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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 Board announces that on 27 February 2012, the Company and the Paper Mill Entities agreed to renew the Purchase of Paper Framework Agreement and the Sale of Waste Paper Framework Agreement for a term of one year commencing on 1 April 2012.

Rengo, which holds approximately 62.8% equity interests in the Paper Mill Entities, is a substantial shareholder of the Company. Accordingly, the transactions contemplated under the Purchase of Paper Framework Agreement (as renewed) and the Sale of Waste Paper Framework (as renewed) constitute continuing connected transactions for the Company under 14A.34 of the Listing Rules. As the percentage ratios of the aforesaid continuing connected transactions are expected to be less than 5% on an annual basis, such transactions will be exempt from approval of the independent shareholders of the Company and subject to reporting, annual review and announcement requirements only.

**1. INTRODUCTION**

References are made to the announcement dated 29 August 2011 where the Company announced, among other things, that the Company and the Paper Mill Entities entered into framework agreements in respect of (i) the purchase of paper by the Company and its Subsidiaries from the Paper Mill Entities (the “**Purchase of Paper Framework Agreement**”); and (ii) the sale of waste paper by the Company and its Subsidiaries to the Paper Mill Entities (the “**Sale of Waste Paper Framework Agreement**”), during the period from 3 August 2011 to 31 March 2012.

As the foregoing agreements will expire on 31 March 2012 and the Group intends to continue carrying out the various transactions contemplated under such agreements in the ordinary and usual course of business of the Group, the Board announces that on 27 February 2012, the Company and the Paper Mill

Entities agreed to renew each of the Purchase of Paper Framework Agreement and the Sale of Waste Paper Framework Agreement for a term of one year commencing on 1 April 2012.

Rengo, which holds approximately 62.8% equity interests in the Paper Mill Entities, is a substantial shareholder of the Company. Accordingly, each of the transactions contemplated under the Purchase of Paper Framework Agreement (as renewed) and the Sale of Waste Paper Framework Agreement (as renewed), which relate to the provision of goods on continuing or recurring basis in the ordinary and usual course of business of the Group, constitutes continuing connected transactions for the Company under 14A.34 of the Listing Rules.

## 2. RENEWAL OF THE PURCHASE OF PAPER FRAMEWORK AGREEMENT

**Background and reasons for transactions:** Historically, the Subsidiaries purchased paper from the Paper Mill Entities by placing purchase orders and the table below sets forth the historical figures of the aggregate purchase of paper from the Paper Mill Entities by the Subsidiaries:

	For the Six Months ended 30 September 2011	For the Year Ended 31 March		
		2011	2010	2009
		(in HK\$'000)		
<b>Purchase of paper from the Paper Mill Entities by the Subsidiaries</b>	30,093 <sup>1</sup>	109,395	73,493	121,699

As a manufacturer of corrugated boxes and packaging materials, linerboard and medium paper are the key raw material to the Group's corrugated box and consumer product packaging businesses. Based on the past transactions with the Paper Mill Entities, the Company believes that the Paper Mill Entities has consistently been able to meet our demand for timely delivery of quality paper and the Paper Mill Entities have been a reliable and cooperative paper provider.

On 29 August 2011, the Company and the Paper Mill Entities entered into the Purchase of Paper Framework Agreement, pursuant to which the Company agreed to purchase, and procure the Subsidiaries to purchase, and the Paper Mill Entities agreed to sell, paper during the period from 3 August 2011 to 31 March 2012 by placing purchase orders.

**Renewal:** The Purchase of Paper Framework Agreement will expire on 31 March 2012. On 27 February

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<sup>1</sup> Based on the Group's unaudited management accounts

2012, the parties have agreed to renew the Purchase of Paper Framework Agreement for a term of one year commencing on 1 April 2012.

**Pricing:** Pursuant to the terms of the Purchase of Paper Framework Agreement, the price of paper shall continued to be determined on an arm's length basis and with reference to the prevailing market prices. The Subsidiaries are required to settle payments in cash in accordance with the payment terms set out in each of the purchasing orders for the purchase of paper.

**Annual cap:** For year ending 31 March 2013, the Company proposes that the annual transaction value in relation to the purchase of paper from the Paper Mill Entities shall not, in aggregate, exceed the annual cap of HK\$72 million. The annual cap is determined with reference to the historical amounts of purchase of paper from the Paper Mill Entities as aforementioned and potential growth of our corrugated box and consumer product packaging businesses.

### 3. RENEWAL OF THE SALE OF WASTE PAPER FRAMEWORK AGREEMENT

**Background and reasons for transactions:** Historically, the Subsidiaries sold waste paper to the Paper Mill Entities upon receiving purchase orders from the Paper Mill Entities and the table below sets forth the historical figures of the aggregate sale of waste paper to the Paper Mill Entities by the Subsidiaries:

	For the Six Months ended 30 September 2011	For the Year Ended 31 March		
		2011	2010	2009
		(in HK\$'000)		
<b>Sale of waste paper by the Subsidiaries to the Paper Mill Entities</b>	9,325 <sup>2</sup>	17,285	44,681	73,319

Waste paper can be recycled and used as raw material for production of paper. As paper manufacturers, the Paper Mill Entities are in high demand of waste paper. The Subsidiaries, in their ordinary course of business, sell waste paper generated in the process of production of corrugated boxes and packaging materials to waste paper vendors and paper suppliers, including the Paper Mill Entities, which among others, are also our paper suppliers.

On 29 August 2011, the Company and the Paper Mill Entities entered into the Sale of Waste Paper Framework Agreement, pursuant to which the Company agreed to sell, or procure the Subsidiaries to

<sup>2</sup> Based on the Group's unaudited management accounts

sell, and the Paper Mill Entities agreed to purchase waste paper during the period from 3 August 2011 to 31 March 2012 by placing purchase orders.

**Renewal:** The Sale of Waste Paper Framework Agreement will expire on 31 March 2012. On 27 February 2012, the parties have agreed to renew the Sale of Waste Paper Framework Agreement for a term of one year commencing on 1 April 2012.

**Pricing:** Pursuant to the Sale of Waste Paper Framework Agreement, the price of waste paper shall be determined on an arm's length basis and with reference to prevailing market price of waste paper. The Paper Mill Entities are required to settle payment for waste paper by cash in accordance with the payment terms set out in each of the purchase orders for the purchase of waste paper.

**Annual cap:** For the year ending 31 March 2013, the Company proposes that the annual transaction value in relation to the sale of waste paper to the Paper Mill Entities shall not, in aggregate, exceed the annual cap of HK\$38 million. The annual cap is determined with reference to the historical amounts of waste paper sold to the Paper Mill entities as aforementioned and potential growth of our corrugated box manufacturing, book and packaging printing and consumer products packaging businesses which potentially increases our production of waste paper as by-product in our operations.

#### **4. IMPLICATIONS UNDER THE LISTING RULES**

The percentage ratios of the continuing connected transactions contemplated under each of the Purchase of Paper Framework Agreement (as renewed) and Sale of Waste Paper Framework Agreement (as renewed) are expected to be less than 5% on an annual basis and such continuing connected transactions are therefore exempt from approval by the independent shareholders of the Company and are subject to announcement, annual review and reporting obligations only under the Listing Rules.

#### **5. VIEW OF THE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTIONS**

Having considered the information set out above in this announcement, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Purchase of Paper Framework Agreement (as renewed) and Sale of Waste Paper Framework Agreement (as renewed) are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business and in the interests of the Company and its Shareholders as a whole.

#### **6. 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.

Each of the Paper Mill Entities is a Sino-foreign joint venture company incorporated under the laws of the PRC and is principally engaged in paper manufacturing. Each of the Paper Mill Entities is held by Rengo as to 62.8% equity interests.

Rengo is a paper and packaging materials manufacturer listed on the Tokyo Stock Exchange (Stock Code: 3941)

## **7. APPROVAL BY THE BOARD**

On 27 February 2012, the Board approved the terms of the Purchase of Paper Framework Agreement (as renewed) and Sale of Waste Paper Framework Agreement (as renewed), the continuing connected transactions contained therein and the associated annual caps. Mr. Sung Chee Keung, Mr. Yoshitaka Ozawa, Mr. Hiroyuki Kimura, Mr. Katsuaki Tanaka, each has a material interest in such continuing connected transactions, abstained from voting on the board resolution.

## **8. DEFINITION**

“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
“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 PRC
“independent shareholders”	has the meaning as is given by the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Paper Mill Entities”	Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited and Zhongshan

	Ren Hing Paper Manufacturing Company Limited, each a Sino-foreign joint venture company established under the laws of the PRC
“Purchase of Paper Framework Agreement ”	the framework agreement on purchase of paper entered into by the Company and the Paper Mill Entities on 29 August 2011
“Rengo”	Rengo Co., Ltd., a paper and packaging materials manufacturer listed on the Tokyo Stock Exchange (Stock Code: 3941)
“Sale of Waste Paper Framework Agreement”	the framework agreement on sale of waste paper entered into by the Company and the Paper Mill Entities on 29 August 2011
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	the following subsidiaries of the Company: (i) Sun Hing Paper Co., Ltd., (ii) Sun Hing Paper (Shenzhen) Co., Ltd., (iii) Jun Hing Co., Ltd., (iv) Po Hing Packaging (Shenzhen) Co., Ltd., (v) Hung Hing Printing (Heshan) Co., Ltd., (vi) Hung Hing Printing (China) Co., Ltd., (vii) Zhongshan Hung Hing Printing and Packaging Co., Ltd., (viii) Zhongshan Hung Hing Off-Set Printing Co., Ltd., and (ix) Zhongshan South Gain Paper Products Co., Ltd., each a subsidiary of the Company and any other subsidiary of the Company that will enter into purchase of paper and/or sale of waste paper with the Paper Mill Entities in the future
“substantial shareholder”	has the meaning as is given by the Listing Rules

By order of the Board  
Hung Hing Printing Group Limited  
**Tung Yu Bui**  
Company Secretary

Hong Kong, 27 February 2012

*As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung, who are executive directors; Mr. Yoshitaka Ozawa, Mr. Hiroyuki Kimura, Mr. Katsuaki Tanaka and Mr. Yam Ho Ming, Michael, who are non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong, who are independent non-executive directors.*