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**HUNG HING PRINTING GROUP LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 450)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**THE RENEWED SALE OF PAPER PRODUCTS FRAMEWORK  
AGREEMENT AND THE RENEWED PURCHASE OF PAPER  
PRODUCTS FRAMEWORK AGREEMENT**

**RENEWAL OF SALE OF PAPER PRODUCTS FRAMEWORK AGREEMENT AND  
PURCHASE OF PAPER PRODUCTS FRAMEWORK AGREEMENT**

Reference is made to the Company's announcement dated 9 December 2021, regarding, among other things, the 2021 Sale of Paper Products Framework Agreement and the 2021 Purchase of Paper Products Framework Agreement. The 2021 Sale of Paper Products Framework Agreement and the 2021 Purchase of Paper Products Framework Agreement will expire on 31 December 2024. On 23 December 2024, the Company and Rengo have entered into the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement which will become effective on 1 January 2025.

The terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are similar to those of the 2021 Sale of Paper Products Framework Agreement and the 2021 Purchase of Paper Products Framework Agreement, respectively.

**LISTING RULES IMPLICATIONS**

Rengo, which is holding approximately 29.91% 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 the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the Annual Caps for the transactions contemplated under the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement exceed 0.1% but are less than 5%, such transactions are continuing connected transactions of the Company which are exempt from circular (including independent financial advice) and independent shareholders' approval requirement under Listing Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

## **1. BACKGROUND**

Reference is made to the Company's announcement dated 9 December 2021, regarding, among other things, the 2021 Sale of Paper Products Framework Agreement and the 2021 Purchase of Paper Products Framework Agreement. The 2021 Sale of Paper Products Framework Agreement and the 2021 Purchase of Paper Products Framework Agreement will expire on 31 December 2024. On 23 December 2024, the Company and Rengo have entered into the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement which will become effective on 1 January 2025.

The terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are similar to those of the 2021 Sale of Paper Products Framework Agreement and the 2021 Purchase of Paper Products Framework Agreement, respectively.

## **2. THE RENEWED SALE OF PAPER PRODUCTS FRAMEWORK AGREEMENT AND THE RENEWED PURCHASE OF PAPER PRODUCTS FRAMEWORK AGREEMENT**

### **2.1 The Renewed Sale of Paper Products Framework Agreement**

The Group entered into the Renewed Sale of Paper Products Framework Agreement with the Rengo Group, pursuant to which the Group agrees to sell and the Rengo Group agrees to purchase paper products for the period from 1 January 2025 to 31 December 2027.

#### ***Background and reasons for transactions***

The Rengo Group engages in, among other things, packaging business which requires different types of paper products as supplies in its ordinary course of business. The Group has, in its ordinary course of business, sold paper products, such as waste paper, paper, paper packaging material and printed products to the Rengo Group pursuant to the 2021 Sale of Paper Products Framework Agreement. As the Group has been selling paper products to the Rengo Group for a long period of

time, the Renewed Sale of Paper Products Framework Agreement is entered into to facilitate the continuous of sale of such paper products to the Rengo Group.

As the Renewed Sale of Paper Products Framework Agreement is entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors consider that the transactions between the Company and the Rengo Group and the Annual Caps for the transactions under the Renewed Sale of Paper Products Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Historical transaction amounts***

The table below sets forth the historical aggregated amounts of sales of paper products by the Group to the Rengo Group:

	<b>For the Eleven Months ended 30 November 2024</b>	<b>For the Financial Year Ended 31 December 2023</b>	<b>For the Financial Year Ended 31 December 2022</b>	<b>For the Financial Year Ended 31 December 2021</b>
<i>(in HK\$ Million)</i>				
Sale of paper products	1.6 <sup>[Note]</sup>	4.7	2.8	2.7

*Note: Based on the Group's unaudited management account*

### ***Pricing***

Pursuant to the terms of the Renewed Sale of Paper Products Framework Agreement, the price of paper products shall be determined on an arm's length basis and with reference to the prevailing market prices of similar products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by other purchasers;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously supplied by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

### ***Annual caps***

For the three years ending 31 December 2025, 31 December 2026 and 31 December 2027, 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 caps of HK\$5 million for each of the years. The annual caps are determined with reference to the historical aggregated amounts of sales of paper products to the Rengo Group as aforementioned and the potential increase in the Rengo Group's demand for paper products.

### **2.2 The Renewed Purchase of Paper Products Framework Agreement**

The Group entered into the Renewed Purchase of Paper Products Framework Agreement with the Rengo Group, pursuant to which the Group agrees to purchase and the Rengo Group agrees to sell paper products for the period from 1 January 2025 to 31 December 2027.

### **Background and reasons for transactions**

The Group has, in its ordinary course of business, purchased paper products, such as paper and corrugated board as raw materials for its corrugated box and consumer product packaging businesses. It has purchased from the Rengo Group different types of paper and corrugated board pursuant to the 2021 Purchase of Paper Products Framework Agreement. Based on past transactions with the Rengo Group, the Company is of the view that the Rengo Group is a reliable and cooperative provider for paper products.

As the Renewed Purchase of Paper Products Framework Agreement is entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors consider that the transactions between the Company and the Rengo Group and the proposed Annual Caps for the transactions under the Renewed Purchase of Paper Products Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Historical transaction amounts***

The table below sets forth the historical figures of the aggregate purchase of paper products by the Group from the Rengo Group:

	<b>For the Eleven Months ended 30 November 2024</b>	<b>For the Financial Year Ended 31 December 2023</b>	<b>For the Financial Year Ended 31 December 2022</b>	<b>For the Financial Year Ended 31 December 2021</b>
	<i>(in HK\$ Million)</i>			
Purchase of paper products	0.3 <sup>[Note]</sup>	0	2.3	12.9

*Note: Based on the Group's unaudited management account*

### ***Pricing***

Pursuant to the terms of the Renewed Purchase of Paper Products Framework Agreement, the price of paper products shall be determined on an arm's length basis and with reference to the prevailing market prices of similar products and on the following principles:

- (i) by reference to the prevailing market price of the same or substantially similar products, taking into account the price of the same or substantially similar products with comparable order quantities and quality offered by other suppliers;
- (ii) if there are not sufficient comparable transactions in (i) above, on normal commercial terms comparable to those received from independent third parties in respect of the same or substantially similar products with comparable quantities; and
- (iii) if both (i) and (ii) above are not applicable, by reference to the average price of similar products previously supplied by a party, and on normal commercial terms comparable to those offered by the relevant party to independent third parties.

### ***Annual caps***

For the three years ending 31 December 2025, 31 December 2026 and 31 December 2027, the Company proposes that the annual transaction value in relation to the purchase of paper products from the Rengo Group shall not, in aggregate, exceed the annual caps of HK\$5 million for each of the years. The annual caps are determined with reference to the historical aggregated amounts of purchase of paper products from the Rengo Group as aforementioned and the potential increase in the Group's demand for paper products from the Rengo Group.

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

Rengo, which is holding approximately 29.91% 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 the Listing Rules.

As one or more of the applicable percentage ratios ( other than the profits ratio) calculated with reference to the Annual Caps for the transactions contemplated under the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement exceed 0.1% but are less than 5%, such transactions are continuing connected transactions of the Company which are exempt from circular (including independent financial advice) and independent shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

#### **4. INTERNAL CONTROL MEASURES**

The Company has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Group:

- (i) the sales of paper products by the Group to the Rengo Group or purchase of paper products by the Group from the Rengo Group shall be subject to the approval of the relevant departments of the Company to ensure that each transaction is in line with the pricing policy and the principal terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement;
- (ii) the finance department of the Company will closely monitor the transactions of the Group under the Renewed Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement, to ensure that the transaction amounts do not exceed the proposed annual caps;
- (iii) the auditors of the Company shall conduct annual reviews on the pricing and proposed annual caps of the continuing connected transactions to ensure that the transaction amounts are within the proposed annual caps and that the transactions in all material aspects are conducted in accordance with the terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement; and
- (iv) the independent non-executive Directors of the Company shall conduct annual reviews on the continuing connected transactions under the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement to ensure that such transactions are conducted on normal commercial terms and are in the ordinary and usual course of business of the Group, and the terms and conditions thereof are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

#### **5. DIRECTORS' CONFIRMATIONS**

The Directors (including the independent non-executive Directors) are of the view that the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company, and that the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are also of the view that the Annual Caps of the continuing connected transactions under each of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement are fair and reasonable.

The Board approved the terms of the Renewed Sale of Paper Products Framework Agreement and the Renewed Purchase of Paper Products Framework Agreement, the continuing connected transactions contained therein and the Annual Caps. Mr. Hirofumi Hori and Mr. Hitoshi Shibasaki, being the Managing Executive Officers, of Rengo, and Ms. Aki Tsuge, being the director of Group Administration of Tri-Wall Limited, a subsidiary of Rengo, have material interest in such continuing connected transactions, are abstained from voting on the board resolution.

## 6. GENERAL INFORMATION

The Company and its subsidiaries are principally engaged in integrated and technologically advanced operations in book and packaging printing, consumer products packaging, corrugated box manufacturing and paper trading.

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.

## 7. DEFINITION

“Annual Caps”	The proposed Annual Caps set out in sections headed "2.1 The Renewed Sale of Paper Products Framework Agreement - Annual Caps" and "2.2 The Renewed Purchase of Paper Products Framework Agreement - Annual Caps"
“associates”	has the meaning ascribed to it under the Listing Rules
“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
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Renewed Purchase of Paper Products Framework Agreement"	the framework agreement entered into between the Group and the Rengo Group for the purchase of paper products by the Group from the Rengo Group dated 23 December 2024
"Renewed Sale of Paper Products Framework Agreement"	the framework agreement entered into between the Group and the Rengo Group for the sale of paper products by the Group from the Rengo Group dated 23 December 2024
“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 and associates
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as is given by the Listing Rules
"2021 Purchase of Paper Products Framework Agreement"	the framework agreement entered into between the Group and the Rengo Group for the purchase of paper products by the Group from the Rengo Group dated 9 December 2021



"2021 Sale of Paper  
Products Framework Agreement"

the framework agreement entered into between  
the Group and the Rengo Group for the sale of  
paper products by the Group to the Rengo  
Group dated 9 December 2021

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

Hong Kong, 23 December 2024

*As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Yum Christopher Carson, who are executive directors; Mr. Hirofumi Hori, Mr. Hitoshi Shibasaki, Ms. Aki Tsuge and Mr. Yam Hon Ming, Tommy (Mr. Yum Nicholas Kevin as his alternate), who are non-executive directors; Mr. Luk Koon Hoo, Mr. Lo Chi Hong and Mr. Tan Chuen Yan, Paul, who are independent non-executive directors.*