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**HOP HING HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

*Website: [www.hophing.com](http://www.hophing.com)*

**(Stock code: 47 and Warrant code: 427)**

**REORGANISATION PROPOSAL FOR  
HOP HING HOLDINGS LIMITED  
TO BECOME A WHOLLY-OWNED SUBSIDIARY OF  
HOP HING GROUP HOLDINGS LIMITED  
(A COMPANY INCORPORATED  
IN THE CAYMAN ISLANDS WITH  
LIMITED LIABILITY,  
THE SHARES OF WHICH ARE PROPOSED TO BE  
LISTED ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF  
HONG KONG LIMITED  
BY WAY OF INTRODUCTION)  
PURSUANT TO A SCHEME OF ARRANGEMENT  
(UNDER SECTION 99 OF  
THE COMPANIES ACT 1981  
OF BERMUDA (AS AMENDED))**

**Sponsor and financial adviser**



**CIMB-GK Securities (HK) Limited**

Reference is made to the announcement issued by the Company on 31 January 2007 with regard to the Redomicile Proposal.

The Board is pleased to announce that the Listing Committee has granted an approval in principle for the listing of Newco Shares and Newco Warrants on the Main Board.

As one of the effects of the Scheme is that the Company will be privatised and at the same time, its listing on the Main Board will be withdrawn, the Scheme, if implemented, is subject to Rule 2.10 of the Takeovers Code. On the basis that the economic interests of all Shareholders will not be affected as a result of the implementation of the Scheme, the Company has applied for, and the SFC has granted, a waiver from strict compliance with Rule 2.10 of the Takeovers Code.

The Scheme Document containing, among other things, the expected timetable, further details of the Redomicile Proposal, information on the Group, information on Newco, notice of the Court Meeting, SGM Notice and the notice of Warranholders' Meeting, will be despatched to the Shareholders and the Warranholders on 14 March 2008.

**Shareholders should note that the board lot size for trading of the Newco Shares will be changed to 4,000 Newco Shares upon the Scheme becomes effective. New certificates of the Newco Shares and Newco Warrants will be issued to the Newco Shareholders and Newco Warranholders whose names appear in the register of members of the Company and register of Warranholders respectively at the Record Time.**

**Shareholders and potential investors of the Shares should note that the Redomicile Proposal is subject to fulfillment of a number of conditions and may or may not proceed. Accordingly, Shareholders and potential investors of the Shares should exercise extreme caution when dealing in the Shares and are also recommended to consult their professional advisers if they are in any doubt as to their rights and the effect of the Redomicile Proposal on them.**

Reference is made to the announcement issued by the Company on 31 January 2007 (the "Announcement") with regard to the Redomicile Proposal and the scheme document to be issued by the Company on 14 March 2008 (the "Scheme Document") with regard to the Redomicile Proposal. Terms used herein shall bear the same meanings as those defined in the Announcement and the Scheme Document.

The Board is pleased to announce that the Listing Committee has granted an approval in principle for the listing of Newco Shares and the Newco Warrants on the Main Board. Investors' attention is drawn to the fact that, instead of Hop Hing Group Limited, which was proposed to be incorporated in the Cayman Islands as stated in the Announcement, a company named as "Hop Hing Group Holdings Limited" was incorporated in the Cayman Islands on 1 August 2007 with limited liability, will pursuant to the Redomicile Proposal, become the holding company of the Company.

As one of the effects of the Scheme is that the Company will be privatised and at the same time, its listing on the Main Board will be withdrawn, the Scheme, if implemented, is subject to Rule 2.10 of the Takeovers Code. On the basis that the economic interests of all Shareholders will not be affected as a result of the implementation of the Scheme, the Company has applied for, and the SFC has granted, a waiver from strict compliance with Rule 2.10 of the Takeovers Code.

## **REASONS FOR THE REDOMICILE PROPOSAL**

The Group is principally engaged in the extraction, refining, blending, bottling, packaging and distribution of edible oils and ancillary activities in Hong Kong and the PRC. Its shareholders' funds based on unaudited accounts as at 30 June 2007 and audited accounts as at 31 December 2006 were approximately HK\$407 million and HK\$404 million respectively. The Group has always concentrated on its core business since the listing of the Shares in 1988. In the last five years, while the Oil Business in Hong Kong has been profitable, the Group has been adversely affected by losses incurred by its Oil Business in the PRC.

Given the prolonged unsatisfactory performance of the Group's businesses, the Directors have decided to act more proactively to try to diversify the Group's business to other related sectors such as food and beverage and retail business so as to balance and enhance the overall financial performance of the Group to create value for the Shareholders.

The Directors consider that different business activities carry different risk profiles and may employ different management philosophies despite under the same top management. In operating the Group's existing Oil Business, the Group has established a particular business model. Many of the business risks the Group is currently subject to are peculiar to the Oil Business. Should the right opportunities arise in future, Newco Group may invest in sectors which operate under different business models and are subject to different business risks. In diversifying Newco Group's business, however, it is important that the new businesses may, where considered desirable, be insulated from and not be directly affected by the business risks and associated liabilities of the existing businesses, including the Corporate Guarantee and the Operational Guarantee. The amount of risks involved in the Operational Guarantee is not readily quantifiable. Similarly, it may be desirable not to expose the existing businesses of the Group to the business risks and associated liabilities of future businesses. Accordingly, it is in the best interests of the Group, the Shareholders and the Warrantheolders to put any future business ventures or new assets under Newco and not under the Company.

Although the Scheme is designed to pave the way for possible future diversification of Newco Group's businesses, the Directors do not presently have any concrete plan as regards the timing and nature of any acquisitions of assets or businesses. Save for Directors' intention mentioned above, no major change in the nature of the business of the Group is currently under discussion and negotiation by the Directors. In the event of any acquisition, it will be effected in accordance with the relevant provisions of the Listing Rules. The Directors would, however, emphasize that such acquisition or diversification of businesses may or may not happen upon the Scheme becoming effective.

Newco was incorporated in the Cayman Islands, being one of the jurisdictions specified under the Listing Rules as an acceptable place of incorporation for overseas issuers, provided certain additional requirements are fulfilled. The Directors consider the Cayman Islands as the appropriate place of incorporation of Newco for the following reasons:

- (i) it has political stability, a common law legal system and is growing in importance as an international financial centre with an increasing number of companies with global presence incorporated there;
- (ii) having Newco incorporated in the Cayman Islands is less expensive and quicker than having it incorporated in Bermuda (the only other practicable alternative). The incorporation of Newco, the transfer of Newco Shares and the issue of new shares in Newco do not require monetary or ministerial approvals under the Cayman Islands company law. Further, it is less expensive to maintain a company incorporated in the Cayman Islands than a Bermuda incorporated company;
- (iii) Newco can be operated with fewer domestic formalities (and therefore more cost effective) prior to its listing in Hong Kong if it is incorporated in the Cayman Islands rather than in Bermuda; and
- (iv) the Companies Law of the Cayman Islands provides flexibility on the use of share premium by Newco.

## **SUMMARY OF THE PROPOSALS**

As part of the corporate restructuring exercise, the Board proposes (a) a change of domicile of the holding company of the Group from Bermuda to the Cayman Islands by way of the Scheme, pursuant to which the structure of the Group will be reorganised such that Newco, an exempted company incorporated in the Cayman Islands with limited liability, will become the new holding company of the Group and the Shareholders will receive one Newco Share for every one Share held at the Record Time and become Newco Shareholders thereafter; and (b) for the existing Warrants to be cancelled and in consideration of which the Warrantheolders will receive one Newco Warrant for every one Warrant held at the Record Time and become Newco Warrantheolders thereafter. Accordingly, the Shareholders and the Warrantheolders (upon exercise of the Warrants) will have the same proportionate interests in Newco as they currently hold in the Company, upon implementation of the Redomicile Proposal. Pursuant to the Scheme, it is proposed that on the Effective Date:

- (a) all the Scheme Shares will be cancelled and extinguished and the authorised and issued share capital of the Company will be reduced;
- (b) new Shares will be allotted and issued, credited as fully paid, to Newco such that the Company will become a wholly-owned subsidiary of Newco; and
- (c) in consideration of the cancellation and extinguishment of the Scheme Shares, the Scheme Shareholders will receive Newco Shares credited as fully paid, on the basis of one Newco Share for every one Scheme Share held as at the Record Time.

Upon the Scheme become effective, the Warrants shall be cancelled and, in consideration of such cancellation, the holders of Warrants whose names appear in the register of holders of Warrants at the Record Time shall, subject to and in accordance with the Warrant Proposal, receive for every Warrant then held one Newco Warrant carrying the right to subscribe for shares in the capital of Newco at a subscription price of HK\$0.25 per share, subject to adjustment, at any time on or before 30 April 2009.

As a result of the implementation of the Scheme, all existing subsidiaries of the Company will become indirect subsidiaries of Newco and Newco will become the ultimate holding company of the Group. Upon completion of the Proposals, the Newco Shares and the Newco Warrants will be listed on the Main Board by way of introduction, whereas the listing of the Shares and the Warrants will be withdrawn.

#### **CONDITIONS OF THE REDOMICILE PROPOSAL**

The Redomicile Proposal will become effective and binding on all the Shareholders and the Warranholders upon the following conditions being satisfied on or before 30 September 2008 or such other date as the Company and Newco may agree and the Court may direct:

- (i) the Scheme being approved by a majority in number representing not less than three-fourths in value of the Shareholders present and voting in person or by proxy at the Court Meeting convened in accordance with the direction of the Court;
- (ii) the passing by the Shareholders of a special resolution at the SGM to approve the Scheme (and the necessary arrangement(s) to implement the Scheme) and the Warrant Proposal;
- (iii) the passing by the Warranholders of a special resolution at the Warranholders' Meeting to approve, subject to the condition that the Scheme becomes effective, the Warrant Proposal (and the necessary arrangement(s) to implement the Warrant Proposal);
- (iv) the Scheme, with or without modification, being sanctioned by the Court and an office copy of the order of the Court required under section 99 of the Companies Act being delivered to and registered by the Registrar of Companies;
- (v) the Listing Committee granting the approval for the listing of, by way of introduction, and permission to deal in, the Newco Shares proposed to be issued pursuant to the Scheme, the Newco Warrants proposed to be issued pursuant to the Warrant Proposal and any Newco Shares which may fall to be issued pursuant to the exercise of the Newco Warrants and options to be granted under the Newco Share Option Scheme;
- (vi) all Authorisations (if any) from the relevant authorities in the Cayman Islands for, inter alia, the issue of the Newco Shares pursuant to the Scheme, the issue of the Newco Warrants pursuant to the Warrant Proposal and the issue of the Newco Shares pursuant to the exercise of the Newco Warrants and options to be granted under the Newco Share Option Scheme having been obtained;
- (vii) the granting by the Executive of the SFC Waiver; and
- (viii) all other Authorisations which may be required under any existing contractual arrangements including loan and other finance documentation and/or pursuant to any regulatory requirements having been obtained.

As the implementation of the Scheme will render Newco being treated as a new listing applicant, Newco shall therefore be subject to, among other things, the relevant requirements set out in Rule 8.05 of the Listing Rules in respect of, amongst others, the track record. Since the Company incurred losses for the three financial years ended 31 December 2006, it is envisaged that Newco would not be able to strictly comply with the requirements set out in Rule 8.05 of the Listing Rules. Therefore, Newco has made an application to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.05 of the Listing Rules.

As required by Rule 10.08 of the Listing Rules, a new issuer is restricted from further issuing securities within six months of its listing on the Stock Exchange. Although Newco is deemed to be a new listing applicant by reason of the Redomicile Proposal, the Newco Shareholders are in fact the Shareholders and there is no change in their shareholdings in Newco, save that Newco Shares will be listed on the Main Board and the listing status of the Company will be withdrawn.

As referred to in the Letter from the Board, given the prolonged unsatisfactory performance of the Group's businesses, the Directors have decided to act more proactively to try to diversify the Group's business to other related sectors so as to balance and enhance the overall financial performance of the Group to create value for the Shareholders. Should the right opportunities arise, the Newco Group may need to finance its investments by issuing new Newco Shares within six months following the listing of Newco Shares on the Main Board. In view of the principal reasons set out above, Newco has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.08 of the Listing Rules. A consequential technical waiver from strict compliance with Rule 10.07(1)(a) of the Listing Rules has also been applied for and granted by the Stock Exchange.

As one of the effects of the Redomicile Proposal is that the Company will be privatised and at the same time the listing of the Shares on the Stock Exchange will be withdrawn, the Scheme, if implemented, is subject to Rule 2.10 of the Takeovers Code which imposes more onerous voting requirements than those imposed by the Companies Act. As such, the Company has obtained a waiver from the SFC from strict compliance with Rule 2.10 of the Takeovers Code on the basis that (a) there is no change in the percentage shareholding of any Shareholder in the holding company of the Group; (b) there is no acquisition or consolidation of control by any person or a group of persons; and (c) the economic interests in the Company of all the Shareholders and the Warrantheolders will not be affected, as a result of the implementation of the Redomicile Proposal.

## **EFFECTS OF THE PROPOSALS**

### **Financial position**

The implementation of the Redomicile Proposal will not, of in itself, other than by way of payment of the associated expenses, affect the underlying assets, business, management or financial position of the Group. The consolidated assets and liabilities of Newco immediately upon implementation of the Redomicile Proposal are expected to be the same (save for the above mentioned payment of the associated expenses) as those of the Group immediately prior to the implementation of the Redomicile Proposal.

### **Business**

The business and management of the Group will not be changed by reason only of the implementation of the Redomicile Proposal. Immediately following the implementation of the Redomicile Proposal, Newco will act as the holding company of the Group and the Group will continue to carry on its present principal business activities, being the extraction, refining, blending, bottling, packaging and distribution of edible oils and the ancillary activities in Hong Kong and the PRC.

### **Ownership, voting control and management**

The controlling shareholders of the Company are currently interested in approximately 63% of the issued share capital of the Company and holding 54,505,755 Warrants. Upon implementation of the Redomicile Proposal, the Shareholders and Warrantheolders will become Newco Shareholders and Newco Warrantheolders and the number of Newco Shares and Newco Warrants they will receive will be

identical to the number of the Shares and Warrants which they held in the Company. The Shareholders' and the Warrantheolders' (upon exercise of the Warrants) proportionate interests in Newco will be the same as their existing proportionate interests (or in case of the Warrantheolders, the proportionate interests upon exercise of the Warrants) in the Company.

The controlling shareholders of the Company will continue to be the controlling shareholders of Newco. The Company will become a wholly-owned subsidiary of Newco and the ownership of the Company's subsidiaries will remain unchanged under the Company, save that Newco will become the ultimate holding company of such subsidiaries.

### **Directors and employees**

Except for Ms. Lam Fung Ming, Tammy who has been in the employment of the Group since 1990 and was appointed as a Director in November 2004 and Mr. Seto Gin Chung, John and Mr. Shek Lai Him, Abraham who were appointed as independent nonexecutive Directors in April 2006 and January 2007 respectively, all of the current Directors have been with the Company during the last three years. All the current Directors are expected to act as directors of Newco and no substantial change to the senior management personnel of the Group is expected upon implementation of the Redomicile Proposal.

### **Convertibles and share option schemes**

As at the Latest Practicable Date, the Company has no share options outstanding under the Share Option Scheme and the Old Share Option Scheme. Upon the Redomicile Proposal becoming effective, it is proposed that the Newco Share Option Scheme be adopted by Newco, with terms similar to the terms of the Share Option Scheme, which will comply with the requirements under Chapter 17 of the Listing Rules. The adoption of the Newco Share Option Scheme has been approved by the shareholder(s) of Newco on the condition upon the Scheme becoming effective.

Save for the Warrants, there are no outstanding options or convertible securities issued by the Company as at the date of the Scheme Document.

### **Warrants**

As at the Latest Practicable Date, the Company had 81,606,770 Warrants outstanding, which were held by approximately 360 Warrantheolders. These Warrants had a market capitalization of approximately HK\$28.2 million as at the Latest Practicable Date and carry the rights to subscribe for an aggregate of 81,606,770 Shares at an initial subscription price of HK\$0.25 per Share at any time during the period between 15 September 2005 and 30 April 2009. Assuming all the Warrants are exercised in full, an additional 81,606,770 Shares will be issued. For further information, please refer to the paragraph "Warrants" under the section headed "Explanatory Statement" in the Scheme Document.

### **Dividends**

It is intended that dividends on the Newco Shares will, as for the Shares, be paid in Hong Kong dollars. Similar to the case at present in relation to the Shares in respect of withholding tax under the current legislation of Bermuda, dividends on the Newco Shares will likewise be free of any withholding tax under the current legislation of the Cayman Islands.

The Scheme Document containing, among other things, the expected timetable, further details of the Redomicile Proposal, information on the Group, information on Newco, notice of the Court Meeting, SGM Notice and the notice of Warrantheolders' Meeting, will be despatched to the Shareholders and the Warrantheolders on 14 March 2008.

**Shareholders should note that the board lot size for trading of the Newco Shares will be changed to 4,000 Newco Shares upon the Scheme becomes effective. New certificates of the Newco Shares and Newco Warrants will be issued to the Newco Shareholders and Newco Warrantheolders whose names appear in the register of members of the Company and register of Warrantheolders respectively at the Record Time.**

Set out below is the expected timetable of the Redomicile Proposal which will be set out in the Scheme Document:

2008  
(Hong Kong time unless otherwise indicated)

Latest time for lodging forms of transfer of Shares and the Warrants to qualify for entitlement to vote at the Court Meeting, the SGM and the Warranholders' Meeting. . . . . 4:00 p.m. on Tuesday, 1 April

Closure of register of members of the Company for the purpose of determining the Shareholders who are entitled to attend and vote at the Court Meeting and the SGM. Closure of register of Warranholders for the purpose of determining the Warranholders who are entitled to attend and vote at the Warranholders' Meeting. . . . . from Wednesday, 2 April to Monday, 7 April (both dates inclusive)

Latest time for lodging forms of proxy in respect of (*Note 1*):  
Court Meeting . . . . . 11:00 a.m. on Saturday, 5 April  
SGM . . . . . 11:30 a.m. on Saturday, 5 April  
Warranholders' Meeting . . . . . 12:00 noon on Saturday, 5 April

Court Meeting . . . . . 11:00 a.m. on Monday, 7 April

SGM (*Note 2*) . . . . . 11:30 a.m. on Monday, 7 April

Warranholders' Meeting (*Note 3*) . . . . . 12:00 noon on Monday, 7 April

Announcement of the results of the Court Meeting, the SGM and the Warranholders' Meeting . . . . . after 4:30 p.m. on Monday, 7 April

Hearing of petition to sanction the Scheme . . . . . Friday, 18 April (Bermuda time)

Last day for dealings in the Shares and the Warrants on the Stock Exchange . . . . . Monday, 21 April

Dealings in the Shares and the Warrants on the Stock Exchange ceased . . . . . 4:00 p.m. on Monday, 21 April

Announcement of the result of hearing of petition to sanction the Scheme and the Effective Date to be published on or about . . . . . after 4:30 p.m. on Monday, 21 April

Latest time for lodging forms of transfer of the Shares and the Warrants in order to be entitled to Newco Shares and Newco Warrants . . . . . 4:00 p.m. on Thursday, 24 April

Record Time . . . . . 4:30 p.m. on Thursday, 24 April

Closure of register of members of the Company and register of Warranholders to determine who is entitled to Newco Shares and Newco Warrants respectively . . . . . Friday, 25 April

Registration of the order of the Court to sanction the Scheme with the Registrar of Companies . . . . . Friday, 25 April (Bermuda and Hong Kong time)

Effective Date (*Note 4*) ..... Friday, 25 April  
(Bermuda and Hong Kong time)

Withdrawal of the listing of the Shares  
(in board lots of 2,000 Shares) and the Warrants  
(in board lots of 20,000 Warrants) on the Main Board ..... 4:00 p.m. on Monday, 28 April

Despatch of the new certificates for Newco Shares  
and Newco Warrants ..... Monday, 28 April

Dealings in Newco Shares and Newco Warrants  
on the Stock Exchange commence ..... 9:30 a.m. on Tuesday, 29 April

Matching service for odd lots trading of  
Newco Shares and Newco Warrants commences ..... 9:30 a.m. on Tuesday, 29 April

Last day of the matching services for odd lots  
trading of Newco Shares and Newco Warrants ..... Thursday, 29 May

*Notes:*

1. The forms of proxy should be lodged with the Registrar, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than the relevant times and dates stated above or it may be handed to the Chairman of the Court Meeting at the Court Meeting. Completion and return of a form of proxy for the Court Meeting or the SGM or Warrantholders' Meeting will not preclude a Scheme Shareholder or a Shareholder or a Warrantholder (as the case may be) from attending and voting in person at the relevant meeting if he or she so wishes. In such event, the returned form of proxy will be deemed to have been revoked.
2. The SGM will be held at the abovementioned specific time or so soon thereafter as the Court Meeting shall have been concluded or adjourned.
3. The Warrantholders' Meeting will be held at the abovementioned specific time or so soon thereafter as the SGM shall have been concluded or adjourned.
4. The Scheme will become effective when it is sanctioned (with or without modification(s)) by the Court and an office copy of the order of the Court is delivered to the Registrar of Companies for registration. If the Scheme shall not have become effective by 30 September 2008 or such later date as the Court may direct, the Scheme will lapse. The Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective.

**Shareholders and potential investors of the Shares should note that the Redomicile Proposal is subject to fulfillment of a number of conditions and may or may not proceed. Accordingly, Shareholders and potential investors of the Shares should exercise extreme caution when dealing in the Shares and are also recommended to consult their professional advisers if they are in any doubt as to their rights and the effect of the Redomicile Proposal on them.**

By Order of the Board  
**HOP HING HOLDINGS LIMITED**  
**WONG KWOK YING**  
*Executive Director & Company Secretary*

Hong Kong, 13 March 2008

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained herein, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the executive directors of the Company are Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The non-executive directors of the Company are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive directors of the Company are Dr. Wong Yu Hong, Philip, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Mr. Seto Gin Chung, John and Mr. Shek Lai Him, Abraham.*