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## **HOP HING GROUP HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 47)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE TERMINATION OF THE JOINT VENTURE AGREEMENT**

Reference is made to the announcement of the Company dated 30 September 2011 in relation to the termination of the Joint Venture Agreement.

The Board announces that in order to facilitate the termination of the Joint Venture Agreement, the Joint Venture Parties entered into the Termination Documentation, including the First Supplemental Agreement on 22 December 2011 and the Second Supplemental Agreement on 30 March 2012, respectively.

Pursuant to the Termination Documentation, the HH Group shall purchase back the HH Assets, the HH Products and the HH Raw Materials from Evergreen.

The purchase of the HH Assets, the HH Products and the HH Raw Materials are aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Purchase exceeds 5% and all relevant percentage ratios are less than 25%, the Purchase constitutes a discloseable transaction of the Company and are therefore subject to disclosure by way of an announcement under Chapter 14 of the Listing Rules.

#### **BACKGROUND**

Reference is made to the announcement of the Company dated 30 September 2011 in relation to the termination of the Joint Venture Agreement.

In order to facilitate the termination of the Joint Venture Agreement and to divide the assets and remaining inventories of Evergreen between the HH Group and the Lam Soon Group, the Joint Venture Parties entered into the Termination Documentation, including the First Supplemental Agreement on 22 December 2011 and the Second Supplemental Agreement on 30 March 2012, respectively.

## **THE TERMINATION DOCUMENTATION**

### **Date**

The First Supplemental Agreement: 22 December 2011

The Second Supplemental Agreement: 30 March 2012

### **Parties**

(a) Lawshun, a wholly-owned subsidiary of the Company; and

(b) LSEO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, LSEO and its ultimate beneficial owners are Independent Third Parties.

### **Subject of the Purchase**

Pursuant to the Termination Documentation, the HH Group shall purchase from Evergreen the HH Assets, the HH Products and the HH Raw Materials. The book value of the HH Assets (excluding the relevant trademarks), the HH Products and the HH Raw Materials amounts to approximately HK\$2.6 million, HK\$12.7 million and HK\$3.7 million, respectively.

### **Consideration for the Purchase**

The consideration payable by HH Group to Evergreen for the purchase of the HH Assets amounts to approximately HK\$3.4 million, which was determined based on arm's length negotiations between the relevant parties with reference to the book values and market values of the HH Assets. Such consideration shall be paid by internal resources available to the HH Group.

The HH Products shall be purchased by HH Group from Evergreen at a consideration which has been determined based on the weighted average cost methodology, with reference to the weighted average costs (including raw material costs, production and processing costs and fees, and inward carriage and transportation cost) incurred by Evergreen during the production of HH Products. Such consideration is currently expected to be approximately HK\$12.7 million. It was determined based on arm's length negotiations between the relevant parties and shall be paid by HH Group to Evergreen, with its available internal resources.

The HH Raw Materials shall be purchased by HH Group from Evergreen at a consideration which is calculated based on the actual cost (including raw material costs, production and processing costs and fees and inward carriage and transportation costs) incurred by Evergreen. Such consideration is currently expected to be approximately HK\$3.7 million. It was determined based on arm's length negotiations between the relevant parties and shall be paid by HH Group to Evergreen by internal resources available to the HH Group.

## **REASONS FOR THE PURCHASE**

The Joint Venture Parties have entered into the Termination Agreement on 30 September 2011. In order to facilitate the termination of the Joint Venture and to divide the assets and remaining inventories of Evergreen between the HH Group and the Lam Soon Group, the Joint Venture Parties have entered into the Termination Documentation. The Directors consider that the Purchase is necessary for the Group to continue the business which has been carried on by Evergreen. The Directors are of the view that the terms of the Termination Documentation are fair and reasonable and are on normal commercial terms and the Purchase are in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The purchase of the HH Assets, the HH Products and the HH Raw Materials are aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Purchase exceeds 5% and all relevant percentage ratios are less than 25%, the Purchase constitutes a discloseable transaction of the Company and are therefore subject to disclosure by way of an announcement under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION**

The Group has been principally engaged in the purchasing, extracting, refining, blending, bottling, marketing and distribution of edible oils and fats for consumption by households and restaurants and other catering establishments in Hong Kong, Macau, PRC and overseas countries. Starting from March 2012, the Group has also been engaged in the operation of quick service restaurant chain and ice-cream shops in the PRC.

The principal activities of Lam Soon Group includes manufacturing, trading and processing of edible oil, detergent products and food and flour products mainly in Hong Kong and the PRC.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	Hop Hing Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“Director(s)”	the director(s) of the Company
“Evergreen”	Evergreen Oils & Fats Limited, a company incorporated in the Cayman Islands and principally engaged in the business of producing, warehousing, marketing and sale of the Products, which was formed pursuant to the Joint Venture Agreement and is owned as to 50% by Lawshun and 50% by LSEO

“First Supplemental Agreement”	the first supplemental agreement to the Termination Agreement entered into between the Joint Venture Parties on 22 December 2011
“Group”	the Company and its subsidiaries
“HH Assets”	the assets of Evergreen to be purchased by any member of HH Group pursuant to the Termination Documentation during the period from 1 January 2012 to 30 April 2012, including but not limited to motor vehicles, office and lab equipment, plant and machinery, trademarks, etc.
“HH Group”	the Company, its subsidiaries and associated companies, other than Evergreen and any of its subsidiaries
“HH Products”	certain part of the remaining inventory of the Products on or before 31 March 2012 which are not damaged goods and have an expiry date of 6 months or more from the date of transfer, which shall be purchased by any member of the HH Group from Evergreen pursuant to the Termination Documentation
“HH Raw Materials”	the remaining inventory of crude oil and fats and shortenings supply procured by Evergreen at the requests of HH Group on or before 31 March 2012, which shall be purchased by any member of HH Group from Evergreen pursuant to the Termination Documentation
“HHHL”	Hop Hing Holdings Limited, a company incorporated in Bermuda with limited liability, and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected person

“Joint Venture Agreement”	the agreement in respect of Evergreen dated 25 June 1994, as amended by a supplemental agreement dated 25 June 1994 and a second supplemental agreement dated 20 February 2002 (and together with all those agreements specified as supplemental thereto) and further amended and restated on 25 February 2009 and entered into between (1) HHHL, through one of its subsidiaries, namely Lawshun and (2) Lam Soon, through one of its subsidiaries, namely LSEO
“Joint Venture Parties”	the parties to the Joint Venture Agreement, namely Lawshun and LSEO
“Lam Soon”	Lam Soon Food Industries Limited, a company incorporated in Bermuda with limited liability and a subsidiary of Lam Soon (Hong Kong) Limited, the shares of which is listed on the Main Board of the Stock Exchange
“Lam Soon Group”	Lam Soon (Hong Kong) Limited, its subsidiaries and associated companies, other than Evergreen and any of its subsidiaries
“Lawshun”	Lawshunn Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSEO”	Lam Soon Edible Oils Company Limited, a company incorporated in the British Virgin Islands
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Products”	edible oil products with individual packaging of 150 kilograms or less and edible fats and shortenings products sold in Hong Kong and Macau
“Purchase”	The purchase of the HH Asset, the HH Products and the HH Raw Materials by any member of the HH Group from Evergreen pursuant to the Termination Documentation
“Second Supplemental Agreement”	the second supplemental agreement to the Termination Agreement entered into between the Joint Venture Parties on 30 March 2012

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Termination Agreement”	the agreement entered into on 30 September 2011 by the Joint Venture Parties to terminate the Joint Venture Agreement with effect from 1 April 2012
“Termination Documentation”	the documents in relation to and for the purposes of the termination of the Joint Venture Agreement, which include but are not limited to the Termination Agreement, the First Supplemental Agreement, the Second Termination Agreement and other related documents as agreed by the Joint Venture Parties

By the order of the Board  
**Hop Hing Group Holdings Limited**  
**Wong Kwok Ying**  
*Executive Director and Company Secretary*

Hong Kong, 30 March 2012

*As at the date hereof, the executive Directors are Mr. Hung Ming Kei, Marvin, Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy. The non-executive Directors are Mr. Hung Hak Hip, Peter, Ms. Hung Chiu Yee and Mr. Lee Pak Wing. The independent non-executive Directors are Dr. Hon. Wong Yu Hong, Philip, GBS, Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, Mr. Seto Gin Chung, John and Hon. Shek Lai Him, Abraham, SBS, JP.*