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 2008

FINANCIAL HIGHLIGHTS

- Revenue grew across all business divisions and geographic markets to a total of HK$3,658 million, an increase of 16% over the previous year.
- Rising costs and several one-off losses led to a loss for the year of HK$3.4 million.
- A new investor, Asia Packaging Company Limited, brought a net capital investment of approximately HK$865 million in July 2008 to help fund the future expansion of the Group.
- Loss attributable to equity holders of the parent was HK$17.8 million.
- Losses per share were HK 3.0 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 2008 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2008** **HK$'000**	2007 HK$'000
REVENUE	2	**3,658,095**	3,141,985
Cost of sales		**(3,082,621)**	(2,523,810)
Gross profit		**575,474**	618,175
Other income and gains		**112,453**	69,553
Distribution costs		**(83,438)**	(75,541)
Administrative and selling expenses		**(265,332)**	(242,832)
Other expenses		**(40,071)**	(5,483)
		299,086	363,872
Fair value gain on derivative component of convertible bonds	3	**32,775**	55,275
Fair value loss on derivative financial instruments not qualified as hedges, net	4	**(157,473)**	-
Finance costs	5	**(142,744)**	(61,493)
PROFIT BEFORE TAX	6	**31,644**	357,654
Tax	7	**(35,039)**	(50,123)
PROFIT/(LOSS) FOR THE YEAR		**(3,395)**	307,531

ATTRIBUTABLE TO:			
Equity holders of the parent		**(17,799)**	277,139
Minority interests		**14,404**	30,392
		(3,395)	307,531
DIVIDENDS	8		
Interim		**45,059**	57,074
Proposed final		**9,243**	120,156
		54,302	177,230
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	9		
Basic		**HK(3.0) cents**	HK46.1 cents

CONSOLIDATED BALANCE SHEET

	Notes	**2008 HK$'000**	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,619,897**	1,493,144
Prepaid land lease payments		**150,784**	147,700
Goodwill		**3,041**	3,041
Available-for-sale investments		**15,067**	11,554
Properties under construction		**40,844**	50,090
Deferred tax assets		**7,735**	4,731
Total non-current assets		**1,837,368**	1,710,260
CURRENT ASSETS			
Inventories		**855,800**	596,372
Accounts and bills receivable	10	**891,195**	757,120
Prepayments, deposits and other receivables		**61,398**	40,741
Derivative financial instruments		**5,389**	4,768
Structured deposits		**-**	375,818
Short-term note		**-**	23,095
Tax recoverable		**8,264**	-
Pledged time deposits		**322,492**	-
Cash and cash equivalents		**811,310**	603,584
Total current assets		**2,955,848**	2,401,498
CURRENT LIABILITIES			
Accounts payable	11	**264,133**	181,246
Tax payable		**19,360**	17,048
Other payables and accrued liabilities		**164,975**	120,367
Derivative component of convertible bonds		**-**	32,775
Derivative financial instruments		**126,682**	7,517
Structured borrowings		**22,655**	17,042
Convertible bonds		**11**	-
Interest-bearing bank and other borrowings		**785,353**	330,592
Total current liabilities		**1,383,169**	706,587
NET CURRENT ASSETS		**1,572,679**	1,694,911
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,410,047**	3,405,171

NON-CURRENT LIABILITIES		
Convertible bonds	**-**	679,590
Interest-bearing bank and other borrowings	**893,485**	110,833
Structured borrowings	**42,163**	56,896
Deferred tax liabilities	**40,802**	36,550
Total non-current liabilities	**976,450**	883,869
Net assets	**2,433,597**	2,521,302

EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**60,078**	60,078
Reserves	**1,981,389**	1,986,974
Proposed final dividend	**9,243**	120,156
	2,050,710	2,167,208
Minority interests	**382,887**	354,094
Total equity	**2,433,597**	2,521,302

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 and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions

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:

	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
Paper manufacturing	830,173	178,335	1,008,508	27,588
Corrugated carton manufacturing	593,045	116,775	709,820	45,490
Paper trading	464,220	361,997	826,217	62,519
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 gain on derivative component of convertible bonds				32,775
Fair value loss on derivative financial instruments not qualified as hedges, net				(157,473)
Finance costs				(142,744)
Profit before tax				31,644
Tax				(35,039)
Loss for the year				(3,395)

	2007			
	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	1,572,656	34,702	1,607,358	210,580
Paper manufacturing	749,817	139,596	889,413	79,814
Corrugated carton manufacturing	538,487	108,696	647,183	24,697
Paper trading	281,025	342,673	623,698	35,454
Eliminations	-	(625,667)	(625,667)	(610)
	3,141,985	-	3,141,985	349,935
Interest, dividend income and other gains				36,918
Corporate and unallocated expenses				(22,981)
				363,872
Fair value gain on derivative component of convertible bonds				55,275
Fair value loss on derivative financial instruments not qualified as hedges, net				-
Finance costs				(61,493)
Profit before tax				357,654
Tax				(50,123)
Profit for the year				307,531

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:

	2008	2007
	HK'$000	HK'$000
Sales to external customers:		
Hong Kong	**1,315,169**	1,204,090
Mainland China	**1,401,854**	1,141,811
Europe	**528,602**	383,256
United States of America	**289,168**	268,412
Others	**123,302**	144,416
	3,658,095	3,141,985

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. 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 year, bonds of total nominal amount of HK$749,990,000 were redeemed by the bondholders on 29 March 2008.

4. Fair value 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 losses of non-hedging currency derivatives amounting to HK$157,473,000 were charged to the consolidated income statement during the year (2007: HK$1,090,000) (note 6).

5. Finance Costs

	2008	2007
	HK$'000	HK$'000
Interest on early redemption of convertible bonds	**71,031**	-
Interest on convertible bonds	**40,704**	38,405
Interest on bank loans	**31,009**	23,088
	142,744	61,493

6. Profit Before Tax

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

	2008	2007
	HK$'000	HK$'000
After charging -		
Depreciation	**134,278**	122,307
Minimum lease payments under operating leases in respect of land and buildings	**8,042**	7,233
Employee benefits expenses (including directors' remuneration)	**541,485**	467,672
Impairment on accounts receivable	**20,427**	3,801
Fair value loss on structured borrowings, net	**6,573**	-
Fair value loss on derivative instruments not qualified as hedges, net (Note 4)*	**157,473**	1,090
Fair value loss on short-term note	**865**	275

* The net fair value loss on derivative financial instruments not qualified as hedges, for the year ended 31 March 2008 is separately presented on the face of the consolidated income statement since, in the opinion of the directors, it is individually significant. The comparative balance for the year ended 31 March 2007 was included in "Other expenses" on the face of the consolidated income statement

After crediting -		
Dividend income from available-for-sale investments	**369**	361
Bank interest income	**22,460**	23,004
Gain on disposal of available-for-sale investments	**225**	-
Fair value gains on structured deposits, net	**9,051**	8,734
Fair value gains on structured borrowings, net	**-**	257
Exchange differences, net	**57,935**	25,507

7. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. 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.

	2008	2007
	HK$'000	HK$'000
Group:		
Current - Hong Kong		
- Charge for the year	**20,933**	10,982
- Overprovision in prior years	**-**	(1,325)
Current - Mainland China		
- Charge for the year	**21,774**	33,044
- Tax refund#	**(9,076)**	(6,816)
- Underprovision in prior years	**60**	-
Deferred tax	**1,348**	14,238
Total tax charge for the year	**35,039**	50,123

\# 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.

8. Dividends

	2008	2007
	HK$'000	HK$'000
Interim dividend of HK7.5 cents (2007: HK9.5 cents) per ordinary share	**45,059**	57,074
Proposed final dividend of HK1.0 cent (2007: HK20.0 cents) per ordinary share	**9,243**	120,156
	54,302	177,230

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

9. Earnings/(Loss) Per Share Attributable to Equity Holders of The Parent

The calculation of basic earnings/(loss) per share amount is based on the loss for the year attributable to equity holders of the parent of HK$17,799,000 (2007: profit of HK$277,139,000) and the weighted average of 600,780,529 (2007: 600,780,529) shares in issue during the year.

Diluted earnings/(loss) per share amounts for the year ended 31 March 2008 and 31 March 2007 have not been presented as the convertible bonds had an anti-dilutive effect on the basic earnings/(loss) per share for these years.

10. 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.

	2008	2007
	HK$'000	HK$'000
Accounts receivable	**818,911**	715,280
Impairment	**(38,746)**	(26,843)
	780,165	688,437
Bills receivable	**111,030**	68,683
	891,195	757,120

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

	2008	2007
	HK$'000	HK$'000
Within 30 days	**355,498**	268,849
31 to 60 days	**158,898**	176,874
61 to 90 days	**139,143**	122,232
Over 90 days	**126,626**	120,482
	780,165	688,437

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

11. Accounts Payable

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

	2008	2007
	HK$'000	HK$'000
Within 30 days	**184,073**	147,540
31 to 60 days	**55,491**	30,419
61 to 90 days	**11,294**	421
Over 90 days	**13,275**	2,866
	264,133	181,246

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

12. Post Balance Sheet Events

(a) Subsequent to the balance sheet date, on 24 April 2008, the Company entered into a subscription agreement with Asia Packaging Company Limited (the "Subscriber") (the "Subscription Agreement"). Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe in cash for 323,500,445 new ordinary shares of the Company (the "Subscription Shares") at the subscription price of HK$2.70 per Subscription Shares, subject to the terms and conditions of the Subscription Agreement. Upon completion of the subscription, the Subscriber will hold 35% equity interest of the Company. Accordingly, the Subscriber has applied to the Securities and Futures Commission (the "SFC") for the waiver pursuant to dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers from the obligation to make a mandatory general offer for the existing issued securities of the Company (the "Whitewash Waiver") and the Whitewash Waiver was conditionally granted by the SFC on 20 June 2008. Further details of the above subscription are set out in the Company's circular dated 13 June 2008.

(b) On 30 June 2008, an extraordinary general meeting of the Company was held and the following resolutions were duly passed:

(i) Approval of the Subscription Agreement.

(ii) Approval of the increase of the authorised share capital of the Company from 800,000,000 ordinary shares to 1,200,000,000 ordinary shares by the creation of 400,000,000 ordinary shares

(iii) Approval of the issue and allotment of the Subscription Shares

(iv) Approval of the appointment of four new directors

(v) Approval of the Whitewash Waiver

Further details of the above are set out in the Company's Circular date 13 June 2008 and an announcement of the Company dated 30 June 2008.

(c) Pursuant to an ordinary resolution passed on 30 June 2008, the authorised share capital of the Company was increased from HK$80,000,000 to HK$120,000,000 by the creation of 400,000,000 additional shares of HK$0.10 each, ranking pari passu in all respects with the existing share capital of the Company.

(d) On 8 July 2008, 323,500,445 shares of HK$0.10 each were issued for cash at a subscription price of HK$2.70 per share pursuant to the Subscription Agreement for a total cash consideration, before expenses, of HK$873,451,000.

(e) On 8 July 2008, the Subscription Agreement was completed as mutually agreed by the Company and the Subscriber, details of which are set out in the Company's announcement dated 8 July 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group achieved an increase in revenue of 16%. This increase was driven largely by continued improvement in the mainland China and European economies, which benefited the Group in China as well as new and existing European markets.

However, escalating raw material and labour costs caused the Group's cost of sales to rise at a faster rate than revenue, by 22% to HK$3,083 million.

Strong domestic demand saw mainland China revenue increase by 23%. As the Renminbi continued to appreciate in value, greater Renminbi revenue had a hedging effect and offset some of the impact on operating costs.

During the year under review, revenue from Europe rose by 38%. This was a result of both the strong Euro and further penetration into new European markets such as eastern and northern Europe. Russia, for example, has become one of our top five markets in the region, with sales increasing by 148% to HK$23 million. As the European economy maintains its steady growth, sales in the region should remain strong.

Despite the ongoing instability of the American economy, revenue from the United States remained stable. Although this is one of our most mature markets, there is still room for long-term growth as the economy recovers.

Prohibitive material cost increases saw greater consolidation within the printing and packaging industry during the period under review as many smaller companies closed down. This consolidation provided the conditions for larger companies to grow toward the end of the period, as pricing competition began to ease in the printing sector.

Paper and Carton Box Printing and Manufacturing

Our biggest division reported a steady increase in revenue of 13%, which was achieved largely on volume growth from existing as well as new customers. Demand came primarily from Europe for products such as children ' s books, conventional books and greeting cards, as well as China for branded consumer packaging products.

Despite this growth, an additional bad debts provision of HK$16 million, together with higher material and labour costs as well as a higher depreciation charge related to the new Heshan plant, resulted in a decline in operating profit of 24%.

The Heshan plant came into operation in 2007 and is growing steadily. The facility currently has approximately 2,000 workers, and its eighth printing press was installed during the period under review. A new testing lab is also being installed in the plant to allow faster results and further strengthen the Group's control over the quality of raw materials used in the manufacturing process. The lab will commence operations in August 2008.

Business continued to improve at our Wuxi plant, which achieved revenue growth of 29%. The plant has been gradually expanding and now has approximately 1,000 workers. Given the current positive economic environment in mainland China, we are beginning to shift the focus of this largely export-oriented plant to achieve balance between international and domestic business.

Paper Manufacturing

Benefiting from paper price increases, the paper manufacturing division achieved revenue growth of 11% to HK$830 million during the period under review.

However, high material costs, particularly for imported waste paper, and higher utility costs due to increasing coal prices continued to put pressure on margins. Furthermore, the division was required to pay additional VAT relating to previous years of approximately HK$12 million. As a result, operating profit for the division dropped by 65%.

The division plans to expand its capacity by acquiring a piece of land adjacent to the existing Zhongshan paper manufacturing facility. The present paper machine and power generator will be upgraded to improve operational efficiency.

Corrugated Carton Manufacturing

Consolidation within the corrugated carton market eased previously intense competition and pricing pressure during the year. The division was, therefore, able to pass on costs to the end customer, increasing revenue and operating profit by 10% and 84% respectively.

The Group's strategy of focusing on higher-margin production also contributed to the division ' s success. By further improving product range and diversity, the division added customers from a variety of different industries, including the domestic computer, electronics and telecommunications as well as food and beverage sectors.

Paper Trading

This division was able to take advantage of the prevailing paper price increases across the globe to increase revenue and operating profit by 65% and 76% respectively. In anticipation of paper price increases, the division maintained strategic inventory levels at low cost, allowing it to benefit when prices subsequently rose as predicted.

Greater sales of high-value items such as wood-free paper, art paper and ivory board also contributed to the increase in profit and revenue. In addition to mainland China, the division also sourced these types of high-value paper from Europe and America, offering a broader range of quality paper to its customers. Aggressive marketing efforts generated further revenue as the division added customers throughout the year.

Financial and Capital Resources

Ongoing investment in machinery and facilities is an important part of the Group's strategic growth plans. The majority of the Group's investments throughout the year was focused on adding capacity to the Heshan plant through machine and building construction. The expenditure incurred during the year was as follows:

	HK$million
Buildings and machinery at the Heshan plant	80
Machinery and equipment at the Shenzhen plant	36
Buildings and machinery at the paper manufacturing facilities in Zhongshan	19
Buildings and machinery at the Tai Po plant	14
Machinery and equipment in printing and corrugating facilities in Zhongshan	12
Building and machinery at the Wuxi plant	12
	173

During the year, the Group entered into certain derivative financial instruments, primarily forward currency contracts, for hedging the Group's Renminbi requirements for general expenses in China, and Euro and Pound Sterling requirements for imported plant and machinery. However, due to subsequent volatile market conditions, the Group terminated certain Renminbi contracts and entered into new ones to hedge the position of original Euro and Pound Sterling contracts in order to minimize the potential loss for the Group. The termination and expiry of these forward currency contracts during the year resulted in a realized loss of HK$38 million. The marked to market of those outstanding forward contracts, which were still at their open position at 31 March 2008, resulted in a fair value loss of HK$119 million. However, a number of factors, such as the highly unpredictable currency exchange rates of relevant currencies, may cause the fair value of these forward currency contracts to change in the future.

The change in fair value of the Group's structured borrowings was HK$7 million, resulting in a total loss on net changes in fair value of derivative financial instruments and structured borrowings of HK$164 million for the year.

In March 2008, bondholders exercised their option to redeem the Group's five-year zero coupon convertible bonds at a cost of HK$791 million. This was fully financed by bank term loans of between three to five years. As at 31 March 2008, the Group had total bank borrowings including structured borrowings of HK$1,744 million, of which HK$808 million was repayable within one year and HK$936 million was repayable within two to five years. Of the Group's total bank borrowings, 72% was borrowed in Hong Kong dollars, 25% in US dollars, and 3% in Renminbi.

As a result of the early redemption of the convertible bonds, the Group incurred additional interest charges of HK$71 million, resulting in total interest expenses for the year of HK$143 million, an increase of 132% over last year. The increase in interest expenses was also due to an increase in bank borrowings, in particular foreign currency loans in Hong Kong dollars and US dollars drawn by the Group's China subsidiaries.

Anticipating paper price increases, the Group continued to maintain a higher level of inventory than usual. The Group's inventory value consequently increased when paper prices rose. However, this long-term strategy also led to an increase in bank borrowings for the year as it was necessary to finance higher inventory levels.

During the year, the Group's two China paper manufacturing companies entered into bank contracts to borrow Hong Kong dollars and US dollars to pay their overseas suppliers. At the same time, the two subsidiaries were required to pledge the same amount of cash in Renminbi deposits to match payment of these loans on their maturity. The subsidiaries then entered forward currency contracts to hedge their exposure in those foreign currency loans. This resulted in exchange gains for the two China subsidiaries, which consequently held a pledged time deposit of HK$322 million.

As at 31 March 2008, the Group had total cash on hand, including the pledged time deposit, of HK$1,134 million, of which HK$889 million was held in bank deposits. Of the total cash on hand, 47% was in Renminbi, 23% was in Hong Kong dollars, 17% was in US dollars and 13% was in Pound Sterling.

The net debt of the Group (total debt net of cash on hand) was HK$610 million. The net debt as a ratio to shareholders' equity was 30%.

Contingent Liabilities and Pledge of Assets

As at 31 March 2008, guarantees amounting to HK$1,734 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$356 million as at 31 March 2008 have been pledged to secure banking facilities granted to the Group.

Business Sustainability

The Group is committed to sustainable practices that are sensitive to environmental considerations and implemented a number of measures during the period under review to ensure its business model remains environmentally and socially sustainable.

During the year, the Group invested over HK$1 million to improve the combustion efficiency of the steam boiler in our paper manufacturing plant at Zhongshan, an initiative that could save more than 8,000 tonnes of coal per year. We also installed an intelligent power regulator in the central air compressor of our Shenzhen plant, which could save over 120,000kwh of electricity per year.

The Group achieved Chain of Custody (CoC) certification from the Programme for the Endorsement of Forest Certification Schemes (PEFC) during the period under review. This certification proves that the Group provides paper from well-managed forests. We are very proud of this accomplishment, which follows our achievement of Forest Stewardship Council (FSC) certification in the previous year.

Employees

As of 31 March 2008, the Group employed a total of 16,000 staff in Hong Kong and China. Of the total, 378 were employed in Hong Kong and 15,622 in China. During the year the Group further strengthened its training, safety and employee programs to enhance employee skills and provide workers with a sound career path.

Outlook

Market volatility is expected to persist in the year ahead. However, as the trend for consolidation in the industry continues, it will provide increasing opportunities for strong, diversified operations such as Hung Hing. We have already witnessed signs of this occurring during the first few months of the financial year 2008-09. The Group's prudent management and sound business strategies render it well placed to capitalise on the growth opportunities the market offers.

FINAL DIVIDEND

The directors recommend a final dividend of HK1.0 cents (2007 : HK20.0 cents) per share. The proposed final dividend will be payable in cash and it is subject to shareholders' approval at the forthcoming annual general meeting to be held on 22 September 2008. This, together with an interim dividend of HK7.5 cents (2007: HK9.5 cents) per share paid in January 2008, will make a total dividend of HK8.5 cents (2007: HK29.5 cents) per share for the financial year.

The final dividend will be paid on 29 September 2008 to shareholders whose names appear on the Register of Members of the Company on 22 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 September 2008 to 22 September 2008, 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 12 September 2008.

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 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 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 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 2008.

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, 17 July 2008

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.