THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, your stockbroker or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hung Hing Printing Group Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the licensed securities dealer or registered institution in securities or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HUNG HING

HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

VERY SUBSTANTIAL DISPOSAL

IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN A SUBSIDIARY

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 4 to 13 of this circular.

A notice convening the EGM of the Company to be held at 2/F The Function Room 5–6, The Harbourview, 4 Harbour Road, Wan Chai, Hong Kong on Friday, 12 May 2017 at 4:00 p.m. is set out on pages 56 to 57 of this circular. Whether or not you are able to attend the said meeting, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the proxy form will not prevent you from attending and voting at the EGM if you so wish.

25 April 2017

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Administration of Taxation"	refers to the Chinese domestic tax authorities capable of imposing tax on the Disposal, including the state and local administrations of taxation
"Announcement"	refers to the announcement published by the Company on 27 February 2017 in relation to the Disposal
"Board"	the board of Directors
"Bureau of Commerce and Industry"	refers to the Market and Quality Supervision Commission of Shenzhen Municipality
"Closing Date"	refers to the date when the Equity Transfer is considered as completed
"Company"	Hung Hing Printing Group Limited (stock code: 450), a company incorporated in Hong Kong with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration for the Disposal amounting to RMB1,026,000,000
"Custodian Bank"	a bank designated by the Parties which will become a party to the Escrow Agreement
"Directors"	the directors of the Company
"Disposal"	the proposed disposal of the Sale Equity as contemplated by the Equity Transfer Agreement
"EGM"	the extraordinary general meeting of the Company to be held on Friday, 12 May 2017 at 4:00 p.m., notice of which is set out on pages 56 to 57 of this circular to consider, among others, the resolution(s) in relation to the Equity Transfer Agreement and all the transactions contemplated thereunder
"Equity Transfer"	the transfer of the Sale Equity from the Vendor to the Purchaser pursuant to the Equity Transfer Agreement

"Equity Transfer Agreement"	the sale and purchase agreement entered into between the Vendor, the Purchaser and the Company in relation to the Disposal
"Escrow Account"	refers to the bank account for the payment of the Consideration as set forth in the Escrow Agreement
"Escrow Agreement"	the Equity Transfer Transaction Escrow Agreement (股權轉讓交易資金監管協定) to be signed by the Parties and the Custodian Bank
"External Payment Filing Form"	refers to external payment filing form for items including service and trade (服務貿易等專案對外支付備案表)
"GCA"	Greater China Appraisal Limited, an independent valuer
"Group"	the Company and its subsidiaries
"Guarantor"	the Company
"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 Third Party"	third party independent of the Company and its subsidiaries and not connected with any of the connected persons of the Company
"Land and Buildings"	A piece of land located at Fengtang Boulevard, Fu Yong Street, Bao'an District, Shenzhen City, Guangdong Province, China (中國廣東省深圳市寶安區福永街道鳳塘大道), and the plants and other buildings erected thereon. The lot number of the land is A202-0032, with a site area of 52,812.74 sq.m.
"Latest Practicable Date"	20 April 2017, being the latest practicable date prior to the printing of this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"P.R. China"	the People's Republic of China and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	Shenzhen Jinzhi Investment Co. Ltd (深圳市金智投資有限公司), a company established in the P.R. China in accordance with the laws of the People's Republic of China
"Remaining Group"	the Company and its subsidiaries excluding the Target Company
"Sale Equity"	the entire equity interest of the Target Company
"Shareholders"	holders of the Shares
"Shares"	the ordinary shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Sun Hing Paper (Shenzhen) Company Limited (新興紙業(深圳)有限公司), a company incorporated in the P.R. China with limited liability and a wholly-owned subsidiary of the Vendor
"Tax Payment Confirmations"	refers to tax payment confirmations (稅收繳款書) issued by the Administration of Taxation proving that the applicable tax has been paid for the Disposal as required
"Transition Period"	refers to the transition period after the Closing Date, during which the Parties handle the assets of the Target Company which are attributable to the Vendor, such period shall not exceed 18 months from the Closing Date
"Vendor"	Sun Hing Paper Company Limited (新興洋紙有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company

HUNG HING

HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

Executive Directors:
YUM Chak Ming, Matthew *(Executive Chairman)*
SUNG Chee Keung

Non-Executive Directors:
Hirofumi HORI
Sadatoshi INOUE
Yoshihisa SUZUKI
YAM Hon Ming, Tommy

Independent Non-Executive Directors:
LO Chi Hong
LUK Koon Hoo
YAP, Alfred Donald

Registered Office:
Hung Hing Printing Centre
17–19 Dai Hei Street
Tai Po Industrial Estate
New Territories
Hong Kong

25 April 2017

To shareholders of the Company

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE PROPOSED DISPOSAL OF
THE ENTIRE EQUITY INTERESTS IN A SUBSIDIARY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement relating to, among other things, the Equity Transfer Agreement.

On 27 February 2017, the Company, the Vendor and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Equity.

THE EQUITY TRANSFER AGREEMENT

Date: 27 February 2017

Parties:

(1) The Vendor

(2) The Purchaser

(3) The Company (as guarantor)

(the Vendor and the Purchaser collectively, the "**Parties**")

The Vendor is a wholly-owned subsidiary of the Company. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Vendor shall dispose of the Sale Equity, representing the entire equity interests in the Target Company.

Consideration

The Vendor agrees to sell the Sale Equity to the Purchaser, and the Purchaser agrees to purchase the Sale Equity at a Consideration of RMB1,026,000,000.

Payment Schedule

The Purchaser shall, within five days from the date of the Equity Transfer Agreement, sign the Escrow Agreement with the Vendor and the Custodian Bank. The Purchaser shall pay or procure the payment of the Consideration to the Escrow Account according to the following payment schedule:

(1) within five days from the date of the Escrow Agreement, the Purchaser shall deposit 30% of the Consideration (being RMB307,800,000) to the Escrow Account;

(2) within 45 days from the date of the Escrow Agreement, the Purchaser shall deposit 30% of the Consideration (being RMB307,800,000) to the Escrow Account; and

(3) within 90 days from the date of the Escrow Agreement, the Purchaser shall deposit 40% of the Consideration (being RMB410,400,000) to the Escrow Account.

The Vendor shall be entitled to all interest generated in the Escrow Account. At the time of signing the Escrow Agreement, the Vendor and the Purchaser shall also sign a bank release note setting out the conditions where the Vendor shall have the right to unilaterally instruct the Custodian Bank to transfer all or part of the amount standing to credit of the Escrow Account to another bank account as designated by the Vendor. Such conditions arise when (1) the Purchaser fails to deposit the Consideration in full to the Escrow Account within 90 days from the date of the Escrow Agreement; or (2) the Purchaser fails to obtain (i) the Tax Payment Confirmations and (ii) the External Payment Filing Form in accordance with the Equity Transfer Agreement.

The Tax Payment Confirmations shall be obtained within 30 days (or such other date as the Vendor agrees) after the Bureau of Commerce and Industry approved the registration of change of shareholder of the Target Company. Within five days from the date when the Tax Payment Confirmations and the External Payment Filing Form had been obtained, the Custodian Bank shall transfer the Consideration (less the relevant tax payment) and interest accrued thereon to the bank account(s) as designated by the Vendor ("**Consideration Payment**").

Approval from the Shareholders

The Purchaser acknowledges that, upon execution of the Equity Transfer Agreement, the Company, as the holding company of the Vendor, is required to convene a Shareholders' meeting to obtain the approval from its Shareholders to effect the transaction contemplated under the Equity Transfer Agreement. If the Company fails to obtain the approval of its Shareholders in the EGM, the Disposal will be cancelled and the Equity Transfer Agreement will be automatically terminated on the date the Shareholders decided not to approve the Disposal. Neither the Vendor nor the Purchaser shall bear any liability arising from such termination. The Parties shall jointly instruct the Custodian Bank to transfer the Consideration that had been injected into the Escrow Account by the Purchaser (including the interest accrued thereon) to a bank account as designated by the Purchaser.

Equity Transfer and Completion

Subject to the Consideration Payment, the Target Company shall arrange for filing documents with the relevant P.R. China authority and effect the Equity Transfer in compliance with the applicable P.R. China legal requirements. After the Tax Payment Confirmations and the External Payment Filing Form had been obtained and within 5 days from the date of Consideration Payment, the Target Company shall apply to the Bureau of Commerce and Industry for a change of legal representative of the Target Company to a person appointed by the Purchaser; and apply for a new business license. Thereafter, the Vendor shall pass to the Purchaser the company seal, all corporate registration licenses, bank account opening documents, financial information, and real estate ownership certificates belonging to the Target Company. The Equity Transfer is considered as completed on the date when the aforementioned items are passed to the Purchaser.

Upon completion of the Disposal, the Vendor will cease to hold any equity interest in the Target Company and the results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

It is expected that the Equity Transfer will be completed by the end of September 2017.

Target Company's personnel, debts and other liabilities

After signing of the Equity Transfer Agreement, the Vendor shall resettle the personnel of the Target Company, terminate their employment relationship with the Target Company, and/or arrange these personnel to establish new employment relations with another entity designated by the Vendor. The Vendor shall use its best endeavour to complete the resettlement as soon as possible and no later than the expiry of the Transition Period.

The Parties agree to deal with the debts and liabilities of the Target Company in accordance with the following manner during the Transition Period:

(1) the Vendor shall be entitled to and have the right to handle all cash, accounts receivables and non-immovable properties held or owned by the Target Company as at the date immediately prior to the Closing Date;

(2) the Vendor shall dispose of the cash and non-immovable properties held or owned by the Target Company during the Transition Period, and the Purchaser undertakes that the proceeds from the disposal of such assets received by the Target Company shall be paid to the Vendor during the Transition Period in accordance with the instructions of the Vendor. Any tax arising from such payment shall be borne by the Vendor;

(3) the breakdown of accounts receivables of the Target Company as at the date immediately preceding the Closing Date shall be confirmed by the Parties. The accounts receivables shall be fully collected before the expiration of the Transition Period, and the Purchaser undertakes that accounts receivables collected by the Target Company shall be paid to the Vendor during the Transition Period in accordance with the instructions of the Vendor. Any tax arising from such payment shall be borne by the Vendor.

(4) Due to the potential existence of the following issues in the Target Company: (i) employee compensation and relevant costs resulting from the resettlement of Target Company's employees; (ii) administrative penalty arising from failure to verify foreign exchange; and (iii) tax costs in relation to disposal of inventory and fixed assets, the Vendor guarantees to retain at least RMB20,000,000 in the bank account of the Target Company at the Closing Date as security deposit. If the Vendor can provide written evidence and subject to the written confirmation of the Purchaser confirming that no more liabilities and costs shall be borne by the Vendor pursuant to the Equity Transfer Agreement, the Vendor can claim back the security deposit anytime. If there are still costs or liabilities that shall be borne by the Vendor pursuant to the Equity Transfer Agreement at the expiry of the Transition Period, the Purchaser is entitled to deduct such outstanding amount from the security deposit. Within five working days from the expiry of the Transition Period,

the Purchaser shall instruct the Target Company to transfer the balance of the security deposit (including interests and after deduction of any aforementioned outstanding amount) to the Vendor.

Save for circumstances specifically provided in the Equity Transfer Agreement, liabilities incurred by the Target Company prior to the Closing Date, or during the Transition Period but which are attributable to business activities of the Target Company prior to the Closing Date, shall be borne by the Vendor.

Representations, warranties and undertakings

The Parties have given representations, warranties and undertakings which are customary in transactions of similar nature.

Guarantor's obligations

The Guarantor, as the holding company of the Vendor, has provided a guarantee to the Purchaser in relation to the Vendor's performance of the Equity Transfer Agreement. The guarantee covers, among others, any payment by the Vendor to the Purchaser arising from the Equity Transfer Agreement, including but not limited to penalty, liquidated damage in the event of default under the Equity Transfer Agreement and expenses incurred by the Vendor for enforcing the foregoing claims (including but not limited to the legal costs, arbitration fees, property preservation fees, travel expenses, execution fees, valuation fees and auction fees).

Default

The Purchaser shall be taken to have acted in default if it fails to perform any of the following pursuant to the Equity Transfer Agreement:

(1) deposit the Consideration to the Escrow Account in the manner set out in the Equity Transfer Agreement;

(2) provide the necessary documents to effect the Equity Transfer; and

(3) apply for and obtain the Tax Payment Confirmations and External Payment Filing Form.

In case of occurrence of any of the events above, the Purchaser shall pay a penalty to the Vendor as stipulated in the Equity Transfer Agreement. Unless otherwise stated in the Equity Transfer Agreement, the Vendor shall have the right to unilaterally terminate the Equity Transfer Agreement without any liability to the Purchaser if the Purchaser fails to perform the above obligations which overdue for over 30 days.

When the Equity Transfer Agreement becomes effective, the Parties shall perform pursuant to the Equity Transfer Agreement or other obligations as agreed by the Parties. In event of occurrence of any default other than those mentioned above by either of the Parties, the default party shall be liable to the non-default party for the amount of damages suffered.

BASIS OF CONSIDERATION

The Consideration was arrived at as a result of successful bid by the Purchaser in an open tender process undertaken by an agent which is an Independent Third Party. The open tender process was undertaken by Savills Property Services (Guangzhou) Limited, Shenzhen Branch, a company which is principally engaged in providing professional services for properties. The open tender commenced on or around 9 January 2017 and closed on or around 18 January 2017. Out of a number of potential buyers who showed interest in acquiring the Target Company, only two companies had fulfilled the Company's requirements (including demonstration of its financial strength which enables it to satisfy the payment of consideration obligation, and its capability in complying with the applicable laws and regulations in the P.R. China) and submitted a completed set of bidding documents to the Company before the tender closed. Both of these two companies proposed a consideration which was higher than the floor price set at RMB700 million. To the best knowledge of the Directors, in deciding to bid at the Consideration, the Purchaser has taken into account the minimum bid price, the market value of the assets held by the Target Company, the current market condition and the development potential of the assets held by the Target Company.

INFORMATION ON THE COMPANY AND THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company. The Vendor is a paper trading company which holds the Sale Equity.

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.

INFORMATION ON THE PURCHASER

The Purchaser is Shenzhen Jinzhi Investment Co. Ltd (深圳市金智投資有限公司), a company established in the P.R. China in accordance with the laws of the P.R. China, which primarily focuses in investment in industry establishment, enterprise management consulting and domestic trade in Shenzhen and Pearl River Delta region.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the P.R. China and a wholly-owned subsidiary of the Vendor. The principal business activity of the Target Company is paper process and trading business and the Target Company owns, among others, the Land and Buildings.

Financial information of the Target Company

Based on the unaudited management account of the Target Company, the net profit before and after taxation and extraordinary items of the Target Company for the two years ended 31 December 2015 and 31 December 2016 are as follows:

	For the year ended 31 December *HK$ (million)*	
	2015	**2016**
Net Loss for the year before income tax	2.3	0.2
Net Loss for the year	2.0	0.9

The unaudited net asset value of the Target Company as at 31 December 2016 was approximately HK$55.4 million.

REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The principal business of the Group comprises (i) book and package printing; (ii) consumer product packaging; (iii) corrugated box; and (iv) paper trading. The Target Company is primarily engaging in paper trading and processing and was roughly at breakeven for the financial year ended 31 December 2016.

The net cash proceeds from the Disposal, after deducting the estimated expenses in relation to the Disposal, will amount to approximately HK$960 million. Subject to the completion of the Disposal taking place, it is currently intended that the proceeds of the Disposal will be allocated for use in the following manner (these amounts may change due to then prevailing market conditions and change in other commercial and/or market factors): (i) approximately 50% of the proceeds (equivalent to approximately HK$480 million) for strategic investments including building or acquiring facilities, mainly for the segment of book and package printing, currently no acquisition target has been confirmed; (ii) approximately 20% of the proceeds (equivalent to approximately HK$192 million) for automation and workflow improvements, in particular enhancing and upgrading the manufacturing knowhow and process of the Group; and (iii) approximately 20% of the proceeds (equivalent to approximately HK$192 million) will be used for enhancing Shareholder return in the next few years through initiatives such as increasing cash dividend, depending on the Group's future business development and market conditions. The remaining proceeds will be used as working capital for the Remaining Group.

The Directors consider that the Disposal would:

(i) allow adjustment of the Group's business strategy by shifting towards a more cost efficient and asset light model, while at the same time maintaining stability in paper supply and pricing for the Group's operations;

(ii) help driving management performance through realignment of inventory and warehouse space management responsibility with an aim to enhance the inventory turn and warehouse space utilization measurements between different business units within the Group;

(iii) enhance the Group's operation model for its paper trading business unit, in particular, shifting the intercompany paper supply from a trading model to a more servicing model, hence reduce inter-company trade transactions within the Group for cost efficiency under the P.R. China tax system; and

(iv) generate income and facilitates reallocation of the Group's financial resources for the Group's future development.

Based on the net asset value of the Target Company as at 31 December 2016 as recorded in the Group's audited consolidated financial statements, it is expected that completion of the Disposal will generate a pre-tax gain of approximately HK$900 million for the Group after taking into account the estimated expenses in relation to the Disposal, subject to the adoption of the actual exchange rate between HK$ and RMB on the Closing Date. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

The Disposal enables the Group to continue with its current business in an efficient manner. It is expected that the Disposal will not cause substantial change to the existing operations of the Group for the reasons stated below:

(i) The Company currently operates in four segments, namely (1) book and package printing; (2) consumer product packaging; (3) corrugated box; and (4) paper trading. After the Disposal, segments other than paper trading will remain unchanged and operations will be continuing at their own existing plant.

(ii) In relation to the paper trading segment, the Company currently has three operating locations, one in Hong Kong and two in Shenzhen. The current Disposal involves the disposal of one of the legal entity located in Shenzhen. Hence, after the proposed transaction, the Group's paper trading business will continue to run in the remaining two operation sites.

(iii) The Disposal mainly aims to reduce inter-company trade within the Group for efficiency sake and the Directors believe that this initiative will not substantively affect the performance of the paper trading segment of the Group after the Disposal; and

(iv) The Company is currently planning to absorb the personnel working in the Target Company to the extent feasible, and it is expected that these personnel will continue to be mainly engaging in the paper trading segment of the Group.

The Directors consider that the terms and conditions of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Completion of the Disposal is conditional upon certain conditions, including the approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Equity Transfers may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

EGM

An EGM will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the Equity. Transfer Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages 56 to 57 of this circular. Voting at the EGM on the resolutions will be taken by poll.

A proxy form for use at the EGM is despatched together with this circular. Whether or not you propose to attend the EGM, you are requested to complete the said proxy form and return it to the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the EGM. Completion and return of the proxy form will not prevent you from attending and voting at the EGM if you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or his or her or its associates have a material interest in the transfer and therefore, no Shareholder is required to abstain from voting on the resolutions in connection with the transfer or is entitled to exercise control over the voting right in respect of his/her/its Shares.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and the Equity Transfer Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to additional information set out in the appendices of this circular and the notice of the EGM.

Yours faithfully,
Hung Hing Printing Group Limited
Yum Chak Ming, Matthew
Executive Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016 and other information as required under paragraph 32 of Appendix 16 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.hunghingprinting.com/):

(a) Annual report of the Company for the year ended 31 December 2014 published on 30 April 2015 (pages 45 to 128);

(b) Annual report of the Company for the year ended 31 December 2015 published on 22 April 2016 (pages 43 to 128); and

(c) Annual report of the Company for the year ended 31 December 2016 published on 21 April 2017 (pages 70 to 152);

2. INDEBTEDNESS

As at the close of business on 28 February 2017, the Group had outstanding indebtedness of approximately HK$216 million. The outstanding indebtedness comprised of bank borrowings which are secured by the corporate guarantee issued by the Company.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, at the close of business on 28 February 2017 the Group did not have other outstanding debt securities, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. GEARING RATIO

The gearing ratio of the Group as at 28 February 2017 was 7.8%. It is equal to total bank borrowings at the end of the period divided by equity at the end of the period.

4. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances after taking into account (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the Disposal.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Hung Hing continued to pursue its goal of being recognized as the first-choice printing and packaging partner for our clients. Despite challenging macro-economic conditions in recent years, the Group managed to stay responsive and agile to meet evolving client needs. We leveraged our strong financial position to invest in the infrastructure needed for future growth, including advanced technologies to capture new opportunities and streamline our operations. As a result, the Remaining Group has been able to achieve relatively stable revenues at around HK$2.9 billion level, and offset some of the impact brought by the adverse market conditions on our profitability.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Revenue

Revenue of the Remaining Group for the past three years were HK$2,844 million, HK$2,941 million and HK$2,910 million respectively for 2016, 2015 and 2014. Changes were moderate and mainly driven by the general economic conditions around the world, business sentiments, currency fluctuations as well as paper price adjustments and supply interruptions which affected the entire industry during the period.

The China domestic market demonstrated encouraging potential for growth and the Remaining Group will continue to make additional investments for aggressive marketing and expansion within the market.

Business in the United States, our largest export market, gradually improved during the period with increased sales of children's and novelty products and greeting cards. New sales agents were appointed in key export markets such as the US. The Remaining Group also expanded its global partner network so as to counteract the general soft economic conditions in most of its traditional markets. During the period, Western and Central European markets were also developing well to deliver higher revenues.

Operating profit and net profit after tax

The Remaining Group was able to stage a respectable recovery in operating profit from HK$45 million in 2014 to HK$74 million and HK$67 million respectively in 2015 and 2016. Stringent controls were implemented to contain costs. Our integrated operations stood us in good stead with the paper trading (PT) business unit playing a central role as a key strategic partner for paper supply to our other divisions. Our prudent inventory policy, combined with paper sourced from overseas markets, enabled us to fulfil commitments previously made to customers.

Net Profit after tax of the Remaining Group also improved significantly from HK$13 million in 2014 to HK$45 million in 2015, and then remained relatively stable at HK$43 million in 2016 with a slight decrease of 3%.

Exchange rate volatility intensified during the three years period, affecting the currencies of key export markets such as the Pound Sterling, Euro and Japanese Yen as well as Renminbi. We adopted prudent hedging strategies and adjusted our holdings in tandem with market changes in order to minimize the adverse impacts of exchange rate fluctuations, reducing exchange losses by over 50% from close to HK$34 million in 2014 to HK$16 million in 2015; and then reduced further by another 50% to below HK$9 million in 2016.

Liquidity

During the three years from 2014 to 2016, the Remaining Group continued to maintain a robust liquidity position with net cash on hand (i.e. total cash net of bank borrowings) as at the end of year 2014, 2015 and 2016 equaled to HK$563 million, HK$539 million and HK$561 million respectively. Capital investment of HK$59 million was made in 2016, which was comparable to the level of capital investment made by the Remaining Group in 2015 and 2014 (i.e. HK$64 million and HK$60 million respectively).

In light of strong liquidity, total bank loans were also managed down from HK$485 million (gearing ratio 17.0%) in 2014 to HK$274 million (gearing ratio 9.7%) in 2015, and then to HK$266 million (gearing ratio 9.6%) in 2016.

To balance operating needs and reduce exchange risks, approximately 52% of cash as at the end of year 2016 was held in RMB (vs. 75% and 80% in 2015 and 2014 respectively), with the bulk of the remainder held in HKD (13%) and USD (34%). Loans were also confined to HKD and USD to control currency exposures and reduce interest expenses. We also carefully managed our loan portfolio, using a balanced mix of floating and fixed interest rate facilities depending on market conditions to minimize interest rate risk.

Market factors

Geopolitical uncertainty following the 'Brexit' vote and Presidential elections, combined with ongoing slow growth in GDP impacted customer confidence in the U.K., U.S. and Europe markets. Some key customers delayed order placement or substituted orders with reduced value as a result of devaluation of the currencies such as Euro and GBP which affected customers' ability to commit to high-value orders in advance. As a consequence, smaller orders with tighter delivery schedules were received, resulting in increased margin pressure.

With GDP growth of 6.7% in 2016 consumer sentiment in China remains optimistic, making the domestic consumer market an attractive one for us, especially for the CPP business unit that supplies to the fast-growing mainland consumer market.

In China certain key regulatory changes on the supply side are reshaping the manufacturing sector.

Increased environmental restrictions and scrutiny affected paper makers across the country, resulting in the continual closure of paper mills, cutting down supply to the market. Ad-hoc bottleneck in paper supply may lead to price volatility, affecting the entire industry particularly in the run up to the peak festive season. Thanks to the scale of our operations, vertical integration and the breadth of our product range, we were able to tap into alternative overseas sources of paper, which, due to RMB depreciation, led to higher prices during the short term.

This development is serving as a supply side control to shut down unhealthy capacity, creating short-term supply disruption for the sector. Over the longer term it is expected that consolidation will take place, leaving manufacturers with the scale and financial strength for continuous investment in new technologies and product development in an advantageous position.

Players such as Hung Hing with financial stability and sustainable business models who are able to respond readily to market developments will have opportunities for long-term growth.

Business Unit Report

Book and Package Printing (BPP)

Book and Package Printing is the Group's largest business unit, with close to 60% of total sales.

BPP is one of the world's leading producers of folding cartons and packaging for toys, cosmetics and other consumer products, and conventional and children's novelty books.

The business unit operates three plants in Shenzhen and Heshan in China's Guangdong province, and Hong Kong, with a combined production space of 300,000 square meters and a team of around 7,500 workers.

The BPP business reported the following results:

- Revenues of HK$1,766 million in 2016, compared to HK$1,724 million and HK$1,698 million in 2015 and 2014 respectively

- Profit contribution of HK$40 million in 2016, vs. HK$57 million and HK$42 million in 2015 and 2014 respectively.

Review of operations:

The BPP unit continued to increase revenue with growth driven by children's books, novelty products, sales promotion items, greeting cards business as well as contributions from book printing and packaging projects especially in mainland China. Thanks to consumption growth among the newly-emergent, more affluent and quality conscious middle class. Hung Hing's strong global sales and marketing team consolidated relationships with major customers while diversifying the customer base with new relationships that have growth potential over the long term.

The BPP business unit continued to extend its offerings beyond manufacturing with value-added services such as providing creative design and solutions to its client base. The unit entered new channels and secured partnerships with major clients including the world's top brands. The Innovation Hub Beluga penetrated new categories such as branding, marketing promotion and authentication for luxury and healthcare brands, and made investments in developing online sales. The BelugaBloo e-bookstore introduced new titles incorporating new technologies acquired during the year.

In 2015 the BPP unit began to promote the publication rights of popular book titles to domestic and overseas publishers on behalf of rights owners. Further inroads were made with Chinese publishers in this regard in 2016 to promote rights acquisition in China, and the unit expanded its services to both buy and sell rights on behalf of overseas partners, with a special team set up for the purpose.

Consumer Product Packaging (CPP)

Consumer Product Packaging accounts for over 21% of the Group's total revenues.

CPP provides high quality packaging solutions for customers worldwide, with a particular focus on mainland China's fast-growing consumer market.

Production is done at facilities in Zhongshan in southern China and Wuxi near Shanghai with a combined production space of 180,000 square meters and a skilled workforce of approximately 1,900.

The CPP business reported the following results:

- External revenues of HK$626 million in 2016, compared to HK$696 million and HK$728 million in 2015 and 2014 respectively

- Profit contribution of HK$11.9 million in 2016, vs. HK$11.4 million and HK$7.3 million in 2015 and 2014 respectively

Review of Operations

The domestic China market was the main contributor to CPP revenues. Despite lower sales, the business unit increased profit contribution through an improved product mix and design, a stronger emphasis on high value-added solutions and the use of new technologies to improve cost efficiency.

Innovative, easy-to-assemble sales promotion items developed in conjunction with Hung Hing's partner Rengo received a positive response from customers. The CPP unit also introduced cosmetics packaging incorporating multimedia technology and interactive solutions such as touch codes, which apart from generating new revenue streams for the current year, have significant long-term potential with a very broad range of future applications. Not only are these solutions helpful in breaking new territory for Hung Hing, they also enable the Group to strengthen its relationships and cooperation with existing customers.

The business unit showcased its diverse portfolio through a broader range of activities including trade shows, engagement with new customers, and product ideas integrating our new capabilities.

Corrugated Box (CB)

CB supplies corrugated cartons for packaging to a wide range of companies, including toy, food and beverage, electronics and household product manufacturers. Approximately 60% of the CB business is generated from exports out of mainland China.

The business unit operates a manufacturing facility in Shenzhen and a distribution center in Hong Kong.

The CB business reported the following results:

- External revenues of HK$150 million in 2016, compared to HK$188 million and HK$198 million in 2015 and 2014 respectively

- Profit contribution of HK$3.4 million in 2016, vs. HK$10.6 million and HK$5.3 million in 2015 and 2014 respectively

Review of Operations

The CB business was affected by the same factors that impacted the other business units. The Remaining Group's prudent inventory policy and vertically integrated operations enabled the unit to maintain service standards despite paper supply interruptions, and fulfil commitments previously made to customers, albeit with an impact on profit contribution. To address margin pressure the unit implemented a range of cost control measures and enhanced operating efficiencies by improving the management and synergies of its network of manufacturing locations.

The CB business unit continued to see demand from a diversified base of sectors. It has set the stage for future growth by strengthening customer relationships, increasing market coverage and establishing long term contracts with key clients. It will offer a more diversified product mix to generate new revenue streams during the coming quarters.

Paper Trading (PT) – Remaining

PT is one of the largest paper trading operators in Asia (ex-Japan) and can supply a large variety of paper types and quantities with short lead times at competitive prices. Apart from sales to external customers, the business unit serves as a key strategic partner for paper supply to the Group's other business units.

The business unit operates a 60,000-ton paper storage facility in Shenzhen prior to the disposal of our interest in the Sun Hing Paper (Shenzhen) Company Limited, announced in February 2017. The Remaining Group expects that the disposal will not affect the operations of the PT business unit in the long-run. Instead, it will yield operational benefits *by further optimizing our vertically integrated operating model and achieving improved efficiencies. At the same time, it will facilitate investment in automation and workflow, while allowing us to further expand our footprint in China.*

The Remaining PT business reported the following results:

- External revenues of HK$301 million in 2016, compared to HK$296 million and HK$286 million in 2015 and 2014 respectively

- Profit contribution of HK$14.8 million in 2016, vs. HK$16.5 million and HK$17.5 million in 2015 and 2014 respectively

Review of Operations

The PT unit was able to capitalize on strong relationships with existing clients as well as increased export opportunities to customers in South East Asia to grow revenues and maintain a reasonable level of profit contribution. The unit improved stock circulation and was able to achieve higher working capital efficiency over the past few years.

The business unit's prudent inventory policy, supplemented by the Group's scale of operations, enabled it to look further afield to source alternative suppliers from other markets. We believe that it will continue to play an important strategic role in securing paper supply to the other business units. As our internal demand is relatively strong and stable, the remaining PT business unit will continue to maintain in a favorable negotiating position with both old and new suppliers going forward in a consolidated industry.

Employees

As at the Latest Practicable Date, Hung Hing employed 8,282 skilled employees. We continue to be an employer of choice in China's competitive labor market by offering attractive remuneration packages together with opportunities for career advancement. Training is an important way to enhance staff productivity and safety awareness. During the year, we provided on-site health and safety demonstrations and training to our workers. Both internal and external training programs were offered, covering employees' rights, health and safety, skill development and production automation. A total of 267,663 classroom training hours were provided. As a result of these measures, we achieved a low total incident rate of 0.13 per 200,000 work hours. These steps have helped enhance efficiency, allowing the Group to manage wage inflation, which has been a challenge to all manufacturers in Mainland China.

7. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up to.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the unaudited statements of financial position of the Target Company as at 31 December 2014, 2015 and 2016, and the related unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for the years ended 31 December 2014, 2015 and 2016, and explanatory notes (collectively referred to as the "**Unaudited Financial Information**"). The Unaudited Financial Information has been prepared on the basis set out in Note 1 below and prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Company's auditors, KPMG, have reviewed the Unaudited Financial Information of the Target Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion.

Based on their review, nothing has come to their attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 below.

(A) UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY

Unaudited statements of comprehensive income
For the years ended 31 December 2014, 2015 and 2016
(Expressed in Hong Kong dollars)

	Year ended 31 December		
	2014	**2015**	**2016**
	$'000	*$'000*	*$'000*
Revenue	203,985	208,070	214,198
Direct costs	(196,705)	(199,941)	(203,135)
Gross profit	7,280	8,129	11,063
Other revenue	2,224	3,349	1,696
Other net loss	(744)	(1,474)	(922)
Distribution costs	(1,280)	(1,004)	(1,256)
Administrative and selling expenses	(11,446)	(11,337)	(10,821)
Loss before income tax	(3,966)	(2,337)	(240)
Income tax (expense)/credit	(110)	294	(654)
Loss and total comprehensive income for the year	(4,076)	(2,043)	(894)

Unaudited statements of financial position
At 31 December 2014, 2015 and 2016
(Expressed in Hong Kong dollars)

	At 31 December		
	2014	**2015**	**2016**
	$'000	*$'000*	*$'000*
Non-current assets			
Property, plant and equipment	25,943	24,214	21,563
Land use right	15,122	14,719	14,316
Deferred tax assets	1,728	2,022	1,367
	42,793	40,955	37,246
Current assets			
Inventories	110,988	138,335	123,554
Trade receivables	25,787	29,681	25,158
Prepayments and other receivables	648	168	165
Amounts due from fellow subsidiaries	141,988	176,158	165,718
Cash and cash equivalents	36,963	4,625	5,548
	316,374	348,967	320,143
Current liabilities			
Other payables and accrued liabilities	1,778	2,103	5,754
Amounts due to fellow subsidiaries	299,028	331,501	296,211
	300,806	333,604	301,965
Net current assets	15,568	15,363	18,178
NET ASSETS	58,361	56,318	55,424
CAPITAL AND RESERVES			
Share capital	30,000	30,000	30,000
Reserves	28,361	26,318	25,424
TOTAL EQUITY	58,361	56,318	55,424

Unaudited statements of changes in equity
For the years ended 31 December 2014, 2015 and 2016
(Expressed in Hong Kong dollars)

	Share capital *$'000*	Statutory reserve *$'000*	Retained earnings *$'000*	Total equity *$'000*
Balance at 1 January 2014	30,000	6,559	25,878	62,437
Change in equity for the year ended 31 December 2014:				
Loss and total comprehensive income for the year	–	–	(4,076)	(4,076)
Balance at 31 December 2014 and 1 January 2015	30,000	6,559	21,802	58,361
Change in equity for the year ended 31 December 2015:				
Loss and total comprehensive income for the year	–	–	(2,043)	(2,043)
Balance at 31 December 2015 and 1 January 2016	30,000	6,559	19,759	56,318
Change in equity for the year ended 31 December 2016:				
Loss and total comprehensive income for the year	–	–	(894)	(894)
Balance at 31 December 2016	30,000	6,559	18,865	55,424

Unaudited statements of cash flows

For the years ended 31 December 2014, 2015 and 2016

(Expressed in Hong Kong dollars)

	Year ended 31 December		
	2014	**2015**	**2016**
	$'000	*$'000*	*$'000*
Operating activities			
Loss before income tax	(3,966)	(2,337)	(240)
Adjustments for:			
Interest income	(618)	(1,483)	(26)
Depreciation	2,938	2,822	2,776
Amortisation of land use rights	403	403	403
Write-down/(reversal) of inventories, net	–	917	(2,472)
Net loss on disposal of property and equipment	1	2	16
Changes in working capital:			
(Increase)/decrease in inventories	(11,341)	(28,264)	17,253
Decrease/(increase) in trade receivables	993	(3,894)	4,523
(Increase)/decrease in prepayments and other receivable	(81)	480	3
(Increase)/decrease in amounts due from fellow subsidiaries	(12,979)	(34,170)	10,440
(Decrease)/increase in other payables and accrued liabilities	(21,369)	325	3,651
Increase/(decrease) in amounts due to fellow subsidiaries	57,755	32,473	(35,290)
Net cash generated from/(used in) operating activities	11,736	(32,726)	1,037

	Year ended 31 December		
	2014	**2015**	**2016**
	$'000	*$'000*	*$'000*
Investing activities			
Payment for purchase of property, plant and equipment	(3,367)	(1,095)	(140)
Interest received	618	1,483	26
Net cash (used in)/generated from investing activities	(2,749)	388	(114)
Net increase/(decrease) in cash and cash equivalents	8,987	(32,338)	923
Cash and cash equivalents at beginning of year	27,976	36,963	4,625
Cash and cash equivalents at end of year	36,963	4,625	5,548

NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY

1 General information

On 27 February 2017, Hung Hing Printing Group Limited (the "Company"), a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") entered into an equity transfer agreement (the "Equity Transfer Agreement") with Shenzhen Jinzhi Investment Co. Ltd (the "Purchaser"), pursuant to which Sun Hing Paper Company Limited (the "Vendor") conditionally agreed to sell, and Shenzhen JinZhi conditionally to purchase, the entire equity interest of Sun Hing Paper (Shenzhen) Company Limited (the "Target Company").

The consideration for the sales and purchase of the entire equity interest in the Target Company is in the amount of RMB1,026,000,000 (equivalent to approximately HK$1,163,000,000). The disposal of the Target Company hereinafter is referred to as the "Disposal".

Upon completion of the Disposal, the Target Company will cease to be held by the Company.

The unaudited financial information of the Target Company for the years ended 31 December 2014, 2015 and 2016 (the "Relevant Periods") (the "Unaudited Financial Information") is presented in Hong Kong dollars. All values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2 Basis of preparation of the unaudited financial information

The Unaudited Financial Information has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules, and solely for the purpose of inclusion in this circular to be issued by the Company in connection with the disposal of the Target Company.

The Unaudited Financial Information of the Target Company has been prepared and measured at the carrying amount in the consolidated financial statements of the Group for the Relevant Periods.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for the Relevant Periods. The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised), *Presentation of Financial Statements*, or an interim financial report as defined in Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the HKICPA.

(A) THE UNAUDITED PRO FORMA INFORMATION OF THE REMAINING GROUP

1 Introduction

The following is a summary of illustrative unaudited pro forma financial information of the Remaining Group in connection with the disposal of the Target Company. The unaudited pro forma financial information presented below is prepared to illustrate (i) the statement of financial position of the Remaining Group as at 31 December 2016 as if the Disposal had been completed on 31 December 2016; (ii) the income statement of the Remaining Group for the year ended 31 December 2016; (iii) the statement of comprehensive income of the Remaining Group for the year ended 31 December 2016; and (iv) the statement of cash flows of the Remaining Group for the year ended 31 December 2016 as if the Disposal had been completed on 1 January 2016.

The unaudited pro forma financial information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules and for the purpose of illustrating the effect of the Disposal.

Narrative descriptions of the unaudited pro forma adjustments that are directly attributable to the Disposal and factually supportable are summarised in the accompanying notes to the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Remaining Group had the Disposal been completed as of the specified dates or any other dates.

The unaudited pro forma financial information of the Remaining Group is based upon the consolidated financial information of the Group for the year ended 31 December 2016, which has been derived from the Company's annual report for the year then ended as referred to in Appendix I to this circular and the financial information of the Target Company for the year ended 31 December 2016 as set out in Appendix II to this circular, and adjusted on a pro forma basis to reflect the effect of the Disposal. These pro forma adjustments are directly attributable to the Disposal and not relating to other future events and decisions.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2016 and other financial information included elsewhere in this circular.

2 Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group as at 31 December 2016

(Expressed in Hong Kong dollars)

	The Group as at 31 December 2016	Pro forma adjustments		The Remaining Group as at 31 December 2016
		Note (a)	*Note (b)*	
	$'000	*$'000*	*$'000*	*$'000*
Non-current assets				
Property, plant and equipment	1,113,515	(21,563)		1,091,952
Land use rights	77,736	(14,316)		63,420
Properties under construction	517	–		517
Intangible assets	8,970	–		8,970
Deposits for acquisition of non-current assets	40,577	–		40,577
Available-for-sale financial assets	45,755	–		45,755
Deferred tax assets	16,065	(1,367)		14,698
	1,303,135	(37,246)		1,265,889
Current assets				
Inventories	523,470	(123,554)	3,243	403,159
Trade and bills receivables	787,196	(25,158)	280,076	1,042,114
Prepayments, deposits and other receivables	47,642	(165)	16,135	63,612
Amounts due from the Remaining Group	–	(165,718)	165,718	–
Pledged time deposits	136,395	–		136,395
Time deposits with original maturity over three months	5,590	–		5,590
Cash and cash equivalents	684,831	(5,548)	952,376	1,631,659
Income tax recoverable	3,511	–		3,511
	2,188,635	(320,143)		3,286,040

	The Group as at 31 December 2016	Pro forma adjustments		The Remaining Group as at 31 December 2016
		Note (a)	*Note (b)*	
	$'000	*$'000*	*$'000*	*$'000*
Current liabilities				
Trade and bills payables	201,930	–	86,980	288,910
Other payables and accrued liabilities	188,589	(5,754)	78,738	261,573
Amounts due to the Remaining Group	–	(296,211)	296,211	–
Bank borrowings	110,655	–		110,655
Income tax payable	21,915	–		21,915
	523,089	(301,965)		683,053
Net current assets	1,665,546	(18,178)		2,602,987
Total assets less current liabilities	2,968,681	(55,424)		3,868,876
Non-current liabilities				
Bank borrowings	155,000	–		155,000
Deferred tax liabilities	55,434	–		55,434
	210,434	–		210,434
NET ASSETS	2,758,247	(55,424)		3,658,442
CAPITAL AND RESERVES				
Share capital	1,652,854	–	–	1,652,854
Reserves	932,766	–	900,195	1,832,961
Parent's net investment	–	(55,424)	55,424	–
Proposed dividend	27,236	–		27,236
Total equity attributable to equity shareholders of the Company	2,612,856	(55,424)		3,513,051
Non-controlling interests	145,391	–		145,391
TOTAL EQUITY	2,758,247	(55,424)		3,658,442

3 Unaudited Pro Forma Consolidated Income Statement of the Remaining Group for the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	The Group for the year ended 31 December 2016	Pro forma adjustments			The Remaining Group for the year ended 31 December 2016
		(Note (c))	*(Note (d))*	*(Note (e))*	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Revenue	2,955,924	(214,198)	102,571		2,844,297
Cost of sales	(2,510,845)	203,135	(104,099)		(2,411,809)
Gross profit	445,079	(11,063)			432,488
Other revenue	31,523	(1,696)	1,528		31,355
Other net loss	(15,587)	922			(14,665)
Gain on disposal of a subsidiary	–			1,017,045	1,017,045
Distribution costs	(80,568)	1,256			(79,312)
Administrative and selling expenses	(314,048)	10,821			(303,227)
Operating profit	66,399	240			1,083,684
Finance costs	(5,972)	–			(5,972)
Profit before income tax	60,427	240			1,077,712
Income tax	(18,087)	654		(117,000)	(134,433)
Profit for the year	42,340	894			943,279
Attributable to:					
Equity shareholders of the Company	37,785	894		900,045	938,724
Non-controlling interests	4,555	–			4,555
Profit for the year	42,340	894			943,279

4 Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group for the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	The Group for the year ended 31 December 2016	Pro forma adjustments		The Remaining Group for the year ended 31 December 2016
		Note (f)	*Note (e)*	
	$'000	*$'000*	*$'000*	*$'000*
Profit for the year	42,340	894	900,045	943,279
Other comprehensive income for the year (net of tax)				
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of financial statements of overseas subsidiaries	(60,832)	–		(60,832)
Change in fair value of intangible assets	(200)	–		(200)
Change in fair value of available-for-sale financial assets	900	–		900
	(60,132)	–		(60,132)
Total comprehensive income for the year	(17,792)	894		883,147
Attributable to:				
Equity shareholders of the Company	(12,059)	894	900,045	888,880
Non-controlling interests	(5,733)	–		(5,733)
	(17,792)	894		883,147

5 Unaudited Pro Forma Consolidated Cash Flow Statement of the Remaining Group for the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	The Group for the year ended 31 December 2016	Pro forma adjustments				The Remaining Group for the year ended 31 December 2016
		Note (g)	*Note (e)*	*Note (h)*	*Note (i)*	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Operating activities						
Profit before income tax	60,427	240	1,017,045			1,077,712
Adjustments for:						
Finance costs	5,972	–				5,972
Bank interest income	(13,388)	26				(13,362)
Dividend income from available-for-sale financial assets	(404)	–				(404)
Net gain on disposal of a subsidiary	–	–	(1,017,045)			(1,017,045)
Fair value loss on derivative financial instruments not qualified as hedges	1,921	–				1,921
Depreciation of property, plant and equipment	101,733	(2,776)				98,957
Amortisation of land use rights	2,756	(403)				2,353
Amortisation of intangible assets	948	–				948
Provision for impairment loss of trade receivables, net	32	–				32
Reversal of write-down of inventories, net	(7,289)	2,472				(4,817)
Loss on disposal of property, plant and equipment	6,696	(16)				6,680
Write-off of computer software	31	–				31
Changes in working capital:						
Decrease/(increase) in inventories	6,146	(17,253)				(11,107)
(Increase)/decrease in trade and bills receivables	(11,723)	(4,523)		21,161		4,915
(Increase)/decrease in prepayments, deposits and other receivables	(1,277)	(3)		14,129		12,849
Increase in amounts due from the Remaining Group	–	(10,440)		10,440		–
Increase/(decrease) in trade and bills payables	10,280	–		(45,680)		(35,400)
Increase in other payables and accrued liabilities	6,592	(3,651)		35,240		38,181
Increase in amounts due to the Remaining Group	–	35,290		(35,290)		–
Cash generated from operations	169,453	(1,037)				168,416

	The Group for the year ended 31 December 2016	Pro forma adjustments				The Remaining Group for the year ended 31 December 2016
		Note (g)	*Note (e)*	*Note (h)*	*Note (i)*	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cash generated from operations	169,453	(1,037)				168,416
Hong Kong profits tax paid	(883)	–				(883)
The People's Republic of China (the "PRC") income tax paid	(15,024)	–			(117,000)	(132,024)
Net cash generated from operating activities	153,546	(1,037)				35,509
Investing activities						
Net proceeds from disposal of a subsidiary	–	–			1,064,751	1,064,751
Settlement of derivative financial instruments	(1,921)	–				(1,921)
Interest received	17,365	(26)				17,339
Dividend received from available-for-sale financial assets	404	–				404
Purchase of property, plant and equipment	(55,969)	140				(55,829)
Purchase of software	(414)	–				(414)
Additions to properties under construction	(3,061)	–				(3,061)
Deposits for acquisition of property, plant and equipment	(33,455)	–				(33,455)
Proceeds from disposal of property, plant and equipment	5,514	–				5,514
Increase in pledged time deposits	(52,269)	–				(52,269)
Decrease in time deposits with original maturity over three months	174,990	–				174,990
Net cash generated from investing activities	51,184	114				1,116,049

	The Group for the year ended 31 December 2016	Pro forma adjustments				The Remaining Group for the year ended 31 December 2016
		Note (g)	*Note (e)*	*Note (h)*	*Note (i)*	
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Financing activities						
Proceeds from bank borrowings	301,985	–				301,985
Repayments of bank borrowings	(310,028)	–				(310,028)
Interest paid	(5,914)	–				(5,914)
Dividends paid to equity shareholders of the Company	(31,776)	–				(31,776)
Net cash used in financing activities	(45,733)	–				(45,733)
Net increase in cash and cash equivalents	158,997	(923)				1,105,825
Cash and cash equivalents at 1 January	546,391	(4,625)			4,625	546,391
Effect of foreign exchange rate changes	(20,557)	–				(20,557)
Cash and cash equivalents at 31 December	684,831	(5,548)				1,631,659

6 **Notes to the Unaudited Pro Forma Financial Information of the Remaining Group:**

(a) The adjustments represent the exclusion of assets and liabilities of the Target Company as if the Disposal had taken place on 31 December 2016 for the unaudited pro forma consolidated statement of financial position. The balances are extracted from the unaudited financial information of the Target Company as at 31 December 2016 as set out in Appendix II to this circular.

(b) The adjustments represent:

(i) the consideration of approximately HK$1,163,000,000 (denominated in RMB1,026,000,000 and for the purpose of this pro forma financial information, translated at the exchange rate of RMB1 to HK$1.13) payable to the Group by Shenzhen JinZhi Investment Co., Ltd. for the sale and purchase of the Group's entire equity interest in the Target Company, less estimated tax effect of HK$117,000,000 (denominated in RMB103,000,000 and for the purpose of this pro forma financial information, translated at the exchange rate of RMB1 to HK$1.13) calculated at the applicable tax rates on the gain on the Disposal on subsidiary level, to be satisfied by cash. No representation is made that RMB denominated amounts have been, could have been or could be converted to HK$, or vice versa, at the rate applied or at any other rates or at all.

(ii) the adjustment represents the interim dividend of HK$23,376,000 declared by the Target Company after 31 December 2016 and to be settled before the completion of the Disposal.

(iii) under the Equity Transfer Agreement, the stamp duty and other expenses in respect of the transfer of the entire issued share capital of the Target Company will be borne by the Company. The amount of stamp duty and other expenses is estimated to be HK$117,000,000.

(iv) the adjustment represents the release of the unrealised profits on intercompany trading between the Target Company and the Remaining Group, which was eliminated in the consolidated financial statements of Group as at 31 December 2016.

(v) the adjustment represents the reclassification of amounts due from/to the Remaining Group to trade and bills receivables, prepayments, deposits and other receivables, trade and bills payables and other payables and accrued liabilities, as the Target Company is no longer a subsidiary of the Remaining Group after completion of the Disposal.

The balances are assumed to be settled in cash during the Transition period as mentioned on page 7–8 to the circular.

(vi) the estimated net gain on the Disposal as if it had taken place on 31 December 2016 which is as follows:

	HK$'000	*HK$'000*
Total consideration for the Disposal *(Note b (i))*		1,163,000
Less: Net assets of the Target Company as at 31 December 2016	55,424	
Distribution of retained earnings *(Note b (ii))*	(23,376)	
Adjusted pro forma net assets of the Target Company as at 31 December 2016	32,048	
Stamp duty and other expenses on the Disposal *(Note b (iii))*	117,000	(149,048)
Add: Release of unrealised profit on intercompany trading as at 31 December 2016 *(Note b (iv))*		3,243
Estimated pro forma gain on disposal of the Target Company		1,017,195
Estimated tax effects in relation with the gain on the Disposal calculated at the applicable tax rates *(Note b (i))*		(117,000)
Estimated net gain on the Disposal		900,195

(c) The adjustments represent the exclusion of the results of the Target Company for the year ended 31 December 2016 as if the Disposal had been completed on 1 January 2016 for the unaudited pro forma consolidated income statement. The amounts are extracted from the unaudited financial information of the Target Company for the year ended 31 December 2016 as set out in Appendix II to this circular.

No further adjustments on revenue and related costs were made on the potential impact on retention of customers by the remaining group due to the uncertainty after completion of the Disposal. As such the sales and cost of sales of the Target Company for the year ended 31 December 2016 are fully excluded.

(d) The adjustments represent the adjustment for the intragroup sales on goods and rental income of HK$102,571,000 and HK$1,528,000, respectively, payable to the Remaining Group by the Target Company for the year ended 31 December 2016, as the Target Company is no longer a subsidiary of the Remaining Group after completion of the Disposal.

(e) The adjustments represent:

(i) the adjustment represents the release of the unrealised profits on intercompany trading between the Target Company and the Remaining Group, which was eliminated in the consolidated financial statements of Group as at 1 January 2016.

(ii) the estimated net gain on the Disposal as if it had taken place on 1 January 2016, which is as follows:

	HK$'000	*HK$'000*
Total consideration for the Disposal *(Note b (i))*		1,163,000
Less: Net assets of the Target Company as at 1 January 2016	56,318	
Distribution of retained earnings *(Note b (ii))*	(23,376)	
Adjusted pro forma net assets of the Target Company as at 31 December 2016	32,942	
Stamp duty and other expenses on the Disposal *(Note b (iii))*	117,000	(149,942)
Add: Release of unrealised profit on intercompany trading as at 1 January 2016 *(Note e (i))*		3,987
Estimated pro forma gain on disposal of the Target Company		1,017,045
Estimated tax effects in relation with the gain on the Disposal calculated at the applicable tax rates *(Note b (i))*		(117,000)
Estimated net gain on the Disposal		900,045

(iii) the reconciliation of the carrying amount of the net assets of the Target Company is shown as below:

	HK$'000
Net assets of the Target Company as at 31 December 2016 attributable to the Company	55,424
Loss arising from the Target Company attributable to the Company for the year ended 31 December 2016	894
Net assets of the Target Company as at 1 January 2016 attributable to the Company	56,318

(f) The adjustments represent the exclusion of the results of the Target Company for the year ended 31 December 2016 as if the Disposal had been completed on 1 January 2016 for the unaudited pro forma consolidated statement of comprehensive income. The amounts are extracted from the unaudited financial information of the Target Company for the year ended 31 December 2016 as set out in Appendix II to this circular.

(g) The adjustments represent the exclusion of the cash flows of the Target Company for the year ended 31 December 2016 as if the Disposal had been completed on 1 January 2016 for the unaudited pro forma consolidated cash flow statement. The amounts are extracted from the unaudited financial information of the Target Company for the year ended 31 December 2016 as set out in Appendix II to this circular.

(h) The adjustments reflect the reclassification of amounts due from/to the Remaining Group to trade and bills receivables, prepayment, deposits and other receivables, trade and bills payables and other payables and accrued liabilities, as the Target Company is no longer a subsidiary of the Remaining Group after completion of the Disposal.

(i) The adjustments represent the net cash flow as if the Disposal had taken place on 1 January 2016:

	HK$'000	*HK$'000*
Total consideration for the Disposal *(Note b (i))*		1,163,000
Add: Distribution of retained earnings *(Note b (ii))*		23,376
Less: Cash and cash equivalents held by the Target Company as at 1 January 2016	4,625	
Stamp duty and other expenses on the Disposal *(Note b (iii))*	117,000	(121,625)
Net proceeds from the Disposal, net of cash disposed of		1,064,751
Estimated tax effects in relation with the gain on the Disposal calculated at the applicable tax rates *(Note b (i))*		(117,000)
Net proceeds from the Disposal, net of cash disposed of and estimated tax effect		947,751

(j) The adjustments in respect of the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows above are not expected to have a continuing effect on the Remaining Group.

(k) The estimated gain on the Disposal, net proceeds from the Disposal and the amount of the consideration of the Target Company as illustrated above are subject to change and adjustments as set out in the Equity Transfer Agreement upon completion of the Disposal. The actual carrying amount of net assets of the Target Company, cash and cash equivalents held by the Target Company and thus the gain/loss on Disposal and net proceeds from the Disposal at the date of Completion will likely be different from those stated in the pro forma financial information.

(l) No adjustment has been made to this pro forma financial information for professional costs directly attributable to the Disposal (including fees to legal advisers, reporting accountants, valuer, printer and other expenses) as the Directors determined that such costs are insignificant.

(m) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2016 except for the interim dividend declared as set out in note (b)(ii) for the unaudited pro forma consolidated statement of financial position and 1 January 2016 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

25 April 2017

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF HUNG HING PRINTING GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Hung Hing Printing Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2016 and the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016 and related notes as set out in Part A of Appendix III to the circular dated 25 April 2017 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Disposal (as defined in the Circular) on the Group's financial position as at 31 December 2016 and the Group's financial performance and cash flows for the year ended 31 December 2016 as if the Disposal had taken place at 31 December 2016 and 1 January 2016 respectively. As part of this process, information about the Group's financial position as at 31 December 2016 and the Group's financial performance and cash flows for the year ended 31 December 2016 has been extracted by the Directors from the consolidated financial statements of the Group for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The

Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2016 or 1 January 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants
Hong Kong

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Greater China Appraisal Limited, an independent valuer, in connection with their valuation as at 31 January 2017 of the real property interests of the Target Company.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

25 April 2017

The Board of Directors
Hung Hing Printing Group Limited
Hung Hing Printing Centre
17–19 Dai Hei Street
Tai Po Industrial Estate
Hong Kong

Dear Sirs,

In accordance with the instructions from Hung Hing Printing Group Limited (the "Company") to value certain real property interests held by the Company and/or its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC"), details of which are set out in the enclosed valuation certificate, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property interests as at 31 January 2017 (referred to as the "valuation date").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of the real properties and the limiting conditions.

I. BASIS OF VALUATION

The valuation of the real property interests is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

II. VALUATION METHODOLOGY

Due to the nature of buildings and structures constructed of the real property interests, there are no readily identifiable market comparables available. We have applied the cost method in valuing the real property on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacing the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The reported market value only applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed. The depreciated replacement cost of the real property interest is subject to adequate potential profitability of the concerned business.

III. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the real property interests on the open market in their existing states without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the real property interests.

For the real properties which are held under long term land use rights, we have assumed that the owner of the real property has free and uninterrupted rights to use, transfer or lease the real properties for the whole of the unexpired term of the respective land use rights. In our valuation, we have assumed that the real property can be freely disposed of, transferred and leased to third parties on the open market without any additional payment to the relevant government authorities.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report.

No environmental impact study has been ordered or made. Full compliance with applicable local, provincial and national environmental regulations and laws is assumed. In addition, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

Other specific assumptions of the valuation, if any, have been stated out in the footnotes of the valuation certificate.

IV. TITLESHIP INVESTIGATION

We have been provided with copies of title documents. However, due to the current registration system of the PRC, no investigations have been made for the legal title or any liabilities attached to the real property.

In the course of our valuation, we have relied upon the legal opinion given by the Company's PRC legal advisor – Guangdong, Zhuo Jian Law Firm in relation to the legal title to the real property in the PRC. All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the real property set out in this report.

V. LIMITING CONDITIONS

We have inspected the real property. However, no structural survey has been made and we are therefore unable to report as to whether the real property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the areas of the real property but have assumed that the areas shown on the relevant documents provided to us are correct. Based on our experience of valuation of similar real properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us by it on such matters as, as relevant, planning approvals, statutory notices, easements, tenure, occupation, lettings, rentals and floor areas and in the identification of the real properties. We have had no reason to doubt the truth and accuracy of the information provided by the Company. We were also advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the real property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the real property interests are free of encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Since the real property interests are located in a relatively under-developed market, those assumptions are often based on imperfect market evidence. A range of values may be attributable to the real property depending upon the assumptions made. While we have exercised our professional judgments in arriving at the value, report readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

VI. OPINION OF VALUE

Our opinion of the market value of the real property interests is set out in the attached valuation certificate.

VII. REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

In valuing the real property interests, we have complied with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Site inspection of the real property was conducted in February 2017 by Terry Fung (MSc). The real property was maintained in a reasonable condition commensurate with its age and uses and equipped with normal building services.

Unless otherwise stated, all monetary amounts herein are denominated in the currency of Renminbi (referred to as "RMB").

We enclose herewith our valuation certificate.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED
Mr. Gary Man
Registered Professional Surveyor (G.P.)
FRICS, FHKIS, MCIREA
Director

Note: Mr. Gary Man is a Chartered Surveyor who has more than 29 years of valuation experience in countries such as The PRC, Hong Kong, Singapore, Vietnam, Philippines and the Asia Pacific region.

VALUATION CERTIFICATE

Real property interests held and occupied by the Group in the PRC

Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2017
Factory complex located at the north of Feng Tang Xi Da Dao, Tang Wei Village, Fu Yong Jie Dao, Bao An District, Shenzhen, Guangdong Province, The PRC 518103	The real property comprises a parcel of land with a land area of approximately 52,812.74 square metres and 5 buildings erected thereon (“Phase I”). The buildings were completed in 2003. The buildings are of 1 to 3 storeys and have a total gross floor area of approximately 24,665.80 square metres. Detail breakdown is shown as follows:	The real property is currently occupied by the Group for workshop and ancillary purposes.	No commercial value

	No. of Blocks	No. of Storeys	Gross Floor Area *(sq.m.)*
Factory	1	1	23,278.00
Office	1	3	1,147.80
Canteen	1	1	100.00
Guard dormitory & toilet	1	1	100.00
Guard room	1	1	40.00
	5		24,665.80

The land is granted and held under a Property Ownership Certificate for a term of 50 years commencing from 2 December 2002 and expiring on 1 December 2052 for industrial use.

Notes:

(i) According to a Property Ownership Certificate (Shen Fang Di Zi Di No. 5000154605), the land use rights of the land parcel with a site area of approximately 52,812.74 square metres were granted to Sun Hing Paper (Shenzhen) Company Limited (“Target Company”) for a term of 50 years commencing from 2 December 2002 and expiring on 1 December 2052 for industrial use.

(ii) According to a Construction Land Use Planning Permit (Shen Gui Tu Gui Xu Zi No. 05-2002-0176) issued by the Urban Planning, Land and Resources Bureau of Shenzhen Municipality — Bao An Sub-branch dated 17 December 2002, the proposed use of the land parcel with a site area of approximately 52,812.7 square metres, and the construction works of a factory, an ancillary office and guardhouse having a total gross floor area of approximately 40,600 square metres was approved.

(iii) According to a Construction Works Planning Permit (Shen Gui Tu Jian Xu Zi No. 2003B219) issued by the Urban Planning, Land and Resources Bureau of Shenzhen Municipality — Bao An Sub-branch dated 16 May 2003, the construction works of a proposed 3 storeys development with a gross floor area of approximately 24,379.32 square metres comply with the planning requirement.

(iv) According to a Construction Works Commencement Permit (No. 20030094) issued by the Construction Bureau of Bao An District of Shenzhen dated 22 May 2003, the construction of a development with a total gross floor area of approximately 24,379.32 square metres is permitted to commence.

(v) According to a Construction Works Completion Report (No. 003) issued by the Construction Bureau of Bao An District of Shenzhen dated 13 January 2004, the total gross floor area of the factory and ancillary office building is approximately 24,425.8 square metres.

(vi) As advised by the Group, the building ownership certificate of the factory, the ancillary office building and other ancillary buildings has not been obtained. And Phase II construction work has not been commenced.

(vii) According to a State-owned Land Use Rights Grant Contract ("Land Grant Contract") entered into between the Urban Planning, Land and Resources Bureau of Shenzhen Municipality and the Target Company, the transfer of the land parcel must comprises the transfer of land use rights of the land parcel together with the transfer of the buildings erected thereon. In the course of our valuation, we have not attributed any commercial value to the land parcel, as the buildings erected thereon without building ownership registration and the transfer of the buildings is restricted. However, for reference purpose, we are of the opinion that the reference value of the real property is RMB98,500,000 as at the valuation date, assuming the Target Company has obtained the building ownership certificate for the existing buildings and the buildings of the proposed Phase II development, and the real property interest can be freely disposed of and transferred to third parties on the open market without payment of any premium or onerous monies to the relevant government authorities.

(viii) We have been provided with a legal opinion regarding the real property interest, by the Company's PRC legal advisors, which contains, inter alia, the following:

(a) The Target Company has obtained the Property Ownership Certificate and the land use rights of the land parcel with a site area of approximately 52,812.74 square metres. The Target Company is the sole legal owner of the land;

(b) According to the Land Grant Contract as mentioned in Note (vii), the construction works of the buildings of the whole development has to be completed before 2 December 2004, if the construction works of buildings cannot be completed, the Urban Planning, Land and Resources Bureau is entitled to impose a fine on the land use rights owner. In case the construction works overdue within six months, the land use rights owner will be subjected to a penalty of 5% of the land premium; if overdue over six months and within a year, will be subjected to a penalty of 10% of the land premium; if overdue over a year and within two years, will be subjected to a penalty of 15% of the land premium; in case the construction works overdue for more than 2 years, the Urban Planning, Land and Resources Bureau has the right to resume the land and the buildings erected thereon without compensation;

(c) The Target Company has legally applied the Construction Land Use Planning Permit for a development of 40,600 square metres, however, the completion of Phase I construction work of approximately 24,379.32 square metres could not fulfill the construction intensity as stated in the Construction Land Use Planning Permit. Since the Target Company could not complete the construction work before 2 December 2004, the Target Company is not only subjected to a risk of being fined, and also subjected to a risk of the land and buildings erected thereon to be resumed without compensation. However, the current practice of dealing with such problems in Shenzhen, the risk of being resumed without compensation by the Urban Planning, Land and Resources Bureau is not high;

(d) According to the Land Grant Contract, the transfer of the land parcel must comprise the transfer of land use rights of the land parcel together with the transfer of the buildings erected thereon. Since the Target Company has not registered for the buildings having a total gross floor area of approximately 24,379.32 square metres, the ownership of the buildings has not been established, and the transfer of the buildings is restricted. However, the Target Company has legally obtained the construction land planning permit, construction work planning permit, construction work commencement permit of the buildings and construction works completion works report of the Phase I development. In order to commence the construction work of Phase II; the Target Company has to re-apply the relevant construction permits. If the Target Company has obtained the building ownership of the existing buildings (Phase I) and the proposed development (Phase II), the land use rights of the land and the buildings erected thereon can be legally transferred; and

(e) The real property is not subject to any mortgage or judicial seizure.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she was taken or deemed to have under such provisions of SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange are as follows:

	Number of shares held, capacity and nature of interest					Percentage of the Company's issued share capital
Name of directors	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Share award scheme	Total	
Yum Chak Ming, Matthew	29,763,030	–	–	–	29,763,030	3.28
Sung Chee Keung	1,423,064	60,000	–	–	1,483,064	0.16
Yap, Alfred Donald	27,504	–	–	–	27,504	–

Other than as disclosed above, none of the Directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

(b) Interests of the Shareholders discloseable pursuant to SFO

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company or his/her respective associate(s)) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or had any options in respect of such shares:

Name		Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
C.H. Yam International Limited*	*(Note)*	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited	*(Note)*	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited	*(Note)*	Directly beneficially owned	199,263,190	21.95
Rengo Co., Ltd.		Directly beneficiary owned	271,552,000	29.91

* C.H. Yam International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy and other immediate family members of the founder as at the Latest Practicable Date. None of such interests renders C.H. Yam International Limited a controlled corporation (as defined in SFO) of any of Mr. Yum Chak Ming, Matthew, Mr. Yam Hon Ming, Tommy or any other members of the family.

Note: C.H. Yam International Limited owns Hung Tai Industrial Company Limited as to 100% through its wholly-owned subsidiary, C.H. Yam Holding Limited.

There is a duplication of interests of 199,263,190 shares in the Company among C.H. Yam International Limited, C.H. Yam Holding Limited and Hung Tai Industrial Company Limited.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with the Company which was not determinable within one year without payment of compensation, other than statutory compensation.

4. COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors, and their respective associates are considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2016 (being the date to which the latest published audited financial statement of the Group were made), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. None of the Directors was materially interested, direct or indirectly, in any contracts or arrangements entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
KPMG	Certified Public Accountants
GCA	Independent property valuer

As at the Latest Practicable Date, each of the experts above was not interested beneficially in the shares in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, each of the experts above did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Group or are proposed to be acquired or disposed of by or leased to the Group since 31 December 2016, being the date up to which the latest published audited consolidated accounts of the Company were made up.

As at the Latest Practicable Date, each of the experts above has given and has not withdrawn its written consent to the issue of the circular with the inclusion of and reference to its name in the form and context in which it appears.

7. LITIGATION

As at the Latest Practicable Date, the Directors confirm neither the Company nor any subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up to.

9. MATERIAL CONTRACTS

The Group had entered into the following material contracts (not being contracts in the ordinary course of business) within two years immediately preceding the Latest Practicable Date and the contracts relating to the Disposal which are or may be material:

– **The Equity Transfer Agreement**

Save as disclosed above, the Directors are not aware of any contracts that are or maybe material, not being contracts entered into in the ordinary course of business, and had been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date.

10. GENERAL

(a) The company secretary of the Company is Shek Kwok Man, a member of the Institute of Chartered Accountants in England and Wales (ICAEW) as well as the Hong Kong Institute of Certified Public Accountants (HKICPA).

(b) The principal place of business and the registered office of the Company is at Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.

(c) The share registrar and transfer office of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in case inconsistencies.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong. During normal business hours from the date of this circular up to and including the date of the EGM:

(a) the memorandum of association and the articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December, 2014, 2015 and 2016;

(c) the financial information of the Target Company, the text of which is set out in Appendix II to this circular;

(d) the accountants' report issued by KPMG on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the letter and valuation report issued by GCA on the Land and Buildings, the text of which is set out in Appendix IV to this circular;

(f) the consent letters from each KPMG and GCA as referred to in the paragraph headed "Experts and Consents" in this appendix;

(g) the material contracts as referred to in the section headed "Material Contracts" in this appendix; and

(h) this circular.

HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EMG**") of the shareholders of Hung Hing Printing Group Limited (the "**Company**") will be held at 2/F The Function Room 5–6, The Harbourview, 4 Harbour Road, Wan Chai, Hong Kong on Friday, 12 May 2017 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution:

Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as that defined in the circular dated 25 April 2017, a copy of which is marked "A" and tabled before the EGM and initialled by the chairman of the EGM for identification purpose.

ORDINARY RESOLUTION

"**THAT** the execution, performance and implementation of the Equity Transfer Agreement entered into among the Company (as guarantor), the Vendor and the Purchaser pursuant to which, subject to the terms and conditions set out in the Equity Transfer Agreement, the Vendor has agreed to transfer the Sale Equity to the Purchaser at the consideration of RMB1,026,000,000 and the transactions contemplated thereunder (collectively, the "**Transactions**") be and are hereby approved, ratified and confirmed; and any one director of the Company be and is hereby authorized for and on behalf of the Company to execute from time to time all such documents, instruments, agreements and deeds and to do all such acts, matters and things in connection with the administration and implementation of and/or giving full effect to the Equity Transfer Agreement and the Transactions."

By Order of the Board
Hung Hing Printing Group Limited
Shek Kwok Man
Chief Financial Officer and Company Secretary

Hong Kong, 25 April 2017

Notes:

(1) Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll vote on his behalf. A proxy need not be a member of the Company.

(2) To be effective, the form of a proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited with the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

(3) The Register of Members will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 May 2017.