



【For immediate release】

Hop Fung Group Announces 2005 Interim Results

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Net Profit rose 10.6% to HK\$34,884,000

Financial Highlights

- Turnover increased by 4.2% to HK\$376,794,000
- Net profit rose 10.6% to HK\$34,884,000
- Net profit margin increased from 8.7% to 9.3%
- The Board of Directors declared an interim dividend payment of 1.52 HK cents per share
- Maintains a stable and healthy financial position with bank and cash balances of HK\$175,501,000

(22 September 2005, Hong Kong) – Leading corrugated paper-ware manufacturer and provider **Hop Fung Group Holdings Limited** (“Hop Fung” or “the Group”) (stock code: 2320) today announced its interim results for the six months ended 30 June 2005.

For the period under review, turnover slightly increased by 4.2% to HK\$376,794,000, as compared to the corresponding period last year. Net profit rose 10.6% to HK\$34,884,000. Basic earnings per share were approximately 9.5 HK cents. The Board of Directors declared the payment of an interim dividend of 1.52 HK cents per share in recognition of shareholders’ continuous support.

Mr. Sam Hui, Chairman of Hop Fung Group, said, “The first half of 2005 was an exceptionally challenging period for manufacturing enterprises. Despite that, the increasing demand for various corrugated paper-ware products promised a persistent stable growth for our business. Riding on our versatile operational strategies, although the prices of raw materials and transportation costs increased substantially in the first half, we still managed to maintain our profit margins.”

The prosperous Chinese economy in the first half of 2005 encouraged stable demand for corrugated paper-ware products. Establishment of the new wholly-owned foreign investment enterprise in Dongguan, Guangdong Province in March 2004 and the addition of manufacturing facilities for corrugated carton boxes at the Group’s factories during the reporting period boosted production capacities and promoted development of the Group’s core business. The production of corrugated paper-ware products for the period increased by 7% as compared to the same period last year.

During the period under review, increase in oil and raw material prices, transportation costs and interest rates casted pressure on the operational cost of the manufacturing industry. Through the implementation of stringent cost control measures, enhanced efforts on internal capital management, improvement in production workflow and dynamic purchasing and sales strategies, the Group effectively reduced the overall operational cost. In addition, profitability was maintained through the Group's dedications to exploring new production technologies, perfecting the quality of sales service and developing more high-valued-added and diversified products. Net profit margin increased from approximately 8.7% in the same period last year to 9.3%, due to the drop in effective tax rate by approximately 10%.

The Group maintained a stable and healthy financial position. As at 30 June 2005, the bank and cash balances were approximately HK\$175,501,000. Net gearing ratio was 13.9% and current ratio was 1.73 times.

Mr. Hui continued, "In order to maintain our competitiveness, we will continue to enhance our production capacities and diversify our product mix to include different types of corrugated paper-ware products. We added one more corrugated paperboards production line at our factory in Shenzhen, Guangdong Province, in mid-2005, and it is expected to commence operation in the second half of the year."

Furthermore, the Group is committed to developing the upstream business of the corrugated paper-ware industry. The construction of the medium paper plant in Qingyuan, Guangdong Province, will be completed soon. It is expected to have pilot run in the forth quarter of 2005 and commence operation at the beginning of 2006. The Group's move to vertically integrate through the development of the medium paper production business will create synergies by ensuring the steady supply of raw materials and reducing external purchasing costs, thereby effectively lowering the overall production cost and strengthening its competitive edges.

Mr. Hui concluded, "Looking ahead, we will continue to provide higher quality products and more efficient services for our customers so as to enlarge our market share. Facing various external challenges ahead, we will continue to comply with our stringent financial and cost management strategies, further improve production workflow and strengthen our sales team, with a view to contribute further to the Group's profit."

About Hop Fung Group

Founded by the Hui Brothers in 1988, Hop Fung Group is principally engaged in the manufacture and sale of quality corrugated paper ware products, including corrugated paper boards and corrugated carton boxes, to its over 400 customers in the manufacturing sectors in Hong Kong and the Pearl River Delta. Adopting an effective vertically integrated production model and stringent quality control, the Group has established its reputation as one of the leading manufacturers and providers of corrugated paper ware products in the market. The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong on 24 September 2003.

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For press enquiries:

Strategic Financial Relations Limited

Cindy Lung Tel: 2864 4867 Email: cindy@strategic.com.hk
Fax: 2804 2789 / 2527 1196