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HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

MAJOR TRANSACTION DISPOSAL OF LAND AND PROPERTIES IN RELATION TO LAND RESUMPTION

A letter from the Board is set out on pages 4 to 17 of this circular.

25 May 2020

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Financial Information of the Group	18
Appendix II — Valuation Report	20
Appendix III — General Information	25

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings ascribed to them respectively:

“Announcements”	the announcements of the Company dated 6 April 2020, 17 April 2020 and 29 April 2020 in relation to the Disposal
“Board”	the board of Directors
“Company”	Hung Hing Printing Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the land and properties in relation to the Land Resumption
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hung Hing Packaging”	Hung Hing Packaging (Wuxi) Company Limited, a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of the Company
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with the Company and its connected persons
“km”	kilometer
“Land Resumption”	(i) Wuxi Local Administration will resume, and Hung Hing Packaging will surrender, the Resumed Land for the consideration of RMB296,236,585 payable by Wuxi Local Administration to Hung Hing Packaging; (ii) Wuxi Local Administration will provide undertakings to Hung Hing Packaging in respect of taxation relief and the New Land; and (iii) Hung Hing Packaging plans on investing in the New Land and Wuxi Local Administration shall provide a subsidy of RMB4,000,000 relating to such project provided that Hung Hing Packaging meets the conditions stipulated under the Land Resumption Agreements as stated in sub-paragraph 2(vi) below

DEFINITIONS

“Land Resumption Agreements”	agreements entered into between Hung Hing Packaging and Wuxi Local Administration dated 3 April 2020 in relation to the Land Resumption
“Latest Practicable Date”	21 May 2020, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Land”	a piece of land situated on Changjiang East Road, Jin San Road District (長江東路、經三路區域) with a size of not less than approximately 33,333 sq.m. at a consideration of not more than the valuation of the Resumed Land per sq.m.
“PRC”	The People’s Republic of China
“PRC Legal Advisers”	Fangda Partners
“Resumed Land”	the lands intended to be resumed by Wuxi Local Administration pursuant to the Land Resumption Agreements, comprising of Land A and Land B
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States
“Valtech”	Valtech Valuation Advisory Limited
“Wuxi City Government”	the People’s Government of Wuxi City

DEFINITIONS

“Wuxi Local Administration”	Wangzhuang Residential District Office of Wuxi City in Xinwu District (無錫市新吳區人民政府旺莊街道辦事處), being the local body entrusted by Xinwu District Government to be responsible for, among others, the implementation of the land resumption of the Resumed Land
“Xinwu District Government”	the People’s Government of Xinwu District
“%”	percent



HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

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Mr. Yum Chak Ming, Matthew (*Executive Chairman*)
Mr. Sung Chee Keung

Non-executive Directors:

Mr. Hirofumi Horii
Mr. Masashi Nakashima
Mr. Yoshihisa Suzuki
Mr. Yam Hon Ming, Tommy

Independent Non-executive Directors:

Mr. Yap Alfred Donald
Mr. Luk Koon Hoo
Mr. Lo Chi Hong

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Hong Kong

25 May 2020

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION DISPOSAL OF LAND AND PROPERTIES IN RELATION TO LAND RESUMPTION

1. INTRODUCTION

References are made to the Announcements, in which the Company announced that according to the relevant land planning requirement of the Xinwu District Government and Wuxi City Government, on 3 April 2020 (after trading hours), Hung Hing Packaging, a directly wholly-owned subsidiary of the Company entered into the Land Resumption Agreements with Wuxi Local Administration, pursuant to which, (i) Wuxi Local Administration will resume, and Hung Hing Packaging will surrender, the Resumed Land for the consideration of RMB296,236,585 payable by Wuxi Local Administration to Hung Hing Packaging; (ii) Wuxi Local Administration will provide undertakings to Hung Hing Packaging in respect of taxation relief and the New Land; and (iii) Hung Hing Packaging will plan on investing in the New Land and Wuxi Local Administration shall provide a subsidy of RMB4,000,000 relating to such project provided that Hung Hing Packaging meets the conditions stipulated under the Land Resumption Agreements as stated in sub-paragraph 2(vi) below.

LETTER FROM THE BOARD

The Company has obtained a written shareholders' approval from the closely allied group, being C.H. Yam International Limited ("**C.H. Yam**"), Hung Tai Industrial Company Limited ("**Hung Tai**") and Rengo Co., Ltd. ("**Rengo**"), holding an aggregate of 563,746,379 Shares, representing approximately 62.1% of the entire issued share capital of the Company, for the Disposal and the transactions contemplated thereunder. Accordingly, the written approval from the closely allied group will be accepted in lieu of holding a general meeting of the Company for the approval of the Disposal pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with, amongst other things, further information in relation to the disposal of land and properties in relation to the Land Resumption Agreements.

2. LAND RESUMPTION AGREEMENTS

(i) Principal Terms

The principal terms of the Land Resumption Agreements are set out as follows:

Date: 3 April 2020 (after trading hours)

Parties: Hung Hing Packaging (Wuxi) Company Limited, a wholly owned subsidiary of the Company, as the vendor

Wuxi Local Administration, as the purchaser

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wuxi Local Administration or their ultimate beneficial owner(s) are Independent Third Parties.

Subject Matter: Pursuant to the Land Resumption Agreements, (i) Wuxi Local Administration will resume, and Hung Hing Packaging will surrender, the Resumed Land for the consideration of RMB296,236,585 payable by Wuxi Local Administration to Hung Hing Packaging; (ii) Wuxi Local Administration will provide undertakings to Hung Hing Packaging in respect of taxation relief and the New Land; and (iii) Hung Hing Packaging will plan on investing in the New Land and Wuxi Local Administration shall provide a subsidy of RMB4,000,000 relating to such project provided that Hung Hing Packaging meets the conditions stipulated under the Land Resumption Agreements as stated in sub-paragraph 2(vi) below.

LETTER FROM THE BOARD

(ii) Land to be Resumed and Relocation Plan

The Resumed Land has an aggregate area of approximately 150,317.5 sq.m., located in Wuxi City, Xinwu District, Jiangsu Province, the PRC, and has been included in the land planning project of Wuxi City. Pursuant to the Land Resumption Agreements, Wuxi Local Administration will resume, and Hung Hing Packaging will surrender the Resumed Land. Particulars of the Resumed Land are set out below:

Address	Blocks 15-16, 27 Changjiang South Road, Wuxi City, Xinwu District Jiangsu Province, the PRC together with certain vacant land ("Land A")	Blocks 1-14, 27 Changjiang South Road, Wuxi City, Xinwu District, Jiangsu Province, the PRC ("Land B")
Size of total area of the Resumed Land	65,894.7 sq.m.	84,422.8 sq.m.
Current land use	Industrial	Industrial

The Resumed Land has been approved for industrial use and is currently used primarily as part of the Group's production plants for business operation.

The relocation plan involves, among other things, (a) gradually relocating our equipment and staff to the new production plant which is in close proximity (approximately seven km apart) to the Resumed Land; and (b) if necessary, utilizing the available production capacity of the Company's other six production plants located in Hong Kong, Vietnam and other cities in China to minimize the impact on the Company's production and business operation. The expected size of the new production plant on the New Land (approximately 55,000 sq.m.) is about the same size as the production plant on the Resumed Land (approximately 59,000 sq.m.). Based on the fact that the Company has six other production plants to support its business operation during the relocation and the expected size of the new production plant is similar to the production plant on the Resumed Land, the Directors are of the view that the New Land is sufficient for the relocation of the Company's production plant on the Resumed Land. Based on the above, the Directors are also of the view that there will not be any material disruption to the business operation of Hung Hing Packaging due to the relocation and as such, the Company does not expect any material loss of operation.

LETTER FROM THE BOARD

(iii) Compensation and Payment Terms

Pursuant to the Land Resumption Agreements, the total compensation payable to Hung Hing Packaging for the Land Resumption will be RMB296,236,585, which shall be payable in cash by Wuxi Local Administration to Hung Hing Packaging in the following manner and timeline:

- (1) a sum of RMB118,494,634 shall be paid by Wuxi Local Administration to Hung Hing Packaging within 30 days after the Land Resumption Agreements are entered into by Wuxi Local Administration and Hung Hing Packaging;
- (2) a further sum of RMB48,369,632.40 shall be paid by Wuxi Local Administration to Hung Hing Packaging upon Hung Hing Packaging's vacation from Land A to the satisfaction of Wuxi Local Administration following its site inspection;
- (3) a further sum of RMB64,686,159.30 shall be paid by Wuxi Local Administration to Hung Hing Packaging at the earlier of (a) the expiry of 12 months from the date of the Land Resumption Agreements and (b) Hung Hing Packaging obtaining a building permit for the new production plant in the New Land;
- (4) a further sum of RMB49,874,330.05 shall be paid by Wuxi Local Administration to Hung Hing Packaging upon Hung Hing Packaging's vacation from the Resumed Land to the satisfaction of Wuxi Local Administration following its site inspection;
- (5) a further sum of RMB14,811,829.25 shall be paid by Wuxi Local Administration to Hung Hing Packaging upon the signing of the final relocation handover documents; and
- (6) the total sum of RMB64,686,159.30 under item (4) and (5) above shall be paid by Wuxi Local Administration to Hung Hing Packaging immediately upon expiry of a 24-month period after the date of the Land Resumption Agreements, if, due to the reasons attributable to Wuxi Local Administration or other government authorities, within such 24-month period, Hung Hing Packaging is unable to obtain the land use right to the New Land or the relevant licenses and permits from the competent government authorities to construct a new production plant to relocate to the New Land within the time limit provided in the Land Resumption Agreements.

As at the Latest Practicable Date, the amount of compensation received by Hung Hing Packaging is RMB118,494,634, which is the sum paid by Wuxi Local Administration to Hung Hing Packaging under item (1) above.

LETTER FROM THE BOARD

Pursuant to the Land Resumption Agreements, it was stipulated that there may be an upward adjustment on the total compensation amount. With respect to such potential upward adjustment on the total compensation, based on the following, the Directors are of the view that there will no longer be any upward adjustment and the total compensation of RMB296,236,585 is final:

- upon further requests for clarification with the competent government authorities, the Company has just been given special access by Wuxi local government authorities to documents confirming that (i) a valuation report dated 24 March 2020 was commissioned by the Audit Bureau of Xinwu District, Wuxi Municipality (無錫市新吳區人民政府審計局) (the “**Audit Bureau**”) that revealed a reference value in respect of the Resumed Land and the production plant erected on the Resumed Land together with equipment that was slightly higher than the final agreed compensation amount in respect of the same with a difference in amount of RMB1,166,004 and (ii) the Audit Bureau, among other local bureaus, had already confirmed their agreement on 1 April 2020 (just two days prior to the date of the Land Resumption Agreements) that the total compensation amount be approved at RMB296,236,585, which was consistent with the total compensation amount mutually agreed between Hung Hing Packaging and Wuxi Local Administration pursuant to the Land Resumption Agreements. Unbeknownst to the Company, the above-mentioned valuation report and final approval were being completed as the parties entered into the final stages of their negotiation of the Land Resumption Agreements. These documents were prepared for the consumption of relevant government authorities only, and were not meant to be published, released to or shared with the Company. As the audit has already validated the agreed compensation amount of RMB296,236,585, there will not be an upward adjustment following completion of the audit work; and
- based on enquiries made by the PRC Legal Advisers with the Audit Bureau on a no-name basis, (i) the governmental audit authority is given the power to monitor the compensation of land resumptions with no prescribed details of the monitoring process and (ii) the Audit Bureau, being one of the governmental audit authorities, in practice, may conduct random post-audits on the compensation amount of land resumptions to determine whether there was any corruption by government officials and whether the compensation amount was unlawful, unfair or unreasonable, and in recent years, such post-audit work performed by Audit Bureau has never resulted in an upward adjustment to land resumption related compensation.

Since the total compensation has been finalized, there will not be any upward or downward adjustments to the total compensation amount under the Land Resumption Agreements.

LETTER FROM THE BOARD

The amount of compensation for the resumption of the Resumed Land was agreed following extensive negotiations held between Wuxi Local Administration and Hung Hing Packaging, taking into account, among others, an assessment made on the total compensation amount in respect of the Disposal based on the market value of the Resumed Land and the production plant erected on the Resumed Land and other costs, such as vacation and relocation costs, by Shanghai Urban Real Estate Appraisal Co., Ltd., the Company's land resumption consultant ("**Land Resumption Consultant**"), which is staffed with Chinese certified real estate appraisers and Chinese certified land valuers, the expected vacation and relocation costs (i.e. approximately RMB6,000,000), the tax relief provided (which involves (a) treating the year of completion of the relocation as five years from the day of the receipt of the first compensation in the amount of RMB118,494,634 which will result in a postponement of the tax payment and (b) exempting the compensation amount of RMB296,236,585 from value-added tax) and the undertakings offered by Wuxi Local Administration as further described below.

The assessment of the compensation value based on the market value of the Resumed Land and the production plant erected on the Resumed Land assessed by the Land Resumption Consultant is higher than the same assessed by Valtech. The Directors are of the view that the discrepancy is mainly caused from differences in assessment date and methodology which are tabulated below.

Assessment	Land Resumption Consultant	Valtech
Date	May 2019	March 2020
Methodology (Resumed Land)	Market approach by reference to standard land price set by the government	Market approach by reference to market sales evidence
Methodology (Production plant on the Resumed Land)	Cost approach	Cost approach
Value (RMB)	199,000,000 to 222,000,000	169,000,000

Taking into account (i) the basis considered following extensive negotiations held between Wuxi Local Administration and Hung Hing Packaging as mentioned above; (ii) the total assets of the Group would be increased by approximately RMB219,000,000 (total compensation less net book value of the Resumed Land and the production plant erected on the Resumed Land, the estimated vacation and relocation costs and other related expenses) and (iii) considering the compensation determined by the Land Resumption Consultant is higher than the market value of the Resumed Land and the production plant erected on the Resumed Land prepared by Valtech, the Directors concluded that the compensation is in the interest of the Company and its Shareholders as a whole and is fair and reasonable.

LETTER FROM THE BOARD

(iv) Market Value of the Production Plant

For the purpose of complying with the requirements under Chapter 5 of the Listing Rules, the Company has subsequently engaged Valtech to prepare the valuation report in respect of the market value of the Resumed Land and the production plant erected on the Resumed Land as set out in Appendix II of this Circular.

The Directors have reviewed and enquired Valtech's qualifications and experience in relation to the performance of the valuation. The Directors believe upon making reasonable enquiries that Valtech is a registered valuation company experienced in performing property valuations in the PRC. Based on the information provided by Valtech (i.e. company brochure, valuation-related certificates and previous experience) and after making reasonable enquiries, the Directors are of the view that Valtech possesses the necessary competence and independence in preparing the valuation report. Valtech has also confirmed that it is an independent third party of the Company.

The Directors discussed the valuation report with Valtech and understand that Valtech has conducted a site visit for the valuation and has adopted the following valuation methodology and key assumptions:

(1) *Valuation methodology*

- Due to the nature of the buildings and structures of the production plant on the Resumed Land, since there are no comparable market sales readily available, the property interest was valued through the cost approach with reference to 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 replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.
- In arriving at the value of the land portion, market approach was adopted by reference to the sales evidence available in the locality.

(2) *Valuation assumption*

- All necessary statutory approvals for the production plant on the Resumed Land or the subject building of which the production plant on the Resumed Land forms part of their use have been obtained;

LETTER FROM THE BOARD

- Transferable land use rights in respect of the production plant on the Resumed Land for specific terms at nominal annual land use fees have been granted and any premium payable has already been fully paid;
- The owners of the production plant on the Resumed Land have enforceable titles to the production plant on the Resumed Land and have free and uninterrupted rights to use, occupy or assign the production plant on the Resumed Land for the whole of the respective unexpired terms as granted; and
- The production plant on the Resumed Land are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown.

The Directors have reviewed the valuation report prepared by Valtech and understand that as at 31 March 2020, the market value of the Resumed Land and the production plant erected on the Resumed Land was approximately RMB169,000,000. The Directors also reviewed the underlying calculations and information on comparable land and building costs, and assessed the unit price of land adopted by Valtech and concluded it is within the range of the unit price obtained by Hung Hing Packaging through public sources. Additionally, the Directors understand that due to the nature of the buildings and structures of the production plant on the Resumed Land since there are no comparable market sales readily available, the Directors are of the view that the cost approach with reference to its depreciated replacement cost used by Valtech to value the property interest is fair and reasonable. The Directors also understand that in arriving at the value of the land portion, reference was made by Valtech to the sales evidence available in the locality, and the Directors are of the view that the market sales evidence used by Valtech is fair and reasonable after reviewing the valuation report prepared by Valtech.

Based on the above, the Directors are of the view that the valuation methodology and key assumptions adopted in valuation report prepared by Valtech as set out in Appendix II of this Circular are fair and reasonable.

All expected costs of the vacation of the Resumed Land and relocation of the production plant on the Resumed Land (i.e. approximately RMB6,000,000) are to be borne by Hung Hing Packaging but such costs are included as part of the compensation amount to be paid by Wuxi Local Administration to Hung Hing Packaging. The Company expects completion of the vacation and relocation of the Resumed Land to take place in or around October 2022 and does not anticipate any loss resulting from the relocation which would lead to a material adverse effect on the Company.

LETTER FROM THE BOARD

(v) Undertakings by Wuxi Local Administration

Pursuant to the relevant PRC laws and regulations and the Land Resumption Agreements, Wuxi Local Administration undertook to assist Hung Hing Packaging to liaise with the relevant tax authorities in order to (a) treat the year of completion of the relocation as five years from the day of receipt of the first compensation in the amount of RMB118,494,634 which will result in a postponement of the tax payment and (b) exempt the compensation amount of RMB296,236,585 from value-added tax.

Wuxi Local Administration also undertook that within nine months of the date of the Land Resumption Agreements, Wuxi Local Administration shall procure Hung Hing Packaging to take steps, through a tender, auction or listing-for-sale for the New Land, to obtain land use rights over the New Land. In the event that the New Land cannot be provided to Hung Hing Packaging within nine months after the date of the Land Resumption Agreements, Wuxi Local Administration agreed that (a) Hung Hing Packaging shall continue to operate on Land B without the need to be relocated and Wuxi Local Administration will provide the necessary assistance and support to Hung Hing Packaging; (b) Wuxi Local Administration will compensate Hung Hing Packaging for any expenses required for additional facilities and equipment for its existing production operation to meet the regulatory requirements, including for environment-protection, pollution discharge and fire-fighting; and (c) Wuxi Local Administration will also compensate Hung Hing Packaging for any increased costs and fees for relocation, New Land acquisition and construction and other matters relating thereto. The value conferred under paragraphs (b) and (c) is the compensation to Hung Hing Packaging for Wuxi Local Administration's violation of the above-mentioned undertakings in relation to the granting of the New Land, which is not taken into account in the total compensation amount payable by Wuxi Local Administration to Hung Hing Packaging for Land Resumption and such value conferred under paragraphs (b) and (c) is not subject to any cap. Such additional compensation will be determined based on the loss suffered by Hung Hing Packaging as a result of it staying at Land B. In the event that Hung Hing Packaging continues to operate on Land B without relocating as mentioned above, the legal title for Land B will remain with Hung Hing Packaging until vacation from the land and the cancellation of the title to the land and the real properties thereon according to the PRC Legal Advisers and as such, the Directors believe that the continuation of operation on Land B in such circumstances will not constitute an acquisition of Land B by Hung Hing Packaging under Chapter 14 of the Listing Rules.

The Directors are of the view that the probability is non-existent for such additional compensation, when aggregated with the total compensation and the one-off subsidy, to result in a re-classification of the Disposal to a very substantial disposal under Chapter 14 of the Listing Rules based on the following reasons: (i) such additional compensation amount would have to be more than approximately RMB361,000,000 before the highest percentage ratio could reach the threshold of a very substantial disposal and the Directors are of the view that it would be highly implausible for such additional compensation, if any, to reach such magnitude; (ii)

LETTER FROM THE BOARD

the compensation amount will only be payable in remote circumstances in the event where Wuxi Local Administration fails to provide the New Land within nine months after the date of the Land Resumption Agreements and where the increased costs and expenses, representing such additional compensation amount, were not covered by the total compensation amount of RMB296,236,585 for Land Resumption; and (iii) according to the PRC Legal Advisers, any additional compensation would be considered as compensation to Hung Hing Packaging for Wuxi Local Administration's breach of contract and would not be considered as part of the consideration for the Disposal. The compensation mechanism was concluded to give Hung Hing Packaging added bargaining power in the event Hung Hing Packaging stands to suffer any unexpected losses which may or may not be caused by Wuxi Local Administration or the local governmental authorities. In the highly unlikely event that such additional compensation amount, when aggregated with the total compensation and one-off subsidy of RMB4,000,000 mentioned below, results in a re-classification of the Disposal to a very substantial disposal, the Company will comply with the relevant requirements Chapter 14 of the Listing Rules.

The expected acquisition cost of the land use rights over the New Land is approximately RMB26,200,000. As the applicable percentage ratio is expected to be less than 5%, the acquisition of the New Land will not constitute a notifiable transaction for the Company. In the unlikely event that the acquisition of the New Land constitutes a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements.

(vi) Investment in the New Land

Pursuant to the Land Resumption Agreements, Hung Hing Packaging plans on (i) obtaining approval documents for the construction of a new production plant at the New Land that adopts high-tech package printing technologies, which requires a total investment of RMB300 million (or the USD equivalent) in the New Land as stated below, within three months after acquiring the New Land; (ii) increasing its share capital through an injection of USD20 million from the Company's internal financial resources within nine months from the grant of the New Land; (iii) using a total investment of RMB300 million (or the USD equivalent), which can be satisfied by the injected USD20 million and other internal funding, for the construction of the new production plant, new equipment and miscellaneous development and operation costs such as the cost for procurement of materials; and (iv) commencing trial production within 18 months upon obtaining a building permit relating to the new production plant on the New Land. On the basis of (i) the estimated investment costs of approximately RMB202 million in the New Land including, but not limited to, the construction of the new production plant, acquisition of new high-tech printing equipment and miscellaneous development costs; (ii) the expected costs of sales which could cover a significant portion of the investment amount given the scale of Hung Hing Packaging's operation with reference to the costs of sales attributable to the Resumed Land and the production plant erected on the Resumed Land, which for the two financial years ended 31 December 2018 and 2019 is approximately HK\$213,554,000 and HK\$172,684,000,

LETTER FROM THE BOARD

respectively, the Directors believe the total investment of RMB300 million (of which part of it can be satisfied by the capital injection of USD20 million) are fair and reasonable.

In addition, Wuxi Local Administration agreed to grant an one-off subsidy in the amount of RMB4,000,000 to Hung Hing Packaging for the implementation of such project provided that Hung Hing Packaging injected the said share capital under item (ii) above and the subsidy be used for the investment and production of high-tech package printing technologies. Hung Hing Packaging is entitled to the one-off subsidy within 30 days after the procedures for increasing the said share capital are completed and such share capital is paid-up.

(vii) Completion

It was agreed that the rights and obligations relating to, among other things, the Land Resumption and other undertakings under the Land Resumption Agreements shall become effective upon the Company obtaining approval from the Shareholders. As disclosed in the announcement of the Company dated 17 April 2020, written Shareholders' approval from the closely allied group has been obtained. The Land Resumption Agreements became effective on 17 April 2020.

3. REASONS AND BENEFITS FOR THE LAND TO BE RESUMED

The principal business activities of the Group comprises (i) book and package printing; (ii) consumer product packaging; (iii) corrugated box manufacturing; and (iv) paper trading.

The Wuxi Local Administration has advised Hung Hing Packaging that the Resumed Land is situated within parcels of land that are subject to resumption, following the Xinwu District Government's recently published zoning and land planning requirements that prioritize or place emphasis on certain selected new industries. If Hung Hing Packaging were to stay at the Resumed Land, Hung Hing Packaging's business operations would be subject to policy restrictions, legal constraints or delays in obtaining regulatory approvals that would not be conducive to the sustained development of Hung Hing Packaging's continued operation considering the Group's principal business activities.

To alleviate the financial impact on Hung Hing Packaging, Wuxi Local Administration agreed to, among others, compensate Hung Hing Packaging in the amount of RMB296,236,585 for the loss incurred in surrendering the Resumed Land and providing tax relief. Hung Hing Packaging also intends to increase its production capacity, which would not be possible if Hung Hing Packaging were to stay at the Resumed Land, due to the restrictions, constraints and delays mentioned above. Additionally, the layout and configuration of the current facilities at the Resumed Land cannot be readily transformed or redeployed to meet the new demands of a modern facility.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreements and the Disposal contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The net book value of the Resumed Land and the production plant erected on the Resumed Land as at 31 December 2019 was approximately RMB66,500,000 (which is approximately 22.5% of the total compensation for the Land Resumption).

Land A, Land B and the properties erected thereon will be de-recognised from the books of the Group when the Group transfers its legal title to Wuxi Local Administration. The relevant equipment will be de-recognised from the books of the Group or impaired if it cannot be relocated to the new production plant or is damaged during the relocation process. Upon completion of the Land Resumption, it is estimated that the total assets of the Group would be increased by approximately RMB219,000,000 (total compensation less net book value of the Resumed Land and the production plant erected on the Resumed Land, the estimated vacation and relocation costs and other related expenses) and there will be no material impact to the total liabilities of the Group.

The revenue, cost of sales and net profit (before and after taxation) attributable to the Resumed Land and the production plant erected on the Resumed Land for the two financial years ended 31 December 2018 and 2019 are as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	245,274	202,578
Cost of sales	213,554	172,684
Profit before taxation	6,679	7,573
Profit after taxation	4,722	5,506

It was estimated that there would be a gain in the amount of approximately RMB219,000,000 on the Land Resumption accrued to the consolidated accounts of the Group which is calculated by reference to the total compensation for the Land Resumption (i.e. RMB296,200,000) less the net book value of the Resumed Land and the production plant erected on the Resumed Land (i.e. approximately RMB66,500,000) as at 31 December 2019, the estimated vacation and relocation costs (i.e. approximately RMB6,000,000) and other related expenses (such as severance of employees, consulting fees for local legal advisors and surveyors and other professional fees and spending) (i.e. approximately RMB4,700,000). The gain on the Land Resumption will be recognised as income over the period and progress of the land resumption. Such estimated gain has not taken into account of any PRC profits tax to be or may be charged. The actual gain will depend on the

LETTER FROM THE BOARD

net book value of the Resumed Land, the production plant erected on the Resumed Land attributable to the Group as at the date of completion of the Land Resumption, the net book value of certain office and production equipment failed to be relocated and reused, damaged or impaired (if any, office equipment, furniture, inventory etc.), the actual costs and expenses to be incurred in connection with the Land Resumption, relocation of the production plant and the amortization of the Resumed Land, depreciation of the production plant erected on the Resumed Land and the depreciation of relevant equipment.

The net proceeds (after deducting estimated relocation costs) arising from the Disposal will be approximately RMB290 million.

The Company intends to apply the net proceeds in the following manner:

- (1) approximately 50% of the net proceeds from the compensation of the Land Resumption for the development of the New Land in accordance with the relocation plan, which is expected to be utilized by the fourth quarter of 2022; and
- (2) approximately 50% of the net proceeds from the compensation of the Land Resumption for the Group's general working capital to cover its raw material costs and operating costs which consist of costs for staff, equipment purchase, repairs and maintenance, and others, which is expected to be utilized by the end of 2020.

5. INFORMATION ON HUNG HING PACKAGING AND WUXI LOCAL ADMINISTRATION

Hung Hing Packaging is a company incorporated in the PRC with limited liability and a directly wholly-owned subsidiary of the Company and is principally engaged in production and colour printing of paper products in the PRC.

Wuxi Local Administration is located in Wuxi City, Jiangsu Province, the PRC, the local body entrusted by Xinwu District Government who is responsible for, among others, the implementation of the resumption of the Resumed Land.

6. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Land Resumption exceeds 25% but is less than 75%, the Land Resumption constitutes a major transaction for the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As no Shareholder has a material interest in the Land Resumption and the transactions contemplated thereunder, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Land Resumption. The Company has obtained a written shareholders' approval from the closely allied group, being C.H. Yam, Hung Tai and Rengo, holding in an aggregate of

LETTER FROM THE BOARD

563,746,379 Shares, representing approximately 62.1% of the entire issued share capital of the Company, for the Land Resumption and the transactions contemplated thereunder. Accordingly, the written approval from the closely allied group will be accepted in lieu of holding a general meeting of the Company for the approval of the Land Resumption pursuant to Rule 14.44 of the Listing Rules.

The Company has obtained a written shareholders' approval from the following closely allied group of Shareholders who together hold more than 50% of the voting rights at the general meeting to approve the Land Resumption and the transaction contemplated thereunder:

- (1) C.H. Yam, 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, directly owns as to 92,231,189 Shares (representing approximately 10.2% of the entire issued share capital of the Company);
- (2) Hung Tai, a company wholly-owned by C.H. Yam International Limited, directly owns as to 199,963,190 Shares (representing approximately 22.0% of the entire issued share capital of the Company); and
- (3) Rengo, a company listed on the Tokyo Stock Exchange, directly owns 271,552,000 Shares (representing 29.9% of the entire issued share capital of the Company).

The closely allied group of Shareholders has been voting in the same way in all resolutions since they became Shareholders over eight years ago, including the approval of the very substantial disposal in the extraordinary general meeting held on 12 May 2017. The interest of the closely allied group of Shareholders is no different from other Shareholders in respect of the transaction. Other than voting in the same way, there is no other arrangement (expressed or implied) between C.H. Yam, Hung Tai and Rengo.

7. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the transactions contemplated thereunder is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

8. OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Hung Hing Printing Group Limited
Shek Kwok Man
Chief Financial Officer & Company Secretary

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2017, 2018 and 2019 have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.hunghingprinting.com>):

- (i) the audited consolidated financial statements of the Group for the year ended 31 December 2017 is disclosed in the annual report of the Company for the year ended 31 December 2017 published on 20 April 2018, from pages 74 to 160 on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0420/ltn20180420193.pdf>) and the website of the Company (http://www.hunghingprinting.com/img/upload/EW00450_Annual_Report_1524187490.pdf).
- (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 is disclosed in the annual report of the Company for the year ended 31 December 2018 published on 17 April 2019, from pages 71 to 164 on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417161.pdf>) and the website of the Company (http://www.hunghingprinting.com/img/upload/E_Annual_Report2018.pdf).
- (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 22 April 2020, from pages 48 to 132 on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0422/2020042201000.pdf>) and the website of the Company (http://www.hunghingprinting.com/img/upload/EW00450_Annual_Report_1588037783.pdf).

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of indebtedness statement prior to printing of this circular, the Group had total outstanding bank borrowings of HK\$101 million and lease liabilities of HK\$8.8 million. All of the bank borrowings are guaranteed and unsecured.

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 31 March 2020, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges or hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors, after due and careful enquiry and consideration, are of the opinion that the Group will, after taking into account the effect of the Disposal and the present internal financial resources available to the Group including internally generated cash flows and the existing banking and credit facilities available, have sufficient working capital for the Group's requirements for at least 12 months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in book and package printing, consumer product packaging production, corrugated box manufacturing, paper trading, and design innovation in these areas.

Despite challenging macro-economic conditions in recent years, the Group managed to stay responsive and agile to meet evolving client needs. In 2019, the Group maintained stable revenue of HK\$3.08 billion and a strong cash position of HK\$965 million, which allows the Group to provide stable returns to shareholders, while giving the Group flexibility to seek opportunities to continue to transform its businesses. Going forward, despite the uncertainties surrounding the ongoing coronavirus outbreak witnessed in the first quarter in 2020, the Group will continue to focus on its vision as a long-term strategic partner to global customers, leading the world in printing and paper product innovation beyond manufacturing. The Group's financial objective is to deliver consistent returns and long-term growth to shareholders from a leading position in its industry. The strategy to achieve this involves resilience and long-term commitment in fixed and human assets, and an unwavering focus on quality, efficiency and customer service.

The following is the text of a valuation report, prepared for the purpose of incorporation in this document received from Valtech Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2020 of the Property of the Company.



Valtech Valuation Advisory Limited
Unit 2106, 21/F, Futura Plaza
111-113 How Ming Street, Kwun Tong, Hong Kong
T: +852 2388 9262
F: +852 2388 2727
www.valtech-valuation.com

25 May 2020

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

Dear Sir/Madam,

INSTRUCTIONS

We refer to your instruction for us to value the property interests to be disposed (the "**Property**") by Hung Hing Printing Group Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in the People's Republic of China (the "**PRC**"). We confirm that we have 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 Property as at 31 March 2020 (the "**Valuation Date**").

This letter, which forms part of our valuation report, explains the basis and methodology of valuation, clarifying assumptions and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value ("**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 wherein 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 and without offset for any associated taxes or potential taxes.

Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

Due to the nature of the buildings and structures of the Property, there are no market sales comparable readily available, the property interest has been valued by the cost approach with reference to 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 replacement of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

In arriving at the value of the land portion, market approach was adopted by reference to the sales evidence as available in the locality.

VALUATION CONSIDERATIONS

In valuing the Property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards 2017 which incorporates the International Valuation Standards (IVS).

VALUATION ASSUMPTION

In our valuation, unless otherwise stated, we have assumed that:

- i. all necessary statutory approvals for the Property or the subject building of which the Property forms part of their use have been obtained;
- ii. transferable land use rights in respect of the Property for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- iii. the owners of the Property have enforceable titles to the Property and have free and uninterrupted rights to use, occupy or assign the Property for the whole of the respective unexpired terms as granted; and
- iv. the Property are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the Property. However, we have not examined the original documents to verify the existing title to the Property or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Company’s PRC legal advisers, Fangda Partners, concerning the validity of the title to the Property.

LIMITING CONDITIONS

We have conducted on-site inspections to the Property on 27 April 2020 by Joey Huang (China certified real estate appraiser). The inspector has over 10 year experience in property valuation in PRC.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of the Group. Neither have we verified the correctness of any information supplied to us concerning the Properties.

REMARKS

We have valued the Property in Renminbi (RMB).

We enclose herewith the "Valuation Particular".

Yours faithfully,
For and on behalf of
Valtech Valuation Advisory Limited
Peggy Y. Y. Lai
MHKIS, MRICS, RPS(GP), BSC
Director

Ms. Peggy Y. Y. Lai is a Registered Professional Surveyor (GP) with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, United Kingdom, Canada, mainland China and the Asia Pacific Region. Ms. Lai is a Professional Member of The Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors as well as a Member of China Institute of Real Estate Appraisers and Agents in the PRC.

VALUATION PARTICULARS

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 March 2020 RMB
The production plant erected on 27 Changjiang South Road (the "Resumed Land"), Wuxi City, Xinwu District, Jiangsu Province, the PRC	<p>The property comprises an industrial complex comprise of several 1-7 storeys buildings erected on the Resumed Land with site area of approximately 150,317.50 sq.m. completed at about 2004.</p> <p>The buildings include workshop, office, staff dormitories and other ancillary facilities with total gross floor area of approximately 55,097.23 sq.m. and temporary buildings and structures with a total gross floor area of approximately 3,698.16 sq.m.</p> <p>The land use rights of the property are held for a term expiring on 30 March 2052 for industrial use.</p>	The property is currently held by the owner as production plant.	169,000,000 (Renminbi One Hundred and Sixty Nine Million Only)

Notes:

- i. Pursuant to land use right certificate – Xi Xin Guo Yong (2002) No. 105 (錫新國用(2002)字第105號), the land use right of the property with site area of 150,317.50 sq.m. has been granted to Hung Hing Packaging (Wuxi) Company Limited ("Hung Hing Packaging"), a directly wholly-owned subsidiary of the Company for a term of 50 years to 30 March 2052.
- ii. Pursuant to four sets of building ownership certificates, the building ownership of the property with total gross floor area of approximately 55,097.23 sq.m. have been vested in Hung Hing Packaging for industrial use. Details of the certificates are listed below:

Reference	Property	Total Gross Floor Area (sq.m.)
Xi Fang Quan Zheng Xin Zi No. 65022148	Buildings No. 1-5	33,030.43
Xi Fang Quan Zheng Xin Zi No. 65022149	Buildings No. 6-10	15,101.92
Xi Fang Quan Zheng Xin Zi No. 65022150	Buildings No. 11-14	370.94
Xi Fang Quan Zheng Zi No. XQ1000452630	Buildings No. 15&16	6,593.94
Total:		<u>55,097.23</u>

- iii. We have been provided with a legal opinion by the Group's PRC legal adviser, Fangda Partners, regarding the legal title of the property, which contains, inter alia, the followings:
- i) the property is legally held by Hung Hing Packaging;
 - ii) Hung Hing Packaging is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
 - iii) the property is free from any mortgage or third parties' encumbrance.
- iv. As advised, there are temporary buildings and structures with gross floor area of approximately 3,698.16 sq.m. erected on the Resumed Land but no valid title certificates have been provided, therefore we have assigned no commercial value to such portion.

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) Directors' Interests in Shares and Underlying Shares

As at the Latest Practicable Date, the interests of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Long positions in ordinary shares of the Company:

Name of directors	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Share award scheme		
Yum Chak Ming, Matthew	48,649,400	-	1,322,940	49,972,340	5.50
Sung Chee Keung	2,817,544	60,000	259,210	3,136,754	0.35
Yap, Alfred Donald	27,504	-	-	27,504	-

Save as disclosed above, as at the Latest Practicable Date, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, the following interest of 5% or more of the issued share of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

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 31 December 2019. 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, no person, other than the directors of the Company, whose interests are set out in the section "Directors' Interests in Shares and Underlying Shares" above, had registered an interest and short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

3. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2019 (being the date to which the latest published audited accounts of the Group were made up), 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.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

There is no existing or proposed service contract between any member of the Group and any Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS

Each of the Directors has confirmed that so far as they are aware of, none of the Directors or his/her respective close associates has any interest in a business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

7. QUALIFICATIONS AND CONSENT OF EXPERT

The following is the qualification of the expert who has provided its advice for inclusion in this circular:

Name	Qualification
Valtech Valuation Advisory Limited	Independent professional property valuer

Valtech has given and has not withdrawn its written consent to the issue of this circular with the inclusion of extracts of its report and the reference to its name in the form and context in which they appear.

Valtech has confirmed that each of the letter and report made by them was given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Valtech was not interested beneficially or otherwise in any shares or securities in any of subsidiaries or associated corporation (within the meaning of Part XV of the SFO) of the Company and did not have any rights, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any Shares or securities in any of subsidiaries or associated corporations of the Company nor did they have any interests, either directly or indirectly, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date which are, or may be, material:

- **The Land Resumption Agreements**

Save as disclosed above, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years immediately preceding the issue of this circular and up to the Latest Practicable Date.

9. MISCELLANEOUS

- (a) The principal place of business and the registered office of the Company is Hung Hing Printing Centre, 17–19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.
- (b) 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).
- (c) The share registrar and the transfer office of the Company is Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over the respective Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except for public holidays) at Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong, for a period of 14 days from the date of this circular:

- (a) The memorandum of association and the articles of association of the Company;
- (b) the annual reports of the Group for the years ended 31 December 2017, 2018 and 2019;
- (c) the material contract as referred to in the paragraph headed "Material Contracts" in this appendix;
- (d) the valuation report issued by Valtech, the text of which is set out in Appendix II of this circular;
- (e) the consent letter from Valtech as referred to in the paragraph headed "Qualifications and Consent of Expert" in this appendix; and
- (f) this circular.