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HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

THE RENEWED SALE OF PAPER PRODUCTS FRAMEWORK AGREEMENT AND THE RENEWED PURCHASE OF PAPER PRODUCTS FRAMEWORK AGREEMENT

RENEWAL OF SALE OF PAPER PRODUCTS FRAMEWORK AGREEMENT AND PURCHASE OF PAPER PRODUCTS FRAMEWORK AGREEMENT

Reference is made to the Company's announcement dated 1 December 2015, regarding, among other things, the 2015 Sale of Paper Products Framework Agreement and the 2015 Purchase of Paper Products Framework Agreement. The 2015 Sale of Paper Products Framework Agreement and the 2015 Purchase of Paper Products Framework Agreement will expire on 31 December 2018. On 7 December 2018, the Company and Rengo have entered into the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement which will become effective on 1 January 2019.

The terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are similar to those of the 2015 Sale of Paper Products Framework Agreement and the 2015 Purchase of Paper Products Framework Agreement respectively.

LISTING RULES IMPLICATIONS

Rengo, which is holding approximately 29.91% equity interest in the Company, is a substantial shareholder of the Company and therefore a connected person of the Company. Transactions between the Group and the Rengo Group on continuing or recurring basis in the ordinary and

usual course of business of the Group, constitutes continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the Annual Caps for the transactions contemplated under the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement exceed 0.1% but are less than 5%, such transactions are continuing connected transactions of the Company which are exempt from circular (including independent financial advice) and independent shareholders' approval requirement under Listing Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

1. BACKGROUND

Reference is made to the Company's announcement dated 1 December 2015, regarding, among other things, the 2015 Sale of Paper Products Framework Agreement and the 2015 Purchase of Paper Products Framework Agreement. The 2015 Sale of Paper Products Framework Agreement and the 2015 Purchase of Paper Products Framework Agreement will expire on 31 December 2018. On 7 December 2018, the Company and Rengo have entered into the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement which will become effective on 1 January 2019.

The terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are similar to those of the 2015 Sale of Paper Products Framework Agreement and the 2015 Purchase of Paper Products Framework Agreement respectively.

2. THE RENEWED SALE OF PAPER PRODUCTS FRAMEWORK AGREEMENT AND THE RENEWED PURCHASE OF PAPER PRODUCTS FRAMEWORK AGREEMENT

2.1 The Renewed Sale of Paper Products Framework Agreement

The Group entered into the Renewed Sale of Paper Products Framework Agreement with the Rengo Group, pursuant to which the Group agrees to sell and the Rengo Group agrees to purchase paper products for the period from 1 January 2019 to 31 December 2021.

Background and reasons for transactions

The Rengo Group engages in, among other things, packaging business which requires different types of paper products as supplies in its ordinary course of business. The Group has, in its ordinary course of business, sold paper products, such as waste paper, paper, paper packaging material and printed products to the Rengo Group pursuant to the 2015 Sale of Paper Products Framework Agreement. As the Group has been selling paper products to Rengo Group for a long period of

time, the Renewed Sale of Paper Products Framework Agreement is entered into to facilitate the continuous of sale of such paper products to Rengo Group.

As the Renewed Sale of Paper Products Framework Agreement is entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors consider that the transactions between the Company and Rengo Group and the Annual Caps for the transactions under the Renewed Sale of Paper Products Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Historical transaction amounts

The table below sets forth the historical aggregated amounts of sales of paper products by the Group to the Rengo Group:

	For the Ten Months ended 31 October 2018	For the Financial Year Ended 31 December 2017	For the Financial Year Ended 31 December 2016	For the Financial Year Ended 31 December 2015
	<i>(in HK\$ Million)</i>			
Sale of Paper Products by the Group to the Rengo Group	11.5 ^[Note]	7.9	11.6	18.2

Note: Based on the Group's unaudited management accounts

Pricing

Pursuant to the terms of the Renewed Sale of Paper Products Framework Agreement, the price of paper products shall be determined on an arm's length basis and with reference to the prevailing market prices of similar products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by other purchasers;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously supplied by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties. The Rengo Group is required to settle payments in accordance with the payment terms set out in each of the purchasing orders for the purchase of paper products.

Annual caps

For the three years ending 31 December 2019, 31 December 2020 and 31 December 2021, the Company proposes that the annual transaction value in relation to the sale of paper products to the Rengo Group shall not, in aggregate, exceed the annual caps of HK\$25 million, HK\$28 million and HK\$30 million, respectively. The annual caps are determined with reference to the historical aggregated amounts of sales of paper products to the Rengo Group as aforementioned and the potential increase in Rengo Group's demand for paper products.

2.2 The Renewed Purchase of Paper Products Framework Agreement

The Group entered into the Renewed Purchase of Paper Products Framework Agreement with the Rengo Group, pursuant to which the Group agrees to purchase and the Rengo Group agrees to sell paper products for the period from 1 January 2019 to 31 December 2021.

Background and reasons for transactions

The Group has, in its ordinary course of business, purchased paper products, such as paper and corrugated board as raw materials for its corrugated box and consumer product packaging businesses. It has purchased from the Rengo Group different types of paper and corrugated board pursuant to the 2015 Purchase of Paper Products Framework Agreement. Based on past transactions with the Rengo Group, the Company is of the view that the Rengo Group is a reliable and cooperative provider for paper products.

As the Renewed Purchase of Paper Products Framework Agreement is entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors consider that the transactions between the Company and Rengo Group and the proposed Annual Caps for the transactions under the Renewed Purchase of Paper Products Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Historical transaction amounts

The table below sets forth the historical figures of the aggregate purchase of paper products from the Rengo Group by the Group:

	For the Ten Months ended 31 October 2018	For the Financial Year Ended 31 December 2017	For the Financial Year Ended 31 December 2016	For the Financial Year Ended 31 December 2015
	<i>(in HK\$ Million)</i>			
Purchase of Paper Products by the Group to the Rengo Group	6.1 ^[Note]	11.2	7.8	14.9

Note: Based on the Group's unaudited management accounts

Pricing

Pursuant to the terms of the Renewed Purchase of Paper Products Framework Agreement, the price of paper products shall be determined on an arm's length basis and with reference to the prevailing market prices of similar products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar paper products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by other suppliers;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those offered to independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously purchased by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

Annual caps

For the three years ending 31 December 2019, 31 December 2020 and 31 December 2021, the Company proposes that the annual transaction value in relation to the purchase of paper products from the Rengo Group shall not, in aggregate, exceed the annual caps of HK\$20 million, HK\$22 million and HK\$25 million, respectively. The annual caps are determined with reference to the historical aggregated amounts of purchase of paper products from the Rengo Group as aforementioned and the potential increase of the Group's demand of the paper products from the Rengo Group.

3. IMPLICATIONS UNDER THE LISTING RULES

Rengo, which is holding approximately 29.91% equity interest in the Company, is a substantial shareholder of the Company and therefore a connected person of the Company. Transactions between the Group and the Rengo Group on continuing or recurring basis in the ordinary and usual course of business of the Group, constitutes continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the Annual Caps for the transactions contemplated under the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement exceed 0.1% but are less than 5%, such transactions are continuing connected transactions of the Company which are exempt from circular (including independent financial advice) and independent shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

4. DIRECTORS' CONFIRMATIONS

The Directors (including the independent non-executive Directors) are of the view that the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are also of the view that the Annual Caps of the continuing connected transactions under each of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are fair and reasonable.

The Board approved the terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement, the continuing connected transactions contained therein and the Annual Caps. Mr. Hirofumi Hori, Mr. Sadatoshi Inoue, being directors of Rengo, and Mr. Yoshihisa Suzuki, being the general manager of the China Business Promotion Office in the Administration Unit of Rengo, have material interest in such continuing connected transactions, are abstained from voting on the board resolution.

5. GENERAL INFORMATION

The Company and its subsidiaries are principally engaged in integrated and technologically-advanced operations in book and packaging printing, consumer products packaging, corrugated box manufacturing and paper trading.

Rengo is a paper and packaging materials manufacturer listed on the Tokyo Stock Exchange (Stock Code: 3941). The Rengo Group is engaged in general packaging industry, providing solutions for the full spectrum of packaging needs of diverse industries.

6. DEFINITION

“Annual Caps”

The proposed Annual Caps set out in sections headed "2.1 The Renewed Sale of Paper Products Framework Agreement - Annual Caps" and "2.2 The Renewed Purchase of Paper Products Framework Agreement - Annual Caps"

“associates”

has the meaning ascribed to it under the Listing Rules

“Company”

Hung Hing Printing Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange

“connected person”	has the meaning as is given by the Listing Rules
“continuing connected transactions”	has the meaning as is given by the Listing Rules
“Directors”	Directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Renewed Purchase of Paper Products Framework Agreement"	the framework agreement entered into between the Group and the Rengo Group for the purchase of paper products by the Group from the Rengo Group dated 7 December 2018
"Renewed Sale of Paper Products Framework Agreement"	the framework agreement entered into between the Group and the Rengo Group for the sale of paper products by the Group to the Rengo Group dated 7 December 2018
“Rengo”	Rengo Co., Ltd., a paper and packaging materials manufacturer listed on the Tokyo Stock Exchange (Stock Code: 3941)
“Rengo Group”	Rengo and its subsidiaries and associates
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as is given by the Listing Rules
"2015 Purchase of Paper Products Framework Agreement"	the framework agreement entered into between the Group and the Rengo Group for the purchase of paper products by the Group from the Rengo Group dated 1 December 2015

“2015 Sale of Paper Products Framework Agreement”

the framework agreement entered into between the Group and the Rengo Group for the sale of paper products by the Group to the Rengo Group dated 1 December 2015

By Order of the Board

Hung Hing Printing Group Limited

Shek Kwok Man

Chief Financial Officer and Company Secretary

Hong Kong, 7 December 2018

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Hirofumi Hori, Mr. Sadatoshi Inoue, Mr. Yoshihisa Suzuki and Mr. Yam Hon Ming, Tommy as non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive directors.