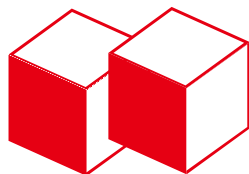


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**HUNG HING**

**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**

**THE LAND RESUMPTION**

The Board announces 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 wholly-owned subsidiary of the Company entered into 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 in consideration of a compensation of RMB296,236,585 (subject to upward adjustment) 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 will plan on investing in the New Land and Wuxi Local Administration shall provide subsidy relating to such project.

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 the approval from the Shareholders.

**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 relocation as five years from the day of receipt of the first compensation in the amount of RMB118,494,634 (subject to upward adjustment) for the purpose of taxation and (b) exempt payment of value-added tax in relation to the compensation amount, being RMB296,236,585.

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 of the New Land, to obtain land use rights over a new piece of land situated in Changjiang East Road, Jin San Road District (長江東路、經三路區域) (“**New Land**”) with a size of not less than approximately 33,333 sq.m at a consideration of not more than the property valuation of the Resumed Land per sq.m. 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 increased operating expenses to maintain its existing production operation and (c) the Local Government will also compensate Hung Hing Packaging for any increased costs and fees for relocation, New Land acquisition and construction and other matters relating thereto.

### **INVESTMENT IN THE NEW LAND**

Pursuant to the Land Resumption Agreements, Hung Hing Packaging will plan on (i) constructing a new production plant at the New Land that adopts high-tech package printing technologies; (ii) obtaining approval documents for the production plant construction project within three month after acquiring the New Land and investment amount of RMB300 million (or the USD equivalent); (iii) injecting USD20,000,000 within nine months from the land grant of the New Land and (iv) commencing production within 18 months upon obtaining building permit relating to the new production plant on the New Land mentioned in (i) above.

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 capital and the subsidy be used in the high-tech package printing technologies and met certain financial performance objectives.

### **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 intends to seek a written shareholders’ approval from a closely allied group of Shareholders, holding in an aggregate 558,386,379 Shares, representing approximately 61.5% of the entire issued share capital of the Company as at 29 February 2020, for Land Resumption and the transactions contemplated thereunder. Accordingly, the written approval from a closely allied group of Shareholders, if obtained, 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.

## **GENERAL**

A circular containing, among other things, (i) further information in relation to the Land Resumption Agreements and the Land Resumption thereunder; (ii) an independent valuation report in relation to the Resumed Land; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders in accordance with the Listing Rules.

**Completion of the Land Resumption is conditional upon the approval of the Shareholders. Accordingly, the Land Resumption may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## **THE LAND RESUMPTION**

The Board announces 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 wholly-owned subsidiary of the Company entered into 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 in consideration of a compensation of RMB296,236,585 (subject to upward adjustment) 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 will plan on investing in the New Land and Wuxi Local Administration shall provide subsidy relating to such project.

## **LAND RESUMPTION AGREEMENTS**

### **DATE OF THE LAND RESUMPTION AGREEMENTS**

3 April 2020 (after trading hours)

### **PARTIES TO THE LAND RESUMPTION AGREEMENTS**

Vendor : Hung Hing Packaging (Wuxi) Company Limited a wholly-owned subsidiary of the Company

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)

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.

Pursuant to the Land Resumption Agreements, (i) Wuxi Local Administration will resume, and Hung Hing Packaging will surrender, the Resumed Land in consideration of a compensation of RMB296,236,585 (subject to upward adjustment) payable by the 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 will plan on investing in the New Land and the Wuxi Local Administration shall provide subsidy relating to such project.

## LAND TO BE RESUMED

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:

<b>Address:</b>	Blocks 15-16, 27 Changjiang South Road, Wuxi City, Xinwu District Jiangsu Province, the PRC together with certain idle land (“ <b>Land A</b> ”)	Blocks 1-14, 27 Changjiang South Road, Wuxi City, Xinwu District, Jiangsu Province, the PRC (“ <b>Land B</b> ”)
<b>Size of total area of the Resumed Land</b>	65,894.7 sq.m.	84,422.8 sq.m.
<b>Current land use</b>	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 our business operation.

## 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 (subject to upward adjustment), 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 (subject to upward adjustment) 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 (subject to upward adjustment) shall be paid by Wuxi Local Administration to Hung Hing Packaging upon Hung Hing Packaging vacates from Land A to Wuxi Local Administration’s satisfaction following its site inspection;

- (3) a further sum of RMB64,686,159.30 (subject to upward adjustment) 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 building permit for the new production plant in the New Land;
- (4) a further sum of RMB49,874,330.05 (subject to upward adjustment) shall be paid by Wuxi Local Administration to Hung Hing Packaging upon Hung Hing Packaging vacated from the Resumed Land to Wuxi Local Administration's satisfaction following its site inspection; and
- (5) a further sum of RMB14,811,829.25 (subject to upward adjustment) shall be paid by Wuxi Local Administration to Hung Hing Packaging upon signing of the final relocation handover documents.

The compensation for the Resumed Land is subject to an upward adjustment upon performance of audit work by Wuxi Local Administration.

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 by an independent professional valuer and the tax relief and undertakings offered by Wuxi Local Administration.

#### **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 relocation as five years from the day of receipt of the first compensation in the amount of RMB118,494,634 (subject to upward adjustment) for the purpose of taxation and (b) exempt payment of value-added tax in relation to the compensation amount, being RMB296,236,585.

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 a new piece of land situated in Changjiang East Road, Jin San Road District (長江東路、經三路區域) (“**New Land**”) with a size of not less than approximately 33,333 sq.m at a consideration of not more than valuation of the Resumed Land per sq.m. 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 increased operating expenses to maintain its existing production operation 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.

## **INVESTMENT IN THE NEW LAND**

Pursuant to the Land Resumption Agreements, Hung Hing Packaging will plan on (i) constructing a new production plant at the New Land that adopts high-tech package printing technologies; (ii) obtaining approval documents for the production plant construction project within three month after acquiring the New Land and investment amount of RMB300 million (or the USD equivalent); (iii) injecting USD20,000,000 within nine months from the land grant of the New Land and (iv) commencing trial production within 18 months upon obtaining building permit relating to the new production plant on the New Land mentioned in (i) above.

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 capital and the subsidy be used in the high-tech package printing technologies and met certain financial performance objectives.

## **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 the approval from the Shareholders.

## **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 (subject to upward adjustment) for the loss incurred in surrendering the Resumed Land and providing undertaking in relation to tax relief. Hung Hing Packaging also intends to increase its production capacity. This would not be possible if Hung Hing Packaging was 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.

The Directors (including the independent non-executive Directors) consider that the terms of the Land Resumption Agreements and the Land Resumption 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.



## **Financial Effects of the Disposal and Proposed Use of Proceeds**

The net book value of the Resumed Land, the production plant erected on the Resumed Land and the relevant equipment projected (only the estimate of the relevant portion being affected) as shown in the Company's latest audited accounts as at 31 December 2019 was approximately RMB42,000,000 (which is approximately 14.2% of the total compensation to be paid by Wuxi Local Administration). The net profit attributable to the Resumed Land and the production plant erected on the Resumed Land for the year ended 31 December 2019 was approximately RMB7,573,000.

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 net proceeds from the Land Resumption less the net book value of the Land and the production plant erected on the Land and certain equipment as at 31 December 2019, the estimated relocation costs and other related expenses. 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 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, damage or impairment to other assets (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, which are yet to be determined as at the date of this announcement.

The net proceeds (after deducting other expenses in relation thereto) arising from the Land Resumption will be of approximately RMB290 million.

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

- (i) approximately 50% of the net proceeds from the compensation of the Land Resumption for the development of the New Land; and
- (ii) approximately 50% of the net proceeds from the compensation of the Land Resumption for the Group's general working capital.

## **INFORMATION ON HUNG HING PACKAGING AND WUXI LOCAL ADMINISTRATION**

Hung Hing Packaging is a 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.

## **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 intends to seek a written shareholders' approval from a closely allied group, holding in an aggregate 558,386,379 Shares, representing approximately 61.5% of the entire issued share capital of the Company as at 29 February 2020, for the Land Resumption and the transactions contemplated thereunder. Accordingly, the written approval from a closely allied group of Shareholders, if obtained, 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 intends to obtain 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 International Limited, established by the founder of the Company, was held by Mr. Yum Chak Ming, Matthew, Mr. Yam Han Ming, Tommy and other immediate family members of the founder, directly owns as to 91,571,189 Shares (representing approximately 10.1% of the entire issued share capital of the Company);
- (2) Hung Tai Industrial Company Limited, a company wholly-owned by C.H. Yam International Limited, directly owns as to 195,263,190 Shares (representing approximately 21.5% of the entire issued share capital of the Company); and
- (3) Rengo Co., Ltd., 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 were Shareholders, including the approval of the very substantial disposal in the extraordinary general meeting held on 12 May 2017. They have been Shareholders for over 8 years. The interest of the closely allied group of Shareholders is no different from other Shareholders in respect of the transaction.

## **GENERAL**

A circular containing, among other things, (i) further information in relation to the Land Resumption Agreements and the Land Resumption thereunder; (ii) an independent valuation report in relation to the Resumed Land; and (iii) other information as required under the Listing Rules is expected to be despatched to the Shareholders in accordance with the Listing Rules.



**Completion of the Land Resumption is conditional upon the approval of the Shareholders. Accordingly, the Land Resumption may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	Hung Hing Printing Group Limited, a company incorporated in Hong Kong, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribe under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hung Hing Packaging”	Hung Hing Packaging (Wuxi) Company Limited, 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 in consideration of a compensation of RMB296,236,585 (subject to upward adjustment) 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 plan on investing in the New Land and Wuxi Local Administration shall provide subsidy relating to such project, pursuant to the terms and conditions of the Land Resumption Agreements
“Land Resumption Agreements”	agreements entered into between Hung Hing Packaging and Wuxi Local Administration dated 3 April 2020 in relation to the Land Resumption

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Resumed Land”	the lands which is intended to be resumed by Local Government pursuant to the Land Resumption Agreements, comprising of Land A and Land B
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of the Company
“Shareholder(s)”	holders of the Shares
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar. the lawful currency of the United States
“Wuxi City Government”	the People’s Government of Wuxi City
“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

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

Hong Kong, 6 April, 2020

*As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung as executive directors; Mr. Hirofumi Hori, Mr. Masashi Nakashima, Mr. Yoshihisa Suzuki and Mr. Yam Hon Ming, Tommy as non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive directors.*