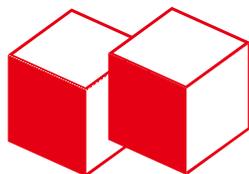


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HUNG HING

HUNG HING PRINTING GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 450)

DISCLOSEABLE TRANSACTION CAPITAL INCREASE TO HH DREAM

CAPITAL INCREASE AND THE DECISION

The Board is pleased to announce that on 5 August 2021 (after trading hours), the Capital Increase to HH Dream, a joint venture formed by the Company and Dream International, became effective upon obtaining an approval from the People's Committee of Ha Nam Province, Vietnam. Pursuant to the Decision, the Company, through its wholly-owned subsidiary, Sun Hing, and Dream International agreed to make further capital contributions with a total of US\$15,000,000, among which US\$14,463,221 and US\$536,779 will be contributed by Sun Hing and Dream International, respectively. Upon completion of the Capital Increase, the registered capital of HH Dream will be increased to US\$25,000,000 from US\$10,000,000, among which, an aggregate of US\$23,513,221 will be contributed by Sun Hing.

As at the date of this announcement and before the Capital Increase, HH Dream is an indirectly non-wholly owned subsidiary of the Company, in which Sun Hing holds 90.50% equity interest. Following the completion of the Capital Increase, the equity interest of Sun Hing in HH Dream will be increased to 94.05% and HH Dream remains an indirectly non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated exceed 5% but are all less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Capital Increase becomes unconditional on the date of this announcement as, on the same date, HH Dream obtained the requisite approval from the People's Committee of Ha Nam Province, Vietnam for the Capital Increase.

INTRODUCTION

The Board is pleased to announce that on 5 August 2021 (after trading hours), the Capital Increase to HH Dream, a joint venture formed by the Company and Dream International, became effective upon obtaining an approval from the People's Committee of Ha Nam Province, Vietnam. Pursuant to the Decision, the Company, through its wholly-owned subsidiary, Sun Hing, and Dream International agreed to make further capital contributions with a total of US\$15,000,000, among which US\$14,463,221 and US\$536,779 will be contributed by Sun Hing and Dream International, respectively. Upon completion of the Capital Increase, the registered capital of HH Dream will be increased to US\$25,000,000 from US\$10,000,000, among which, an aggregate of US\$23,513,221 will be contributed by Sun Hing.

CAPITAL INCREASE AND THE DECISION

The principal contents of the Capital Increase and the Decision are summarized below:

Date

6 May 2021 (Date of the Decision)

5 August 2021 (Date of obtaining approval from the People's Committee of Ha Nam Province, Vietnam)

Shareholders of HH Dream

- (1) Sun Hing; and
- (2) Dream International.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dream International as well as its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

Pursuant to the Decision, in order to accelerate the expansion plan and the diversification of business, the Company, through its wholly-owned subsidiary, Sun Hing, and Dream International agreed to make further capital contributions with a total of US\$15,000,000, among which US\$14,463,221 and US\$536,779 will be contributed by Sun Hing and Dream International, respectively. The Capital Increase is conditional upon obtaining an approval from the People's Committee of Ha Nam Province, Vietnam, which is obtained on the date of this announcement.

Upon completion of the Capital Increase, the registered capital of HH Dream will be increased to US\$25,000,000 from US\$10,000,000, among which an aggregate of US\$23,513,221 will be contributed by Sun Hing, with its shareholding in HH Dream increased to 94.05% from 90.50%; and an aggregate of US\$1,486,779 will be contributed by Dream International, with its shareholding in HH Dream decreased to 5.95% from 9.50%.

Payment Arrangement

The capital contributions will be made by way of cash and the capitalization of the Shareholders' Loan. As part of the Capital Increase, the Shareholders' Loan is capitalized and converted into equity of HH Dream, representing 22.60% of the increased capital of HH Dream.

The capital contributions shall be settled in the following manners:

- (a) for Sun Hing,
 - (i) the capital contribution to HH Dream in the sum of US\$9,349,692 shall be settled by cash within 90 days from the issuance of the amended Investment Registration Certificate by the People's Committee of Ha Nam Province, Vietnam; and
 - (ii) the capital contribution to HH Dream in the sum of US\$5,113,529 shall be settled by capitalization of the Sun Hing Participation within 90 days from the issuance of the amended Investment Registration Certificate by the People's Committee of Ha Nam Province, Vietnam; and
- (b) for Dream International, the capital contribution to HH Dream in the sum of US\$536,779 shall be settled by capitalization of Dream International Participation within 90 days from the issuance of the amended Investment Registration Certificate by the People's Committee of Ha Nam Province, Vietnam.

SHAREHOLDING STRUCTURE OF HH DREAM PRIOR TO AND UPON COMPLETION OF THE CAPITAL INCREASE

The capital contribution by the shareholders of HH Dream and their shareholding in the registered capital thereof as at the date of this announcement and upon completion of the Capital Increase are set out as follows:

Name of the Shareholders	As at the Date of This Announcement		Upon Completion of the Capital Increase	
	Contribution to the Registered Capital (US\$)	Shareholding (%)	Contribution to the Registered Capital (US\$)	Shareholding (%)
Sun Hing	9,050,000	90.50	23,513,221 ⁽¹⁾	94.05
Dream International	950,000	9.50	1,486,779 ⁽²⁾	5.95
Total	10,000,000	100	25,000,000	100

Notes:

- (1) The capital contribution in aggregate of US\$14,463,221 is contributed by way of cash and capitalization of the Sun Hing Participation, in the sum of US\$9,349,692 and US\$5,113,529, respectively.
- (2) The capital contribution in aggregate of US\$536,779 is contributed by way of capitalization of the Dream International Participation.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In response to an increasing and diversified market demand for high quality printing products, and in order to achieve greater synergy, to strengthen the Company's competitiveness and sustainable development, the Company initiated the Capital Increase to enable the acceleration of HH Dream's expansion plan, the development of a wider range of products and the diversification of the Company's business development in Vietnam.

With the additional funding and liquidity provided by the Capital Increase, HH Dream will upgrade and expand its production capacity to meet added customer demands, and to leverage on market opportunities available in a fast growing market in Vietnam, thereby maximizing the interest of the Company's Shareholders.

The Directors consider that the Capital Increase is fair and reasonable and in the interests of the Company and its Shareholders as a whole. None of the Directors has any material interest in the transactions contemplated under the Capital Increase or is required to abstain from voting on the Board resolution for considering and approving the same.

INFORMATION ON THE GROUP AND HH DREAM

The Group

The Group is principally engaged in integrated and technologically advanced operations in printing and manufacturing of paper and carton boxes, manufacturing of corrugated cartons and trading of paper, as well as a wide range of high end packaging products.

Dream International

Dream International is principally engaged in the design, development, manufacture and sale of plush stuffed toys, ride-on toys, plastic figures and die-casting products.

HH Dream

HH Dream is a joint venture formed by Sun Hing (a wholly-owned subsidiary of the Company) and Dream International in 2018, with a view that its establishment aligned with the corporate strategy of both Parties and that the synergistic effects arising from HH Dream will be beneficial to the operations of both Parties as well as for itself. For further details, please see our voluntary announcement dated 22 June 2018.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated exceed 5% but are all less than 25%, the Capital Increase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Capital Increase becomes unconditional on the date of this announcement as, on the same date, HH Dream obtained the requisite approval from the People's Committee of Ha Nam Province, Vietnam, for the Capital Increase.

DEFINITIONS

In this announcement, unless context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Capital Increase”	a capital increase with a total of US\$15,000,000 in HH Dream by the Company, through its wholly-owned subsidiary, Sun Hing, and Dream International, among which US\$14,463,221 and US\$536,779 will be contributed by Sun Hing and Dream International, respectively
“Company”	Hong Hing Printing Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 450)
“Completion”	the completion of the Capital Increase
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Decision”	the decision of the shareholders of HH Dream passed on 6 May 2021
“Directors”	the directors of the Company
“Dream International”	Dream International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1126)
“Dream International Participation”	the principal amount of Dream International's participation in the Shareholders' Loan and all accrued interest on the outstanding principal up to 31 March 2021, which is in an aggregate amount of US\$536,779

“Group”	the Company and its subsidiaries from time to time
“HH Dream”	HH Dream Printing Company Limited, a limited liability company formed under the Joint Venture Agreement and incorporated under the laws of Vietnam
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture Agreement”	the joint venture agreement dated 6 August 2018 entered into between the Company and Dream International in relation to the establishment of HH Dream
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Company and Dream International
“PRC”	the People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholders’ Loan”	the shareholders’ loan made pursuant to the shareholders’ loan agreement dated 27 August 2020 entered into between Sun Hing and Dream International as lenders and HH Dream as borrower for a loan in the principal amount of US\$5,500,000 in proportion to their then shareholding interests in HH Dream
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Sun Hing”	Sun Hing Paper Company Limited, a company incorporated in Hong Kong with limited liability and a directly wholly-owned subsidiary of the Company
“Sun Hing Participation”	the principal amount of Sun Hing’s participation in the Shareholders’ Loan and all accrued interest on the outstanding principal up to 31 March 2021, which is in an aggregate amount of US\$5,113,529

“USD” or “US\$” US Dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 5 August 2021

As at the date of this announcement, the Board comprises Mr. Yum Chak Ming, Matthew and Mr. Sung Chee Keung, who are executive Directors, Mr. Hirofumi Hori, Mr. Masashi Nakashima, Ms. Aki Tsuge and Mr. Yum Hon Ming, Tommy as non-executive Directors, and Mr. Yap, Alfred Donald, Mr. Luk Koon Hoo and Mr. Lo Chi Hong as independent non-executive Directors.