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HOP HING GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 47)

(Warrant Code: 134)

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED
TRANSACTION
IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE
CAPITAL OF SUMMERFIELD PROFITS LIMITED
INVOLVING THE ISSUE OF CONVERTIBLE SECURITIES
(2) PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL
(3) PROPOSED APPOINTMENT OF A DIRECTOR
AND
CHIEF EXECUTIVE OFFICER
AND
(4) RESUMPTION OF TRADING**

Financial Adviser

BofA Merrill Lynch

THE PROPOSED ACQUISITION

The Board is pleased to announce that on December 1, 2011, the Company and the Seller entered into the Acquisition Agreement pursuant to which the Seller has agreed to sell the Sale Shares, representing the entire issued share capital of the Target, and the Loan, to the Company for a total consideration of HK\$3,475 million. The consideration for the Proposed Acquisition will be satisfied by the issue of the Convertible Securities by the Company to the Seller (or to its appointed nominee(s)). Upon payment of the Consideration at Completion, the Loan will be released by the Seller.

The Target Group is an investment holding company of a group of companies that own the rights to operate the Yoshinoya (吉野家) and Dairy Queen fast food restaurant chains in the Franchise Regions. Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$80,000,000 divided into 800,000,000 ordinary Shares of HK\$0.10 each. In order to ensure that a sufficient number of unissued Shares is available for the Company to allot and issue to the Seller (or its appointed nominee(s)) the Conversion Shares underlying the Convertible Securities, the Board proposes to increase the authorized share capital of the Company from HK\$80,000,000 to HK\$1,480,000,000, by the creation of an additional 14,000,000,000 unissued Shares of HK\$0.10 each, which will rank *pari passu* with all the existing Shares when issued. An ordinary resolution to this effect will be proposed at the EGM for consideration by the Shareholders.

PROPOSED APPOINTMENT OF A DIRECTOR AND CHIEF EXECUTIVE OFFICER

Upon Completion, the Board intends to appoint Mr. Hung Ming Kei, Marvin as an executive Director and the Chief Executive Officer of the Company.

LISTING RULES IMPLICATIONS

As certain of the percentage ratios for the Proposed Acquisition calculated in accordance with Rule 14.07 of the Listing Rules are over 100%, the Proposed Acquisition constitutes a very substantial acquisition under Chapter 14 of the Listing Rules. In addition, the Proposed Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules as the Target is an associate (as defined in Rule 1.01 of the Listing Rules) of the Hung Family (a substantial shareholder of the Company). Accordingly, the Proposed Acquisition is subject to requirements for reporting, announcement and approval by the Independent Shareholders at the EGM by way of poll under the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the Proposed Acquisition and the transactions contemplated thereunder. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL INFORMATION AND EGM

Merrill Lynch (Asia Pacific) Limited has been appointed as the financial adviser to the Company in connection with the Proposed Acquisition and the transactions contemplated thereunder.

The Company will convene an EGM for the Shareholders to consider and, if thought fit, to approve, among other things: (i) the Proposed Acquisition contemplated under the Acquisition Agreement and (ii) the proposed increase in authorized share capital of the Company.

The Hung Family, Mr. Lee Pak Wing (being a director of several Target Group Companies) and their respective associates will abstain from voting on the resolutions approving the Proposed Acquisition together with the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) details of the Proposed Acquisition contemplated under the Acquisition Agreement, the proposed increase in authorized share capital of the Company, the proposed appointment of a Director and Chief Executive Officer; (ii) a letter from the Independent Board Committee regarding the Proposed Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM, is expected to be despatched to the Shareholders as soon as practicable.

It is currently expected that it will take about four weeks for the Company and the professional parties to prepare the relevant information for inclusion in the Circular including, but not limited to, the accountants' report of the Target Group and the unaudited pro forma financial information of the Enlarged Group. Accordingly, the date of despatch of the Circular is expected to be on or before December 30, 2011.

UNUSUAL PRICE FLUCTUATION AND UNUSUAL TRADING VOLUME OF THE SHARES AND WARRANTS

The Board has noted an unusual price fluctuation and trading volume of the Shares and Warrants before suspension of trading on November 18, 2011. Save for the Proposed Acquisition, the Board is not aware of any reason for such unusual price fluctuation and trading volume of the Shares and Warrants.

Save as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations, which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

As Completion is subject to the satisfaction and/or waiver by the Company and/or the Seller (as the case may be) of certain conditions precedent set out in the sub-section headed "The Acquisition Agreement — Conditions Precedent" in this announcement, the Proposed Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the Acquisition Agreement will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES AND WARRANTS

At the request of the Company, trading in Shares and Warrants on the Stock Exchange was suspended with effect from 10:30 a.m. on November 18, 2011 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares and Warrants on the Stock Exchange with effect from 9:00 a.m. on December 2, 2011.

I. INTRODUCTION

On December 1, 2011, the Company and the Seller entered into the Acquisition Agreement pursuant to which the Seller has agreed to sell the Sale Shares, representing the entire issued share capital of the Target, and the Loan, to the Company for a total consideration of HK\$3,475 million. The consideration for the Proposed Acquisition will be satisfied by the issue of the Convertible Securities by the Company to the Seller (or to its appointed nominee(s)).

II. THE ACQUISITION AGREEMENT

(A) Date

December 1, 2011

(B) Parties

- (i) Purchaser: The Company
- (ii) Seller: Queen Board Limited

The Seller is an investment holding company incorporated in the BVI and is wholly-owned by the Hung Family.

(C) Assets to be acquired

- (1) the Sale Shares, representing the entire issued share capital of the Target; and
- (2) the Loan (a dollar for dollar basis).

(D) Consideration

The Consideration payable by the Company to the Seller pursuant to the Acquisition Agreement will be HK\$3,475 million, which will be satisfied upon Completion by the issue of the Convertible Securities to the Seller (or to its appointed nominee(s)). Upon payment of the Consideration at Completion, the Loan will be released by the Seller.

The Consideration was determined based on arm's length negotiations between the parties with reference to the operating and financial performance of the Target Group as well as the prospects of the Target Group's business. When determining the Consideration, the Company has taken into account the Target Group's store network and leading position in its existing markets, historical growth and profitability, as well as future growth potential. In addition, the Company has considered the remaining term of the Franchise Business under the existing agreements as well as the Target Group's long-term relationship with the franchisors and historical track record of expanding the scope of regions covered under the franchise business. Given the asset-light model of retail businesses, the Company believes that it is more relevant to evaluate the Target Group based on its earnings rather than its asset base. Based on the combined management accounts of the Target Group, the Consideration represents approximately 25.9 times of the Target Group's total net profit for the twelve months ended June 30, 2011. The Company has evaluated the price to earnings multiples and growth rates of the Target Group's comparable listed companies including restaurant companies in PRC as well

as global restaurant franchisees with finite franchise terms. On the above basis, the Directors (excluding the independent non-executive Directors who will express their views after considering the advice of the Independent Financial Adviser) consider the Consideration to be fair and reasonable.

Further details of the terms of the Convertible Securities are set out below in the sections headed “Summary of terms of Convertible Securities” in this announcement.

(E) Conditions precedent

Completion of the Proposed Acquisition is subject to the satisfaction or waiver by the Company and/or the Seller (as the case may be) of certain conditions precedent, including:

- (i) the passing by the Shareholders (other than those who are required by the Listing Rules to abstain from voting) at the EGM of resolution(s) approving, among other things, the Proposed Acquisition and the transactions contemplated thereunder, including but not limited to, the issue of the Convertible Securities pursuant to the Acquisition Agreement and the allotment and issue of the Conversion Shares under the Convertible Securities;
- (ii) the granting of the approval of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares;
- (iii) approval of the Reorganization by all relevant government authorities and completion of the Reorganization;
- (iv) the Company having received legal opinions from legal counsels on matters of BVI and PRC laws in form and substance satisfactory to the Company;
- (v) the Company and the Seller having obtained all necessary consents and approvals (if any) from the relevant governmental or regulatory authorities or other third parties required for the execution and performance of the Acquisition Agreement by the Company and the transactions contemplated thereunder;
- (vi) the representations, warranties and undertakings given by the Company and the Seller as set out in the Acquisition Agreement remaining true and accurate and not misleading in all material respects at Completion as if repeated at Completion and at all times between the date of the Acquisition Agreement and Completion;
- (vii) no event having occurred since the date of the Acquisition Agreement up to Completion which has or is likely to have a material and adverse effect on the financial position, business or properties, results of operations or prospects of the Target Group; and
- (viii) no governmental authority in any relevant jurisdiction having enacted any laws, rules or regulations which might render the completion of the Proposed Acquisition unlawful.

If any of the conditions precedent of the Acquisition Agreement is not satisfied or waived by the Company and/or the Seller (as the case may be) on or before June 30, 2012, the Acquisition Agreement shall automatically terminate with immediate effect

and no party shall have any claim of any nature whatsoever against the other party under the Acquisition Agreement (save in respect of its accrued rights arising from any prior breach of the Acquisition Agreement).

(F) Completion

Completion of the Proposed Acquisition shall take place on the date agreed by the parties which shall be within three business days of the fulfilment of all the conditions precedent (or such other date as the parties may agree in writing). Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the assets, liabilities and the financial results of the Target will be consolidated into the consolidated financial statements of the Company.

The Seller will be entitled to the dividend declared out of the Target Group's net profit for the year ended December 31, 2011.

(G) Summary of terms of the Convertible Securities

Pursuant to the Acquisition Agreement, the Company shall issue the Convertible Securities to satisfy the Consideration. The terms of the Convertible Securities have been negotiated on an arm's length basis, the principal terms of which are summarized as follows:

Issuer: The Company

Principal amount of the
Convertible Securities: HK\$3,475 million

Status and subordination: The Convertible Securities constitute direct, unsecured and subordinated obligations of the Company and rank *pari passu* without any preference or priority among themselves

In the event of the winding-up of the Company, the rights and claims of the holders of the Convertible Securities shall (i) rank ahead of those persons whose claims are in respect of any class of share capital (including preference shares) of the Company; (ii) at all times rank *pari passu* with each other and with all its other present and future unsecured and subordinated obligations but shall be subordinated in rights of payment to the claims of all other present and future senior and unsubordinated creditors of the Company

Issue price: 100% of the principal amount of the Convertible Securities

Expected closing date: Upon Completion

Maturity Date: There is no maturity date

Distribution(s):	The Convertible Securities confer a right to receive distribution(s) from and including the date of the issue of the Convertible Securities at the rate of distribution payable quarterly in arrears on March 31, June 30, September 30 and December 31 each year, subject to the terms of the Convertible Securities
Rate of distribution:	3.5% per annum of any outstanding principal amount
Optional deferral of distributions:	The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the Convertible Securities. The deferred distribution shall be non-interest bearing
Restriction on declaration of dividend:	<p>If on any distribution payment date, payment of all distribution payments scheduled to be made on such date is not made in full, the Company shall not:</p> <p>(a) declare or pay any dividends on ordinary shares;</p> <p>(b) redeem, reduce, cancel, buy back any ordinary shares,</p> <p>unless and until (i) the Company satisfied in full all outstanding arrears of distribution; or (ii) it is permitted to do so by an extraordinary resolution of the holders of the Convertible Securities</p>
Conversion Period:	Any time from the date of the issue of the Convertible Securities, subject to certain conditions as provided in the terms of the Convertible Securities
Conversion Price:	Initially HK\$0.37 per Share, subject to adjustment as provided for in the terms of the Convertible Securities
Restriction on conversion:	The Conversion Rights shall not be exercised by the holder of the Convertible Securities, or when it is exercised by virtue of a conversion notice having been given, the Company shall not be obliged to issue any Conversion Shares but may treat that conversion notice as invalid, if it comes to the notice of the Company that immediately following such conversion, the Company will be unable to meet the public float requirement under the Listing Rules

Fractional Shares: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the date of terms and conditions of the Convertible Securities, the Company will upon conversion of Convertible Securities pay in cash a sum equal to such portion of the principal amount of the Convertible Securities represented by the certificate deposited in connection with the exercise of Conversion Rights as corresponds to any fraction of a Share not issued as aforesaid if such sum exceeds HK\$100

Conversion Price adjustment: The Conversion Price will be subject to adjustment for, among other things, subdivision, re-classification or consolidation of Shares, capitalization of profits or reserves, issue of Shares by way of scrip dividend, bonus issues, rights issues of Shares or other securities or options over Shares, capital distributions (including distribution of assets in specie by the Company, any cash dividend or distribution of any kind by the Company) and other dilutive events (including issue of Shares less than the current market price, modification of rights of conversion etc. (as defined under the terms and conditions of the Convertible Securities)). In case of other dilutive events (such as issue of Shares at less than the current market price, modification of rights of conversion etc.), the application of the Conversion Price adjustment is subject to certain thresholds of discount on issuance. The adjusted Conversion Price will in any event be above the par value of the Shares

Voting: The Convertible Securities Holder(s) will not be entitled to receive notice of, attend or vote at general meetings of the Company by reason only of its being a Convertible Securities Holder

Transferability: Subject to the terms of the Convertible Securities, the Convertible Securities may be transferred by delivery of the certificate issued in respect of those Convertible Securities, with the form of transfer in the agreed form as set out in the terms of the Convertible Securities duly completed and signed, to the registered office of the Company or the specified office of any registrar which the Company may appoint. Upon a transfer of the Convertible Securities, a new certificate will be issued to the transferee. Where only part of a principal amount of the Convertible Securities in respect of which a certificate is issued is to be transferred, a new certificate in respect of the Convertible Securities not so transferred will be issued to the transferor. No transfer of a Convertible Securities will be valid unless and until entered on the register of Convertible Securities Holder(s)

Automatic Conversion: At any time when a holder of the Convertible Securities is not a “connected person” under the Listing Rules, a principal amount of Convertible Securities which upon conversion will result in the holder of the Convertible Securities holding in aggregate just under 10% of the issued share capital of the Company shall be automatically converted into Conversion Shares

The automatic conversion right is set out in the terms and conditions of the Convertible Securities which is the governing document of the Convertible Securities. The terms and conditions of the Convertible Securities constitute a binding contract between the Company and the holders of the Convertible Securities from time to time and, as such, the holders of the Convertible Securities are required to comply with terms and conditions set out under the terms and conditions of the Convertible Securities. The Company will be responsible for administering the mechanism of the conversion. If at any time a holder disposes the Shares or there is any change to the Company’s issued share capital (e.g. the issued share capital has been enlarged) which results in a decrease in the shareholding of such holder, the Company will exercise its right under the terms and conditions of the Convertible Securities to convert such remaining portion of the Convertible Securities held by such holder into Shares to the extent that the total number of Shares held by such holder shall be just under 10% of the issued share capital of the Company

Pre-emption right: Not more than 20 nor less than 15 business days (as defined in the terms of the Convertible Securities) prior to the Convertible Securities Holder delivering a certificate under the terms of the Convertible Securities to the Company or the registrar (as the case may be) for the transfer of Convertible Securities, the Convertible Securities Holder must notify the Company of the Convertible Securities Holder's intention to transfer the Convertible Securities in writing. Following the receipt by the Company of such notice, the Company may by no later than 15 business days after it has received the notice, elect to purchase and cancel all or some of the Convertible Securities of the subject of the relevant notice at the price specified in the notice (which is the price as agreed between the Convertible Securities Holder and the proposed transferee). The Company must complete the purchase of the relevant Convertible Securities within 15 business days after it has informed the Convertible Securities Holder that it has elected to purchase the Convertible Securities

Application for listing: No application will be made for the listing of the Convertible Securities on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights attaching to the Convertible Securities.

The maximum number of Shares which may be issued upon exercise of the Conversion Rights in full at the initial Conversion Price is 9,391,891,892, representing approximately 18.4 times and 94.8% of the existing and enlarged issued share capital of the Company, respectively.

The Proposed Acquisition, the Consideration and the terms of the Convertible Securities (including the Conversion Price) were negotiated between the Company and the Seller on arm's length basis as a whole and taking into account the factors considered as set out under the paragraph headed "Consideration" under the section headed "The Acquisition Agreement" in this announcement. The Company has considered issuing debt to satisfy the Consideration, but it would have put undue refinancing pressure on the Enlarged Group. The Convertible Securities was adopted without maturity date to ensure it will not put undue refinancing pressure on the Enlarged Group. In exchange, the Seller has requested senior ranking of the Convertible Securities to preference shares of the Company.

The Conversion Shares will be issued under a specific mandate proposed to be obtained at the EGM.

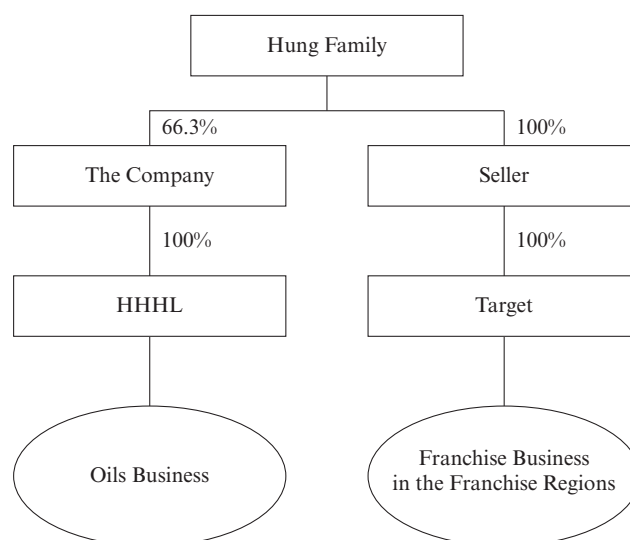
(H) Conversion Price

The initial Conversion Price of HK\$0.37 was determined after arm's length negotiations between the Company and the Seller, and it represents:

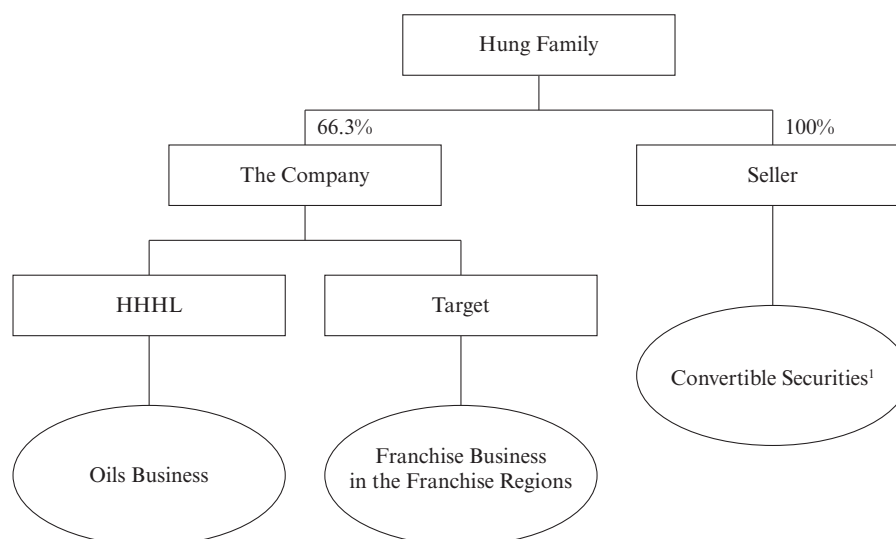
- (i) a discount of approximately 15.9% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) approximately the average closing price of approximately HK\$0.37 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (iii) approximately the average closing price of approximately HK\$0.37 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 12.1% to the average closing price of approximately HK\$0.33 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 5.7% to the average closing price of approximately HK\$0.35 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day.

III. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the simplified shareholding structure chart of the Company and the Target after the Reorganization before Completion:



The following is the simplified shareholding structure chart of the Company and the Target Group immediately after the Completion:



Note:

1. The Convertible Securities will be issued to the Seller or its appointed nominee(s).

The following table sets out the possible effects of the Proposed Acquisition on the shareholding structure of the Company (i) as at the date of the Acquisition Agreement; (ii) upon Completion and issuance of 140,580,426 Shares upon partial conversion of the Convertible Securities, and (iii) upon Completion and upon full conversion of the Convertible Securities (assuming no additional Shares will be issued from the date of the Acquisition Agreement).

Shareholder	As at the date of this announcement		Immediately after Completion upon partial conversion of the Convertible Securities (assuming the public float requirement is met)		Immediately after Completion upon full conversion of the Convertible Securities	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
	Hung Family ⁽¹⁾	339,125,068	66.3%	479,705,494	73.6%	9,731,016,960
Other Directors ⁽²⁾	9,407,720	1.8%	9,407,720	1.4%	9,407,720	0.1%
Public Shareholders	<u>163,037,738</u>	<u>31.9%</u>	<u>163,037,738</u>	<u>25.0%</u>	<u>163,037,738</u>	<u>1.6%</u>
Total	<u>511,570,526</u>	<u>100.0%</u>	<u>652,150,952</u>	<u>100.0%</u>	<u>9,903,462,418</u>	<u>100.0%</u>

Notes:

- (1) Representing the interest held by Mr. Hung Hak Hip, Peter and Ms. Hung Chiu Yee as at the date of the announcement. As of the date of this announcement, by virtue of the SFO, Mr. Hung Hak Hip, Peter (being a Director and a member of the Hung Family) is deemed to be interested in:
 - (a) the disclosed interest in Hungs Family (2009) Limited (“**Hungs Family (2009)**”) of 327,034,536 Shares as Mr. Hung Hak Hip, Peter is the sole director and beneficial owner of Hungs Family (2009);
 - (b) 4,990,883 Shares held through a controlled corporation;

- (c) 1,675,974 Shares held through Mr. Hung Hak Hip, Peter's spouse and minor children; and
- (d) 2,808,903 Shares beneficially owned by a discretionary trust whose discretionary beneficiaries include certain associates of Mr. Hung Hak Hip, Peter.

As of the date of this announcement, Ms. Hung Chiu Yee, being a Director of the Company and a member of Hung Family, is interested in 2,614,772 Shares, representing 0.51% of the issued share capital of the Company.

- (2) As of the date of this announcement, the following directors are interested in the respective Shares of the Company:
 - (a) 2,045,565 Shares are directly and beneficially owned by Mr. Wong Yu Hong, Philip, representing 0.40% of the issued share capital of the Company;
 - (b) 2,045,565 Shares are directly and beneficially owned by Mr. Sze Tsai To, Robert, representing 0.40% of the issued share capital of the Company;
 - (c) 2,523,165 Shares are directly and beneficially owned by Mr. Cheung Wing Yui, Edward, representing 0.49% of the issued share capital of the Company;
 - (d) 417,373 Shares are directly and beneficially owned by Mr. Seto Gin Chung, John, representing 0.08% of the issued share capital of the Company; and
 - (e) 2,376,052 Shares are directly and beneficially owned by Mr. Lee Pak Wing, representing 0.46% of the issued share capital of the Company.

The Proposed Acquisition will not result in any change of control in the Company. The Hung Family intends to maintain as a controlling shareholder in the Company.

IV. INFORMATION ON THE TARGET GROUP

Reorganization of the Target Group

The Target Group is undergoing a reorganization such that, upon Completion, the Seller will, through the Target, indirectly hold 100% shareholding of the Management Holding Company, the Intermediate SPVs, the Franchise Holding Companies and the PRC Operating Companies.

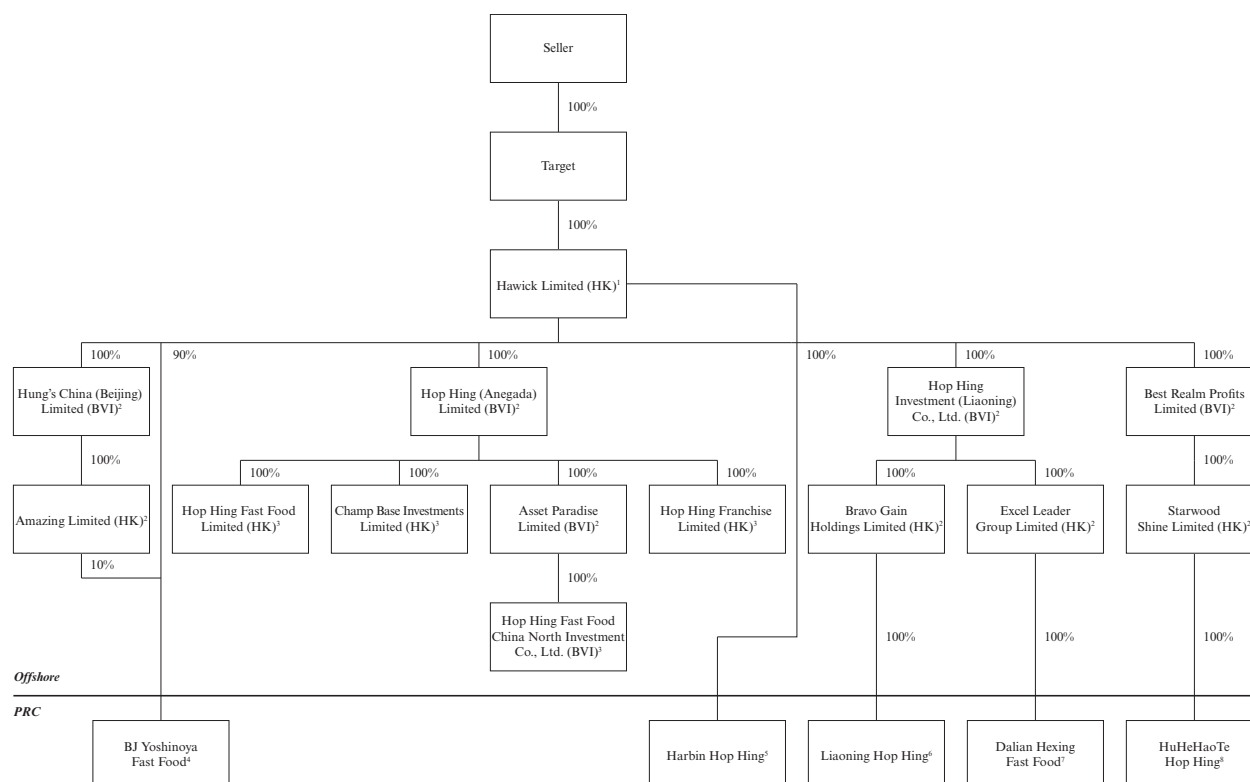
The Target Group is an investment holding company of a group of companies that owns the rights to operate the Yoshinoya (吉野家) and Dairy Queen fast food restaurant chains in the Franchise Regions. The first Franchise Store was opened in Beijing in 1992. As of September 30, 2011, the Target Group operated the Franchise Business with over 200 Yoshinoya stores in the cities of Beijing, Tianjin, Shijiazhuang, Tangshan, Langfang, Handan, Shenyang, Dalian, HuHeHaoTe and Harbin in the Franchise Regions and over 100 Dairy Queen stores in the cities of Beijing, Tianjin, Shijiazhuang, Langfang, Shenyang, Dalian and HuHeHaoTe in the Franchise Regions. The Target Group's Yoshinoya stores offer a variety of meals, principally the beef bowl, while its Dairy Queen stores offer a range of ice-cream cakes, frozen treats and beverages, including the "Blizzard" treats.

The Target Group has entered into long term franchises to operate the Franchise Stores in the Franchise Regions, with remaining terms of no less than approximately 20 years. Typical terms of the franchise agreements include grant of franchise licence, franchise fees, terms relating to the operation of the franchise such as assistance provided by the franchisor, obligations on the franchisee regarding product quality and service standards,

use of trademarks, termination events of the franchise agreements which include insolvency, violation of any law, regulation or rule in relation to the operation and management of stores in the Franchise Regions or material breach of the franchise agreements. The franchisors generally do not have the right to early terminate the franchises except in instances which involve breach of the franchise agreements by the franchisee or some specific events such as bankruptcy of the franchisee.

Corporate Structure of the Target Group

The following diagram represents the simplified corporate structure of the Target Group after the Reorganization:



Note:

1. Hawick Limited is a management holding company.
2. Investment holding companies.
3. Franchise holding companies.
4. BJ Yoshinoya Fast Food is the company operating and managing the Franchise Stores in Beijing, Tianjin, Shijiazhuang, Tangshan, Langfang and Handan.
5. Harbin Hop Hing is the company operating and managing the Franchise Stores in Harbin.
6. Liaoning Hop Hing is the company operating and managing the Franchise Stores in Liaoning Province, excluding Dalian, Yingkou and Panjin.
7. Dalian Hexing Fast Food is the company operating and managing the Franchise Stores in Dalian, Yingkou and Panjin.
8. HuHeHaoTe Hop Hing is the company operating and managing the Franchise Stores in the Inner Mongolia Autonomous Region.

Financial Information for the Target Group

Based on the combined management accounts of the Target Group, the unaudited revenue, net profit before and after tax and extraordinary items of the Target Group for the years ended December 31, 2008, 2009, 2010, and the six months ended June 30, 2010 and 2011, prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS), were as follows:

<i>(All in HK\$ million)</i>	Year Ended			Six Months Ended	
	December 31,			June 30,	
	2008	2009	2010	2010	2011
Revenue	778.0	955.9	1,234.2	562.4	743.1
Net profit before tax and extraordinary items	94.2	117.2	174.4	74.9	94.9
Net profit after tax and extraordinary items	61.6	81.1	120.4	50.9	64.6

Based on the combined management accounts of the Target Group, the unaudited total net asset value of the Target Group as at June 30, 2011 was approximately HK\$284.1 million. Following Completion, the Target Group will become an indirect wholly-owned subsidiary of the Company and its financial information will be consolidated into the financial statements of the Company. The unaudited pro forma financial information of the Enlarged Group will be included in the Circular to be despatched to the Shareholders in relation to the Proposed Acquisition.

Competitive Strengths of the Target Group

The Target Group's management believes that the following competitive strengths have contributed to the Target Group's success and will continue to drive its future growth.

1. *Well positioned to capitalize on favorable industry growth dynamics*

The fast food industry in PRC is benefiting from compelling industry fundamentals such as rapid economic growth, urbanization, and increasing disposable income. According to *Euromonitor*, the PRC fast food industry has grown rapidly at a CAGR of 14.9% from RMB313 billion in 2006 to RMB546 billion in 2010 and is expected to grow at a CAGR of 10.7% from 2011 to reach RMB938 billion in 2015. Among different types of fast food in PRC, Asian cuisine is the most preferred, constituting approximately 88% of the overall fast food industry in PRC in terms of sales in 2010.

At the same time, ice-cream product is also gaining popularity in PRC. With an expected CAGR of 19.8% from 2011 to 2015, ice-cream fast food is expected to have the highest growth rate than the other segments within the fast food industry in PRC, according to *Euromonitor*. The Target Group has achieved a faster CAGR of 25.9% in revenue when compared to the overall fast food industry CAGR of 13.5% from 2008 to 2010, and the Target Group's management believes that it will be well positioned to capitalize such favorable industry growth dynamics.

2. *Leading multi-brand quick service restaurant chain operator in PRC with well-recognized brands of strong heritage*

With approximately 20 years of operating history in PRC, the Target Group is a leading multi-brand quick service restaurant chain operator in PRC. According to *Euromonitor*, the Target Group is one of the leading fast food restaurant chain operators in Beijing, Shenyang and Dalian in terms of number of stores as of September 30, 2011.

Yoshinoya is a well-known beef bowl brand with over 100 years' history, while Dairy Queen is a popular ice-cream brand with over 70 years' history. The Target Group has successfully implemented its multi-brand strategies in PRC, which have allowed it to benefit from scale advantage because of (i) enhanced bargaining power over landlord (including shopping malls) on securing good store locations; (ii) optimizing supply chain management via sharing distribution centers and logistics; and (iii) higher flexibility in human resources management.

In 2010, the Target Group was awarded as "China's Top 10 Food & Beverages Enterprises in 2010" by the "World Cuisine Magazine". In 2011, it was awarded as "China Top Brand Corporation of Catering Services in 2010" by the Chinese Academy of International Trade and Economic Cooperation of the Ministry of Commerce, "China's Top 10 Growing Food & Beverages Enterprises in 2011" and "China's Leading Food & Beverages Enterprises" by "New Champions Magazine".

3. *High quality, safe and tasty food offering sold at affordable prices*

The Target Group aims to offer delicious, healthy and affordable everyday food of consistent high quality that appeals to a large number of Chinese customers.

High quality with localized taste: While most of its key competitors serve western cuisine with fried food, the Target Group's management believes that rice-based Asian cuisine caters much better to Chinese customers' taste preference and allows consumption on a more frequent basis. In addition, the Target Group offers a range of ice-cream flavors and products, as well as a number of localized ice-cream products specifically developed to appeal to Chinese customers' taste preference.

High food safety assurance: The Target Group has imposed stringent food safety control throughout the entire food preparation process, from selection of ingredients and suppliers, to processing, delivery and cooking at stores. The Target Group's management believes that in the current environment where food safety is a major concern for both the Chinese government and consumers, this is a key positive factor for the Target Group given its high food safety assurance.

Offered at affordable prices: The Target Group's food products are targeted at customers with a wide age and income range given the good value proposition. The Target Group's management believes that customers can enjoy the Target Group's food products at reasonable prices while the Target Group's key competitors mainly target customers with narrower age and income range.

4. *Efficient and integrated infrastructure leading to highly standardized and scalable business*

The Target Group has established an efficient and integrated infrastructure that has enabled it to build a highly standardized and scalable business, as evidenced by the Target Group's rapid growth to date. The Target Group's total number of stores increased from approximately 190 as of December 31, 2008 to over 300 as of September 30, 2011.

The Target Group's infrastructure comprises of systems focusing on multiple key functional areas, including raw materials sourcing, quality inspection, standardized food processing, logistics and distribution, human resources training and deployment and information technology. In addition, the Target Group has also developed a systematic store opening system that enables it to open stores in a quick and cost-efficient manner. The Target Group has local teams that focus on opening stores in different cities. For each of the key functional areas, the Target Group has a dedicated team built over the last approximately 20 years which ensures its efficient operation and seamless coordination with another functional area.

The Target Group's management believes such infrastructure will also enable the Target Group to continue expanding quickly in existing and new markets while maintaining consistent quality standards across its stores.

5. *High growth potential with multiple growth opportunities*

The Target Group has maintained rapid and sustainable growth during the past few years, with revenue and total net profit increasing at a CAGR of approximately 25.9% and 39.8% respectively from 2008 to 2010. Such growth was attributable to the successful execution of management's store opening plan, sustainable same-store sales growth as well as improved operating efficiency. This has in turn generated a sustainable free cash flow to the Target Group, funding its continuous expansion as well as maximizing its return to shareholders.

In the future, the Target Group has high growth potential with multiple growth opportunities, such as further penetrating into existing markets, expanding into new markets, further increasing same-store sales and profitability, and potentially operating additional branded fast food restaurants. Please refer to the section headed "Strategies of the Enlarged Group" regarding the detailed corporate strategies to pursue each growth opportunity. The Target Group's management believes the Target Group's current leadership in its home markets as well as efficient and integrated infrastructure provides a solid foundation for it to successfully execute its growth strategies to realize its growth potential.

6. *Passionate, dedicated and experienced senior management team supported by motivated local staff*

The Target Group has built a passionate and dedicated senior management team with management and operational experience as well as extensive knowledge of the fast food industry in PRC. The Target Group's management team is headed by its Chief Executive Officer, Mr. Hung Ming Kei, Marvin, who was involved from the beginning of the opening of the first Franchise Store in Beijing, and has been in the PRC fast food industry since 1992. Mr. Hung Ming Kei, Marvin has won numerous

awards recognizing his professional excellence, including the “Outstanding Entrepreneur of China’s Food & Beverage Industry Award” awarded by the China Cuisine Association in 2010, the “Individual Award for Advanced Food Safety Management” awarded at the China Food Safety Annual Conference 2010, and the “Outstanding Contribution Award” awarded by the Beijing Chinese Business Association in 2011. Mr. Hung Ming Kei, Marvin has infused international visions, core values and management philosophies into the Target Group, and is instrumental in building and expanding the Target Group.

Furthermore, the senior management of the Target Group consists of Mr. Hung Ming Kei, Marvin and Mr. Guo Peilian who have extensive industry experience and have been with the Target Group for approximately 20 years since the beginning. They are supported by a team of motivated and dedicated managers with local market and industry knowledge built over the last approximately 20 years.

The Target Group’s management believes that the senior management team’s vision, extensive industry experience, loyalty, management capabilities, ability to effectively implement the Target Group’s shared business philosophies, vision and core values are critical to the Target Group’s success and will continue to contribute to the Target Group’s growth in the future.

Strategies of the Enlarged Group

It is envisaged that the Enlarged Group will pursue strategies that are designed to maximize stakeholders’ value with regard to the Target Group. The Target Group aims to further strengthen its position as a leading multi-brand quick service restaurant chain operator in PRC through the following strategies:

1. Further penetrate existing markets and expand into selected regions

The Target Group plans to further penetrate into its existing markets through new store openings in cities where it currently has operations as well as expanding into selected regions. The Target Group believes that expanding in existing cities enables it to increase economies of scale and leverage its local market expertise, network and brand equity to maximize profit levels in each market. Furthermore, the Target Group believes that its multi-brand platform strategies are effective in PRC where competitive advantages are also derived from prior or existing business relationships.

2. Drive same-store sales growth and profitability

The Target Group plans to further enhance its overall financial performance by driving sales and profitability in its existing restaurants, mainly by focusing on the following key initiatives:

Product innovation: The Target Group will continue to improve its core products, develop new ways of eating beef and to diversify menu offerings and continuously create new dishes that resonate with local tastes.

Attract more customers during non-peak hours: The Target Group plans to attract more customers during non-peak hours by offering discounts and promoting its breakfast menu and tea-time menu, and by regularly carrying out promotional activities and enhancing customers’ experience.

Expand delivery services: The Target Group plans to expand its delivery services for its Franchise Stores which resolves the constraints of seating capacity limits for its stores during peak hours and also helps to expand its customer base to those people who are too busy to visit its stores.

Enhance customer experience: The Target Group plans to enhance customer experience by implementing a range of store-improvement policies such as upgrading restaurant facilities and sales tools. The Target Group also plans to upgrade restaurant decor and improve store ambience.

3. *Strengthen marketing efforts of current franchises and diversify brand portfolio*

The Target Group's management believes that the strong recognition of the franchise brands have historically been crucial to its success, and the Target Group intends to further leverage and enhance the brand recognition by stepping up its marketing efforts and utilizing innovative and creative marketing strategies and media channels.

Furthermore, the Target Group intends to selectively pursue complimentary new business opportunities under its multi-brand strategy by leveraging on its successful on-the-ground experience. The Target Group will also carefully and selectively evaluate strategic acquisition and investment opportunities. By diversifying its brand portfolio, the Target Group would be able to reduce exposure to risks in a specific market segment, derive cost efficiency and synergy from sharing operations or functions, leverage its industry knowledge and experience, pool negotiating power with landlords and suppliers, and coordinate marketing and promotion initiatives across different brands and market segments.

4. *Continue to offer high quality food via further improving supply chain management*

The Target Group plans to strictly adhere to its principle of offering high quality food, to always keep quality and safety as top priority and to pursue a growth strategy without compromising conscientiousness (良心) towards customers. The Target Group intends to maintain this emphasis on food quality and hygiene assurance by continuing its strenuous supplier selection and quality control processes.

5. *Further enhance human resources management through systematic training and professional development*

The Target Group is fully committed to its employees and their training and well being, as the Target Group believes that employee excellence and overall satisfaction will ultimately lead to strong growth of its business. Therefore the Target Group will continue to seek to retain as well as attract qualified employees, particularly restaurant staff and talents in operations management, by increasing its efforts in recruitment and human resources management.

V. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is 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 counties. The Group's brands include "Lion & Globe" (獅球嘜) and "Camel" (駱駝嘜), which are well known brands in Hong Kong and PRC.

In order to improve the overall financial performance of the Company, the Directors have continued to review its existing businesses and strived to improve the business operations and financial position of the Company by proactively seeking potential investment opportunities that could diversify its existing business portfolio and broaden its source of income, and enhance value to its Shareholders. The Board believes the Proposed Acquisition is in line with development strategies of the Group and it will bring long-term and strategic benefits to the Group and it is expected that the Proposed Acquisition will enable the Group to:

(i) Realize the stated corporate strategy of the Company

In January 2007, HHHL, the predecessor listing vehicle of the Group, decided to pursue a corporate strategy to diversify its business into non-oil business. In order to pave the way for possible future diversification of the Group's businesses, HHHL announced a redomicile proposal ("**Pre-2011 Reorganization**") the effect of which was for the Company (incorporated in the Cayman Islands) to replace HHHL (incorporated in Bermuda) as the listing vehicle of the Group through a court-sanctioned scheme of arrangement. As stated in the announcements by HHHL dated January 31, 2007 and March 13, 2008, and the scheme document issued by HHHL and the Company dated March 14, 2008, the purpose of the Pre-2011 Reorganization was mainly as follows:

- (a) the Group's results have been adversely affected by losses incurred by its Oil Business in PRC and, given the prolonged unsatisfactory performance of the Group's businesses, the Directors 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 its shareholders; and
- (b) in order to pursue this diversification strategy, and in anticipation of the acquisition of new businesses, the Directors considered it appropriate to segregate the Oils Business from future new businesses because of the different business models and risk profiles (and associated liabilities) of potential new businesses compared to the Oils Business. The incorporation of a new listing vehicle to act as the ultimate holding company of the Group, thereby allows HHHL to continue to hold the Oils Business under one strand of subsidiaries under HHHL, and future new businesses to be owned under a separate strand of subsidiaries.

The Proposed Acquisition is part of a broader corporate strategy that was put in place in January 2007. The business of the Target, as described above, is in the food and beverage and retail business and has been in the contemplation of the Company since the conception of the Pre-2011 Reorganization as stated in the Annual Reports 2007–2010 of the Company to develop a more diversified business in the food and beverage and retail business with significant growth potential. The Company currently intends to continue operating the Oil Business and, consistent with the Company's ongoing business strategy, the Company will from time to time review its existing businesses as well as further diversification opportunities. The Company will also continue to review the longer-term operations and prospects of the Oils Business and to continue to explore alternatives for maximizing Shareholders' value.

(ii) Derive an immediate and substantial earnings and cashflow contribution from the Target Group

The Target Group operates the multi-brand quick service restaurant chain business in the Franchise Regions and generates a significant income stream from its business. Through the Proposed Acquisition, the Company expects to derive an immediate substantial earnings and cashflow contribution from the Target Group. Based on the combined management accounts of the Target Group, the unaudited revenue of the Target Group increased from approximately HK\$778.0 million in 2008 to approximately HK\$1,234.2 million in 2010, representing a CAGR of approximately 25.9%, while the unaudited total net profit of the Target Group increased from approximately HK\$61.6 million in 2008 to approximately HK\$120.4 million in 2010, representing a CAGR of approximately 39.8%.

(iii) Expand institutional investors' interest in the Company through the acquisition of a growth business to support a market re-rating of the Company

The Shares are currently characterized as relatively low levels of liquidity and with a small institutional investor base. The Directors believe that the Proposed Acquisition represents a unique opportunity for shareholders and potential investors of the Company to participate in a leading multi-brand quick service restaurant chain business in PRC. The Directors further believe that the Proposed Acquisition would support a market re-rating of the Company which would expand the institutional investors' interest in the Company.

(iv) Combine capable and experienced leadership and senior management teams

The Company intends to adopt certain changes to the directors and senior management of the Group in order to cater for developments in connection with the Proposed Acquisition. The changes include the appointment of Mr. Hung Ming Kei, Marvin as an executive Director and Chief Executive Officer of the Company and all the Target Group's senior management will become the Group's senior management in order to manage the day to day business of the Enlarged Group after the completion of the Proposed Acquisition. Furthermore, the Company intends that following completion of the Proposed Acquisition, all the existing Directors will remain in the Board to oversee the existing business and newly acquired business. It is believed that such changes will result in a unique mix of PRC and international management qualifications and expertise in the management of the Company. The Proposed Acquisition will allow the Group to absorb a professional team of management in the food and beverage business which will strengthen the capabilities of the Group in the management and operation of its business and will facilitate potential expansion of the Group. The Board may from time to time consider adjusting the composition of the Board and/or senior management to cater for the continuous development of the business of the Group.

The Directors (excluding the independent non-executive Directors who will express their views after considering the advice of the Independent Financial Adviser) are of the view that the terms of the Proposed Acquisition under the Acquisition Agreement are fair and reasonable and in the interest of the Shareholders and the Group as a whole.

VI. INCREASE IN AUTHORIZED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$80,000,000 divided into 800,000,000 ordinary Shares of HK\$0.10 each. In order to ensure that a sufficient number of unissued Shares is available for the Company to allot and issue to the Seller (or its appointed nominee(s)) the Conversion Shares underlying the Convertible Securities, the Board proposed to increase the authorized share capital of the Company from HK\$80,000,000 to HK\$1,480,000,000, by the creation of an additional 14,000,000,000 unissued Shares of HK\$0.10 each, which will rank *pari passu* with all the existing Shares when issued. An ordinary resolution to this effect will be proposed at the EGM for consideration by the Shareholders.

VII. APPOINTMENT OF A NEW DIRECTOR AND CHIEF EXECUTIVE OFFICER

Upon Completion, the Board intends to appoint Mr. Hung Ming Kei, Marvin as an executive Director and Chief Executive Officer of the Company. It is the Company's intention that upon Completion, Mr. Hung Ming Kei, Marvin will be the Chief Executive Officer with overall responsibility for both businesses. The current management team for the Oils Business is expected to remain unchanged. As the Oil Business is stable and the Oil Business will become a relatively small division within the Company after Completion, the current management team for the Oils Business under the overall supervision and responsibility of Mr. Hung Ming Kei, Marvin is expected to be sufficient to manage the Oil Business.

After the appointment of Mr. Hung Ming Kei, Marvin as an executive Director, his appointment will be subject to retirement and re-election at the next following annual general meeting of the Company. Upon re-election, the length of the service of Mr. Hung Ming Kei, Marvin's service contract will not exceed three years.

Brief biographical details of Mr. Hung Ming Kei, Marvin are set out below:

Mr. Hung Ming Kei, Marvin

Mr. Hung Ming Kei, Marvin, aged 41, currently holds the position of the Chief Executive Officer of the Target Group and he has been the General Manager of BJ Yoshinoya Fast Food since 2003.

Mr. Hung Ming Kei, Marvin is the nephew of Mr. Hung Hak Hip, Peter, a non-executive Director and the Chairman of the Company and Ms. Hung Chiu Yee, a non-executive Director of the Company. Mr. Hung Ming Kei, Marvin currently holds various public positions, including member of the Beijing Committee of the Chinese People's Political Consultative Conference, Executive Committee Member of China Federation of Overseas Chinese Entrepreneurs, Vice President of Beijing Association of Enterprises with Foreign Investment, Vice President of Beijing Chinese Business Association, and Executive President of Beijing Youth Chamber of Commerce.

Mr. Hung Ming Kei, Marvin graduated from the University of Southern California in the United States of America in 1992 with a Bachelor's degree in Science majoring in Accounting, and obtained a Master's degree in Business Administration from China Europe International Business School in 2001. Mr. Hung Ming Kei, Marvin has approximately 20 years of experience in business management.

Further biographical details of Mr. Hung Ming Kei, Marvin in compliance with Rule 13.51(2) of the Listing Rules will be included in the circular of the Company in relation to the Proposed Acquisition to be despatched to the Shareholders. Upon Completion, the Company will publish an announcement setting out further biographical details of Mr. Hung Ming Kei, Marvin in compliance with the Listing Rules and the SFO regarding his appointment.

VIII. LISTING RULES IMPLICATIONS

As certain of the percentage ratios for the Proposed Acquisition calculated in accordance with Rule 14.07 of the Listing Rules are over 100%, the Proposed Acquisition constitutes a very substantial acquisition under Chapter 14 of the Listing Rules. In addition, the Proposed Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules as the Target is an associate (as defined in Rule 1.01 of the Listing Rules) of the Hung Family (a substantial shareholder of the Company). Accordingly, the Proposed Acquisition is subject to requirements for reporting, announcement and approval by the Independent Shareholders at the EGM by way of poll under the Listing Rules.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

IX. GENERAL INFORMATION AND EGM

Merrill Lynch (Asia Pacific) Limited has been appointed as the financial adviser to the Company in connection with the Proposed Acquisition and the transactions contemplated thereunder.

The Company will convene an EGM for the Shareholders to consider and, if thought fit, to approve, among other things: (i) the Proposed Acquisition contemplated under the Acquisition Agreement and (ii) the proposed increase in authorized share capital of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder apart from the Hung Family, Mr. Lee Pak Wing (being a director of several Target Group Companies) and their respective associates shall abstain from voting on the resolutions approving the Acquisition Agreement and the transactions contemplated thereunder, and the Convertible Securities.

The votes to be taken at the EGM in relation to the above proposed resolutions will be taken by poll.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Proposed Acquisition and the transactions contemplated thereunder, and the Convertible Securities.

Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

X. DESPATCH OF CIRCULAR

A circular containing, among others, (i) details of the Proposed Acquisition contemplated under the Acquisition Agreement, the proposed increase in authorized share capital of the Company, the proposed appointment of a Director and Chief Executive Officer; (ii) a letter from the Independent Board Committee regarding the Proposed Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM, is expected to be despatched to the Shareholders as soon as practicable.

It is currently expected that it will take about four weeks for the Company and the professional parties to prepare the relevant information for inclusion in the Circular including, but not limited to, the accountants' report of the Target Group and the unaudited pro forma financial information of the Enlarged Group. Accordingly, the date of despatch of the Circular is expected to be on or before December 30, 2011.

XI. UNUSUAL PRICE FLUCTUATION AND UNUSUAL TRADING VOLUME OF THE SHARES AND WARRANTS

The Board has noted that an unusual price fluctuation and trading volume of the Shares and Warrants before suspension of trading on November 18, 2011. Save for the Proposed Acquisition, the Board is not aware of any reason for such unusual price fluctuation and trading volume of the Shares and Warrants.

Save as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations, which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

As Completion is subject to the satisfaction and/or waiver by the Company and/or the Seller (as the case may be) of certain conditions precedent set out in the sub-section headed "The Acquisition Agreement — Conditions Precedent" in this announcement, the Proposed Acquisition may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the Acquisition Agreement will be completed. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

XII. SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES AND WARRANTS

At the request of the Company, trading in Shares and Warrants on the Stock Exchange was suspended with effect from 10:30 a.m. on November 18, 2011 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares and Warrants on the Stock Exchange with effect from 9:00 a.m. on December 2, 2011.

XIII. DEFINITIONS

In this announcement, unless the context otherwise requires, the following items shall have the meanings set out below:

“Acquisition Agreement”	the conditional Acquisition Agreement dated December 1, 2011 entered into between the Company and the Seller in relation to the Proposed Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“BJ Yoshinoya Fast Food”	北京吉野家快餐有限公司 (Beijing Yoshinoya Fast Food Co., Ltd.*), a company incorporated under the laws of PRC and is a wholly-owned subsidiary of the Target (immediately after the completion of the Reorganization)
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“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)
“Completion”	completion of the Proposed Acquisition pursuant to the Acquisition Agreement
“Consideration”	the consideration for the Proposed Acquisition
“Conversion Price”	the initial conversion price of HK\$0.37 per Conversion Share for the Convertible Securities
“Conversion Rights”	the conversion rights attaching to the Convertible Securities
“Convertible Securities”	the perpetual subordinated convertible securities to be issued by the Company as the entire consideration for the Proposed Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Convertible Securities Holder(s)”	the person(s) in whose names the Convertible Securities are registered
“Conversion Share(s)”	any new Share(s) to be issued by the Company upon the holders of the Convertible Securities exercising its/their conversion right(s) under and in accordance with the terms and conditions of the Convertible Securities
“Dairy Queen US”	American Dairy Queen Corporation, a company incorporated in Delaware, the United States of America

“Dalian Hexing Fast Food”	大連合興快餐有限公司 (Dalian Hexing Fast Food Co., Ltd.*), a company incorporated under the laws of PRC and a wholly-owned subsidiary of the Target (immediately after the completion of the Reorganization)
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be convened and held for the Shareholders to consider and, if thought fit, approve the Proposed Acquisition contemplated under the Acquisition Agreement, the proposed increase in authorized share capital of the Company
“Enlarged Group”	the Group immediately after Completion
“Euromonitor”	Euromonitor International Limited, an independent market research firm
“Franchise Business”	the Yoshinoya and Dairy Queen franchise business
“Franchise Holding Companies”	Hop Hing Fast Food Limited, Champ Base Investments Limited, Hop Hing Fast Food China North Investment Co., Ltd., and Hop Hing Franchise Limited, the contracting parties to the franchise agreements with Yoshinoya Japan and Dairy Queen US respectively
“Franchise Regions”	some or all of Beijing municipality, Tianjin municipality, the provinces of Hebei, Liaoning, Heilongjiang and Jilin, and the Inner Mongolia Autonomous Region, PRC
“Franchise Store(s)”	Yoshinoya and/or Dairy Queen stores
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“Guangdong Securities”	Guangdong Securities Limited, the Independent Financial Adviser
“Harbin Hop Hing”	哈爾濱合興餐飲管理有限公司 (Harbin Hop Hing Catering Management Co., Ltd.*), a company incorporated under the laws of PRC and a wholly owned subsidiary of the Target (immediately after the completion of the Reorganization)
“HuHeHaoTe Hop Hing”	呼和浩特合興隆餐飲管理有限公司 (HuHeHaoTe Hop Hing Catering Management Co., Ltd.*), a company incorporated under the laws of PRC and a wholly owned subsidiary of the Target (immediately after the completion of the Reorganization)
“HHHL”	Hop Hing Holdings Limited, the predecessor listing vehicle of the Group, incorporated with limited liability in Bermuda

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of PRC
“Hung Family”	Mr. Hung Hak Hip, Peter, Mr. Hung Ming Kei, Marvin and/or other members of the Hung family including Mr. Hung Hak Yau, Ms. Hung Wan Ling, Diana and Ms. Hung Chiu Yee and/or companies controlled by any of them and/or discretionary trusts of which any member of the Hung family is a discretionary beneficiary
“Intermediate SPVs”	the special purpose vehicles to hold the Franchise Holding Companies and the PRC Operating Companies, namely Hung’s China (Beijing) Limited, Amazing Limited, Hop Hing (Anegada) Limited, Asset Paradise Limited, Hop Hing Investment (Liaoning) Co., Ltd., Bravo Grain Holdings Limited, Excel Leader Group Limited, Best Realm Profits Limited, and Starwood Shine Limited
“Independent Board Committee”	the independent board committee of the Board, comprising of Dr. Hon. Wong Yu Hong, Philip, <i>GBS</i> , Mr. Sze Tsai To, Robert, Mr. Cheung Wing Yui, Edward, Mr. Seto Gin Chung, John and Hon. Shek Lai Him, Abraham, <i>SBS, JP</i> , being all the independent non-executive Directors of the Company, established for the purpose of, among other things, advising the Independent Shareholders in respect of the Proposed Acquisition contemplated under the Acquisition Agreement
“Independent Financial Adviser”	Guangdong Securities, being the appointed independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Acquisition contemplated under the Acquisition Agreement
“Independent Shareholders”	the Shareholders other than Hung Family, Mr. Lee Pak Wing and their respective associates
“Last Trading Day”	November 18, 2011, being the last trading day for the Shares prior to the publication of this announcement
“Liaoning Hop Hing”	遼寧合興快餐有限公司 (Liaoning Hop Hing Fast Food Co., Ltd.*), a company incorporated under the laws of PRC and a wholly-owned subsidiary of the Target (immediately after the completion of the Reorganization)
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	loans in the amount of approximately HK\$44 million owed by the Target to the Seller and its associates

“Management Holding Company”	Hawick Limited, a company incorporated under the laws of Hong Kong
“Oils Business”	the business of 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
“PRC”	the People’s Republic of China
“PRC Operating Companies”	BJ Yoshinoya Fast Food, Harbin Hop Hing, Liaoning Hop Hing, Dalian Hexing Fast Food and HuHeHaoTe Hop Hing
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Seller pursuant to the Acquisition Agreement
“Reorganization”	the restructuring exercise of Target Group prior to the Completion so that the Target, the Management Holding Company and the Intermediate SPVs, Franchise Holding Companies and PRC Operating Companies that are intended to be acquired by the Company under the Acquisition Agreement are transferred to the Seller or its related companies
“RMB”	Renminbi, the lawful currency of PRC
“Sale Shares”	such number of shares of the Target legally and beneficially owned by the Seller immediately before Completion representing the entire issued share capital of the Target
“Seller”	Queen Board Limited, a company incorporated with limited liability in BVI
“SFO”	The Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (as amended from time to time)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target”	Summerfield Profits Limited, a company incorporated with limited liability in BVI

“Target Group”	Target and its subsidiaries immediately after the completion of the Reorganization
“Target Group Companies”	Target or its subsidiaries (immediately after the completion of the Reorganization)
“Warrants”	warrants of the Company (Warrant Code: 134)
“Yoshinoya Japan”	Yoshinoya Holding Co., Ltd. (formally known as Yoshinoya D&C Co., Ltd), a company incorporated under the laws of Japan; and/or Yoshinoya International Co., Ltd., a company incorporated under the laws of Japan

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

Hong Kong, December 1, 2011

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. 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.

* *For identification only*