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## **HOP HING GROUP HOLDINGS LIMITED**

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

**(Stock Code: 47)**

### **DISCLOSEABLE TRANSACTION SUBSCRIPTION OF FINANCIAL PRODUCT**

#### **SUBSCRIPTION OF THE BOCOM FINANCIAL PRODUCT**

On 13 February 2018, the Subsidiary subscribed to the BoCom Financial Product with a principal amount of RMB100 million.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription Agreement entered into between the Subsidiary and BoCom concerning the BoCom Financial Product is more than 5% but all are less than 25%, the Subscription of the BoCom Financial Product constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

#### **SUBSCRIPTION OF THE BOCOM FINANCIAL PRODUCT**

On 13 February 2018, the Subsidiary subscribed to the BoCom Financial Product with a principal amount of RMB100 million and expects to receive the principal amount together with the expected return upon the maturity of the BoCom Financial Product. The major terms of the Subscription Agreement with BoCom concerning the BoCom Financial Product are set out as follows:

<b>Product name</b>	<b>Principal amount subscribed (in RMB)</b>	<b>Expected annual return rate (%)</b>	<b>Investment Term (days)</b>	<b>Subscription date</b>	<b>Maturity date</b>	<b>Expected amount to be received upon maturity (in RMB)</b>
蘊通財富 — 日增利	100,000,000	4.5	180	13 February 2018	13 August 2018	102,219,178

## **Other salient terms of the Subscription Agreement with BoCom**

The Investment Term of the BoCom Financial Product represents the term commencing one day after the date of the Subscription Agreement and ending on the earlier of the day immediately preceding the maturity date of the BoCom Financial Product or the date of termination of the Subscription Agreement by BoCom. BoCom may refuse to sell the BoCom Financial Product in the event that there is a material change to applicable PRC regulations or a significant market fluctuation which affects the sale of the BoCom Financial Product prior to the Investment Term but after the Subsidiary has signed the Subscription Agreement.

The Subscription was funded using surplus cash of the Group and the Subscription amount will be transferred to BoCom one day after the date of the Subscription Agreement. Pursuant to the Subscription Agreement, the principal amount invested by the Subsidiary is guaranteed but BoCom may from time to time adjust the expected annual return rate in accordance with the return of the underlying investment portfolio and the change of the deposit interest rate during the Investment Term.

The underlying investments of the BoCom Financial Product shall primarily consist of money market funds representing between 30% to 100% of the investments and fixed income products representing between 0% to 30% of the investments.

During the Investment Term, the Subsidiary will not be able to terminate the Subscription Agreement, redeem or withdraw the principal amount prior to the maturity date of the BoCom Financial Product. BoCom may terminate the Subscription Agreement and the BoCom Financial Product during the Investment Term in the event that there is a material change to applicable PRC regulations or a significant market fluctuation such that BoCom could not offer the BoCom Financial Product as usual, or when there is an undersubscription of the BoCom Financial Product to the effect that the minimum targeted total subscription amount of the BoCom Financial Product could not be reached for ten consecutive business days. As the calculation of the expected annual return rate is calculated with reference to SHIBOR, BoCom will review the 3M SHIBOR on the 10<sup>th</sup> working day before the maturity date. If the SHIBOR falls below 2.5%, then BoCom may early terminate the Subscription Agreement on the next working day. On such early termination, BoCom will use the actual investment days on early termination to calculate the interest due to the Subsidiary.

The Subsidiary shall bear the custodian fee equal to 0.05% per annum of the total principal amount for the BoCom Financial Product. To the extent that the actual investment return on the BoCom Financial Product net of the custodian fee and the handling fee exceed the expected return of the BoCom Financial Product, then the exceeded amount will be charged by BoCom as the investment management fee. On the other hand, if the actual investment return was lower than the expected return, then no investment management fee will be charged to the Subsidiary. The expected annual return rate of the BoCom Financial Product represents the rate of return which the Subsidiary might receive taking into account such fees and charges.

Pursuant to the Subscription Agreement, the principal amount of and the return on the BoCom Financial Product shall be paid by BoCom to the Subsidiary to the designated bank account of the Subsidiary maintained at BoCom on the maturity date of the BoCom Financial Product or within two working days after the termination of the Investment Term, whichever is earlier.

## THE OUTSTANDING FINANCIAL PRODUCT

As at the date of this announcement, the Subsidiary also holds one outstanding financial product issued by BoCom with an principal amount of RMB40 million which shall mature by no later than 13 August 2018. Details of the Outstanding Financial Product are as follows:

Product name	Principal amount subscribed (in RMB)	Expected annual return rate (%)	Investment Term (days)	Subscription date	Maturity date	Expected amount to be received upon maturity (in RMB)
蘊通財富 — 日增利	40,000,000	4.6	91	21 December 2017	23 March 2018	40,458,740

As the material terms of the Outstanding Financial Product are substantially the same as the BoCom Financial Product, please refer to the section headed, “**Other salient terms of the Subscription Agreement with BoCom**” for further details.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Subscription Agreement entered into between the Subsidiary and BoCom concerning the BoCom Financial Product is more than 5% but all are less than 25%, the Subscription of the BoCom Financial Product constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements set out under Rule 14.34 of the Listing Rules.

The subscription of the Outstanding Financial Product by the Subsidiary when calculated individually did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The subscription of the Outstanding Financial Product and the BoCom Financial Product by the Subsidiary, when aggregated, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of these subscriptions, when aggregated, are more than 5% but all are less than 25%.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE BOCOM FINANCIAL PRODUCT**

The Subscription of the BoCom Financial Product was made for treasury management purpose to maximize the return on the unutilized funds of the Group after taking into account, among others, the level of risk, return on investment and the term to maturity. Prior to making this investment, the Company had also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products.

The Directors are of the view that (i) the transactions contemplated under the Subscription Agreement provide the Group with a better return than demand deposits generally offered by PRC commercial banks; and (ii) the investment return in connection with the transactions contemplated under the Subscription Agreement increases the Group's earnings.

In view of the upside of earning a more attractive return than current saving or fixed deposit rate, as well as the low risk nature and relatively short term of maturity of the BoCom Financial Product, the Directors are of the view that the BoCom Financial Product poses little risk to the Group and the terms and conditions of the Subscription Agreement are fair and reasonable and the transactions contemplated under the Subscription Agreement are in the interests of the Group and the Shareholders as a whole.

## **GENERAL INFORMATION ON THE PARTIES**

### **The Group and the Subsidiary**

The Group is a leading quick service restaurant operator in China and mainly engaged in two lines of business, being the operation of the Yoshinoya and Dairy Queen quick service restaurants, selling rice bowls and ice-cream, respectively, in certain franchise regions in the PRC which include Beijing municipality, Tianjin municipality and the Inner Mongolia Autonomous Region, the provinces of Hebei, Liaoning, Heilongjiang and Jilin.

The Subsidiary is the operating company for the regions of Beijing and Tianjin municipality and the province of Hebei and is an indirect wholly-owned subsidiary of the Company.

### **BoCom**

BoCom is a joint-stock company incorporated in the PRC with limited liability and an independent third party. BoCom and its subsidiaries are principally engaged in the commercial banking business which provides services such as accepting deposits, making loans and offering basic investment products. BoCom is listed on the Stock Exchange (Stock Code: 3328) and the Shanghai Stock Exchange (Stock Code: 601328).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BoCom and its ultimate substantial beneficial owners as publicly disclosed by BoCom are third parties independent of the Company and its connected persons.

## DEFINITIONS

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

“3M SHIBOR”	3 months SHIBOR
“Board”	the board of Directors of the Company
“BoCom”	Bank of Communications Co., Ltd., a joint stock company incorporated in the PRC with limited liability, and an independent third party
“BoCom Financial Product”	the financial product issued by BoCom and subscribed to by the Subsidiary on 13 February 2018
“Company”	Hop Hing Group Holdings Limited, a company incorporated with limited liability in the Cayman Islands and the shares of which are listed on the main board of Stock Exchange (Stock Code: 47)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Investment Term”	the term of the BoCom Financial Product, during which the BoCom Financial Product is expected to generate return, if any, commencing from 14 February 2018 to 12 August 2018
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Outstanding Financial Product”	the outstanding financial product issued by BoCom with an principal amount of RMB40 million which was subscribed to by the Subsidiary on 21 December 2017 and shall mature on 23 March 2018
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“SHIBOR”	Shanghai Interbank Offered Rate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription by the Subsidiary of the BoCom Financial Product in accordance with the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 13 February 2018 entered into between the Subsidiary and BoCom in respect of the Subscription
“Subsidiary”	Beijing Yoshinoya Fast Food Company Limited, a company incorporated with limited liability in PRC which is an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 13 February 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Hung Ming Kei, Marvin and Mr. Wong Kwok Ying. The independent non-executive directors of the Company are Mr. Seto Gin Chung, John (Chairman), Mr. Sze Tsai To, Robert, Hon. Shek Lai Him, Abraham, GBS, JP and Mr. Wan Sai Cheong, Joseph. The non-executive director of the Company is Ms. Lam Fung Ming, Tammy.*