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

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HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE EGM

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 13 of this circular. A letter from Somerley Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular.

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at 3:00 p.m. on Wednesday, 30 January 2013 at Empire Room I, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong is set out on pages 31 to 32 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the office of the Company’s share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the proxy form will not prevent you from attending and voting at the EGM if you so wish.

14 January 2013

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DEFINITIONS

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

“Announcement”	the announcement dated 19 December 2012 issued by the Company in relation to the New Framework Agreements entered into between the Group and the Rengo Group for the sales and purchase of paper products dated 19 December 2012
“Annual Caps”	the proposed annual caps set out on pages 7 and 9 under the sections headed “The Sale of Paper Products Framework Agreement” and “The Purchase of Paper Products Framework Agreement”
“associates”	has the meaning ascribed thereto in the Listing Rules
“Basic Sales and Purchase Agreement”	the basic sales and purchase agreement entered into between the Group and the Rengo Group for sales of paper products by the Group to the Rengo Group dated 1 May 2012 (renewed on 27 November 2012)
“Board”	the board of Directors from time to time
“Business Day”	a day other than a Saturday, Sunday or public holiday in Hong Kong
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“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
“Corrugated Board Agreement”	the agreement entered into between the Group and the Rengo Group for purchase of corrugated board by the Group from the Rengo Group dated 27 November 2012
“Directors”	the directors of the Company

DEFINITIONS

“Effective Date”	the date when the New Framework Agreements are approved by the Independent Shareholders in an extraordinary general meeting to be convened by the Company to approve the transactions contemplated in this announcement
“EGM”	the extraordinary general meeting of the Company to be held at 3:00 p.m. on Wednesday, 30 January 2013 at Empire Room I, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong, notice of which is set out on pages 31 to 32 of this circular (or any adjournment thereof)
“Existing Purchase Framework Agreement”	the framework agreement entered into between the Company and the Paper Mill Entities for purchase of paper by the Group from the Paper Mill Entities dated 29 August 2011 (renewed on 27 February 2012)
“Group”	the Company and each subsidiary (as defined in the Listing Rules) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board consisting of all the independent non-executive Directors
“Independent Shareholders”	Shareholders other than Rengo and Mr. Sung Chee Keung and their respective associates
“Latest Practicable Date”	7 January 2013 being the latest practicable date for ascertaining information contained in this circular prior to printing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Agreements”	the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement
“Non-exempt Transactions”	the continuing connected transactions contemplated under the New Framework Agreements

DEFINITIONS

“Paper Mill Entities”	Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited and Zhongshan Ren Hing Paper Manufacturing Company Limited, each a Sino-foreign joint venture company established under the laws of the People’s Republic of China, and each is a subsidiary of Rengo
“PRC”	the People’s Republic of China
“Purchase of Paper Products Framework Agreement”	the framework agreement entered into between the Group and the Rengo Group for purchase of paper products by the Group from the Rengo Group dated 19 December 2012
“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
“Resolutions”	the ordinary resolutions proposed in the notice of EGM on pages 31 and 32 of this circular
“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 19 December 2012
“Sale of Waste Paper Framework Agreement”	the framework agreement entered into between the Company and the Paper Mill Entities for the sale of waste paper by the Group to the Paper Mill Entities dated 29 August 2011 (renewed on 27 February 2012)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder”	a person entered in the register of members of the Company as the holder from time to time of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Somerley” or “Independent Financial Adviser”	Somerley Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (Advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Framework Agreements and the Annual Caps
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as is given by the Listing Rules
“%”	per cent.



HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

Executive Directors:

Yum Chak Ming, Matthew
Sung Chee Keung

Non-executive Directors:

Yoshitaka Ozawa
Hiroyuki Kimura
Katsuaki Tanaka
Yam Hon Ming, Tommy

Independent non-executive Directors:

Yap, Alfred Donald
Luk Koon Hoo
Lo Chi Hong

Registered Office:

Hung Hing Printing Centre
17-19 Dai Hei Street
Tai Po Industrial Estate
New Territories, Hong Kong

14 January 2013

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION AND NOTICE OF THE EGM

INTRODUCTION

Reference is made to the Announcement in relation to the continuing connected transactions between the Group and the Rengo Group.

In light of the expanding scope and value of the continuing connected transactions with the Rengo Group, the Group and the Rengo Group have on 19 December 2012 entered into, subject to the approval of the Independent Shareholders, two agreements to streamline the underlying transactions, namely, (i) the Sale of Paper Products Framework Agreement; and (ii) the Purchase of Paper Products Framework Agreement, each for a term of three years with effect from the Effective Date. Upon receipt of the Independent

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Shareholders' approval, the Sale of Paper Products Framework Agreement will replace the Sale of Waste Paper Framework Agreement and the Basic Sales and Purchase Agreement, in their entirety; whereas the Purchase of Paper Products Framework Agreement will replace the Existing Purchase Framework Agreement and Corrugated Board Agreement, in their entirety.

The purpose of this circular is to provide you, amongst other things, with (i) details relating to the New Framework Agreements and the Annual Caps; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in connection with the New Framework Agreements and the Annual Caps; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the New Framework Agreements and the Annual Caps; and (iv) a notice of EGM.

BACKGROUND AND REASON FOR THE CONTINUING CONNECTED TRANSACTIONS, PRICING POLICIES AND PROPOSED ANNUAL CAPS

Based on the proposed Annual Caps for the three years ending 31 December 2015, the transactions contemplated under the New Framework Agreements are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Sale of Paper Products Framework Agreement

The Group entered into the Sale of Paper Products Framework Agreement with the Rengo Group on 19 December 2012, pursuant to which the Group agrees to sell and the Rengo Group agrees to purchase paper products for the period from the Effective Date to 31 December 2015.

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 packaging material and printed products to the Rengo Group pursuant to the Sale of Waste Paper Framework Agreement and the Basic Sales and Purchase Agreement. Subject to the approval of Independent Shareholders, the Sale of Paper Products Framework Agreement will replace the Sale of Waste Paper Framework Agreement and the Basic Sales and Purchase Agreement with effect from the Effective Date.

LETTER FROM THE BOARD

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

Sale of paper products by the Group to the Rengo Group	For the Eight Months ended 30 November	For the Year Ended 31 March		
	2012	2012	2011	2010
	(in HK\$ Million)			
	24.30 ¹	19.11	17.29	44.68

Pricing and settlement: Pursuant to the terms of the Sale of Paper Products Framework Agreement, the price of paper products shall be determined on an arm's length basis and with reference to prevailing market prices. The Group considers the prevailing market price and the production costs for the supply of similar paper products to other independent customers from time to time, and negotiate accordingly with the Rengo Group on an arm's length basis to ensure the price and the other terms of the paper products to the Rengo Group are no more favourable than those offered to other independent customers.

The Rengo Group is required to settle payments in accordance with the terms set out in each of the purchase orders for their purchase of the paper products, which shall be no more favourable than those available to independent third parties from time to time. Most of these purchase orders had historically required, and are expected to continue to require, Rengo Group to settle payment within 30 days from the end of the month during which invoices were issued to them by cash or through telegraphic transfer.

Annual cap: For the three years ending 31 December 2013, 31 December 2014 and 31 December 2015, the Company proposes that the annual transaction value in relation to the sale of paper products to the Rengo Group shall not, in aggregate, exceed the annual cap of HK\$59 million, HK\$77 million and HK\$98 million, respectively. The annual cap is determined with reference to the historical aggregated amounts of sales of paper products to the Rengo Group as aforementioned and the potential increase in Rengo Group's demand for paper products.

¹ Based on the Group's unaudited management accounts

LETTER FROM THE BOARD

The Annual Caps for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 as shown above substantially exceed the historical transaction amounts, principally because of the expected increase in volume of paper products to be sold by the Group to the Rengo Group and the expected increase in the selling prices of the Group's paper products (which comprise waste paper and other packaging paper products) as explained below:

- Since early 2012, the Rengo Group started to outsource the production of a small amount of sale promotion products to the Group. The Group expects further business potential for the Rengo Group outsourcing its sale promotion products production to the Group;
- The average selling price per ton of waste paper increased from around HK\$1,140 during the period from 1 April 2009 to 31 March 2010, to around HK\$1,190 during the period from 1 April 2010 to 31 March 2011, and further to around HK\$1,460 during the period from 1 April 2011 to 31 March 2012, representing a simple average annual growth rate of approximately 14.0%. For calculating the Annual Caps above for the years ended 31 December 2013, 2014 and 2015, the Company has assumed (a) the unit price of waste paper based on (i) the average selling price of waste paper during the period from 1 April 2011 to 31 March 2012; and (ii) a 10% increase in the selling prices of waste paper to accommodate any potential upward pricing; and (b) the unit price for the other packaging paper products based on the respective existing unit price of such products or products of similar nature.

The Purchase of Paper Products Framework Agreement

The Group entered into the Purchase of Paper Products Framework Agreement with Rengo Group on 19 December 2012, pursuant to which the Group agrees to purchase and the Rengo Group agrees to sell paper products for the period from the Effective Date to 31 December 2015.

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 Existing Purchase Framework Agreement and the Corrugated Board 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. Subject to the approval of Independent Shareholders, the Purchase of Paper Products Framework Agreement will replace the Existing Purchase Framework Agreement and the Corrugated Board Agreement with effect from the Effective Date.

LETTER FROM THE BOARD

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

Purchase of paper products from the Rengo Group by the Group	For the Eight Months ended 30 November	For the Year Ended 31 March		
	2012	2012	2011	2010
	(in HK\$ Million)			
	51.60 ²	71.05	109.40	73.49

Pricing and settlement: Pursuant to the terms of the Purchase of Paper Products Framework Agreement, the price of paper products shall be determined on an arm's length basis and with reference to prevailing market prices. The Group, from time to time, obtains quotation from other independent suppliers and compares the price and terms offered by the Rengo Group to ensure the quotation made by the Rengo Group is on normal commercial terms and no less favourable than those offered by other independent suppliers.

The Group is required to settle payments in accordance with the terms set out in each of the purchase orders for our purchase of paper products. Most of these purchase orders had historically required, and are expected to continue to require, the Group to settle the payment after 30 days from the end of the month where invoices were issued to the Group by cash or through telegraphic transfer.

Annual cap: For the three years ending 31 December 2013, 31 December 2014 and 31 December 2015, 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 cap of HK\$116 million, HK\$143 million and HK\$154 million respectively. The annual cap is determined with reference to the historical amounts of purchase of paper products from the Rengo Group as aforementioned and potential growth of our corrugated box and consumer product packaging businesses.

The Annual Caps for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 as shown above substantially exceed the historical transaction amounts, principally because of the expected increase in volume of paper products to be procured by the Group from the Rengo Group and the expected increase in the prices of the paper products (mainly comprised medium paper, kraftliner and corrugated boards) as explained below:

- Since November 2012, one of the Group's factory in the PRC has switched part of its purchase of medium paper of approximately 8,000 tons per annum from

² Based on the Group's unaudited management accounts

LETTER FROM THE BOARD

its existing supplier to the Rengo Group for better quality medium paper. Other factories of the Group are also planning to increase the proportion of their purchases from the Rengo Group as the Rengo Group is expected to be in a position to supply a wider range of paper products of better quality following their expected completion of their development of new paper products and machinery upgrade in their PRC production plants in 2013. Accordingly, the Company expects the Group's purchases of paper products from Rengo Group to increase substantially in the two years ended 31 December 2013 and 2014; and moderately by 7.7% in the year ended 31 December 2015, which is primarily because the Group's factories are expected to reach an optimum level by the end of 2014 and therefore a mild growth in the total volume of paper products to be purchased from the Rengo Group is expected.

- The historical average purchase prices of paper products (which mainly comprise medium paper, kraftliner and corrugated boards) procured from the Rengo Group have exhibited an upward trend. The historical average purchase prices of medium paper and kraftliner increased from around HK\$2,550 per ton for the year ended 31 March 2010 to around HK\$2,640 per ton in the year ended 31 March 2011, and further to around HK\$3,320 per ton in the year ended 31 March 2012. During the period from January to October 2012, the average purchase price was maintained at the level of around HK\$3,200 per ton. The historical average purchase prices had increased for the two years ended 31 March 2012 with a simple average annual growth rate of approximately 15.1%. For the estimation of the Annual Caps above, the Company has assumed (a) the unit price of medium paper and kraftliner for calculating the Annual Cap for the year ended 31 December 2013 primarily based on the average purchase price of medium paper and kraftliner in 2012; while the Annual Caps for each of the years ended 31 December 2014 and 31 December 2015 are estimated primarily based on (i) the average purchase price of medium paper and kraftliner in 2012; and (ii) a 5% increase in the material costs and the appreciation of Renminbi; and (b) the unit prices for the corrugated board based on the respective existing price of such products or products of similar nature.

INFORMATION ON THE PARTIES

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.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

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

The proposed Annual Caps for the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement for each of the three financial years ending 31 December 2013, 31 December 2014 and 31 December 2015 are expected to exceed 5% of one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules and the relevant annual transaction amount are expected to exceed HK\$10 million. Accordingly, the New Framework Agreements and the proposed Annual Caps are subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the Non-exempt Transactions will be included in the annual report and accounts of the Company in accordance with Listing Rules.

EGM

A notice convening the EGM to be held at 3:00 p.m. on Wednesday, 30 January 2013 at Empire Room I, 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong is set out on pages 31 to 32 of this circular. At the EGM, the Resolutions will be proposed to approve the New Framework Agreements and the Annual Caps.

A proxy form for use at the EGM is despatched together with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the office of the Company's share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the proxy form will not prevent you from attending and voting at the EGM if you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll for the Resolutions. The results of the voting will be published on the websites of Stock Exchange and the Company.

As at the Latest Practical Date, Rengo holds 271,552,000 Shares (representing approximately 29.9% of the issued share capital of the Company) and Mr. Sung Chee Keung holds 1,483,064 Shares (representing approximately 0.16% of the issued share capital of the Company), with their respective associates. As each of Rengo and Mr. Sung Chee Keung has a material interest in the Non-exempt Transactions, Rengo and Mr. Sung Chee Keung and their respective associates will abstain from voting the Resolutions. Except for Rengo and Mr. Sung Chee Keung and their respective associates, all the other Shareholders are Independent Shareholders who are entitled to vote in the EGM.

LETTER FROM THE BOARD

To the extent that the Company is aware and having made all reasonable enquiries, as at the Latest Practicable Date, (i) there was no voting trust or other agreement or arrangement or understanding entered into by or binding upon Rengo and Mr. Sung Chee Keung; and (ii) Rengo and Mr. Sung Chee Keung was not subject to any obligation or entitlement of whereby each of them has or may have temporarily or permanently passed control over the exercise of the voting right in respect of the Shares of the Company to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Non-exempt Transactions are in the ordinary and usual course of business of the Group, the New Framework Agreements and the Annual Caps, have been agreed on normal commercial terms after arm's length negotiations between the parties, and the terms of the New Framework Agreements and the Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the Resolutions.

Mr. Sung Chee Keung, Mr. Yoshitaka Ozawa, Mr. Hiroyuki Kimura, and Mr. Katsuaki Tanaka, each has a material interest in the Non-exempt Transactions, abstained from voting on the board resolution approving the New Framework Agreements and the Annual Caps.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendation to the Independent Shareholders on the New Framework Agreements and the Annual Caps; (ii) the letter of advice from the Independent Financial Adviser set out on pages 14 to 24 of this circular which contains the Independent Financial Adviser's advice to the Independent Board Committee and the Independent Shareholders in relation to the New Framework Agreements and the Annual Caps; and (iii) the general information set out in Appendix to this circular.

Yours faithfully
For and on behalf of the Board
Yum Chak Ming, Matthew
Executive Chairman



HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

14 January 2013

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE EGM

We refer to the circular dated 14 January 2013 (the “**Circular**”) of Hung Hing Printing Group Limited, of which this letter forms part. Capitalized terms used in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to advise you in connection with the New Framework Agreements and the Annual Caps, details of which are set out in the letter from the Board in the Circular.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 12 of the Circular, and the letter from Somerley, as set out on pages 14 to 24 of the Circular. Having considered the terms of the New Framework Agreements and the Annual Caps and the advice given by Somerley and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the opinion that the New Framework Agreements and the Annual Caps are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the Resolutions.

Yours faithfully,
Independent Board Committee of
Hung Hing Printing Group Limited

Mr. Yap, Alfred Donald

Mr. Luk Koon Hoo

Mr. Lo Chi Hong

Independent non-executive Directors

LETTER FROM SOMERLEY

The following is the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED
20th Floor
Aon China Building
29 Queen's Road Central
Hong Kong

14 January 2013

*To: the Independent Board Committee and the Independent Shareholders of
Hung Hing Printing Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the New Framework Agreements and the transactions contemplated thereunder together with the Annual Caps. Details of the New Framework Agreements and the Annual Caps are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 14 January 2013 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 19 December 2012, the Group and Rengo Group entered into, subject to the approval of the Independent Shareholders, the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement, each for a term of three years with effect from the Effective Date. Upon receipt of the Independent Shareholders' approval, the Sale of Paper Products Framework Agreement will replace the prior relevant arrangements provided for under the Sale of Waste Paper Framework Agreement and the Basic Sales and Purchase Agreement (collectively, the "**Existing Sale Agreements**"), in their entirety; whereas the Purchase of Paper Products Framework Agreement will replace the prior relevant arrangements provided for under the Existing Purchase Framework Agreement and the Corrugated Board Agreement (collectively, the "**Existing Purchase Agreements**"), in their entirety.

LETTER FROM SOMERLEY

As stated in the letter from the Board, Rengo, which is holding approximately 29.9% equity interest in the Company, is a substantial shareholder of the Company and therefore a connected person of the Company. Transactions between the Group and Rengo Group on continuing or recurring basis in the ordinary and usual course of business of the Group, constitutes continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Since the proposed Annual Caps for the Sale of Paper Products Framework Agreement and the Purchase of Paper Products Framework Agreement for each of the three financial years ending 31 December 2013, 31 December 2014 and 31 December 2015 are expected to exceed 5% of one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules and the relevant annual transaction amount are expected to exceed HK\$10 million. Accordingly, the New Framework Agreements and the proposed Annual Caps, are subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong, has been formed to make recommendations to the Independent Shareholders in respect of the New Framework Agreements and the transactions contemplated thereunder (together with the Annual Caps). We, Somerley Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Rengo, Paper Mill Entities or their respective substantial shareholders or associates and accordingly we are considered eligible to give independent advice on the terms of the New Framework Agreements and the Annual Caps. Apart from normal professional fees payable to us in connection with this and similar appointments, no arrangement exists whereby we will receive any fees or benefits from the Company, Rengo, Paper Mill Entities or their respective substantial shareholders or associates.

In formulating our opinion, we have reviewed, amongst others, the New Framework Agreements, the Existing Sale Agreements, the Existing Purchase Agreements, the historical prices and volume of the paper products traded between the Group and Rengo Group, the projection on prices and volume of the paper products to be traded between the Group and Rengo Group and the information contained in the Circular. We have also discussed with and reviewed information provided by the Directors and/or management of the Group (collectively, the "**Management**") regarding the businesses of the Group and the prospects of conducting the Non-exempt Transactions.

We have relied on the information and facts supplied, and the opinions expressed to us, by the Management and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

LETTER FROM SOMERLEY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Non-exempt Transactions and the Annual Caps, we have taken into account the principal factors and reasons set out below:

1. Background and reasons for the entering into of the New Framework Agreements

The Group is principally engaged in (i) book and packaging printing; (ii) consumer products packaging; (iii) corrugated box manufacturing; and (iv) paper trading. The Group operates five plants in China and is headquartered in Hong Kong.

Rengo is paper and packaging materials manufacturer listed on the Tokyo Stock Exchange. Rengo Group is a key player in the general packaging industry in Japan with a source of diverse packaging solution in business fields such as paperboard, corrugated packing, folding cartons, flexible packaging, heavy duty packaging and overseas business. On 3 August 2011, Rengo became a 29.9% shareholder of the Group. The strategic investment of Rengo to the Group encourages a number of co-operative opportunities of mutual benefit both in the export and in the China domestic market.

The Group and Rengo Group have been carrying out sales and purchases of paper products with each other to facilitate their respective productions and operations. Since the formation of the Paper Mill Entities in 1995, the Group has, in its ordinary course of business, sold waste paper to Rengo Group. And from May 2012, the Group started to supply also other paper products such as paper packaging material and printed products to Rengo Group pursuant to the Basic Sales and Purchase Agreement. The Group has also purchased (i) paper from Rengo Group since 1970s; and (ii) since early 2012, corrugated board from Rengo Group for its corrugated box and consumer product packaging businesses. The previous sales and purchases transactions contemplated under the Existing Sale Agreements and the Existing Purchase Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules and such agreements and the then relevant annual caps were exempted from the independent shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules.

In light of the expanding scope and value of the transactions between the Group and Rengo Group, the Group and Rengo Group have on 19 December 2012 entered into the New Framework Agreements comprising the Sale of Paper Products Framework Agreement and the Purchase of Paper Framework Agreement which will, subject to the approval of the Independent Shareholders, consolidate the transactions contemplated under, and substitute, the prior relevant agreements in relation to the transactions between the Group and Rengo Group with effect from the Effective Date for a term of three years to 31 December 2015.

LETTER FROM SOMERLEY

2. Principal terms of the New Frameworks Agreements

(i) *Sale of Paper Products Framework Agreement*

Pursuant to the terms of the Sale of Paper Products Framework Agreement, the Group may sell the paper products to Rengo Group at the price which shall be determined on an arm's length basis and with reference to the prevailing market prices. The sales of the paper products by the Group to Rengo Group will be by way of purchase orders, which will set out, among other things, the identity of the products, specifications, quantity, price, payment terms, delivery time, place of delivery and transfer of title. Rengo Group is required to settle payments in accordance with the terms set out in each of the purchase orders for their purchase of the paper products. As disclosed in the letter from the Board, most of these purchase orders had historically required, and are expected to continue to require, Rengo Group to settle payment within 30 days from the end of the month during which invoices were issued to them by cash or through telegraphic transfer.

In assessing the fairness and reasonableness of the principal terms of the Sale of Paper Products Framework Agreement, we have requested the Company to provide us with, among other things, (i) the copy of the Existing Sale Agreements; and (ii) a summary of historical sales to Rengo Group with 8 invoices of the historical sales of similar paper products by the Group to Rengo Group which were selected on the basis that they represented transactions in eight different months out of the twelve months period ended October 2012 as well as the invoices of the historical sales of similar paper products by the Group to other independent third parties for the corresponding period. We also noted that there are no material difference between the terms under the Sale of Paper Products Framework Agreement and those of the Existing Sale Agreements. We also note that the principal terms of the Sale of Paper Products Framework Agreement are similar to those available to independent customers. The Management advised us that the Group considers the prevailing market price and production costs for the supply of similar paper products to other independent customers from time to time and negotiates accordingly with Rengo Group on an arm's length basis to ensure the price and the other terms of the paper products supplied to Rengo Group are no more favourable to it than those offered to other independent customers. Such review measure by the Group is, in our opinion, sufficient to safeguard the interest of the Company.

(ii) *Purchase of Paper Products Framework Agreement*

Pursuant to the terms of the Purchase of Paper Products Framework Agreement, the Group may purchase the paper products from Rengo Group at the price which shall be determined on an arm's length basis and with reference to the prevailing market prices. The purchases of the paper products by the Group from Rengo Group will be by way of purchase orders, which will

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set out, among other things, the identity of the products, specifications, quantity, price, payment terms, delivery time, place of delivery and transfer of title. The Group is required to settle payments in accordance with the terms set out in each of the purchase orders for the Group's purchase of paper products. As stated in the letter from the Board, most of these purchase orders had historically required, and are expected to continue to require, the Group to settle the payment after 30 days from the end of the month where invoices were issued to the Group by cash or through telegraphic transfer.

In assessing the fairness and reasonableness of the principal terms of the Purchase of Paper Products Framework Agreement, we have requested the Company to provide us with, among other things, (i) the copy of the Existing Purchase Agreements; and (ii) a summary of historical purchases from Rengo Group with 8 invoices of the historical purchase of the paper products by the Group from Rengo Group which were selected on the basis that they represented transactions in eight different months out of the twelve months period ended October 2012 as well as the invoices of the historical purchase of similar paper products by the Group from other independent third parties for the corresponding period. We noted that there are no material difference between the terms under the Purchase of Paper Products Framework Agreement and those of the Existing Purchase Agreements. We also note that the principal terms of the Purchase of Paper Products Framework Agreement are similar to those available from independent suppliers. The Management advised us that paper products purchased from different suppliers, even of the same type and same grading, may vary in quality and printing performance. In such regard, in comparing the terms of the Existing Purchase Agreements with those offered by the other independent third party suppliers, the Management has not only considered the unit purchase price but also other factors such as product quality and ancillary costs. The Group, from time to time, obtains quotation from other independent suppliers and compares the price and terms offered by Rengo Group to ensure the quotation made by Rengo Group, having taken into account all the relevant factors including but not limited to product quality and ancillary costs, is on normal commercial terms and no less favourable than those offered by other independent suppliers. Such review measure by the Group is, in our opinion, sufficient to safeguard the interest of the Company.

In view of the above, in particular, (i) the major terms and relevant pricing basis of the New Framework Agreements are relatively similar to the corresponding Existing Sale Agreements and the Existing Purchase Agreements, including but not limited to, price shall be determined on an arm's length basis and with reference to the prevailing market prices; and (ii) the Group has taken, and will continue to take relevant steps as detailed above, to ensure the price and other terms under the New Framework Agreements being no less favourable to the Group than those available from other independent third parties, we consider that the principal terms of the New Framework Agreements are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned.

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3. The Annual Caps

(i) *Sale of Paper Products Framework Agreement*

The table below sets out the historical aggregate amounts for each of the three years ended 31 March 2012 and the eight months ended 30 November 2012 (the “**Review Period**”) and the proposed annual caps for the sale of paper products by the Group to Rengo Group (the “**Sale Annual Caps**”) for each of the three years ended 31 December 2015:

	For the year ended 31 December			For the eight months ended 30 November 2012	For the year ended 31 March		
	2015	2014	2013	2012	2012	2011	2010
	<i>(in HK\$ Million)</i>						
Actual transacted amount	-	-	-	24.30 <i>(Note)</i>	19.11	17.29	44.68
Proposed Sale Annual Caps	98.00	77.00	59.00	-	-	-	-

Note: Based on the Group’s unaudited management accounts

Except for the substantial decrease in transacted amount for the year ended 31 March 2011 which was mainly a result of that the Paper Mill Entities switched to import substantial amount of waste paper from overseas, the aggregate amounts of the sales of paper products by the Group to Rengo Group exhibited an upward trend since 2011. Sales amount for the year ended 31 March 2012 represented a growth of approximately 10.5%, while the sales amount during the eight months ended 30 November 2012, on a pro-rata basis, represented an increase of approximately 90.7% as compared to that for the year ended 31 March 2012.

As stated in the letter from the Board, the Sale Annual Caps are determined with reference to the historical aggregated amounts of sales of paper products to Rengo Group as aforementioned and the potential increase in Rengo Group’s demand for paper products.

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We have reviewed the following factors to assess the fairness and reasonableness of the Sale Annual Caps:

A. Volume of paper products to be sold by the Group

The Sale Annual Cap for the year ended 31 December 2013, as shown above, substantially exceeds the transacted amounts for the year ended 31 March 2012 and that for the eight months ended 30 November 2012. In assessing the reasonableness of the Sale Annual Caps for the Sale of Paper Products Framework Agreement, we have discussed with the Management on the underlying basis and understood that since early 2012, Rengo Group started to outsource the production of a small amount of sale promotion products to the Group. As long as quality level is met, the Management expects there will be much room for Rengo Group to further outsource more of its sale promotion products production to the Group and the Group's sales to Rengo Group would increase significantly during the period from 2013 to 2015. We have also obtained the breakdown of the sales estimation of the Group to Rengo Group for the year ending 31 December 2013. For the sales estimation we have enquired into the Management to understand the basis of the relevant estimation and obtained from the Company the relevant supporting documents, including but not limited to the historical transacted amounts, orders on-hand and preliminary indications relating to the estimated upcoming purchase amounts from Rengo Group.

Furthermore, we also note that the projected total volume of paper products to be sold by the Group to Rengo Group is anticipated to grow substantially, which drives the increase in Sale Annual Cap by approximately 30.5% in 2014 and 27.3% in 2015. Taking into account, in particular, (i) the transacted amount during the eight months ended 30 November 2012, on a pro-rata basis, represented an increase of approximately 90.7% as compared to that for the year ended 31 March 2012; and (ii) the further business potential to the Group in light of Rengo Group's outsourcing of sale promotion products production to the Group as mentioned above, we concur with the Directors' view that such projected growth rates are reasonable and acceptable.

Despite the historical decrease in transacted amount of the sales of paper products to Rengo Group for the year ended 31 March 2011, and given as mentioned above that sales to Rengo Group has demonstrated an increasing trend since 2011 and the preliminary indications relating to the estimated upcoming purchase amounts from Rengo Group, we understand that the Company considers such historical decrease in transacted amount should not be a material factor which would affect the Group's estimation on the Sale Annual Caps for the three years ended 31 December 2015.

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On the basis above, it is considered that there will be adequate demand for the paper products of the Group from Rengo Group under the Sale of Paper Products Framework Agreement.

B. Pricing of the paper products and buffer

The projected unit prices of the paper products (which comprise waste paper and other packaging paper products) supplied to Rengo Group are determined based on their respective prevailing and expected future market prices. Historically, the sales of waste paper to Rengo Group represented over 90% of the above transacted amounts. For calculating the Sale Annual Cap for each of the year ended 31 December 2013, 2014 and 2015, we understand that the Company has assumed (a) the unit prices of waste paper based on (i) the average selling price of waste paper during the period from 1 April 2011 to 31 March 2012; and (ii) a flexibility buffer of approximately 10% to accommodate any contingent increase in pricing; and (b) the unit prices for the other packaging paper products based on the respective existing unit price of such product(s) or product(s) of similar nature.

Based on our review of the historical selling prices of waste paper sold to Rengo Group under the Existing Sale Agreements, the selling prices exhibited a generally increasing trend since 2009. The average selling price per ton of waste paper increased from around HK\$1,140 during the period from 1 April 2009 to 31 March 2010, to around HK\$1,190 during the period from 1 April 2010 to 31 March 2011, and further to around HK\$1,460 during the period from 1 April 2011 to 31 March 2012, representing a simple average annual growth rate of approximately 14.0%. In light of the such increasing price trend, we are of the view that the projected selling prices of waste paper with the inclusion of a buffer for calculating the Sale Annual Caps are reasonable and we also consider the inclusion of a buffer will allow the flexibility to the Group to ensure its smooth operations.

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(ii) *Purchase of Paper Products Framework Agreement*

The table below sets out the historical aggregate amounts of the purchase of paper products by the Group from Rengo Group during the Review Period and the proposed annual caps (the “Purchase Annual Caps”) for each of the three years ended 31 December 2015 of the purchase of paper products by the Group from Rengo Group:

	For the year ended 31 December			For the eight months ended 30 November 2012	For the year ended 31 March		
	2015	2014	2013	2012	2012	2011	2010
	<i>(in HK\$ Million)</i>						
Actual transacted amount	-	-	-	51.60	71.05	109.40	73.49
	<i>(Note)</i>						
Proposed Purchase Annual Caps	154.00	143.00	116.00	-	-	-	-

Note: Based on the Group’s unaudited management accounts

As showed in the table above, during the Review Period the transaction amounts with Rengo Group were generally maintained at the level between HK\$70 million to HK\$80 million except for the increase in the purchase amount for the year ended 31 March 2011 which, according to the Management, was mainly attributable to increased sales in the Group’s corrugated box and consumer product packaging businesses and the competitive prices as offered by Rengo Group. Purchase amount during the eight months ended 30 November 2012, on a pro-rata basis, represented an increase of approximately 8.9% as compared to that for the year ended 31 March 2012.

As stated in the letter from the Board, the Purchase Annual Caps are determined with reference to the historical amounts of purchases of paper products from Rengo Group as aforementioned and potential growth of the Group’s corrugated box and consumer product packaging businesses.

We have reviewed the followings in order to assess their fairness and reasonableness of the Purchase Annual Caps:

A. Volume of paper products to be procured by the Group

The Purchase Annual Cap for the year ended 31 December 2013, as shown above, substantially exceeds the transacted amounts for the year ended 31 March 2012 and that for the eight months ended 30 November

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2012. In assessing the reasonableness of the Purchase Annual Caps, we have reviewed the projected transaction amounts and discussed with the Management on the underlying basis. We are given to understand that one of the Group's factory in the PRC has switched part of its purchase of medium paper of approximately 8,000 tons per annum from its existing supplier to Rengo Group since November 2012 due to quality problem of products provided by such existing supplier. We are also advised by the Management that other factories of the Group also plan to increase their purchases from Rengo Group as Rengo Group will be in a position to supply wider range of paper products with better quality and high grade of paper products following the completion of new products development and machinery upgrade of Rengo Group's production plants in the PRC in 2013. Having taken into account the above, the Management expects the Group's total purchases of paper products from Rengo Group will increase substantially in the year ended 31 December 2013 and 2014. We are also advised by the Management that the production capacities of the Group's factories are expected to reach an optimum level by the end of 2014, a mild expected growth in the total volume of paper products to be purchased from Rengo Group in 2015, and accordingly a relatively moderate increase in the Purchase Annual Cap of 2015 of around 7.7%, are therefore anticipated.

Given the above, we concur with the view of the Directors that the basis adopted by the Management in determining the volume of paper products to be purchased by the Group pursuant to the Purchase of Paper Products Agreement is reasonable.

B. Pricing of the paper products and buffer

The projected unit prices across all categories of paper products (mainly comprised medium paper, kraftliner and corrugated boards) procured from Rengo Group are determined based on the prevailing and the expected future market prices. The purchases of medium paper and kraftliner represented over 90% of the Group's historical purchases from Rengo Group during the Review Period. We have reviewed the historical average purchase prices of medium paper and kraftliner purchased from Rengo Group under the Existing Purchase Agreements. We understand that the historical average purchase prices increased from around HK\$2,550 per ton for the year ended 31 March 2010 to around HK\$2,640 per ton in the year ended 31 March 2011, and further to around HK\$3,320 per ton in the year ended 31 March 2012. During the period from January to October 2012, the average purchase price was maintained at the level of around HK\$3,200 per ton. For the estimation of the Purchase Annual Caps, we understand that the Company has assumed (a) the unit price of medium paper and kraftliner for calculating the Purchase Annual Cap for the year ended 31 December 2013 mainly based on the average purchase price of medium paper and

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kraftliner in 2012, while has assumed the unit price for calculating the Purchase Annual Cap for each of the year ended 31 December 2014 and 2015 based on (i) the average purchase price of medium paper and kraftliner in 2012; and (ii) a flexibility buffer of approximately 5% to accommodate the expected increase in material costs and the appreciation of Renminbi; and (b) the unit prices for the corrugated boards based on the respective existing unit price of such product(s) or product(s) of similar natural.

As mentioned in the above paragraph, the historical average purchase prices had increased for the two years ended 31 March 2012 with a simple average annual growth rate of approximately 15.1%. In view of the above, we consider that the projected purchase prices of the paper products with the inclusion of a buffer for calculating the Purchase Annual Caps are reasonable and we also consider the inclusion of a buffer will allow the flexibility to the Group to accommodate any contingent increase in pricing.

Having considered the bases on which the Annual Caps were determined as described above, we are of the view that the Annual Caps are fair and reasonable as far as the Independent Shareholders are concerned.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that: (i) the entering into of the New Framework Agreements is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the New Framework Agreements and the Annual Caps are on normal commercial terms and fair and reasonable as far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the EGM in relation to the New Framework Agreements and the Annual Caps.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED

Kenneth Chow
Managing Director – Corporate Finance

Lyan Tam
Director

(I) 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.

(II) DISCLOSURE OF INTERESTS**(i) Directors' interests in the Shares**

As at the Latest Practicable Date, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register 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 required standard of dealings by the directors of the Company as referred to in Appendix 10 of the Listing Rules were as follows:

Name of Director	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	Through controlled corporation ⁽¹⁾	Share award scheme			
Yum Chak Ming, Matthew	14,820,161	-	-	1,010,869		15,831,030	1.74
Yap, Alfred Donald	27,504	-	-	-		27,504	0.00
Sung Chee Keung	1,054,326	60,000	-	368,738		1,483,064	0.16

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules.

As at the Latest Practicable Date, the following Directors were directors or employees of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name	Position in the substantial shareholder of the Company
Yum Chak Ming, Matthew	Director of C. H. Yam International Limited Director of C. H. Yam Holding Limited Director of Hung Tai Industrial Company Limited
Yam Hon Ming, Tommy	Director of C. H. Yam International Limited Director of C. H. Yam Holding Limited
Hiroyuki Kimura	Senior Adviser of Rengo Co., Ltd.
Yoshitaka Ozawa	Director and Senior Managing Executive Officer of Rengo Co., Ltd.
Katsuaki Tanaka	Senior Adviser of Rengo Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were directors or employees of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Substantial Shareholders' and other persons' interests in Shares

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (other than a Director of the Company) had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 % or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Interests in the issued Shares

Name	Notes	Capacity and nature of interest	Shareholding as at the Latest Practicable Date and immediately before the Completion	
			Number of Shares held	%
C.H. Yam International Limited ⁽¹⁾	(a)	Directly beneficially owned and through controlled corporation	290,834,379	32.03
C.H. Yam Holding Limited	(a)	Through controlled corporation	199,263,190	21.95
Hung Tai Industrial Company Limited	(a)	Directly beneficially owned	199,263,190	21.95
Rengo Co., Ltd		Directly beneficially owned	271,552,000	29.91
Aberdeen Asset Management PLC		Through controlled corporation	64,272,000	7.08

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

Note:

- (a) 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, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 % or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

(III) COMPETING BUSINESSES OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business, which competed or was likely to compete, either directly or indirectly, with the Group's business.

(IV) OTHER INTERESTS OF DIRECTORS

As at the Latest Practicable Date, save as disclosed in the circular,

- (a) none of the Directors had any material direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2012, being the date to which the latest published audited financial statements of the Company were made up; and
- (b) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(V) DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

(VI) LITIGATION AND CLAIMS

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

(VII) NO MATERIAL ADVERSE CHANGE

The Directors confirm that save as the information disclosed under the section headed "Management discussion and analysis" in the annual report of the Group for the twelve months ended 31 March 2012, they were not aware of any material changes in the financial or trading position or outlook of the Group since 31 March 2012, the date to which the latest published audited consolidated financial statements of the Group were made up, up to the Latest Practicable Date.

(VIII) QUALIFICATIONS OF EXPERT AND CONSENT

The following are the qualifications of the professional adviser who have given opinions or advice contained in this circular.

Name	Qualification
Somerley	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Framework Agreements and the Annual Caps.

Somerley issued a letter to the Independent Board Committee and the Independent Shareholders dated 14 January 2013 in relation to the New Framework Agreements and the Annual Caps for the purpose of inclusion in this circular.

Somerley has given and has not withdrawn their written consent to the issue of this circular with the inclusion herein of their opinion, letters or advice and/or all references thereto and to their name in the form and context in which they are respectively included.

As at the Latest Practicable Date, each of the above experts did not have (i) any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or (ii) any interest, direct or indirect, in any assets which had been, since March 31, 2012, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(IX) MISCELLANEOUS

- (a) The secretary and qualified accountant of the Company is Tung Yu Bui, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong.
- (c) The share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong.
- (d) The correspondence address of Somerley is 20th Floor, Aon China Building, 29 Queen's Road, Central, Hong Kong.

- (e) As at the Latest Practicable Date, the Directors comprise of Yum Chak Ming, Matthew and Sung Chee Keung, who are executive directors; Yoshitaka Ozawa, Hiroyuki Kimura, Katsuaki Tanaka and Yam Hon Ming, Tommy, who are non-executive directors; Yap, Alfred Donald, Luk Koon Hoo and Lo Chi Hong, who are independent non-executive directors.
- (f) The English text of this circular and form of proxy shall prevail over the Chinese text in the case of inconsistency.

(X) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (other than Saturday, Sunday and public holidays) at the registered office of the Company at Hung Hing Printing Centre, 17-19 Dai Hei Street, Tai Po Industrial Estate, New Territories, Hong Kong, from the date of this circular up to and including 30 January 2013, being the date of the EGM:

- (i) the Corrugated Board Agreement;
- (ii) the Basic Sales and Purchase Agreement and the supplemental agreement entered into between the Group and the Rengo Group on 27 November 2012 to extend the term of the Basic Sales and Purchase Agreement to 31 December 2013;
- (iii) the Existing Purchase Framework Agreement and the supplemental agreement entered into between the Company and the Paper Mill Entities on 27 February 2012 to renew the term of the Existing Purchase Framework Agreement for a term of one year commencing on 1 April 2012;
- (iv) the Purchase of Paper Products Framework Agreement;
- (v) the Sale of Paper Products Framework Agreement;
- (vi) the Sale of Waste Paper Framework Agreement and the supplemental agreement entered into between the Company and the Paper Mill Entities on 27 February 2012 to renew the term of the Sale of Waste Paper Framework Agreement for a term of one year commencing on 1 April 2012;
- (vii) the letter of consent referred to in the section headed "Qualifications of Expert and Consent" in this appendix;
- (viii) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (ix) the letter from Somerley, the text of which is set out on pages 14 to 24 of this circular; and
- (x) a copy of this circular.

NOTICE OF THE EGM



HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Hung Hing Printing Group Limited (the “Company”) will be held at 3:00 p.m. on Wednesday, 30 January 2013 at 1/F, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT:

- (1) the New Framework Agreements (as defined in the circular of the Company dated 14 January 2013), (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed;
- (2) the Annual Caps (as defined in the abovementioned circular) for the three financial years ending 31 December 2013, 31 December 2014 and 31 December 2015 be and are hereby approved; and
- (3) the directors of the Company be and are hereby authorised to do all such further acts and things and execute such further documents and take all steps which in his/their opinion may be necessary, desirable or expedient to implement and/or give effect to the New Framework Agreements and all other transactions contemplated thereunder with any changes as such they may consider necessary, desirable or expedient.”

For and on behalf of
Hung Hing Printing Group Limited
Tung Yu Bui
Company Secretary

Hong Kong, 14 January 2013

NOTICE OF THE EGM

Registered office:

Hung Hing Printing Centre,
17-19 Dai Hei Street,
Tai Po Industrial Estate,
New Territories, Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
- (2) Where there are joint holders of any Share any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any Share stands shall be deemed joint holders thereof.
- (3) A form of proxy for use at the EGM is enclosed herewith.
- (4) To be effective, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited with the Company's share registrar, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong not later than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the proxy form will not prevent members from attending and voting at the EGM if they so wish.
- (5) Voting at the EGM will be conducted by way of poll.
- (6) As at the date of this notice, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung, who are executive directors; Mr. Yoshitaka Ozawa, Mr. Hiroyuki Kimura, Mr. Katsuaki Tanaka and Mr. Yam Hon Ming, Tommy, who are non-executive directors; Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong, who are independent non-executive directors.