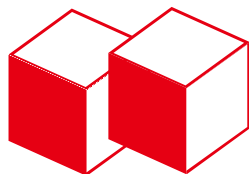


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**HUNG HING**

**HUNG HING PRINTING GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 450)**

## **CONNECTED TRANSACTION**

### **ACQUISITION OF 100% EQUITY INTEREST IN GUANGDONG RENGU**

#### **ACQUISITION OF 100% EQUITY INTEREST IN GUANGDONG RENGU**

On March 20, 2018, Sun Hing, a subsidiary of the Company, entered into the Share Sale and Purchase Agreement with Rengo. Pursuant to the Share Sale and Purchase Agreement, Sun Hing agreed to acquire and Rengo agreed to sell the 100% equity interest in Guangdong Rengo at the total consideration of RMB60,000,000. Upon completion of the Acquisition, Guangdong Rengo will become a wholly-owned subsidiary of Sun Hing.

#### **LISTING RULES IMPLICATIONS**

Rengo, which is holding approximately 29.91% equity interest in the Company, is a substantial shareholder of the Company and is therefore a connected person of the Company (as defined under Rule 14A.07 of the Listing Rules), and the transaction contemplated under the Share Sale and Purchase Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the Acquisition are more than 0.1% but all less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A.76 of the Listing Rules.

## **INTRODUCTION**

On March 20, 2018, Sun Hing, a subsidiary of the Company, entered into the Share Sale and Purchase Agreement with Rengo. Pursuant to the Share Sale and Purchase Agreement, Sun Hing agreed to acquire and Rengo agreed to sell the 100% equity interest in Guangdong Rengo at the total consideration of RMB60,000,000. Upon completion of the Acquisition, Guangdong Rengo will become a wholly-owned subsidiary of Sun Hing.

## SHARE SALE AND PURCHASE AGREEMENT

**Date:** March 20, 2018

**Parties:** (i) Rengo (as seller); and  
(ii) Sun Hing (as buyer)

### Assets to be acquired

Subject to the terms and conditions of the Share Sale and Purchase Agreement, Sun Hing agreed to acquire and Rengo agreed to sell the 100% equity interest in Guangdong Rengo. Upon completion of the Acquisition, Guangdong Rengo will become a wholly-owned subsidiary of Sun Hing.

### Consideration

The consideration for the 100% equity interest in Guangdong Rengo payable by Sun Hing to Rengo under the Share Sale and Purchase Agreement is RMB60,000,000. Such consideration shall be satisfied in cash by Sun Hing's internal financial resources.

The consideration was determined with reference to the total amount of owner's equity of Guangdong Rengo as at December 31, 2016, the independent valuation report and assessment prepared by qualified professional agencies so appointed, after arm's length negotiations of the parties.

### Payment of the consideration

Sun Hing shall pay, in lump sum, to Rengo a deposit, which is equivalent to 10% of the Consideration (RMB6,000,000), upon the execution of the Share Sale and Purchase Agreement in cash. The remaining Consideration in the amount of RMB54,000,000 shall be paid by Sun Hing in cash to Rengo upon completion of the Acquisition.

## FINANCIAL INFORMATION ON GUANGDONG RENGU

The audited total assets and net assets of Guangdong Rengo as at December 31, 2016 were RMB78.88 million and RMB65.43 million respectively. The unaudited total assets and net assets of Guangdong Rengo as at December 31, 2017 were RMB82.96 million and RMB63.19 million respectively. The following table contains financial information of Guangdong Rengo for the two years ended December 31, 2016 and 2017:

	<b>For the year ended December 31, 2016 (RMB) (audited)</b>	<b>For the year ended December 31, 2017 (RMB) (unaudited)</b>
Loss before taxation and extraordinary items	4.97 million	2.24 million
Loss after taxation and extraordinary items	4.97 million	2.24 million

Rengo has informed the Company that its original acquisition costs of the 100% equity interest in Guangdong Rengo was equivalent to USD13.55 million.

## **REASONS AND BENEFITS OF THE ACQUISITION**

The Directors consider that (i) the Acquisition can be a strategic fit in setting up a multi-locations network for growth and synergy; and (ii) upon completion of the Acquisition, the Company intends to effectively manage the business of Guangdong Rengo for efficiency saving in logistics and enhancement in service coverage to our customers.

The Directors (including the independent non-executive Directors) are of the view that the Share Sale and Purchase Agreement fits in to the ordinary and usual course of business of the Company, and it was entered into on normal commercial terms, with the terms and conditions therein being fair and reasonable, and such transaction is in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

### **The Company and Sun Hing**

The Company and its subsidiaries are principally engaged in integrated and technologically advanced operations in printing and manufacturing of paper and carton boxes, manufacturing of corrugated cartons and trading of paper; as well as a wide range of high end packaging products.

Sun Hing is a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company. Sun Hing is principally engaged in paper trading.

### **Rengo**

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

### **Guangdong Rengo**

Guangdong Rengo is a company incorporated in the PRC and is a wholly-owned subsidiary of Rengo. It is principally engaged in production of corrugated cases; packaging and decorating printing products, and printing of other printing products.

## **LISTING RULES IMPLICATIONS**

Rengo, which is holding approximately 29.91% equity interest in the Company, is a substantial shareholder of the Company and is therefore a connected person of the Company (as defined under Rule 14A.07 of the Listing Rules), and the transaction contemplated under the Share Sale and Purchase Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the Acquisition are more than 0.1% but all less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A.76 of the Listing Rules.

Mr. Sadatoshi Inoue, Mr. Hirofumi Hori, and Mr. Yoshihisa Suzuki, who are also directors or senior management of Rengo Group, are deemed to have material interests in the transaction under the Share Sale and Purchase Agreement, and they have abstained from voting on the relevant resolution in the Board meeting. Other than those Directors mentioned above, none of the other Directors has a material interest in such transaction.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the meanings ascribed to them below:

“Acquisition”	the acquisition of 100% equity interest in Guangdong Rengo by Sun Hing from Rengo in accordance with the Share Sale and Purchase Agreement
“Board”	the board of directors of the Company
“Company”	Hung Hing Printing Group Limited, a limited liability company incorporated in Hong Kong, the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Rengo”	Guangdong Rengo Packaging Co., Ltd. (廣東聯合包裝有限公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of Rengo
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“independent shareholders”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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
"RMB"	Renminbi Yuan, the lawful currency of China
“Shareholder(s)”	the shareholder(s) of the Company
“Share Sale and Purchase Agreement”	the share sale and purchase agreement entered into on March 20, 2018 between Sun Hing and Rengo in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Sun Hing”	Sun Hing Paper Company Limited (新興洋紙有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“USD”	United States dollars, the lawful currency of the United States of America

By Order of the Board  
**Hung Hing Printing Group Limited**  
**Yum Chak Ming, Matthew**  
*Executive Chairman*

Hong Kong, March 20, 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. Sadatoshi Inoue, Mr. Hirofumi Hori, 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.*