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**HUNG HING PRINTING GROUP LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 450)

## **CONTINUING CONNECTED TRANSACTIONS**

The Group and the Rengo Group entered into the Sales Agreement, pursuant to which the Group agreed to sell and deliver to the Rengo Group the Paper Products for the period from 1 May 2012 to 30 June 2013. The Company announced, among other things, that on 27 November 2012, the Group and the Rengo Group entered into (1) the Supplemental Sales Agreement, to extend the term of the Sales Agreement to 31 December 2013; and (2) the Corrugated Board Agreement pursuant to which the Rengo Group agreed to sell and deliver to the Group corrugated board for the period from 27 November 2012 to 31 December 2013.

Rengo, which is holding approximately 29.9% equity interest in the Company, is a substantial shareholder of the Company and therefore a connected person of the Company. Transactions between the Group and the Rengo Group constitute continuing connected transaction under the Listing Rules.

During the period from 1 April 2012 to 31 October 2012, the Group generated sales (based on the unaudited management account of the Group) of approximately HK\$1.86 million from the Sales Transactions. During the same period, the Group incurred costs (based on the unaudited management account of the Group) of approximately HK\$1.07 million from the Purchase Transactions. The respective transaction amounts had exceeded the de minimis threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to reporting, annual review and announcement requirements but exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.34(1) of the Listing Rules.

### **1. INTRODUCTION**

The Group has been selling goods and services with respect to the packaging material and printed products (the “**Paper Products**”) to the Rengo Group since May 2012 (the “**Sales Transactions**”). Besides, the Rengo Group has been selling corrugated board to the Group since January 2012 (the

**“Purchase Transactions”**). The Group and the Rengo Group entered into a Basic Sales and Purchase Agreement on 1 May 2012 (the **“Sales Agreement”**), pursuant to which the Group agreed to sell and deliver to the Rengo Group the Paper Products for the period from 1 May 2012 to 30 June 2013. The Company announced, among other things, that on 27 November 2012, the Group and the Rengo Group entered into (1) a supplemental agreement to the Sales Agreement (the **“Supplemental Sales Agreement”**), to extend the term of the Sales Agreement to 31 December 2013; and (2) a purchase of corrugated board agreement (the **“Corrugated Board Agreement”**) pursuant to which the Rengo Group agreed to sell and deliver to the Group corrugated board for the period from 27 November 2012 to 31 December 2013.

Rengo, which is holding approximately 29.9% equity interest in the Company, is a substantial shareholder of the Company and therefore a connected person of the Company. Transactions between the Group and the Rengo Group on continuing or recurring basis in the ordinary and usual course of business of the Group, constitutes continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

Since the applicable percentage ratio of the aggregate amount of the revenue derived by the Group from the Sales Transactions and the cost incurred by the Group from the Purchase Transactions was respectively less than 0.1% for the financial year ended 31 March 2012, these transactions were exempt from the reporting, annual review, announcement and independent shareholders’ approval requirement pursuant to Rule 14A.33(3) of the Listing Rules.

During the period from 1 April 2012 to 31 October 2012, the Group generated sales (based on the unaudited management account of the Group) of approximately HK\$1.86 million from the Sales Transactions. During the same period, the Group incurred costs (based on the unaudited management account of the Group) of approximately HK\$1.07 million from the Purchase Transactions. The respective transaction amounts had exceeded the de minimis threshold set forth in Rule 14A.33(3) of the Listing Rules and are subject to reporting, annual review and announcement requirements but exempted from the requirement of obtaining the independent shareholders’ approval pursuant to Rule 14A.34(1) of the Listing Rules. Details of the continuing connected transactions will be disclosed in the Company’s next published annual report in compliance with the requirements under the Listing Rules. The continuing connected transactions which had exceeded the de minimis threshold set forth in Rule 14A.33(3) would have required compliance with the announcement requirement under Rule 14A.47 of the Listing Rules. The respective transaction amounts during the above-mentioned period were HK\$844,000 or 0.08% (for the Sales Transactions) and HK\$53,000 or 0.01% (for the Purchase Transaction) over and above the de minimis threshold of 0.1%.

## **2. THE SUPPLEMENTAL SALES AGREEMENT AND CORRUGATED BOARD AGREEMENT**

### **Supplemental Sales Agreement**

***Background and reasons for Transactions:*** Pursuant to the Sales Agreement, the Group agreed to sell

to the Rengo Group Paper Products for the period from 1 May 2012 to 30 June 2013. Historically, the Group sold Paper Products to the Rengo Group in response to purchase orders placed by the Rengo Group. The table below sets forth the historical figures of the aggregate sale of Paper Products by the Group to the Rengo Group:

	For the Seven Months ended 31 October 2012	For the Year Ended 31 March		
		2012	2011	2010
		<i>(in HK\$ Million)</i>		
<b>Sale of Paper Products by the Group to the Rengo Group</b>	1.86 <sup>1</sup>	0	0	0

The Rengo Group's demand for Paper Products has exceeded its expected levels because of higher consumption in its packaging business. The Group, in their ordinary course of business, sells Paper Products to other customers, including the Rengo Group.

**Supplemental Sales Agreement:** On 27 November 2012, the Group and the Rengo Group entered into the Supplemental Sales Agreement, pursuant to which the Group and the Rengo Group agreed that the duration of the Sales Agreement will be extended to 31 December 2013.

**Pricing:** Pursuant to the terms of the Sales Agreement, the price of Paper Products shall be determined on an arm's length basis and with reference to the prevailing market prices. The Rengo Group is required to settle payments in accordance with the payment terms set out in each of the purchasing orders for the purchase of Paper Products.

**Annual cap:** For the years ending 31 December 2012 and 31 December 2013, the Company proposes that the annual transaction value in relation to the sale of Paper Products to the Rengo Group shall not, in aggregate, exceed the annual cap of HK\$4.0 million and HK\$16.0 million, respectively. The annual cap is determined with reference to the historical amounts of Paper Products sold to the Rengo Group as aforementioned and potential continuing growth of Rengo Group's consumption of Paper Products in its packaging business.

### **Corrugated Board Agreement**

**Background and reasons for transactions:** Historically, the Group purchased corrugated board from the Rengo Group by placing purchase orders and the table below sets forth the historical figures of the aggregate purchase of corrugated board from the Rengo Group by the Group:

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

	For the Seven Months ended 31 October 2012	For the Year Ended 31 March		
		2012	2011	2010
		<i>(in HK\$ Million)</i>		
<b>Purchase of corrugated board from the Rengo Group by the Group</b>	1.07 <sup>2</sup>	0.16	0	0

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

**The Corrugated Board Agreement:** On 27 November 2012, the Group and the Rengo Group entered into the Corrugated Board Agreement, pursuant to which the Group agreed to purchase, and the Rengo Group agreed to sell, corrugated board during the period from 27 November 2012 to 31 December 2013 by placing purchase orders.

**Pricing:** Pursuant to the terms of the Corrugated Board Agreement, the price of corrugated board shall be determined on an arm's length basis and with reference to the prevailing market prices. The Group is required to settle payments in accordance with the payment terms set out in each of the purchasing orders for the purchase of corrugated board.

**Annual cap:** For years ending 31 December 2012 and 31 December 2013, the Company proposes that the annual transaction value in relation to the purchase of corrugated board from the Rengo Group shall not, in aggregate, exceed the annual cap of HK\$2.0 million and HK\$4.0 million respectively. The annual cap is determined with reference to the historical amounts of purchase of corrugated board from the Rengo Group as aforementioned and potential growth of our corrugated box and consumer product packaging businesses.

### 3. IMPLICATIONS UNDER THE LISTING RULES

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

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

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

Having considered the information set out above in this announcement, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Sales Agreement (as revised) and the Corrugated Board Agreement are fair and reasonable, on normal commercial terms and are entered into in the usual and ordinary course of business and in the interests of the Company and its Shareholders as a whole. The Board approved the terms of the Supplemental Sales Agreement and the Corrugated Board Agreement, the continuing connected transactions contained therein and the associated annual caps. Mr. Yoshitaka Ozawa, Mr. Hiroyuki Kimura, Mr. Katsuaki Tanaka, each has a material interest in such continuing connected transactions, abstained from voting on the board resolution.

#### **5. GENERAL INFORMATION**

The Group is principally engaged in integrated and technologically-advanced operations in book and packaging printing, consumer products packaging, corrugated box manufacturing and paper trading.

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

#### **6. DEFINITION**

“Company”	Hung Hing Printing Group Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning as is given by the Listing Rules
“continuing connected transactions”	has the meaning as is given by the Listing Rules
“Directors”	Directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“independent shareholders”	has the meaning as is given by the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Rengo”	Rengo Co., Ltd., a paper and packaging materials

manufacturer listed on the Tokyo Stock Exchange  
(Stock Code: 3941)

“Rengo Group”

Rengo and its subsidiaries

“Shareholders”

shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Subsidiaries”

the following subsidiaries of the Company: (i) Sun Hing Paper Co. Ltd., (ii) Sun Hing Paper (Shenzhen) Co. Ltd., (iii) Jun Hing Co. Ltd., (iv) Po Hing Packaging (Shenzhen) Co. Ltd., (v) Hung Hing Printing (Heshan) Co. Ltd., (vi) Hung Hing Printing (China) Co. Ltd., (vii) Zhongshan Hung Hing Printing and Packaging Co. Ltd., (viii) Zhongshan Hung Hing Off-Set Printing Co. Ltd., and (ix) Zhongshan South Gain Paper Products Co. Ltd., (x) Hung Hing Off-Set Printing Co. Ltd., (xi) Tai Hing Paper Products Co. Ltd., and (xii) Hung Hing Packaging (Wuxi) Co. Ltd., each a subsidiary of the Company and any other subsidiary of the Company that will enter into sale of Paper Products and purchase of corrugated board with the Rengo Group in the future

“substantial shareholder”

has the meaning as is given by the Listing Rules

By order of the Board

**Hung Hing Printing Group Limited**

**Tung Yu Bui**

*Company Secretary*

Hong Kong, 27 November 2012

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