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SUN HING PRINTING HOLDINGS LIMITED

新興印刷控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1975)

DISCLOSEABLE TRANSACTION ACQUISITION OF THE LAND

THE ACQUISITION

The Board is pleased to announce that on 18 December 2024 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Letter of Purchase Confirmation with the Vendor, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Land at the Consideration of Rp49,505,893,632 (equivalent to approximately HK\$24,258,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Acquisition is subject to the entering of the Binding Sales and Purchase Agreement. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

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MAJOR TERMS OF THE LETTER OF PURCHASE CONFIRMATION

Major terms of the Letter of Purchase Confirmation are set out below:

Date : 18 December 2024

Parties : (a) PT Kawasan Industri Kendal (i.e. the Vendor); and
(b) PT New Horizons Venture (i.e. the Purchaser)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor is an Independent Third Party.

Land to be acquired : Jl. Tanjung Anom Raya No 2, Kawasan Industri Kendal, Indonesia (i.e. the Land)

The Land has a land area of approximately 29,664 sq.m..
The Land is for industrial purpose.

Land delivery date : 19 February 2025

Consideration and payment terms : Consideration is in the sum of Rp49,505,893,632 (equivalent to approximately HK\$24,258,000), which shall be paid in the following manner:

(a) a sum of Rp14,851,768,090 (equivalent to approximately HK\$7,277,400) on or before 31 December 2024;

- (b) a sum of Rp9,901,178,726 (equivalent to approximately HK\$4,851,600) on or before 13 January 2025;
- (c) a sum of Rp9,901,178,726 (equivalent to approximately HK\$4,851,600) on or before 12 February 2025;
- (d) a sum of Rp9,901,178,726 (equivalent to approximately HK\$4,851,600) on or before 12 March 2025; and
- (e) a sum of Rp4,950,589,364 (equivalent to approximately HK\$2,425,800) on or before 14 April 2025.

The Consideration was determined after arm's length negotiations between the parties with reference to the prevailing market value of comparable properties available in the vicinity. The Directors consider that the terms of the Letter of Purchase Confirmation are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration shall be funded by the Group's internal resources.

Binding Sales and
Purchase Agreement

: The Letter of Purchase Confirmation is an inseparable part of the Binding Sales and Purchase Agreement which will be issued by the Vendor to the Purchaser.

No later than 30 business days after receiving the Binding Sales and Purchase Agreement, parties will mutually negotiate the terms therein, in good faith with the aim that it has to be signed and returned to the Vendor, otherwise the Letter of Purchase Confirmation is considered null and void.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a comprehensive one-stop printing service provider, offering a wide range of printing solutions. With established manufacturing capabilities in the PRC, the Group is now planning to expand and diversify its production facilities to Indonesia. This strategic move is in response to the evolving market dynamics and regional economic factors. The Land will be used for the development of the Group's new printing production facilities in Indonesia.

Indonesia, as one of Southeast Asia's largest economies, presents a dynamic market characterised by a growing middle class and increasing consumer demand. With a population exceeding 270 million people, the potential for market expansion is substantial. By establishing a presence in Indonesia, the Group can effectively tap into this burgeoning consumer base and meet local demand for high-quality printing services. This not only diversifies the Group's portfolio but also enhances its competitiveness in a region showing strong economic potential.

Indonesia's strategic location within Southeast Asia places it at the crossroads of significant trade routes. By expanding into this region, the Group can improve its logistics capabilities, facilitating quicker access to both raw materials and finished goods to various markets across Asia. This strategic positioning can lead to reduced lead times for clients, enhancing customer satisfaction and strengthening the Group's market reputation.

Given the recent disruptions in global supply chains, exacerbated by the COVID-19 pandemic and geopolitical tensions, it is imperative for companies to diversify their production locations to mitigate risk. Establishing facilities in Indonesia will not only reduce dependency on a single production hub but also provide alternative sourcing options for raw materials and components. This diversification is crucial for ensuring operational resilience and maintaining steady production levels in the face of unforeseen disruptions.

Further, the rising costs of production in the PRC, driven by increased labour and operational expenses, necessitate a strategic shift. Indonesia offers advantageous economic conditions, including relatively lower labour costs and operational expenses. By diversifying its production to Indonesia, the Group can optimise its cost structure, thereby enhancing its overall profitability. This move allows the Group to sustain competitive pricing, making its services more appealing both locally and regionally. In fact, the Land is located at an industrial park in Central Java of Indonesia with the status of special economic zone which enjoys various fiscal benefits such as exemption of value added tax and import duty, and certain tax allowance, and is only around 25 kilometers from the Tanjung Emas Seaport, all of which will contribute to future cost effectiveness of the Group.

The Directors (including the independent non-executive Directors) consider that the Acquisition and the terms of the Letter of Purchase Confirmation are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Company

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of comprehensive one-stop printing service.

The Vendor

The Vendor is a company incorporated in Indonesia with limited liability. It owns and operates the industrial park where the Land is located. The Vendor is owned by PT Kawasan Industri Jababeka Tbk (a company listed on the Indonesia Stock Exchange (Stock Code: KIJA)) as to 51% and by Sembcorp Industries Limited (a company listed on the Singapore Stock Exchange (Stock Code: U96)) as to 49%.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor, PT Kawasan Industri Jababeka Tbk and Sembcorp Industries Limited are Independent Third Parties.

The Purchaser

The Purchaser is a company incorporated in Indonesia with limited liability and an indirect wholly-owned subsidiary of the Company. It is a land holding company.

Shareholders and potential investors of the Company should note that the Acquisition is subject to the entering of the Binding Sales and Purchase Agreement. Therefore, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“Acquisition”	the acquisition of the Land by the Purchaser from the Vendor pursuant to the Letter of Purchase Confirmation and the transactions contemplated thereunder
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Binding Sales and Purchase Agreement”	the binding sales and purchase agreement to be entered into between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Company”	SUN HING PRINTING HOLDINGS LIMITED (新興印刷控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 01975)
“Consideration”	the sum of Rp49,505,893,632 (equivalent to approximately HK\$24,258,000), being the purchase price of the Land
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the Listing Rules) any directors, chief executives, substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Land”	Jl. Tanjung Anom Raya No 2, Kawasan Industri Kendal, Indonesia

“Letter of Purchase Confirmation”	the letter of purchase confirmation dated 18 December 2024 and entered into between the Vendor and the Purchaser in relation to the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	PT New Horizons Venture, a company incorporated in Indonesia with limited liability and an indirect wholly-owned subsidiary of the Company
“Rp”	Rupiah, the lawful currency of Indonesia
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	PT Kawasan Industri Kendal
“sq.m.”	square metre
“%”	per cent

By order of the Board
SUN HING PRINTING HOLDINGS LIMITED
CHAN Peter Tit Sang
Chairman and Executive Director

Hong Kong, 18 December 2024

As at the date of this announcement, the Board comprises eight members, of which Mr. CHAN Peter Tit Sang, Mr. CHAN Kenneth Chi Kin, Mr. CHAN Chi Ming and Mr. CHAN Chun Sang Desmond are the executive Directors; Ms. CHEUNG Mei Yee Lorna is the non-executive Director and Dr. CHU Po Kuen Louis, Mr. WONG Kam Fai and Mr. WU Chun Sing are the independent non-executive Directors.