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HUNG HING PRINTING GROUP LIMITED DREAM INTERNATIONAL LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 450)

(Incorporated in Hong Kong with limited liability)
(Stock Code: 1126)

JOINT ANNOUNCEMENT DISCLOSEABLE TRANSACTION

ESTABLISHMENT OF JOINT VENTURE IN VIETNAM AND ENTERING OF COOPERATION AGREEMENT

ESTABLISHMENT OF JOINT VENTURE IN VIETNAM

The respective board of directors of Hung Hing and Dream are pleased to announce that on August 6, 2018, Hung Hing entered into a joint venture agreement with Dream in relation to the establishment of the Joint Venture which shall engage in printing and packaging manufacturing in Hanoi, Vietnam, serving both domestic and export markets.

ENTERING OF COOPERATION AGREEMENT

As an arrangement for further strengthening the future cooperation of the Parties and facilitating the future operation of the Joint Venture, on August 6, 2018, Hung Hing entered into a business cooperation framework agreement with Dream for which Dream undertakes to procure paper products from the Joint Venture, the value of which each year shall be no less than certain amount, during the term of the Joint Venture and its extensions.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of Hung Hing to the Joint Venture pursuant to the Joint Venture Agreement is more than 5% but all of them are less than 25%, the entering into of the Joint Venture Agreement constitutes a discloseable transaction for Hung Hing under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

Reference is made to the joint announcement of Hung Hing and Dream dated June 22, 2018 (the “**Announcement**”) in relation to Hung Hing entered into a non-binding letter of intent with Dream to establish the Joint Venture. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

THE JOINT VENTURE AGREEMENT

The respective board of directors of Hung Hing and Dream are pleased to announce that on August 6, 2018, Hung Hing entered into a joint venture agreement with Dream in relation to the establishment of the Joint Venture which shall engage in printing and packaging manufacturing in Hanoi, Vietnam, serving both domestic and export markets.

The principal terms of the Joint Venture Agreement are summarized below:

Date: August 6, 2018

Parties and shareholding ratio: (1) Hung Hing (90.5%)
(2) Dream (9.5%)

To the best of the directors of Hung Hing’s knowledge, information and belief, having made all reasonable enquiries, Dream and its ultimate beneficial owners are third parties independent of Hung Hing and its connected persons.

Capital contribution: The total registered capital of the Joint Venture is proposed to be US\$10 million, which will be contributed by the Parties as follows:

- (1) US\$9.05 million (amounting to 90.5% of the total capital contribution) by Hung Hing; and
- (2) US\$0.95 million (amounting to 9.5% of the total capital contribution) by Dream.

The amount of capital contribution to the Joint Venture was determined after arm’s length negotiation between the Parties with reference to the capital contribution intentions and the respective shareholdings of the Parties.

Scope of business: The Joint Venture shall engage in printing and packaging manufacturing in Hanoi, Vietnam, serving both domestic and export markets.

Board composition: The board of directors of the Joint Venture will comprise at least three directors, of which Dream shall be entitled to appoint one director and Hung Hing shall be entitled to appoint all other directors of the Joint Venture.

Term of agreement: A term of five years from the date of the Joint Venture Agreement (the “**JV Initial Term**”). Upon the expiration of the JV Initial Term, the Joint Venture Agreement shall be automatically renewed for successive periods of one year each (each, a “**JV Renewal Term**”), unless either party gives written notice of termination to the other party at least 30 days prior to (but in no case more than 60 days prior to) the expiration of the JV Initial Term or of any JV Renewal Term.

THE COOPERATION AGREEMENT

As an arrangement for further strengthening the future cooperation of the Parties and facilitating the future operation of the Joint Venture, on August 6, 2018, Hung Hing entered into a business cooperation framework agreement with Dream for which Dream undertakes to procure paper products from the Joint Venture, the value of which each year shall be no less than certain amount, during the term of the Joint Venture and its extensions.

The principal terms of the Cooperation Agreement are summarized below:

Date: August 6, 2018

Parties: (1) Hung Hing
(2) Dream

Scope of cooperation: Hung Hing agrees to procure the Joint Venture to sell and deliver and Dream agrees to purchase and take delivery from the Joint Venture paper products, including but not limited to, paper, packaging material and printed products, with a total value of not less than US\$5 million for the calendar year 2019 and US\$10 million for each year starting from the calendar year 2020 during the subsistence of the Joint Venture including the Cooperation Initial Term (as defined below) and any Cooperation Renewal Term (as defined below).

Term of agreement: A term of five years from the date of the Cooperation Agreement (the “**Cooperation Initial Term**”). Upon the expiration of the Cooperation Initial Term, the Cooperation Agreement shall be automatically renewed for successive periods of one year each (each, a “**Cooperation Renewal Term**”), unless either party gives written notice of termination to the other party at least 30 days prior to (but in no case more than 60 days prior to) the expiration of the Cooperation Initial Term or of any Cooperation Renewal Term.

INFORMATION ON THE GROUP AND THE PARTIES

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

REASONS AND BENEFITS OF THE ESTABLISHMENT OF JOINT VENTURE AND ENTERING OF COOPERATION AGREEMENT

The respective board of directors of Hung Hing and Dream believe that the establishment of the Joint Venture is in accordance with the corporate strategy of both Parties and the synergy effect arising from the Joint Venture Agreement and the Cooperation Agreement will be beneficial to the existing operation of both Parties as well as the Joint Venture when it has commenced operation.

The respective board of directors (including their respective independent non-executive directors) of Hung Hing and Dream are of the view that the terms of the Joint Venture Agreement and the Cooperation Agreement, together with the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Parties and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of Hung Hing to the Joint Venture pursuant to the Joint Venture Agreement is more than 5% but all of them are less than 25%, the entering into of the Joint Venture Agreement constitutes a discloseable transaction for Hung Hing under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the business cooperation framework agreement dated August 6, 2018 entered into between Hung Hing and Dream in relation to the undertaking by Dream to procure paper products from the Joint Venture, the value of which each year shall be no less than certain amount, during the term of the Joint Venture and its extensions
“Dream”	Dream International Limited, a limited liability company incorporated in Hong Kong, the issued shares of which are listed on the Stock Exchange
“Group”	Hung Hing and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hung Hing”	Hung Hing Printing Group Limited, a limited liability company incorporated in Hong Kong, the issued shares of which are listed on the Stock Exchange
“Joint Venture”	a limited liability company to be formed under the Joint Venture Agreement and to be incorporated under the laws of Vietnam
“Joint Venture Agreement”	the joint venture agreement dated August 6, 2018 entered into between Hung Hing and Dream in relation to the establishment of the Joint Venture
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	Hung Hing and Dream
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
By order of the board of directors of Hung Hing Printing Group Limited Yum Chak Ming, Matthew <i>Executive Chairman</i>	By order of the board of directors of Dream International Limited Young M. Lee <i>Executive Director</i>

Hong Kong, August 6, 2018

As at the date of this announcement, the board composition of each of Hung Hing and Dream is as follows:

Hung Hing

Executive Directors

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

Non-executive Directors

Mr. Hirofumi Hori
Mr. Sadatoshi Inoue
Mr. Yoshihisa Suzuki
Mr. Yam Hon Ming, Tommy

Independent Non-executive Directors

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

Dream

Executive Directors

Mr. Kyoo Yoon CHOI (*Chairman*)
Mr. Young M. LEE
Mr. Hyun Ho KIM
Mr. Sung Sick KIM

Independent Non-executive Directors

Professor Cheong Heon YI
Mr. Tae Woong KANG
Dr. Chan YOO