



Hop Fung's QingYuan Medium Paper Plant Commences Operation

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Develops Upstream Business to Enhance Competitiveness

(22 March 2006, Hong Kong) – Leading corrugated paper-ware manufacturer and provider **Hop Fung Group Holdings Limited** (“Hop Fung” or “the Group”) (stock code: 2320) today announced the grand opening of its medium paper plant – Green Forest (QingXin) Paper Industrial Limited (“Green Forest”) – in QingXin County, QingYuan City, Guangdong Province, PRC.

Green Forest will focus on the production of high quality medium paper. Its annual production capacity is 100,000 tonnes, which will satisfy 30-40% of the Group's need for medium paper as a raw material. At a total investment of HK\$180 million, Green Forest is the Group's first medium paper factory and fourth production plant. Completion of the new plant signifies the Group's entry into upstream paper business, creating synergies through vertical integration leading to lower production cost and enhanced overall competitiveness.

Mr. Sam Hui, Chairman of Hop Fung, said, “I'm delighted that local officials and guests had come to celebrate with us the opening of our medium paper plant. As global demand for paper-ware products continues to increase, we believe our vertically-integrated production model will effectively enhance the Group's competitiveness and profitability, and improve our overall profit margin.”

Green Forest, with a gross area of approximately 700,000 sq m, is located at the TaiHe Industrial District of QingXin County, QingYuan City. The first phase for the medium paper production line has already commenced operation, and the second phase for the production of kraft liner paper is expected to be completed in late 2007. Kraft liner paper is the other major raw material of carton boxes and when the production line for them is completed, the Group will be less dependent on imported raw materials, hence will be able to further lower production costs and at the same time raise product quality.

Guests attended the opening ceremony included Mr Chen Jia Ji, Mayor of the QingYuan city, Mr Liang Ge Wen, Municipal CCPCC Chairman, various local officials, representatives from the investment community and the financial media, the Group's business partners and customers, and Hop Fung's senior management. The prominent guest list reflected the strong support the Group enjoys.

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 500 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

Veron Ng Tel: 2864 4867 Email: veron@strategic.com.hk

Cindy Lung Tel: 2864 4867 Email: cindy@strategic.com.hk

Fax: 2804 2789 / 2527 1196