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## **NEW ISLAND PRINTING HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 377)**

### **CONTINUING CONNECTED TRANSACTIONS SUPPLY AGREEMENT**

Reference is made to the announcement of the Company dated 8 May 2007 in relation to the continuing connected transactions between the Group and each of the Kader Group and Qualidux pursuant to the Kader Supply Agreement and the Qualidux Supply Agreement respectively, whereby the Group would agree to sell to each of the Kader Group and Qualidux or their respective subsidiaries packaging products and other paper products for a term of three years commencing from 1 April 2007 and expiring on 31 March 2010. The Group has entered into the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement on 22 April 2010 to renew the Kader Supply Agreement and the Qualidux Supply Agreement for a further term of 3 years commencing from 1 April 2010.

The entering into of the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement by New Island Printing, a wholly-owned subsidiary of the Company, with each of Kader Industrial and Qualidux whereby New Island Printing agreed to sell to each of Kader Industrial and Qualidux packaging and paper products for a term of three years commencing from 1 April 2010 would constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Further, the transactions arising from or pursuant to the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Particulars of the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement are given below in accordance with the relevant requirements of the Listing Rules.

Kader and its subsidiaries are connected persons of the Company within the meaning of the Listing Rules by virtue of the fact that Mr. Ting, a non-executive Director, is also the managing director and the controlling shareholder of Kader.

Qualidux would be regarded as a connected person of the Group within the meaning of the Listing Rules by virtue of the fact that Mr. Ting, a non-executive Director, is also a director of Qualidux and certain members of his family have substantial interests in Qualidux.

As the aggregate value of the Transactions on an annual basis is likely to continue to exceed HK\$10,000,000 with relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) likely to exceed 2.5%, the Transactions may be subject to disclosure and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules, but for the waiver referred to below.

Since (i) the Transactions are connected solely because of the interest of a non-executive Director, namely, Mr. Ting; (ii) Mr. Ting does not control the Company; and (iii) Mr. Ting's principal business interest is not the Company, a waiver has been applied for pursuant to Rule 14A.42 of the Listing Rules from strict compliance with, among others, independent shareholders' approval requirements of Chapter 14A. The Directors are pleased to announce that, in relation to the Renewed Supply Agreements and the Transactions, a conditional waiver was granted by the Stock Exchange from strict compliance with the requirements of (a) setting an annual cap under Rule 14A.35(2) of the Listing Rules and the auditors' confirmation on the cap under Rule 14A.38(4) of the Listing Rules; and (b) independent shareholders' approval under Rule 14A.35(4) of the Listing Rules. Details of the conditional waiver are set out in the section headed "Listing Rules Implications" below.

## **DETAILS OF THE TRANSACTIONS**

### **1. Renewed Kader Supply Agreement**

Date : 22 April 2010

Supplier : New Island Printing

Purchaser : Kader Industrial

Products to be supplied : packaging and paper products according to the design and specifications provided by Kader Industrial in its purchase orders

Price : to be determined with reference to the prevailing market price which is not more favourable to Kader Industrial than the price at which New Island Printing sells similar

products to independent third parties having regard to the quantity and other conditions of sale. The purchase price will be satisfied in cash and subject to payment in the following month after receipt of products

Term : three years commencing on 1 April 2010 and expiring on 31 March 2013 (both days inclusive)

## **2. Renewed Qualidux Supply Agreement**

Date : 22 April 2010

Supplier : New Island Printing

Purchaser : Qualidux

Products to be supplied : packaging and paper products according to the design and specifications provided by Qualidux in its purchase orders

Price : to be determined with reference to the prevailing market price which is not more favourable to Qualidux than the price at which New Island Printing sells similar products to independent third parties having regard to the quantity and other conditions of sale. The purchase price will be satisfied in cash and subject to 60 days credit period.

Term : three years commencing on 1 April 2010 and expiring on 31 March 2013 (both days inclusive)

### **RELATIONSHIP BETWEEN THE COMPANY, NEW ISLAND PRINTING, MR. TING, KADER, KADER INDUSTRIAL AND QUALIDUX**

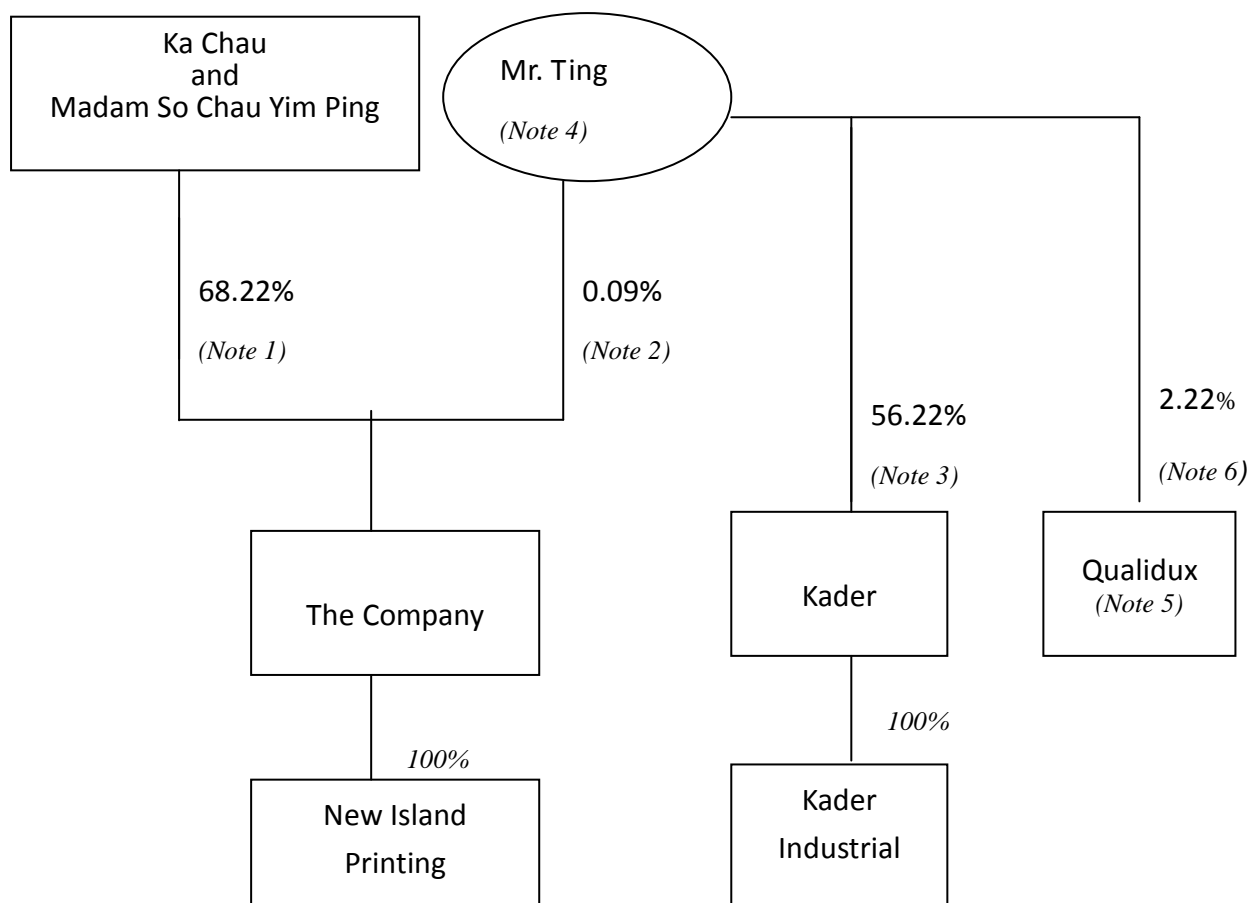
Since Mr. Ting, a non-executive Director, is also the managing director and the controlling shareholder of Kader, Kader and its subsidiaries are therefore connected persons of the Company within the meaning of the Listing Rules by virtue of their being associates of Mr. Ting. Accordingly, the entering into of the Renewed Kader Supply Agreement constitutes a connected transaction for the Company and the

transactions arising therefrom would constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As Mr. Ting is also a director of Qualidux and certain members of his family have substantial interests in Qualidux, Qualidux may be regarded as a connected person of the Company within the meaning of the Listing Rules. Accordingly, the entering into of the Renewed Qualidux Supply Agreement may constitute a connected transaction for the Company and the transactions arising therefrom may constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Mr. Ting is the managing director and controlling shareholder of Kader. Mr. Ting does not control the Company and his principal business interest is not the Company. As the Company understands, Mr. Ting's principal business interest is in the Kader Group.

Details of the relationship between the Company, New Island Printing, Mr. Ting, Kader, Kader Industrial and Qualidux are shown below:



**Notes :**

1. *Ka Chau Enterprises (B.V.I.) Limited ("Ka Chau") beneficially owns 132,000,000 shares of the Company representing approximately 59.32% of the issued share capital of the Company. Ka Chau is owned as to 60%, 20% and 20% by three directors of the Company, namely Madam So Chau Yim Ping, BBS, JP, Mrs. Cheong So Ka Wai, Patsy and Mrs. Fung So Ka Wah, Karen respectively. In addition, Madam So Chau Yim Ping, BBS, JP, Mrs. Cheong So Ka Wai, Patsy and Mrs. Fung So Ka Wah, Karen beneficially owns 19,800,000 shares, 3,300,000 shares and 3,300,000 shares of the Company, representing approximately 8.90%, 1.48% and 1.48% of the issued share capital of the Company respectively. For the purpose of Part XV of the Securities and Futures Ordinance, Madam So Chau Yim Ping, BBS, JP is deemed to be interested in the 132,000,000 shares owned by Ka Chau, and thus for such purpose she has a total interest of approximately 68.22% of the issued share capital of the Company*
2. *As the Company understands from Mr. Ting, these interests are beneficially owned by Mr. Ting.*
3. *As the Company understands from Mr. Ting, these interests comprise Mr. Ting's personal interests and deemed interests in respect of his spouse and his controlled corporations.*
4. *Mr. Ting is a non-executive Director. He is also the managing director of Kader and a director of Qualidux.*

5. *As the Company understands from Mr. Ting, certain family members of Mr. Ting have substantial interests in Qualidux.*
6. *As the Company understands from Mr. Ting, these interests represent Mr. Ting's personal interests only.*

## **INFORMATION ON KADER GROUP AND QUALIDUX**

Kader Industrial and Qualidux are two of the Group's long-term customers. The Kader Group is principally engaged in the manufacture and sale of plastic, electronic and stuffed toys and model trains, property investment, investment holding and trading. The principal business of Qualidux is the manufacture of plastic toys and household goods.

## **INFORMATION ON THE GROUP**

The principal activities of the Group are the printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products.

## **LISTING RULES IMPLICATIONS**

The total value involved in the business transactions which New Island Printing has been conducting with each of Kader Industrial and Qualidux for the Company's four financial years ended 31 March 2010 are set out below:

For the financial year ended 31 March	Total value involved Kader Industrial <i>(approximately HK\$)</i>	Total value involved Qualidux <i>(approximately HK\$)</i>	Total <i>(approximately HK\$)</i>
2007	3,309,000	7,802,000	11,111,000
2008	3,025,000	14,235,000	17,260,000
2009	3,142,000	7,774,000	10,916,000
2010	3,005,000	8,060,000	11,065,000

As the aggregate value of the Transactions on an annual basis is likely to continue to exceed HK\$10,000,000 with relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) likely to exceed 2.5%, it appears that the entering into of the Transactions may be subject to disclosure and independent shareholders' approval

requirements under Rule 14A.35 of the Listing Rules, but for the waiver referred to below.

However, since (i) the Transactions are connected solely because of the interest of a non-executive Director, namely, Mr. Ting; (ii) Mr. Ting does not control the Company; and (iii) Mr. Ting's principal business interest is not the Company, a waiver has been applied for pursuant to Rule 14A.42 of the Listing Rules from strict compliance with, among others, independent shareholders' approval requirements of Chapter 14A. The Directors are pleased to announce that, in relation to the Renewed Supply Agreements and the Transactions, a waiver was granted by the Stock Exchange from strict compliance with the requirements of (a) setting an annual cap under Rule 14A.35(2) of the Listing Rules and the auditors' confirmation on the cap under Rule 14A.38(4) of the Listing Rules; and (b) independent shareholders' approval under Rule 14A.35(4) of the Listing Rules during the subsistence of each of the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement, subject to the following conditions:-

- (1) the Company's auditors (or a financial adviser acceptable to the Stock Exchange) will provide a letter stating that the Transactions are, in their opinion, fair and reasonable to the shareholders of the Company;
- (2) the Company's annual reports and accounts for each of the three years ending 31 March 2013 will contain details of the Transactions as required under Rule 14A.45; and
- (3) the Company will re-comply with all reporting, announcement and independent shareholders' approval requirements (if applicable) under Chapter 14A of the Listing Rules if and when the Renewed Supply Agreements are renewed, or where there is any material change to the terms of the agreements.

## **REASONS FOR THE TRANSACTIONS**

New Island Printing has been conducting business with each of Kader Industrial and Qualidux for more than 20 years. Other than sales orders or business correspondence, only the Kader Supply Agreement and the Qualidux Supply Agreement which expired on 31 March 2010 (and similar supply agreements in the past) have been entered into between New Island Printing and each of Kader Industrial and Qualidux in respect of the transactions arising from the business. With a view to complying with the connected transaction requirements of the Listing Rules as well as to formally

documenting the business transactions which New Island Printing conducts with each of Kader Industrial and Qualidux, the Company decided that New Island Printing should enter into the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement with Kader Industrial and Qualidux respectively.

The Directors (including independent non-executive Directors) are of the opinion that the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement and the respective terms and conditions contained therein are on normal commercial terms, are fair and reasonable and are in the commercial interests of the Company and its shareholders as a whole, and that they are entered into in the ordinary and usual course of business of the Group after due negotiations on an arm's length basis with reference to the prevailing market conditions.

## **DEFINITION**

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

<b>Terms</b>	<b>Meanings</b>
“Company”	New Island Printing Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region, the PRC
“Kader”	Kader Holdings Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Kader Group”	Kader and its subsidiaries
“Kader Industrial”	Kader Industrial Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Kader
“Kader Supply Agreement”	the supply agreement dated 30 April 2007 entered into between New Island Printing as supplier and Kader

	Industrial as purchaser, pursuant to which New Island Printing agreed to supply and deliver to Kader Industrial packaging and paper products according to the design and specifications provided by Kader Industrial
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ting”	Mr. Ting Woo Shou, Kenneth, SBS, JP, a non-executive Director
“New Island Printing”	New Island Printing Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Qualidux”	Qualidux Industrial Company Limited, a company incorporated in Hong Kong with limited liability
“Qualidux Supply Agreement”	the supply agreement dated 30 April 2007 entered into between New Island Printing as supplier and Qualidux as purchaser, pursuant to which New Island Printing agreed to supply and deliver to Qualidux packaging and paper products according to design and specifications provided by Qualidux
“Renewed Kader Supply Agreement”	the supply agreement dated 22 April 2010 which was a renewal of the Kader Supply Agreement for further 3 years commencing from 1 April 2010 under substantially the same terms and conditions as stated in the Kader Supply Agreement.
“Renewed Qualidux Supply Agreement”	the supply agreement dated 22 April 2010 which was a renewal of the Qualidux Supply Agreement for further 3 years commencing from 1 April 2010 under substantially the same terms and conditions as stated in the Qualidux Supply Agreement.
“Renewed Supply Agreements”	the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions”	the transactions arising from or pursuant to the Renewed Kader Supply Agreement and the Renewed Qualidux Supply Agreement
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**New Island Printing Holdings Limited**  
**Fung So Ka Wah Karen**  
*Chief Executive Officer*

Hong Kong, 23 April 2010

*As at the date of this announcement, the Board comprises Madam So Chau Yim Ping, BBS, JP, Mrs. Fung So Ka Wah, Karen, Mrs. Cheong So Ka Wai, Patsy and Mr. So Wah Sum, Conrad as executive Directors; Mr. Ting Woo Shou, Kenneth, SBS, JP as non-executive Director and Mr. Hui Yin Fat, O.B.E. JP, Mr. She Chiu Shun, Ernest and Mr. Wong Wang Fat, Andrew, O.B.E. (Hon.), JP as independent non-executive Directors.*