HUNG HING

HUNG HING PRINTING GROUP LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 0450)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2010

FINANCIAL HIGHLIGHTS

- 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.

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 2010 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2010** **HK$'000**	2009 HK$'000
Continuing operations			
REVENUE	2	**2,397,850**	2,873,710
Cost of sales		**(1,894,244)**	(2,263,921)
Gross profit		**503,606**	609,789
Other income and gains		**16,848**	47,412
Distribution costs		**(60,728)**	(76,283)
Administrative and selling expenses		**(243,422)**	(250,572)
Other expenses		**(11,901)**	(50,072)
		204,403	280,274

	Note		
Fair value gain on derivative financial instruments not qualified as hedges, net	3	**116**	90,570
Finance costs	4	**(11,411)**	(38,476)
Share of loss of associates		**(2,639)**	(1,560)
PROFIT BEFORE INCOME TAX		**190,469**	330,808
Income tax expense	6	**(24,890)**	(26,172)
Profit from continuing operations		**165,579**	304,636
Discontinued operations			
Profit/(loss) from discontinued operations		**19,117**	(470,075)
Profit/(loss) for the year		**184,696**	(165,439)
ATTRIBUTABLE TO:			
Equity holders of the Company			
Continuing operations		**148,169**	279,613
Discontinued operations		**18,435**	(277,844)
		166,604	1,769
Minority interests			
Continuing operations		**17,410**	25,023
Discontinued operations		**682**	(192,231)
		18,092	(167,208)
		184,696	(165,439)
DIVIDENDS	8	**209,512**	129,399
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
		HK cents	HK cents
Basic			
From continuing operations		**16.2**	33.4
From discontinued operations		**2.0**	(33.2)
		18.2	0.2
Diluted			
From continuing operations		**16.1**	33.4
From discontinued operations		**2.0**	(33.2)
		18.1	0.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE YEAR	**184,696**	(165,439)
OTHER COMPREHENSIVE INCOME:		
Cash flow hedge	**(1,198)**	(3,773)
Currency translation differences	**6,989**	12,161
Fair value gain/(loss) on intangible assets	**1,700**	(3,250)
Reversal of fair value gain due to disposal of intangible assets	**(1,140)**	-
Impairment of intangible assets	**98**	-
Fair value gain/(loss) on available-for-sale financial assets	**1,123**	(2,041)
Impairment of available-for-sale financial assets	**199**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**7,771**	3,097
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**192,467**	(162,342)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Equity holders of the Company		
Continuing operations	**154,481**	274,481
Discontinued operations	**19,800**	(274,321)
	174,281	160
Minority interests		
Continuing operations	**18,549**	27,581
Discontinued operations	**1,637**	(189,763)
	20,186	(162,182)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**194,467**	(162,022)

CONSOLIDATED BALANCE SHEET

	Notes	**As at** **31 March 2010 HK$'000**	31 March 2009 HK$'000 (Restated)	1 April 2008 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**1,304,175**	1,362,602	1,619,897
Land use rights		**112,328**	147,859	150,784
Intangible assets		**8,698**	5,231	11,513
Available-for-sale financial assets		**8,490**	7,367	9,408
Properties under construction		**249**	35,994	40,844
Interests in associates		**21,638**	-	-
Derivative financial instruments		**193**	-	-
Deferred income tax assets		**11,429**	4,348	7,735
Total non-current assets		**1,467,200**	1,563,401	1,840,181
CURRENT ASSETS				
Inventories		**656,162**	503,957	855,800
Trade and bills receivables	10	**524,762**	538,295	891,195
Prepayments, deposits and other receivables		**48,137**	40,793	61,398
Derivative financial instruments		**1,492**	3,691	5,389
Amounts due from associates		**15,383**	504	-
Tax recoverable		**1,052**	11,577	8,264
Pledged time deposits		**-**	115,628	322,492
Cash and cash equivalents		**1,108,778**	1,310,268	811,310
Total current assets		**2,355,766**	2,524,713	2,955,848
Total assets		**3,822,966**	4,088,114	4,796,029
EQUITY				
Equity attributable to equity holders of the Company				
Share capital		**91,158**	92,428	60,078
Reserves		**2,594,941**	2,689,259	1,984,202
Proposed final and special dividends		**172,989**	92,428	9,243
		2,859,088	2,874,115	2,053,523
Minority interests		**128,378**	218,958	382,887
Total equity		**2,987,466**	3,093,073	2,436,410
NON-CURRENT LIABILITIES				
Derivative financial instruments		**233**	-	-
Structured borrowings		**-**	-	42,163
Borrowings		**185,898**	335,825	893,485
Deferred tax liabilities		**40,654**	39,797	40,802
Total non-current liabilities		**226,785**	375,622	976,450

CURRENT LIABILITIES				
Trade and bills payables	11	**166,580**	128,434	264,133
Current income tax liabilities		**24,971**	23,417	19,360
Other payables and accrued liabilities		**168,859**	123,557	164,975
Derivative financial instruments		**9,111**	6,858	126,682
Structured borrowings		**-**	-	22,655
Convertible bonds		**-**	-	11
Borrowings		**239,194**	337,153	785,353
Total current liabilities		**608,715**	619,419	1,383,169
Total liabilities		**835,500**	995,041	2,359,619
Total equity and liabilities		**3,822,966**	4,088,114	4,796,029
Net current assets		**1,747,051**	1,905,294	1,572,679
Total assets less current liabilities		**3,214,251**	3,468,695	3,412,860

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") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The following new standards and amendments to standards are mandatory and adopted by the Group for the financial year beginning 1 April 2009.

HKAS 1 (Revised)	Presentation of financial statements
HKFRS 2 (Amendment)	Share-based payment
HKFRS 7 (Amendment)	Financial instruments: disclosures
HKFRS 8	Operating segments
HKAS 23	Borrowing costs

The application of the above standards and amendments had resulted in certain changes on the disclosures on the Group's financial statements while the results and financial position were not affected.

Prior year adjustments

Accounting treatment of club debentures

The Group held some club debentures in Hong Kong and the People's Republic of China ("PRC"). In prior years, these club debentures were classified as available-for-sale ("AFS") financial assets, carried at fair value net of transaction costs (the "Net Fair Value") at initial recognition and at the end of the reporting period with any changes in the Net Fair Value being charged or credited to the AFS revaluation reserve in the period when the change occurs.

Having undertaken a detailed review of the terms and conditions of the club debentures, the Group has reclassified and re-measured the club debentures as follows:

1) Intangible assets

The club debentures which represent neither an equity interest in the club nor a contractual right to receive cash or another financial asset from another entity are classified as intangible assets. They are stated at revaluation (without deduction of transaction costs) or cost less accumulated amortisation and accumulated impairment losses. The associated fair value changes, other than impairment losses, are charged/credited to intangible assets revaluation reserve in the period when the change occurs.

2) AFS

For club debentures which are meeting the criteria for classification as AFS, they are carried at fair value at initial recognition with any changes in fair value, other than impairment losses, being charged or credited to the AFS revaluation reserve in the period when the change occurs.

Comparative information has been restated to reflect this change and the effect to the consolidated balance sheet as at 31 March 2009 is as follows:

	2009 HK$'000
Non-current assets	
Increase in intangible assets	5,231
Decrease in AFS	(2,418)
Equity	
Increase in intangible assets revaluation reserve	(3,742)
Decrease in AFS revaluation reserve	929

The prior year adjustments represent:

1) the reclassification of certain club debentures from AFS to intangible assets, and the associated AFS revaluation reserve to intangible assets revaluation reserve; and

2) the fair value adjustment of the Group's club debentures to exclude the transaction costs.

The prior year adjustments have no impact to the consolidated income statement, and hence there is no impact on the basic and diluted earnings per share for the year ended 31 March 2009.

2. Segment Information

The management committee (being the chief operating decision-maker) has determined the operating segments based on the reports reviewed by the management committee. The management committee, comprising managing director, the chief operating officer and other senior management, that are used to make strategic decisions and assess performance. The Group is organised into four business segments:

1. Book and Package Printing segment;
2. Consumer Products Packaging segment;
3. Corrugated Box segment; and
4. Paper Trading segment.

In prior years, the paper manufacturing segment was disclosed as a separate operating segment. In the current year upon the completion of partial disposal of subsidiaries in February 2010 (Note 7), paper manufacturing segment is presented as discontinued operations. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Management assesses the performance of the operating segments based on a measure of operating profit/loss (before interest, tax, dividend income and other gains, fair value gain on derivative financial instruments not qualified as hedges, net and share of loss of associates). Other information provided is measured in a manner consistent with that in the financial statements.

Sales between segments are carried out at arm's length.

An analysis by segment is as follows:

Continuing operations:

2010

	SEGMENT REVENUE			**SEGMENT RESULTS**
	Sales to external customers	**Inter-segment sales**	**Total sales**	
	HK'$000	**HK'$000**	**HK'$000**	**HK'$000**
Book and Package Printing	**1,178,290**	**23,744**	**1,202,034**	**119,304**
Consumer Products Packaging	**621,178**	**14,256**	**635,434**	**39,367**
Corrugated Box	**255,727**	**78,258**	**333,985**	**33,868**
Paper Trading	**342,655**	**396,706**	**739,361**	**45,408**
Eliminations	**-**	**(512,964)**	**(512,964)**	**(4,177)**
	2,397,850	**-**	**2,397,850**	**233,770**
Interest, dividend income and other gains				**9,100**
Corporate and unallocated expenses				**(38,467)**
				204,403
Fair value gain on derivative financial instruments not qualified as hedges, net				**116**
Finance costs				**(11,411)**
Share of loss of associates				**(2,639)**
Profit before income tax				**190,469**
Income tax expense				**(24,890)**
Profit for the year				**165,579**

2009

	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers	Inter-segment sales	Total sales	
	HK'$000	HK'$000	HK'$000	HK'$000
Book and Package Printing	1,448,251	41,543	1,489,794	89,753
Consumer Products Packaging	752,334	14,160	766,494	68,127
Corrugated Box	341,391	140,367	481,758	88,421
Paper Trading	331,734	302,883	634,617	54,900
Eliminations	-	(498,953)	(498,953)	3,418
	2,873,710	-	2,873,710	304,619
Interest, dividend income and other gains				17,662
Corporate and unallocated expenses				(42,007)
				280,274

Fair value gain on derivative financial instruments not qualified as hedges, net	90,570
Finance costs	(38,476)
Share of loss of associates	(1,560)
Profit before income tax	330,808
Income tax expense	(26,172)
Profit for the year	304,636

Discontinued operations:

	2010			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers HK'$000	**Inter-segment sales HK'$000**	**Total sales HK'$000**	**HK'$000**
Paper Manufacturing	**380,750**	**65,555**	**446,305**	**8,136**
Eliminations	**-**	**(65,555)**	**(65,555)**	**-**
	380,750	**-**	**380,750**	**8,136**
Interest, dividend income and other gains				**1,825**
				9,961
Fair value gain on derivative financial instruments not qualified as hedges, net				**201**
Gain on disposal of subsidiaries				**17,460**
				27,622
Finance costs				**(7,062)**
Profit/(loss) before income tax				**20,560**
Income tax expense				**(1,443)**
Profit for the year				**19,117**

	2009			
	SEGMENT REVENUE			SEGMENT RESULTS
	Sales to external customers	Inter-segment sales	Total sales	
	HK'$000	HK'$000	HK'$000	HK'$000
Paper Manufacturing	585,185	137,774	722,959	(142,299)
Eliminations	-	(137,774)	(137,774)	-
	585,185	-	585,185	(142,299)
Interest, dividend income and other gains				9,371
				(132,928)
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				13,485
				(441,121)
Finance costs				(27,946)
Profit/(loss) before income tax				(469,067)
Income tax expense				(1,008)
Loss for the year				(470,075)

3. Fair Value Gain on Derivative Financial Instruments not Qualified as Hedges, Net

The Group has entered into various 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 was credited to the consolidated income statement during the year.

	2010	2009
	HK$'000	HK$'000
Continuing operations	**116**	90,570
Discontinued operations	**201**	13,485
	317	104,055

4. Finance Costs

	2010	2009
	HK$'000	HK$'000
Interests on bank borrowings wholly repayable within five years	**11,411**	38,476

5. Profit Before Income Tax

The Group's profit before income tax for continuing operations and discontinued operations is arrived at after charging or crediting the following items:

	2010	2009
	HK$'000	HK$'000
After charging -		
Depreciation	**113,682**	145,212
Amortisation of land use rights	**3,930**	3,831
Impairment of trade and bills receivables	**7,299**	20,846
Operating lease charges in respect of land and buildings	**6,825**	9,148
Write-down of inventories to net realisable value	**4,502**	64,125
Employee benefits expenses (including directors' remuneration)	**522,420**	579,239
Fair value loss on structured borrowings	**-**	14,741
Foreign exchange loss, net	**-**	3,517
After crediting -		
Dividend income from available-for-sale financial assets	**347**	347
Bank interest income	**8,074**	17,315
Foreign exchange gain, net	**2,709**	-

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2010	2009
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**14,423**	13,210
- PRC corporate income tax	**16,926**	21,476
Over provisions in prior years	**(78)**	(318)
Tax refund#	**-**	(4,063)
Total current tax	**31,271**	30,305
Deferred tax	**(6,381)**	(4,133)
Income tax expense	**24,890**	26,172

Under certain PRC local income tax laws, a subsidiary of the 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. For the year ended 31 March 2009, a subsidiary of the Company was granted such status from relevant authorities in respect of its operations in prior years and was entitled to a tax refund.

7. Discontinued Operations

During the year, the Group's paper manufacturing operation was discontinued following the disposal of 25% and 5% equity interests in each of the two subsidiaries, Zhongshan Ren Hing Paper Manufacturing Company Limited and Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited (collectively referred to as the "Paper Mill Entities"), for a total consideration of RMB8,333,000 (approximately HK$9,470,000) and RMB1,666,000 (approximately HK$1,894,000) to LeMonde Inc ("LeMonde") and Homegrace Consultants Limited ("Homegrace"), respectively.

This partial disposal resulted in a gain on partial disposal of subsidiaries of HK$17,460,000.

The results pertaining to the paper manufacturing segment is presented as discontinued operations in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

The results of the discontinued operations for the period from 1 April 2009 to the effective date of disposal together with comparative figures, which have been included in the consolidated income statement, are as follows:

	2010	2009
	HK$'000	HK$'000
Revenue and other gains	**466,917**	733,190
Cost of sales	**(430,961)**	(822,376)
Distribution costs	**(5,462)**	(6,759)
Administrative and selling expenses	**(20,313)**	(34,557)
Other expenses	**(220)**	(2,425)
Loss from fire	**-**	(30,331)
Impairment of property, plant and equipment	**-**	(260,499)
Impairment of properties under construction	**-**	(27,807)
Fair value gain on derivative financial instruments not qualified as hedges, net	**201**	13,484
Finance costs	**(7,062)**	(27,946)
Profit/(loss) before income tax	**3,100**	(466,026)
Income tax expense	**(1,443)**	(1,008)
Profit/(loss) for the period/year	**1,657**	(467,034)
Gain on partial disposal of subsidiaries	**17,460**	-
Impairment of goodwill	**-**	(3,041)
Profit/(loss) from discontinued operations	**19,117**	(470,075)

8. Dividends

	2010	2009
	HK$'000	HK$'000
Interim dividend of HK4 cents (2009: HK4 cents) per ordinary share	**36,523**	36,971
Proposed final dividend of HK10 cents (2009: HK10 cents) per ordinary share	**91,047**	92,428
Proposed special dividend of HK9 cents (2009: nil) per ordinary share	**81,942**	-
	209,512	129,399

The Directors recommend the payment of a final dividend and a special dividend of HK10 cents and HK9 cents per ordinary share respectively, totalling HK$172,989,000. Such dividend is to be approved by shareholders at the Annual General Meeting of the Company to be held on 30 August 2010. These consolidated financial statements do not reflect this as dividend payable but account for it as proposed dividends in reserves.

9. Earnings/(Loss) Per Share Attributable to Equity Holders of the Company

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company.

	2010	2009
	HK$'000	HK$'000
Profit from continuing operations attributable to equity holders of the Company	**148,167**	279,613
Profit/(loss) from discontinued operations attributable to equity holders of the Company	**18,437**	(277,844)
Weight average number of ordinary shares in issue excluding own held shares (thousands)	**916,978**	837,423
Basic earnings/(loss) per share (HK cents per share)		
- Continuing operations	**16.2**	33.4
- Discontinued operations	**2.0**	(33.2)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: shares repurchased for the purpose of share award scheme. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the outstanding shares to be granted.

	2010
	HK$'000
Profit from continuing operations attributable to equity holders of the Company	**148,167**
Profit from discontinued operations attributable to equity holders of the Company	**18,437**
Weight average number of ordinary shares in issue excluding own held shares (thousands)	**919,528**
Diluted earnings per share (HK cents per share)	
- Continuing operations	**16.1**
- Discontinued operations	**2.0**

Diluted loss per share was not presented for the year ended 31 March 2009 as there were no potential dilutive ordinary shares outstanding during the year.

10. Trade and Bills Receivables

The Group's trading terms with customers are mainly on credit. Invoices are normally payable between 30 and 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 trade and bills receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

	2010	2009
	HK$'000	HK$'000
Trade receivables	**553,239**	544,071
Less: provision for impairment of receivables	**(30,463)**	(33,271)
Trade receivables, net	**522,776**	510,800
Bills receivables	**1,986**	27,495
	524,762	538,295

The aged analysis of trade receivables at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	2010	2009
	HK$'000	HK$'000
Within 30 days	**237,921**	173,894
31 to 60 days	**103,957**	134,462
61 to 90 days	**101,668**	79,328
Over 90 days	**79,230**	123,116
	522,776	510,800

The movements in provision for impairment of trade receivables are as follows:

	2010	2009
	HK$'000	HK$'000
At 1 April	**33,271**	38,746
Provision for impairment of receivables	**7,299**	20,846
Amount written off as uncollectible	**(1,348)**	(26,422)
Disposal of subsidiaries	**(8,743)**	-
Exchange differences	**(16)**	101
At 31 March	**30,463**	33,271

11. Trade and Bills Payables

	2010	2009
	HK$'000	HK$'000
Trade payables	**142,148**	107,842
Bills payables	**24,432**	20,592
	166,580	128,434

The aged analysis of trade payables as at the balance sheet date, based on the invoice date, is as follows :

	2010	2009
	HK$'000	HK$'000
Within 30 days	**105,892**	68,819
31 to 60 days	**24,579**	27,171
61 to 90 days	**3,112**	2,045
Over 90 days	**8,565**	9,807
	142,148	107,842

MANAGEMENT DISCUSSION AND ANALYSIS

Full Year Results

Profit attributable to equity holders of the Company for the year ended 31 March 2010 was HK$167 million, representing a significant increase compared to the previous year's profit of HK$2 million. Basic earnings per share were HK18.2 cents, compared to HK0.2 cents for the preceding year.

Continuing Operations

- Revenue of HK$2,398 million, down 17% from HK$2,874 million the previous year
- Gross profit margin maintained at 21% which was the same as the previous year
- Profit for the year of HK$166 million, down 45% from HK$302 million the previous year.

Revenue was down by 17% as a result of the soft consumer demand across the globe. Strategic right-sizing and other productivity enhancements helped us mitigate partially the pressure on pricing and margins brought by the economic downturn, allowing us to maintain our gross profit margin at 21% of revenue.

During the financial year of 2008/09, the Group recorded fair value gain from non-hedging currency derivatives amounting to HK$104 million, of which HK$91 million was reported under Continuing operation. There was no similar gain during the year under review resulting in a significant decline in profit for the year of 46%. Excluding this non-recurring item in the previous year, the profit decline would have been 23%.

Revenue

Revenue for the year ended 31 March 2010 declined by 17% to HK$2,398 million compared to the previous year. All business units experienced a revenue decline ranging from 17% to 25%, with the exception of Paper Trading. 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 were all key factors contributing to the revenue shortfall.

Revenue from the Group's largest business unit, Book and Package Printing, was down 19% to HK$1,178 million mainly due to decreased demand from overseas markets. The Consumer Product Packaging business unit saw revenue decrease 17% to HK$621 million as a result of increased competition and the consequential reduction in selling prices. The Corrugated Box business unit experienced a revenue decline of 25% due to the slowdown in manufacturing and export activity in the PRD.

The Paper Trading business unit increased revenue by 3% to HK$343 million through successful paper purchasing strategies, good inventory management and the strong position of the business unit in buying markets. During the financial year both external and internal cross-segment paper sales increased.

Profit from Operating Activities

For the Book and Package Printing business unit, the reduction in paper prices, stable wage rates and the positive impact of various productivity initiatives implemented during the financial year helped enhance gross profit during a period of declining demand. The business unit delivered 33% profit growth despite a 19% reduction in revenue.

Manufacturing activity in the PRD slowed down notably during the period under review. As a result, the Corrugated Box business unit experienced reduced demand and increased price competition, leading to a profit decline of 62%. Similarly, the Consumer Product Packaging business unit also saw a 42% profit decline. The Paper Trading business unit was less impacted, nonetheless, its profit contribution was down by 17% compared to the previous year. It should be noted that its trading margins had improved in the second half year as paper prices and demand began to recover.

Discontinued Operation

During the financial year of 2008/09, the paper manufacturing business unit incurred a total loss of HK$470 million (operating loss of HK$149 million, impairment provision of HK$291 million, and fire loss of HK$30 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. Without these non-recurring items, the paper manufacturing business would have lost HK$16 million in the year under review.

Since March 2010, the Group's equity stake in the paper manufacturing business has been diluted to 31% and the financial contributions of the business are now being reported under "Associated Company".

Financial and Capital Resources

Overall, the Group ended the year in a sound 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, enhancing the production capacity of these two plants.

The Group has committed to purchase four additional state-of-the-art printing presses which are scheduled to arrive at its plants in China during the first quarter of the fiscal year 2010/11. This will further enhance the Group's production capacity and quality and better prepare the Group for the economic recovery.

In February 2010, the Group increased its interest in its Zhongshan Packaging business unit from 56% to 71%, for a cash consideration of HK$69 million. As of 31 March 2010, HK$27 million had been paid while the remaining balance was settled in May 2010. The completion of this transaction helped strengthen the Group's presence in the fast-growing China domestic packaging market.

As of March 31, 2010, the Group's total bank borrowings amounted to HK$425 million, of which HK$239 million was repayable within one year, and HK$186 million was repayable within 2 to 3 years. Of the Group's bank borrowings as of March 2010, 95% was denominated in Hong Kong dollars and 5% was in Renminbi. The Group's gearing ratio, comparing bank borrowings to its equity, stood at 14%, compared to 22% in the previous year. With a reduced level of borrowing and lower interest rate, the Group's interest expenses dropped by 70% to HK$11 million for the year ended 31 March 2010 in comparison to the preceding year.

The Group's transactions are mostly denominated in Hong Kong dollars, US dollars and Renminbi. The Group policy is to minimize its exposure to foreign currency fluctuation other than these currencies. Of the Group's cash on hand as of March 2010, 61% was in Hong Kong dollars, 30% was in Renminbi and 9% was in US dollars.

In order to enhance shareholders' value, the Group repurchased 12,704,000 shares at a total cost of HK$27 million during the year.

Proposed Dividends

Due to our excellent cash position and to celebrate our 60^{th} 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.

Our People

As in years past, the Group managed staff numbers to meet its requirements for its overall business demand. During the high season around September 2009, we maintained our total number of staff at 12,480, down from 17,111 in September 2008. As of 31 March 2010, the Group employed a total of 11,895 people in Hong Kong and China, with 361 based in Hong Kong and 11,534 in China.

Salaries and remuneration

As the world's leading print solution provider, Hung Hing maintains high labor practice standards. The Group not only adheres closely to local government regulations as well as its customers' standards, but also aims to continuously surpass them with the goal of becoming a role model for others in the industry. The Group proudly boasts a 95% return rate of its workforce after the Chinese New Year break.

The Group provides competitive salaries and bonuses that are based on the performance, qualifications and experience of individual employees. All employees enjoy equal opportunities at work without any discrimination of sex, age, marital status, disability or other non-job-related factors.

The Company has also adopted a share award scheme on 21 December 2009. During the year, 3,851,969 shares will be granted subject to the fulfillment of the vesting conditions pursuant to the scheme.

Contingent Liabilities and Pledge of Assets

As at 31 March 2010, guarantees amounting to HK$1,376 million were given to banks by the Company for banking and trading facilities granted to the Group's subsidiaries and associates.

Certain buildings, plant and machinery, and, leasehold land of the Group with a total carrying value of HK$95 million as at 31 March 2010 have been pledged to secure banking facilities granted to the Group.

Outlook

2010 marks the 60th year of printing excellence at Hung Hing. The Group expects a year of transition from economic pessimism to greater confidence. Expectations of export market performance are mixed. Global markets show signs of recovery particularly in the US but this is somewhat offset by instability in European financial markets and the depreciation of the Euro and Sterling against an ever-appreciating Renminbi.

While Hung Hing expects to be challenged by raw material and operating costs, especially as wages in mainland China are increasing, the Group will counter these by enhancing efficiency, focusing on key performance indicators and continuing to drive operational discipline.

The demanding market environment has actually created an opportunity for Hung Hing 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. Hung Hing has the organizational capability to grow with its customers and its focus on quality products and services will continue to make it a sought-after player in the market.

The Group 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 to take advantage of growth opportunities in the domestic market as the economic recovery continues.

FINAL AND SPECIAL DIVIDEND

The directors recommend a final dividend of HK10 cents (2009 : HK10 cents) and a special dividend of HK9 cents (2009 : nil) per share. The proposed final and special dividend is subject to shareholders' approval at the forthcoming annual general meeting to be held on 30 August 2010. This, together with an interim dividend of HK4 cents (2009: HK4 cents) per share paid in January 2010, will make a total dividend of HK23 cents (2009: HK14 cents) per share for the financial year.

The final and special dividend will be paid by cash on 14 September 2010 to shareholders whose names appear on the Register of Members of the Company on 30 August 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 August 2010 to 30 August 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final and special dividends, 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 25 August 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2010, the Company repurchased a total of 12,704,000 shares on the Stock Exchange at an aggregate consideration of approximately HK$27,083,000(including expenses) and all the repurchased shares were cancelled.

Particulars of the repurchased shares are as follows:

Month	**Number of ordinary shares of HK$0.10 each**	**Price per share Highest**	**Price per share Lowest**	**Aggregate consideration paid (including expenses)**
		HK$	HK$	HK$'000
July 2009	2,208,000	2.05	1.95	4,446
August 2009	4,152,000	2.37	1.86	8,735
September 2009	3,192,000	2.20	1.98	6,555
October 2009	1,000,000	2.42	2.12	2,251
November 2009	100,000	2.45	2.44	246
December 2009	812,000	2.40	2.30	1,932
January 2010	638,000	2.48	2.27	1,517
February 2010	602,000	2.35	2.26	1,401
	12,704,000			27,083

On 21 December 2009, the Company adopted a Restricted Share Award Scheme. The Trustee of the Restricted Share Award Scheme purchased 3,334,000 shares at a total consideration of approximately HK$7,910,000 on the Stock Exchange pursuant to the Scheme Rules and Trust Deed.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's securities during the year ended 31 March 2010.

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.

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 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 including a review of the draft financial statements of the Company for the year ended 31 March 2010. The audit committee comprises three independent non-executive directors and a non-executive director of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

On 19 May 2010, the Group has completed

1) the disposal of 25% and 5% equity interests in the Paper Mill Entities to LeMonde and Homegrace, respectively; and
2) the acquisition of 10% and 5% equity interests in each of the two subsidiaries, Zhongshan Hung Hing Printing & Packaging Company Limited and Zhongshan Hung Hing Off-Set Printing Company Limited to LeMonde and Homegrace, respectively upon all conditions precendent to the completion of such disposals and acquisitions have been fulfilled.

On the same date, a net outstanding consideration of HK$30,463,000 as at 31 March 2010 has been settled by the Group to LeMonde and Homegrace.

The financial impacts of the completion of these acquisitions and disposals have been reflected in the financial statements for the year ended 31 March 2010, except the net outstanding consideration of HK$30,463,000 has been recorded as other payables on the consolidated balance sheet as at 31 March 2010.

By Order of the Board
Peter Martin Springford
Chairman

Hong Kong, 14 July 2010

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Peter Martin Springford, Mr. Ho Chi Kit, Mr. Lam Tsz Wang, Alvin, Miss Mak Lok Qun, Denise and Mr. Yam Ho Ming, Michael as non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive directors.