experience in managing paper, packaging and printing operations in Asia. I have the confidence that under his leadership, Hung Hing will experience another phase of growth.”

Outlook

Mr Yum has a positive outlook for the Group’s future growth, stating, “Despite the economic volatility, we have continued over the past year to build on our strengths in printing and packaging to maintain our position as the leading total printing solution provider in Asia. The demanding market environment has actually created an opportunity for us as customers seek out trusted partners. With a long history of success and sustained growth over the past six decades, Hung Hing is widely seen as a high-quality, stable option for companies that see partnership with us as a platform for investment and mutual growth, especially in China.”

As Hung Hing celebrates its 60th year of printing excellence, the Group expects to be challenged by raw material and operating costs, but is well equipped to capitalize on rising demand given its prudent management approach, operational restructuring and efficiency as well as new machinery. Similarly, the Group’s strong cash position will continue to help Hung Hing take advantage of growth opportunities in the domestic market as the economic recovery continues.

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About Hung Hing Printing Group Limited
Hung Hing was founded by the Company’s Honorary Chairman Mr Yam Cheong Hung in 1950. Over the past six decades, the Company has developed into one of the largest printers in Asia, with significant operations in book and packaging printing, consumer product packaging, corrugated box manufacturing, paper trading and paper manufacturing. Headquartered in Hong Kong, the Company has four plants in China: three in the Guangdong province (Shenzhen, Zhongshan and Heshan) and one in Wuxi, near Shanghai. With its main focus on customers’ success, the Company harnesses the latest in technology and ideas to create print solutions through sustainable operating practice, and services multinational corporations from the US and Europe as well as from domestic companies in China. The Company has a workforce of over 11,000 employees. It has been listed on The Hong Kong Stock Exchange since 1992.

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