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NEW ISLAND PRINTING HOLDINGS LIMITED

新洲印刷集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 377)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY**

The Board announces that on 22 December 2010, the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser for the disposal of the Property at the cash consideration of HK\$108 million. Under the Provisional Agreement, the Vendor and the Purchaser are required to enter into a formal sale and purchase agreement for the Disposal on or before 17 January 2011. An initial deposit of HK\$1 million has been paid by the Purchaser upon signing of the Provisional Agreement and, under the Provisional Agreement, the Purchaser shall pay a further deposit of HK\$ 9.8 million upon the signing of the formal sale and purchase agreement. The remaining balance of the Consideration in the amount of HK\$ 97.2 million shall be paid by the Purchaser to the Vendor upon completion of the Disposal, which is expected to take place on or before 1 November 2011.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company under chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

** for identification purposes only*

THE PROVISIONAL AGREEMENT

Date:

22nd December 2010

Parties to the Contract:

Vendor: New Island Printing Company Limited(新洲印刷有限公司), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company. The Vendor is principally engaged in distribution of paper products.

Purchaser: Bright Future Pharmaceutical Laboratories Limited, a company incorporated in Hong Kong with limited liability, who is principally engaged in the manufacturing of medicines. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are not connected with the directors, the chief executives or the substantial shareholders of the Company or any of its subsidiaries or their respective associates and are third parties independent of the Group and Connected Persons of the Company.

Property: New Island Printing Centre, 38 Wang Lee Street, Yuen Long Industrial Estate, New Territories, Hong Kong

Information on the Property

The Property is a leasehold land and building of the Group. The Property is the head office of the Group and has a total gross floor area of about 162,376 square feet. The net book value of the Property as at 31 March 2010 amounted to approximately HK\$77.7 million.

Part of the Property (leaseable floor area about 136,377 square feet) is leased to an independent third party under a tenancy expiring in October 2011. The total monthly rental is currently approximately HK\$670,000, exclusive of management fee and government rates. Both the net profits before and after taxation and extraordinary items attributable to the Property for the financial year ended 31 March 2010 amounted to approximately HK\$4.3 million. Both the net profits before and after taxation and extraordinary items attributable to the Property for the financial year ended 31 March 2009 amounted to approximately HK\$5.1 million.

Consideration:

The Consideration for the sale and purchase of the Property payable by the Purchaser is HK\$ 108 million. The Consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor by reference to the market prices of similar properties in nearby areas.

An initial deposit of HK\$1 million had been paid by the Purchaser upon signing of the Provisional Agreement. Under the Provisional Agreement, the Purchaser is required to pay a further deposit of HK\$ 9.8 million upon the signing of the formal sale and purchase agreement, which is scheduled to take place on or before 17th January 2011. The remaining balance of the Consideration, in the amount of HK\$ 97.2 million, shall be paid by the Purchaser to the Vendor upon completion of the Disposal, which is expected to take place on or before 1 November 2011.

Under the Provisional Agreement, if the Vendor fails to enter into the formal sale and purchase agreement for the Disposal on or before 17th January 2011, the Provisional Agreement will be cancelled and terminated automatically and the Vendor shall refund the initial deposit (without interest) to the Purchaser and shall pay the Purchaser a sum equal to the initial deposit as a liquidated damage to the Purchaser. If the Purchaser fails to enter into the formal sale and purchase agreement for the Disposal on or before 17th January 2011, or fails to pay the initial deposit and/or the further deposit as provided in the Provisional Agreement, the Provisional Agreement will be cancelled and terminated automatically, and the initial deposit paid by the Purchaser shall be forfeited by the Vendor as liquidated damage.

Preceding Conditions:

The completion of the sale and purchase of the Property is subject to the approval thereof by Hong Kong Science and Technology Parks Corporation or relevant authorities. In case of either the Vendor or Purchaser fails to obtain such approval, the agreement will be cancelled and terminated automatically, and the Vendor is required to return all the deposits received (without interest) within 7 days after such termination to the Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products.

The Directors consider that the current market presents a good opportunity for the Group to realise its investment in the Property. It is estimated that on the gain from the Disposal of the Property accrued to the Group upon completion would be approximately HK\$24.3 million based on the unaudited carrying value of the Property of approximately HK\$76.2 million as at 30th November 2010 and after deducting the estimated expenses in relation to the Disposal.

The net proceeds from the Disposal of approximately HK\$100.5 million will be applied towards re-investment and relocation of the Group's head office, repayment of bank loan and for use as general working capital of the Group. Accordingly, the Disposal will enable the Group to reduce its borrowings and increase its working capital, and will improve the liquidity and strengthen the overall financial position of the Group.

The Board considers that the terms of the Provisional Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

As the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company under chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Associates”	Shall have the meanings as prescribed under the Listing Rules
“Board”	The board of Directors (including the independent non-executive Directors) of the Company
“Company”	New Island Printing Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange with stock code 377
“Connected Person(s)”	the meaning ascribed in it under the Listing Rules
“Consideration”	HK\$108 million in cash
“Directors”	the directors of the Company
“Disposal”	the disposal of Property by the Vendor for a total consideration of HK\$108 million pursuant to the Provisional Agreement
“Group”	the Company and its Subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	New Island Printing Centre, 38 Wang Lee Street, Yuen Long Industrial Estate, New Territories, Hong Kong
“Provisional Agreement”	The provision sale and purchase agreement dated 22 nd December 2010 entered into between the Vendor and the Purchaser whereby the Vendor agreed to sell and the Purchaser agreed to purchase the Property
“Purchaser”	Bright Future Pharmaceutical Laboratories Limited, a company incorporated in Hong Kong with limited liability

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Shall have the meaning as prescribed under the Companies Ordinance (Cap.32) of the Laws of Hong Kong and “subsidiaries” shall be construed accordingly
“Vendor”	New Island Printing Company Limited(“新洲印刷有限公司”), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“%”	Per cent

By order of the Board
New Island Printing Holdings Limited
Lo Ming Chi, Charles
Chairman and Chief Executive Director

Hong Kong, 22nd December 2010

As at the date of this announcement, the Board comprises Mr. Lo Ming Chi, Charles (Chairman and Chief Executive Officer), Ms. Chan Yuk Yee and Mr. Dai Zhongcheng as executive Directors; and Mr. Pun Chi Ping, Dr. Wong Yun Kuen and Mr. Ip Man Tin, David as independent non-executive Directors.