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Ocean Ease Global Limited
*(Incorporated in the British Virgin Islands
with limited liability)*


HOP HING GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 47)

JOINT ANNOUNCEMENT
**(1) PROPOSAL FOR THE PRIVATISATION OF
HOP HING GROUP HOLDINGS LIMITED BY
OCEAN EASE GLOBAL LIMITED BY WAY OF
A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS**
(2) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE
**(3) PROPOSED WITHDRAWAL OF LISTING
AND**
(4) RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



INTRODUCTION

The respective directors of the Offeror and the Company jointly announce that on 1 September 2021, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled.

TERMS OF THE PROPOSAL

Under the Scheme, the Scheme Shares will be cancelled and extinguished by way of the reduction of the issued share capital of the Company and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$0.08 in cash for each Scheme Share cancelled. **The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

Immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled. The credit arising in the books of accounts of the Company as a result of the capital reduction will be applied in paying up in full value the new Shares so allotted and issued, credited as fully paid, to the Offeror.

If, after the date of this joint announcement, any dividend or other distribution is made, declared or paid in respect of the Scheme Shares, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which has not been paid; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until after the implementation or lapse of the Scheme.

The Proposal and the Scheme are conditional upon the fulfilment or waiver, as applicable, of the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below. All Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, otherwise the Proposal and the Scheme will lapse.

SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

As at the date of this joint announcement:

- (1) there are 10,070,431,786 Shares in issue, including 258,174,619 SAS Trustee Held Shares, representing approximately 2.56% of the issued share capital of the Company;
- (2) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (3) the Consortium Offeror Concert Parties beneficially own, control or have direction over 7,214,706,432 Shares, representing approximately 71.64% of the issued share capital of the Company;
- (4) the Non-Consortium Offeror Concert Parties beneficially own, control or have direction over 430,742,120 Shares, representing approximately 4.28% of the issued share capital of the Company;

- (5) the Scheme Shareholders (which include the Non-Consortium Offeror Concert Parties) hold 2,855,725,354 Shares, representing approximately 28.36% of the issued share capital of the Company; and
- (6) there are 600,099,000 outstanding Share Options granted under the Share Option Schemes, among which (i) 72,500,000 Share Options (of which 8,700,000 have been vested) are held by Mr. Wong Kwok Ying, an executive Director and a member of the Non-Consortium Offeror Concert Parties; and (ii) 527,599,000 Share Options (of which 58,880,000 have been vested) are held by individuals who are not members of the Offeror Concert Parties.

Save as disclosed above, as at the date of this joint announcement, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Assuming no Share Options are exercised and that there is no other change in the issued share capital of the Company before the implementation of the Proposal, immediately upon completion of the Proposal, the Consortium Offeror Concert Parties will directly or indirectly hold approximately 71.64% of the issued share capital of the Company and the Offeror will directly hold approximately 28.36% of the issued share capital of the Company.

THE OPTION OFFER

As at the date of this joint announcement, there are 600,099,000 outstanding Share Options granted under the Share Option Schemes (among which 67,580,000 Share Options have been vested and 532,519,000 Share Options have not been vested). The relevant exercise price applicable to each such Share Option ranges from HK\$0.127 to HK\$0.189. The exercise of all such Share Options in full would result in the issue of 600,099,000 new Shares, representing approximately 5.96% of the issued share capital of the Company as at the date of this joint announcement and approximately 5.62% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror will make an appropriate offer to all the Option Holders for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror will offer the Option Holders the Option Offer Price, which is a nominal value of HK\$0.001 for every Share Option they hold, for the cancellation of each Share Option, as the exercise price of each of the Share Options exceeds the Cancellation Price and the “see-through” price is negative.

If any of the outstanding Share Options is exercised in accordance with the terms of the Share Option Schemes on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

FINANCIAL RESOURCES

On the assumption that no Share Options are exercised before the Record Date, and all the Option Holders elect to receive the Option Offer Price of a nominal value of HK\$0.001 per Share Option, the amount of cash required to implement the Proposal and the Option Offer would be approximately HK\$228,458,000 and approximately HK\$600,000, respectively (i.e. a total amount of approximately HK\$229,058,000).

UBS, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal and the Option Offer in accordance with their respective terms.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises all independent non-executive Directors, namely Mr. Seto Gin Chung, John, Mr. Sze Tsai To, Robert and Mr. Wan Sai Cheong, Joseph, has been established by the Board to make a recommendation to the Disinterested Shareholders and the Option Holders as to: (i) whether the terms of the Proposal, the Scheme and the Option Offer are, or are not, fair and reasonable; and (ii) whether to vote in favour of the Scheme at the Court Meeting and the EGM.

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee on the Proposal and the Option Offer. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal and the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Act and the Rules of the Grand Court, information regarding the Company, the recommendations from the Independent Board Committee with respect to the Proposal and the Option Offer, and the letter of advice of the Independent Financial Adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the EGM, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Option Holders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Act and the Grand Court, and other applicable laws and regulations. A letter to the Option Holders will also be despatched on the same date as the despatch of the Scheme Document.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on Thursday, 2 September 2021 pending the release of this joint announcement. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 7 September 2021.

WARNINGS

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance or other response to the Proposal or the Option Offer should be made only on the basis of information in the Scheme Document or any other document by which the Proposal or the Option Offer is made.

The availability of the Proposal and the Option Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders and Option Holders will be contained in the Scheme Document.

1. INTRODUCTION

On 1 September 2021, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled on the Effective Date in exchange for the payment to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share cancelled;
- (b) those Option Holders who accept the Option Offer will be entitled to receive the Option Offer Price for each Share Option in exchange for the cancellation of their Share Options;
- (c) the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled. The credit arising in the books of accounts of the Company as a result of the capital reduction will be applied in paying up in full value the new Shares so allotted and issued, credited as fully paid, to the Offeror;
- (d) assuming no Share Options are exercised and that there is no other change in the issued share capital of the Company before implementation of the Proposal, on the Effective Date, the Consortium Offeror Concert Parties will directly or indirectly hold approximately 71.64% of the issued share capital of the Company and the Offeror will directly hold approximately 28.36% of the issued share capital of the Company; and
- (e) the Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules and such withdrawal is expected to take place with effect from the Effective Date.

The Offeror intends to focus on the existing business of the Group upon the Scheme becoming effective, while at the same time exploring and pursuing other business strategies which are or may be impracticable to be sought and pursued as a listed company.

2. TERMS OF THE PROPOSAL

Cancellation Price for the Scheme Shares

Under the Scheme, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$0.08 in cash for each Scheme Share cancelled. **The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

Comparison of value

The Cancellation Price of HK\$0.08 per Scheme Share represents:

- a premium of approximately 73.9% over the closing price of HK\$0.0460 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 74.7% over the average closing price of approximately HK\$0.0458 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 70.9% over the average closing price of approximately HK\$0.0468 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 62.9% over the average closing price of approximately HK\$0.0491 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 61.0% over the average closing price of approximately HK\$0.0497 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 62.9% over the average closing price of approximately HK\$0.0491 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 66.3% over the average closing price of approximately HK\$0.0481 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 63.9% over the audited net asset value per Share of approximately HK\$0.0488 as at 31 December 2020, based on the audited net assets of the Group as stated in the audited consolidated statement of financial position of the Company included in its annual report for the year ended 31 December 2020 and 10,070,431,786 Shares in issue as at the date of this joint announcement; and
- a premium of approximately 57.8% over the unaudited net asset value per Share of approximately HK\$0.0507 as at 30 June 2021, based on the unaudited net assets of the Group as stated in the condensed consolidated statement of financial position of the Company included in its interim report for the six months ended 30 June 2021 and 10,070,431,786 Shares in issue as at the date of this joint announcement.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

If, after the date of this joint announcement, any dividend or other distribution is made, declared or paid in respect of the Scheme Shares, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which has not been paid; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until after the implementation or lapse of the Scheme.

Highest and lowest prices

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.0540 on 25 May 2021 and 26 May 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.0440 on 20 August 2021 and 23 August 2021.

Conditions of the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares, present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than $\frac{3}{4}$ of the votes cast by the Shareholders present and voting, in person or by proxy, at the EGM to approve and give effect to the reduction of the share capital of the Company by the cancellation and extinguishment of the Scheme Shares; (ii) the passing of an ordinary resolution by a simple majority of the Shareholders present and voting, in person or by proxy, at the EGM to approve and give effect to the restoration of the share capital of the Company to its former amount by allotting and issuing to the Offeror the same number of new Shares as the number of Scheme Shares cancelled and extinguished and the application of the credit arising in the Company's books of accounts as a result of such issued share capital reduction in paying up in full value the new Shares issued to the Offeror, credited as fully paid;

- (d) the sanction of the Scheme (with or without modifications) by the Grand Court and its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court and the minutes approved by the Grand Court in respect of the reduction of the issued share capital of the Company for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of Sections 15, 16 and 17 of the Companies Act in relation to the reduction of the share capital of the Company referred to in paragraph (c) above;
- (f) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (g) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (h) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;
- (i) since 31 December 2020, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group which is material in the context of the Group taken as a whole or in the context of the Proposal; and

- (j) since the date of this joint announcement, there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions in paragraphs (a) to (e) above) in whole or in part. The Company does not have the right to waive any of the Conditions.

In respect of the Condition in paragraph (f) above, as at the date of this joint announcement, the Offeror and the Company do not foresee any necessary authorisations required in connection with the Proposal from, with or by (as the case may be) the relevant authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions, save for the authorisations already set out above as separate conditions.

In respect of the Condition in paragraph (h) above, as at the date of this joint announcement, the Offeror and the Company are not aware of any such legal or regulatory obligation or requirement which is required to be complied with or has been imposed in connection with the Proposal or its implementation in accordance with its terms, save for the requirements already set out above as separate conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, otherwise the Proposal and the Scheme will lapse. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal. As at the date of this joint announcement, the Offeror is not aware of any such circumstances.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

As at the date of this joint announcement, none of the Conditions has been fulfilled or waived (as applicable).

Warning: Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SAS Trustee Held Shares

The Share Award Scheme was adopted by the Company as a means to recognise the contribution of and to provide incentives for the eligible key management personnel including directors and senior management of the Group, consultants, experts, agents, representatives of the Group and employees of the Group. As at the date of this joint announcement, there are 258,174,619 SAS Trustee Held Shares, representing approximately 2.56% of the issued share capital of the Company, which have been acquired by the SAS Trustee for satisfying Share Awards on vesting, and 87,465,495 Share Awards (which may vest in the form of 87,465,495 Shares, representing approximately 0.87% of the issued share capital of the Company) have been granted to the Grantees which all remain unvested. The SAS Trustee, as the trustee of the Share Award Scheme, is regarded as acting in concert with the Offeror in relation to the Company. None of the Grantees of such 87,465,495 Share Awards is a member of the Offeror Group or the Offeror Concert Parties.

If any Share Awards are vested and the corresponding Shares are transferred by the SAS Trustee to the relevant Grantee who is a Disinterested Shareholder or sold on the Stock Exchange by the SAS Trustee on behalf of the relevant Grantee to any Disinterested Shareholder (the proceeds of which will be paid to the relevant Grantee) on or prior to the Record Date in accordance with the terms of the Share Award Scheme, such Shares will become part of the Scheme Shares held by the Disinterested Shareholders.

Among the outstanding 87,465,495 Share Awards, the vesting date of 51,672,354 Share Awards (which may vest in the form of 51,672,354 Shares, representing approximately 0.51% of the issued share capital of the Company as at the date of this joint announcement) falls before 30 June 2022 (being the current Long Stop Date). Among such 51,672,354 Share Awards, (i) 10,107,168 Share Awards will be vested to a Grantee automatically in January 2022; (ii) 9,287,716 Share Awards will be vested to certain Grantees automatically in April 2022 so long as they remain to be employees of the Group; and (iii) 32,277,470 Share Awards will be vested to certain Grantees subject to their continued employment with the Group and their satisfaction of performance target.

Pursuant to the trust deed and the rules of the Share Award Scheme, so long as no beneficial interest in the relevant SAS Trustee Held Shares has been vested, neither the Grantees nor the SAS Trustee shall exercise any voting rights in respect of such SAS Trustee Held Shares.

All of the SAS Trustee Held Shares which are still held by the SAS Trustee as trustee of the Share Award Scheme on the Effective Date shall form part of the Scheme Shares and be cancelled and extinguished upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Offeror will pay to the SAS Trustee an amount equivalent to the Cancellation Price multiplied by the number of the SAS Trustee Held Shares as at the Effective Date, which will be held on trust by the SAS Trustee in accordance with the Share Award Scheme. After the receipt of such Cancellation Price for the SAS Trustee Held Shares by the SAS Trustee, the Board shall as soon as practicable direct the termination of the Share Award Scheme, upon which

an amount equivalent to the Cancellation Price multiplied by the number of outstanding Share Awards held by each Grantee at such termination will be paid by the SAS Trustee to the relevant Grantee, and any remaining proceeds (net of expenses) will be remitted to the Company.

Reduction and restoration of issued share capital

The issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled.

3. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement:

- (1) there are 10,070,431,786 Shares in issue, including 258,174,619 SAS Trustee Held Shares, representing approximately 2.56% of the issued share capital of the Company;
- (2) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (3) the Consortium Offeror Concert Parties beneficially own, control or have direction over 7,214,706,432 Shares, representing approximately 71.64% of the issued share capital of the Company;
- (4) the Non-Consortium Offeror Concert Parties beneficially own, control or have direction over 430,742,120 Shares, representing approximately 4.28% of the issued share capital of the Company;
- (5) the Scheme Shareholders (which include the Non-Consortium Offeror Concert Parties) hold 2,855,725,354 Shares, representing approximately 28.36% of the issued share capital of the Company; and
- (6) there are 600,099,000 outstanding Share Options granted under the Share Option Schemes, among which (i) 72,500,000 Share Options (of which 8,700,000 have been vested) are held by Mr. Wong Kwok Ying, an executive Director and a member of the Non-Consortium Offeror Concert Parties; and (ii) 527,599,000 Share Options (of which 58,880,000 have been vested) are held by individuals who are not members of the Offeror Concert Parties.

Save as disclosed above, as at the date of this joint announcement, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

(a) **Assuming that no Share Options are exercised before the Record Date**

The table below sets out the shareholding structure of the Company as at the date of this joint announcement and immediately upon completion of the Proposal on the assumption that no Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal:

Shareholder	As at the date of this joint announcement		Immediately upon completion of the Proposal (assuming that no Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)	
	Number of Shares	Approximate % of the issued Shares	Number of Shares	Approximate % of the issued Shares
(A) Offeror	—	—	2,855,725,354	28.36%
(B) Consortium Offeror Concert Parties not subject to the Scheme				
Mr. Peter Hung (Note 1)	274,766,648	2.73%	274,766,648	2.73%
Mr. Marvin Hung (Note 2)	72,652,163	0.72%	72,652,163	0.72%
Mrs. Diana Hung (Note 3)	2,011,168	0.02%	2,011,168	0.02%
HHHFL (as trustee of The HHH Discretionary Trust) (Note 4)	3,379,544,265	33.56%	3,379,544,265	33.56%
NCFFL (as trustee of The NCFF Discretionary Trust) (Note 5)	3,212,756,535	31.90%	3,212,756,535	31.90%
Predominance Fortune Limited (Note 6)	199,642,838	1.98%	199,642,838	1.98%
LTIL (as trustee of The LTI Discretionary Trust) (Note 7)	73,332,815	0.73%	73,332,815	0.73%
Sub-total of (B)	7,214,706,432	71.64%	7,214,706,432	71.64%

Shareholder	As at the date of this joint announcement		Immediately upon completion of the Proposal (assuming that no Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)	
	Number of Shares	Approximate % of the issued Shares	Number of Shares	Approximate % of the issued Shares
(C) Non-Consortium Concert Parties subject to the Scheme				
Mr. Hung Hak Kan (<i>Note 8</i>)	25,274,531	0.25%	—	—
Mr. Hung Hak Fu (<i>Note 8</i>)	25,735,593	0.26%	—	—
The late Mr. Hung Hak Shing's estate (<i>Note 8</i>)	25,253,355	0.25%	—	—
Ms. Hung Siu Yee, Linda (<i>Note 8</i>)	27,748,091	0.28%	—	—
Mr. Hung Hak Yau (<i>Note 9</i>)	38,780,031	0.39%	—	—
Ms. Hung Cee Kay, Celeste (<i>Note 10</i>)	207,964	0.00%	—	—
Ms. Hung Wen Kay, Wendeline (<i>Note 10</i>)	214,584	0.00%	—	—
Ms. Hung Wain Kay, Natalie (<i>Note 10</i>)	214,584	0.00%	—	—
Ms. Hung Gi Kay, Zita (<i>Note 10</i>)	214,584	0.00%	—	—
Ms. Hung Sum Kay, Sandy (<i>Note 11</i>)	147,009	0.00%	—	—
Ms. Hung On Kay, Angela (<i>Note 11</i>)	22,508	0.00%	—	—
SAS Trustee (<i>Note 12</i>)	258,174,619	2.56%	—	—
LGEFL (as trustee of The Lion & Globe Educational Trust) (<i>Note 13</i>)	28,754,667	0.29%	—	—
Sub-total of (C) (<i>Note 14</i>)	430,742,120	4.28%	—	—
(D) Offeror and the Offeror Concert Parties				
(A) + (B) + (C)	7,645,448,552	75.92%	10,070,431,786	100.00%
(E) Disinterested Shareholders subject to the Scheme (<i>Note 15</i>)	2,424,983,234	24.08%	—	—
(F) Scheme Shareholders (C) + (E)	2,855,725,354	28.36%	—	—
TOTAL (A) + (B) + (C) + (E)	10,070,431,786	100.00%	10,070,431,786	100.00%

Notes:

1. *As at the date of this joint announcement, 274,766,648 Shares are indirectly held by Mr. Peter Hung through his wholly-owned companies, Exploit (PH) Limited and Kinnard Investments Limited.*
2. *As at the date of this joint announcement, 72,652,163 Shares are directly held by Mr. Marvin Hung.*
3. *As at the date of this joint announcement, 2,011,168 Shares are indirectly held by Mrs. Diana Hung (the spouse of Mr. Peter Hung) through her wholly-owned company, Banjo (DH) Limited.*
4. *HHHFL is the trustee of a discretionary trust, The HHH Discretionary Trust. Mr. Peter Hung is the settlor of The HHH Discretionary Trust, the discretionary beneficiaries of which are Mrs. Diana Hung and certain children of Mr. Peter Hung and Mrs. Diana Hung. Mr. Peter Hung and Mrs. Diana Hung each owns one-third, and Mr. Marvin Hung owns one-sixth, of the voting power at general meeting of HHHFL. Therefore, HHHFL, as trustee of The HHH Discretionary Trust, is regarded as acting in concert with the Offeror in relation to the Company.*

As at the date of this joint announcement, HHHFL, as trustee of The HHH Discretionary Trust, indirectly controls 3,379,544,265 Shares through its indirectly wholly-owned subsidiaries, namely Action Success (PHT) Limited (holding 166,787,730 Shares), True Force Ventures Limited (holding 1,408,783,784 Shares), Earn Field International (PHT) Limited (holding 1,408,783,784 Shares) and New Tree Limited (holding 395,188,967 Shares).

Also, HHHFL, as trustee of The HHH Discretionary Trust, owns one-half of the voting power at general meeting of Predominance Fortune Limited, which holds 199,642,838 Shares as at the date of this joint announcement. Such 199,642,838 Shares are in addition to the 3,379,544,265 Shares referred to in the immediately preceding paragraph.

5. *NCFFL is the trustee of a discretionary trust, The NCFF Discretionary Trust. The discretionary beneficiaries of The NCFF Discretionary Trust include a company wholly-owned by Mr. Marvin Hung, and certain close relatives of Mr. Marvin Hung and Mr. Peter Hung. NCFFL is indirectly wholly-owned by Mr. Marvin Hung through AGVL. Therefore, NCFFL, as trustee of The NCFF Discretionary Trust, is regarded as acting in concert with the Offeror in relation to the Company.*

As at the date of this joint announcement, NCFFL, as trustee of The NCFF Discretionary Trust, indirectly controls 3,212,756,535 Shares through its indirectly wholly-owned subsidiaries, namely Winner Planet Limited (holding 1,625,526,805 Shares) and Creative Mount Limited (holding 1,587,229,730 Shares).

Also, NCFFL, as trustee of The NCFF Discretionary Trust, owns one-half of the voting power at general meeting of Predominance Fortune Limited, which holds 199,642,838 Shares as at the date of this joint announcement. Such 199,642,838 Shares are in addition to the 3,212,756,535 Shares referred to in the immediately preceding paragraph.

6. *Predominance Fortune Limited is a company of which HHHFL, as trustee of The HHH Discretionary Trust, and NCFFL, as trustee of The NCFF Discretionary Trust, each owns one-half of the voting power at general meeting. As at the date of this joint announcement, Predominance Fortune Limited holds 199,642,838 Shares.*
7. *LTI is the trustee of a discretionary trust, The LTI Discretionary Trust. Mr. Peter Hung is the settlor of The LTI Discretionary Trust, the discretionary beneficiaries of which include a company wholly-owned by HHHFL and a company wholly-owned by Mr. Marvin Hung. LTI*

is wholly-owned by a company which is in turn wholly-owned by Mr. Peter Hung. Therefore, LTIL, as trustee of The LTI Discretionary Trust, is regarded as acting in concert with the Offeror in relation to the Company.

As at the date of this joint announcement, LTIL, as trustee of The LTI Discretionary Trust, indirectly held 73,332,815 Shares through its wholly-owned subsidiary, Elite Aim (LTIT) Limited.

8. *Mr. Hung Hak Kan, Mr. Hung Hak Fu, the late Mr. Hung Hak Shing and Ms. Hung Siu Yee, Linda are the siblings of Mr. Peter Hung, and therefore are regarded as acting in concert with the Offeror in relation to the Company.*
9. *Mr. Hung Hak Yau is the brother of Mr. Peter Hung and the father of Mr. Marvin Hung. Therefore, he is regarded as acting in concert with the Offeror in relation to the Company.*
10. *Ms. Hung Cee Kay, Celeste, Ms. Hung Wen Kay, Wendeline, Ms. Hung Wain Kay, Natalie and Ms. Hung Gi Kay, Zita are the daughters of Mr. Peter Hung and Mrs. Diana Hung. Therefore, they are regarded as acting in concert with the Offeror in relation to the Company.*
11. *Ms. Hung Sum Kay, Sandy and Ms. Hung On Kay, Angela are the sisters of Mr. Marvin Hung. Therefore, they are regarded as acting in concert with the Offeror in relation to the Company.*
12. *As at the date of this joint announcement, 258,174,619 Shares are held by the SAS Trustee, which (as trustee of the Share Award Scheme) is regarded as acting in concert with the Offeror in relation to the Company.*

As mentioned in the section headed “Terms of the Proposal — SAS Trustee Held Shares” above, as at the date of this joint announcement, 87,465,495 Share Awards have been granted to the Grantees in respect of 87,465,495 Shares which remain unvested. If any Share Awards are vested and the corresponding Shares are transferred by the SAS Trustee to the relevant Grantee who is a Disinterested Shareholder or sold on the Stock Exchange by the SAS Trustee on behalf of the relevant Grantee to any Disinterested Shareholder (the proceeds of which will be paid to the relevant Grantee) on or prior to the Record Date in accordance with the terms of the Share Award Scheme, such Shares will become part of the Scheme Shares held by the Disinterested Shareholders.

13. *LGEFL is the trustee of a charitable trust, The Lion & Globe Educational Trust. Mr. Peter Hung and Mrs. Diana Hung each owns one-fourth, and Mr. Marvin Hung owns one-eighth, of the voting power at general meeting of LGEFL. Therefore, LGEFL, as trustee of The Lion & Globe Educational Trust, is regarded as acting in concert with the Offeror in relation to the Company.*

As at the date of this joint announcement, 28,754,667 Shares are held by LGEFL as trustee of The Lion & Globe Educational Trust.

14. *UBS is the exclusive financial adviser to the Offeror in relation to the Proposal and the Option Offer. Accordingly, members of the UBS group (except those which have been granted exempt principal trader or exempt fund manager status, for the purposes of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by other parts of the UBS group will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be jointly made by the Offeror and the Company if the holdings, borrowings, lendings, or dealings of the other parts of the UBS group are significant.*

The holdings and dealings of those entities within the UBS group will also be disclosed in the Scheme Document. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, the Shares or derivatives in respect of the Shares by the Offeror Concert Parties are subject to changes based on the holdings, borrowings, lendings, or dealings (if any) of the other parts of the UBS group.

15. *As at the date of this joint announcement, 500,847 Shares are held by Mr. Seto Gin Chung, John, and 2,454,678 Shares are held by Mr. Sze Tsai To, Robert. Both of them are independent non-executive Directors, and are not regarded as acting in concert with the Offeror in relation to the Company and the Shares held by them will form part of the Scheme Shares held by the Disinterested Shareholders.*

Other than the independent non-executive Directors, all Directors (namely, Mr. Marvin Hung, Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy) are regarded as acting in concert with the Offeror in relation to the Company. As at the date of this joint announcement, Ms. Lam Fung Ming, Tammy does not hold any Share or Share Option.

Assuming no Share Options are exercised and that there is no other change in the issued share capital of the Company before the implementation of the Proposal, immediately upon completion of the Proposal, the Consortium Offeror Concert Parties will directly or indirectly hold approximately 71.64% of the issued share capital of the Company and the Offeror will directly hold approximately 28.36% of the issued share capital of the Company.

(b) Assuming that all Share Options are exercised in full before the Record Date

The table below sets out the shareholding structure of the Company immediately before completion of the Proposal and immediately upon completion of the Proposal on the assumption that (i) all the outstanding 600,099,000 Share Options are vested and exercised in full before the Record Date (resulting in the issue of 600,099,000 new Shares); and (ii) there is no other change in shareholding of the Company before completion of the Proposal:

Shareholder	Immediately before completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)		Immediately upon completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)	
	Approximate Number of Shares	Approximate % of the issued Shares	Approximate Number of Shares	Approximate % of the issued Shares
(A) Offeror	—	—	<u>3,455,824,354</u>	<u>32.39%</u>

Shareholder	Immediately before completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)		Immediately upon completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)	
	<i>Number of Shares</i>	<i>Approximate % of the issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of the issued Shares</i>
(B) Consortium Offeror Concert Parties not subject to the Scheme				
Mr. Peter Hung (<i>Note 1</i>)	274,766,648	2.58%	274,766,648	2.58%
Mr. Marvin Hung (<i>Note 2</i>)	72,652,163	0.68%	72,652,163	0.68%
Mrs. Diana Hung (<i>Note 3</i>)	2,011,168	0.02%	2,011,168	0.02%
HHHFL (as trustee of The HHH Discretionary Trust) (<i>Note 4</i>)	3,379,544,265	31.67%	3,379,544,265	31.67%
NCFFL (as trustee of The NCF Discretionary Trust) (<i>Note 5</i>)	3,212,756,535	30.11%	3,212,756,535	30.11%
Predominance Fortune Limited (<i>Note 6</i>)	199,642,838	1.87%	199,642,838	1.87%
LTIL (as trustee of The LTI Discretionary Trust) (<i>Note 7</i>)	<u>73,332,815</u>	<u>0.69%</u>	<u>73,332,815</u>	<u>0.69%</u>
Sub-total of (B)	<u>7,214,706,432</u>	<u>67.61%</u>	<u>7,214,706,432</u>	<u>67.61%</u>

Shareholder	Immediately before completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)		Immediately upon completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)	
	Number of Shares	Approximate % of the issued Shares	Number of Shares	Approximate % of the issued Shares
(C) Non-Consortium Concert Parties subject to the Scheme				
Mr. Hung Hak Kan (Note 8)	25,274,531	0.24%	—	—
Mr. Hung Hak Fu (Note 8)	25,735,593	0.24%	—	—
The late Mr. Hung Hak Shing's estate (Note 8)	25,253,355	0.24%	—	—
Ms. Hung Siu Yee, Linda (Note 8)	27,748,091	0.26%	—	—
Mr. Hung Hak Yau (Note 9)	38,780,031	0.36%	—	—
Ms. Hung Cee Kay, Celeste (Note 10)	207,964	0.00%	—	—
Ms. Hung Wen Kay, Wendeline (Note 10)	214,584	0.00%	—	—
Ms. Hung Wain Kay, Natalie (Note 10)	214,584	0.00%	—	—
Ms. Hung Gi Kay, Zita (Note 10)	214,584	0.00%	—	—
Ms. Hung Sum Kay, Sandy (Note 11)	147,009	0.00%	—	—
Ms. Hung On Kay, Angela (Note 11)	22,508	0.00%	—	—
SAS Trustee (Note 12)	258,174,619	2.42%	—	—
LGEFL (as trustee of The Lion & Globe Educational Trust) (Note 13)	28,754,667	0.27%	—	—
Mr. Wong Kwok Ying (Note 14)	72,500,000	0.68%	—	—
Sub-total of (C) (Note 15)	503,242,120	4.72%	—	—

Shareholder	Immediately before completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)		Immediately upon completion of the Proposal (assuming that all Share Options are vested and exercised in full before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal)	
	Number of Shares	Approximate % of the issued Shares	Number of Shares	Approximate % of the issued Shares
(D) Offeror and the Offeror Concert Parties				
(A) + (B) + (C)	<u>7,717,948,552</u>	<u>72.33%</u>	<u>10,670,530,786</u>	<u>100.00%</u>
(E) Disinterested Shareholders subject to the Scheme (Note 16)				
	<u>2,952,582,234</u>	<u>27.67%</u>	<u>—</u>	<u>—</u>
(F) Scheme Shareholders				
(C) + (E)	<u>3,455,824,354</u>	<u>32.39%</u>	<u>—</u>	<u>—</u>
TOTAL				
(A) + (B) + (C) + (E)	<u>10,670,530,786</u>	<u>100.00%</u>	<u>10,670,530,786</u>	<u>100.00%</u>

Notes:

1. As at the date of this joint announcement, 274,766,648 Shares are indirectly held by Mr. Peter Hung through his wholly-owned companies, Exploit (PH) Limited and Kinnard Investments Limited.
2. As at the date of this joint announcement, 72,652,163 Shares are directly held by Mr. Marvin Hung.
3. As at the date of this joint announcement, 2,011,168 Shares are indirectly held by Mrs. Diana Hung (the spouse of Mr. Peter Hung) through her wholly-owned company, Banjo (DH) Limited.
4. HHHFL is the trustee of a discretionary trust, The HHH Discretionary Trust. Mr. Peter Hung is the settlor of The HHH Discretionary Trust, the discretionary beneficiaries of which are Mrs. Diana Hung and certain children of Mr. Peter Hung and Mrs. Diana Hung. Mr. Peter Hung and Mrs. Diana Hung each owns one-third, and Mr. Marvin Hung owns one-sixth, of the voting power at general meeting of HHHFL. Therefore, HHHFL, as trustee of The HHH Discretionary Trust, is regarded as acting in concert with the Offeror in relation to the Company.

As at the date of this joint announcement, HHHFL, as trustee of The HHH Discretionary Trust, indirectly controls 3,379,544,265 Shares through its indirect wholly-owned subsidiaries, namely Action Success (PHT) Limited (holding 166,787,730 Shares), True Force Ventures Limited (holding 1,408,783,784 Shares), Earn Field International (PHT) Limited (holding 1,408,783,784 Shares) and New Tree Limited (holding 395,188,967 Shares).

Also, HHHFL, as trustee of The HHH Discretionary Trust, owns one-half of the voting power at general meeting of Predominance Fortune Limited, which holds 199,642,838 Shares as at the date of this joint announcement. Such 199,642,838 Shares are in addition to the 3,379,544,265 Shares referred to in the immediately preceding paragraph.

5. *NCFFL is the trustee of a discretionary trust, The NCFF Discretionary Trust. The discretionary beneficiaries of The NCFF Discretionary Trust include a company wholly-owned by Mr. Marvin Hung, and certain close relatives of Mr. Marvin Hung and Mr. Peter Hung. NCFFL is indirectly wholly-owned by Mr. Marvin Hung through AGVL. Therefore, NCFFL, as trustee of The NCFF Discretionary Trust, is regarded as acting in concert with the Offeror in relation to the Company.*

As at the date of this joint announcement, NCFFL, as trustee of The NCFF Discretionary Trust, indirectly controls 3,212,756,535 Shares through its indirect wholly-owned subsidiaries, namely Winner Planet Limited (holding 1,625,526,805 Shares) and Creative Mount Limited (holding 1,587,229,730 Shares).

Also, NCFFL, as trustee of The NCFF Discretionary Trust, owns one-half of the voting power at general meeting of Predominance Fortune Limited, which holds 199,642,838 Shares as at the date of this joint announcement. Such 199,642,838 Shares are in addition to the 3,212,756,535 Shares referred to in the immediately preceding paragraph.

6. *Predominance Fortune Limited is a company of which HHHFL, as trustee of The HHH Discretionary Trust, and NCFFL, as trustee of The NCFF Discretionary Trust, each owns one-half of the voting power at general meeting. As at the date of this joint announcement, Predominance Fortune Limited holds 199,642,838 Shares.*
7. *LTIL is the trustee of a discretionary trust, The LTI Discretionary Trust. Mr. Peter Hung is the settlor of The LTI Discretionary Trust, the discretionary beneficiaries of which include a company wholly-owned by HHHFL and a company wholly-owned by Mr. Marvin Hung. LTIL is wholly-owned by a company which is in turn wholly-owned by Mr. Peter Hung. Therefore, LTIL, as trustee of The LTI Discretionary Trust, is regarded as acting in concert with the Offeror in relation to the Company.*

As at the date of this joint announcement, LTIL, as trustee of The LTI Discretionary Trust, indirectly held 73,332,815 Shares through its wholly-owned subsidiary, Elite Aim (LTIT) Limited.

8. *Mr. Hung Hak Kan, Mr. Hung Hak Fu, the late Mr. Hung Hak Shing and Ms. Hung Siu Yee, Linda are the siblings of Mr. Peter Hung, and therefore are regarded as acting in concert with the Offeror in relation to the Company.*
9. *Mr. Hung Hak Yau is the brother of Mr. Peter Hung and the father of Mr. Marvin Hung. Therefore, he is regarded as acting in concert with the Offeror in relation to the Company.*
10. *Ms. Hung Cee Kay, Celeste, Ms. Hung Wen Kay, Wendeline, Ms. Hung Wain Kay, Natalie and Ms. Hung Gi Kay, Zita are the daughters of Mr. Peter Hung and Mrs. Diana Hung. Therefore, they are regarded as acting in concert with the Offeror in relation to the Company.*
11. *Ms. Hung Sum Kay, Sandy and Ms. Hung On Kay, Angela are the sisters of Mr. Marvin Hung. Therefore, they are regarded as acting in concert with the Offeror in relation to the Company.*

12. *As at the date of this joint announcement, 258,174,619 Shares are held by the SAS Trustee, which (as trustee of the Share Award Scheme) is regarded as acting in concert with the Offeror in relation to the Company.*

As mentioned in the section headed “Terms of the Proposal — SAS Trustee Held Shares” above, as at the date of this joint announcement, 87,465,495 Share Awards have been granted to the Grantees in respect of 87,465,495 Shares which remain unvested. If any Share Awards are vested and the corresponding Shares are transferred by the SAS Trustee to the relevant Grantee who is a Disinterested Shareholder or sold on the Stock Exchange by the SAS Trustee on behalf of the relevant Grantee to any Disinterested Shareholder (the proceeds of which will be paid to the relevant Grantee) on or prior to the Record Date in accordance with the terms of the Share Award Scheme, such Shares will become part of the Scheme Shares held by the Disinterested Shareholders.

13. *LGEFL is the trustee of a charitable trust, The Lion & Globe Educational Trust. Mr. Peter Hung and Mrs. Diana Hung each owns one-fourth, and Mr. Marvin Hung owns one-eighth, of the voting power at general meeting of LGEFL. Therefore, LGEFL, as trustee of The Lion & Globe Educational Trust, is regarded as acting in concert with the Offeror in relation to the Company.*

As at the date of this joint announcement, 28,754,667 Shares are held by LGEFL as trustee of The Lion & Globe Educational Trust.

14. *As at the date of this joint announcement, 72,500,000 Share Options (of which 8,700,000 have been vested) are held by Mr. Wong Kwok Ying with an exercise price of HK\$0.127 each. The exercise of such Share Options in full will result in the issue of 72,500,000 new Shares to him. As Mr. Wong Kwok Ying is an executive Director and also a director of certain companies indirectly controlled by the Offeror Group, he is presumed to be acting in concert with the Offeror in relation to the Company.*

15. *UBS is the exclusive financial adviser to the Offeror in relation to the Proposal and the Option Offer. Accordingly, members of the UBS group (except those which have been granted exempt principal trader or exempt fund manager status, for the purposes of the Takeovers Code) are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by other parts of the UBS group will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be jointly made by the Offeror and the Company if the holdings, borrowings, lendings, or dealings of the other parts of the UBS group are significant. The holdings and dealings of those entities within the UBS group will also be disclosed in the Scheme Document.*

The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, the Shares or derivatives in respect of the Shares by the Offeror Concert Parties are subject to changes based on the holdings, borrowings, lendings, or dealings (if any) of the other parts of the UBS group.

16. *As at the date of this joint announcement, 500,847 Shares are held by Mr. Seto Gin Chung, John, and 2,454,678 Shares are held by Mr. Sze Tsai To, Robert. Both of them are independent non-executive Directors, and are not regarded as acting in concert with the Offeror in relation to the Company and the Shares held by them will form part of the Scheme Shares held by the Disinterested Shareholders.*

In addition, as at the date of this joint announcement, each of the independent non-executive Directors, namely Mr. Seto Gin Chung, John, Mr. Sze Tsai To, Robert and Mr. Wan Sai Cheong, Joseph, holds 10,070,000 Share Options (all of which are vested and with an exercise

price of HK\$0.189 each). The exercise of such Share Options in full will result in the issue of 10,070,000 new Shares to each of them, and such new Shares will form part of the Scheme Shares held by the Disinterested Shareholders.

Other than the independent non-executive Directors, all Directors (namely, Mr. Marvin Hung, Mr. Wong Kwok Ying and Ms. Lam Fung Ming, Tammy) are regarded as acting in concert with the Offeror in relation to the Company. As at the date of this joint announcement, Ms. Lam Fung Ming, Tammy does not hold any Share or Share Option.

Assuming all Share Options are vested and exercised in full before the Record Date and that there is no other change in the issued share capital of the Company before implementation of the Proposal, immediately upon completion of the Proposal, the Consortium Offeror Concert Parties will directly or indirectly hold approximately 67.61% of the issued share capital of the Company and the Offeror will directly hold approximately 32.39% of the issued share capital of the Company.

For the avoidance of doubt, (i) Shares held by the Non-Consortium Offeror Concert Parties will form part of the Scheme Shares which will be cancelled upon the Scheme becoming effective; and (ii) Shares held by the Consortium Offeror Concert Parties will not be cancelled under the Scheme and will continue to be held by them upon the Scheme becoming effective.

UBS, the exclusive financial adviser to the Offeror in connection with the Proposal and the Option Offer, and relevant members of the UBS group (except those which have been granted exempt principal trader or exempt fund manager status, for the purposes of the Takeovers Code) are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code. Notwithstanding that connected exempt principal traders within the UBS group are not presumed to be parties “acting in concert” with the Offeror under the Takeovers Code and accordingly, any Shares held by any such connected exempt principal traders will be considered as Shares held by Disinterested Shareholders for the purposes of the Takeovers Code, such Shares will not be voted at the Court Meeting in accordance with the requirements of Rule 35.4 of the Takeovers Code. Such Shares (if any) will form part of the Scheme Shares.

All Scheme Shareholders will be entitled to attend and vote at the Court Meeting to approve the Scheme, but only the votes of the Disinterested Shareholders will be taken into account in determining if the Condition in paragraph (b) of the section headed “Conditions of the Proposal and the Scheme” above is satisfied.

All Shareholders will be entitled to vote on the resolutions to be proposed at the EGM to approve and give effect to the reduction of capital and the implementation of the Scheme. The Consortium Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Consortium Offeror Concert Parties will vote in favour of the resolutions to be proposed at the EGM to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled.

4. THE OPTION OFFER

As at the date of this joint announcement, there are outstanding 600,099,000 Share Options granted under the Share Option Schemes (among which 67,580,000 Share Options have been vested and 532,519,000 Share Options have not been vested), each giving the Option Holder the right to subscribe for one new Share. The relevant exercise price applicable to each such Share Option ranges from HK\$0.127 to HK\$0.189. The exercise of all such Share Options in full would result in the issue of 600,099,000 new Shares, representing approximately 5.96% of the issued share capital of the Company as at the date of this joint announcement and approximately 5.62% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Pursuant to the rules of the Share Option Schemes, when a scheme of arrangement between the Company and the Shareholders is proposed, the Company shall notify each Option Holder as it gives notice to the Shareholders for the convening of the Court Meeting and thereupon each Option Holder may exercise his or her Share Options in whole or in part.

The Offeror will make an appropriate offer to all the Option Holders for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror will offer the Option Holders the Option Offer Price, which is a nominal value of HK\$0.001 for every Share Option they hold, for the cancellation of each Share Option, as the exercise price of each of the Share Options exceeds the Cancellation Price and the “see-through” price is negative.

The following table sets out the exercise price and the “see-through” price of the outstanding Share Options under the Option Offer:

Date of Grant	Exercise price (HK\$)	Exercise period	“See through” price (HK\$)	Number of Shares into which Share Options are not yet vested	Number of Shares into which Share Options are exercisable
9 April 2015	0.127	9 April 2018 to 8 April 2025	-0.047	—	27,300,000
9 April 2015	0.127	From the date of notification by the Board (<i>Note</i>) up to 8 April 2025	-0.047	200,200,000	—

Date of Grant	Exercise price (HK\$)	Exercise period	“See through” price (HK\$)	Number of Shares into which Share Options are not yet vested	Number of Shares into which Share Options are exercisable
8 June 2018	0.189	From the date of notification by the Board (<i>Note</i>) up to 7 June 2028	-0.109	332,319,000	—
8 June 2018	0.189	8 June 2019 to 7 June 2028	-0.109	—	40,280,000
Total				<u>532,519,000</u>	<u>67,580,000</u>

Note: The Board will notify the relevant Option Holders the number of Share Options that have been vested upon their achievement of the performance target set by the Board.

Further information on the Option Offer will be set out in a letter to the Option Holders which will be despatched on the same date as the despatch of the Scheme Document.

If any of the outstanding Share Options is exercised in accordance with the terms of the Share Option Schemes on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme. **All Share Options will lapse automatically and not be exercisable (to the extent not already lapsed or exercised) on the earlier of (i) the date on which the Scheme is sanctioned by the Grand Court; or (ii) the date of expiry of the two months’ period from the date of the relevant notice to the Option Holders by the Company (which will be given at the same time as the despatch of the Scheme Document).**

5. FINANCIAL RESOURCES

On the assumption that no Share Options are exercised before the Record Date, and all the Option Holders elect to receive the Option Offer Price of a nominal value of HK\$0.001 per Share Option, the amount of cash required to implement the Proposal and the Option Offer would be approximately HK\$228,458,000 and approximately HK\$600,000, respectively (i.e. a total amount of approximately HK\$229,058,000).

The Offeror intends to finance the cash required for the Proposal and the Option Offer using internal resources from Holdco.

UBS, the exclusive financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal and the Option Offer in accordance with its terms.

6. OTHER ARRANGEMENTS

As at the date of this joint announcement:

- (a) save as disclosed in the section headed “Shareholding Structure of the Company” above, none of the Offeror or the Offeror Concert Parties owns or controls or directs any existing holding of voting rights and rights over shares in the Company, or any convertible securities, warrants or options in the Company;
- (b) save as disclosed in the section headed “Shareholding Structure of the Company” above, there is no outstanding derivative in respect of securities in the Company entered into by the Offeror or the Offeror Concert Parties;
- (c) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed Shares which have been either on-lent or sold;
- (d) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Offeror which might be material to the Proposal or the Option Offer;
- (e) there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (f) neither the Offeror nor the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal;
- (g) save for the Cancellation Price and the Option Offer Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or the Offeror Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation and extinguishment of the Scheme Shares or the Share Options (as applicable);
- (h) there is no understanding, arrangement, agreement or special deal between the Offeror or the Offeror Concert Parties on the one hand, and the Scheme Shareholders or any person acting in concert with the Scheme Shareholders on the other hand; and
- (i) there is no understanding, arrangement, agreement or special deal between any Shareholder and (A) the Offeror or the Offeror Concert Parties or (B) the Company, its subsidiaries or associated companies.

UBS is the exclusive financial adviser to the Offeror in relation to the Proposal and the Option Offer. Accordingly, members of the UBS group (except those which have been granted exempt principal trader or exempt fund manager status, for the purposes of the Takeovers Code) are members of the Non-Consortium Offeror Concert Parties by virtue of class 5 of the definition of “acting in concert” under the Takeovers Code. The statements in this joint announcement as to the holdings or borrowings or lendings of,

or their dealings in, the Shares or derivatives in respect of the Shares by the Offeror Concert Parties are subject to changes based on the holdings, borrowings, lendings, or dealings (if any) of the other parts of the UBS group, which will be obtained as soon as possible after this joint announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

For Scheme Shareholders

The Proposal represents an attractive opportunity to realise value at an attractive exit premium for the Scheme Shareholders

The Offeror considers that the Proposal provides an attractive opportunity for the Scheme Shareholders to dispose of their Shares for all cash at a price significantly above the prevailing market price without having to suffer from any illiquidity discount and settlement risk.

- During the one-year period ended on and including the Last Trading Day, the lowest and highest unadjusted closing prices per Share on the Stock Exchange were HK\$0.0400 and HK\$0.0580, respectively, with a simple average closing price of approximately HK\$0.0494. The Cancellation Price represents a premium of approximately 61.9% over the simple average unadjusted closing price, and a premium of approximately 37.9% over the highest unadjusted closing price over the above period.
- During the 6 months ended on and including the Last Trading Day, the highest unadjusted closing price per Share was HK\$0.0540 (on 25 May 2021 and 26 May 2021), and the Cancellation Price represents a premium of approximately 48.1% to that.

Low liquidity of the Shares

The trading liquidity of the Shares has been at a relatively low level over a prolonged period in recent years, with an average daily trading volume of approximately 4,304,031 Shares for the 24 months up to and including the Last Trading Day, representing approximately 0.04% of the total issued Shares as at the Last Trading Day. Given the continued low liquidity of the Shares, it is difficult for the Scheme Shareholders to execute on-market disposals efficiently without adversely affecting the market price of the Shares, and to dispose of a large number of Shares when any event that has an adverse impact on the price of the Shares occurs. The Proposal represents an option for the Scheme Shareholders to exit from their investment in the Company.

For the Offeror and the Company

Flexibility in implementing long-term business strategies

The successful implementation of the Proposal will provide more flexibilities to the Group as a privately-operated business in formulating and implementing its long-term business strategies, or to pursue other business opportunities that it may not be

practicable to pursue as a public company, without being subject to regulatory restrictions and compliance obligations arising from being listed on the Stock Exchange, and without focusing on the short-term market reaction. Additionally, the Proposal, which will result in the delisting of the Company if implemented successfully, will substantially reduce the administrative costs and management resources required for maintaining the Company's listing status.

The Directors (excluding members of the Independent Board Committee whose views will be given after considering the advice of the Independent Financial Adviser) believe that the terms of the Proposal and the Option Offer are fair and reasonable and in the interests of the Shareholders as a whole.

8. INFORMATION ON THE GROUP, THE OFFEROR AND THE CONSORTIUM MEMBERS

Information of the Company and the Group

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are the operation of quick service restaurants business under the brand names of Yoshinoya and Dairy Queen in northern China.

Information of the Offeror Group and the Consortium Members

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. Each of Holdco, Topco 1 and Topco 2 are companies incorporated in the British Virgin Islands with limited liability, and each of which is principally engaged in investment holding.

As at the date of this joint announcement, the Offeror is wholly-owned by Holdco, which is 50% owned by each of Topco 1 and Topco 2. The board of directors of each of the Offeror and Holdco comprises Mr. Peter Hung, Mr. Marvin Hung and Mrs. Diana Hung.

Topco 1 is wholly-owned by HHHFL, as trustee of The HHH Discretionary Trust. Mr. Peter Hung is the settlor of The HHH Discretionary Trust, the discretionary beneficiaries of which are Mrs. Diana Hung and certain children of Mr. Peter Hung and Mrs. Diana Hung. Mr. Peter Hung and Mrs. Diana Hung each owns one-third, and Mr. Marvin Hung owns one-sixth, of the voting power at general meeting of HHHFL. As at the date of this joint announcement, HHHFL, as trustee of The HHH Discretionary Trust, indirectly controls 3,579,187,103 Shares, representing approximately 35.54% of the issued share capital of the Company. The board of directors of Topco 1 comprises Mr. Peter Hung and Mrs. Diana Hung. The board of directors of HHHFL comprises Mr. Peter Hung, Mrs. Diana Hung, Ms. Hung Wen Kay, Wendeline and Ms. Hung Wain Kay, Natalie.

Topco 2 is wholly-owned by NCFFL, as trustee of The NCFF Discretionary Trust. The discretionary beneficiaries of The NCFF Discretionary Trust include a company wholly-owned by Mr. Marvin Hung and certain close relatives of Mr. Marvin Hung and Mr. Peter Hung. NCFFL is wholly-owned by AGVL, which is in turn wholly-owned by Mr. Marvin Hung. As at the date of this joint announcement, NCFFL, as trustee of The

NCFF Discretionary Trust, indirectly controls 3,412,399,373 Shares, representing approximately 33.89% of the issued share capital of the Company. The sole director of each of Topco 2, NCFFL and AGVL is Mr. Marvin Hung.

LTIL is the trustee of The LTI Discretionary Trust. The discretionary beneficiaries of The LTI Discretionary Trust include a company wholly-owned by HHHFL and a company wholly-owned by Mr. Marvin Hung. LTIL is wholly-owned by a company which is in turn wholly-owned by Mr. Peter Hung. As at the date of this joint announcement, LTIL, as trustee of The LTI Discretionary Trust, indirectly controls 73,332,815 Shares, representing approximately 0.73% of the issued share capital of the Company. The board of directors of LTIL comprises Mr. Peter Hung, Mr. Marvin Hung, Ms. Hung Cee Kay, Celeste and Ms. Hung Wen Kay, Wendeline.

As at the date of this joint announcement, Mr. Peter Hung and his spouse Mrs. Diana Hung are interested in 3,929,297,734 Shares (including deemed interests under the SFO), representing approximately 39.02% of the issued share capital of the Company. Mr. Peter Hung is also an uncle of Mr. Marvin Hung.

As at the date of this joint announcement, Mr. Marvin Hung is an executive Director and the chief executive officer of the Company and is interested in 3,558,384,351 Shares (including deemed interests under the SFO), representing approximately 35.33% of the issued share capital of the Company. He is a nephew of Mr. Peter Hung.

For details of the shareholding of the Offeror Group in the Company, please refer to the section headed “Shareholding Structure of the Company” above.

9. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.

10. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

11. COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee, or is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company and the Offeror in connection with the Scheme will be borne by the Offeror.

If the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that all costs, charges and expenses of the advisers and counsel appointed by the Company, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme and Proposal will be shared between the Company and the Offeror equally.

12. DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal and the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Act and the Rules of the Grand Court, information regarding the Company, the recommendations from the Independent Board Committee with respect to the Proposal and the Option Offer, and the letter of advice of the Independent Financial Adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the EGM, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Option Holders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Act and the Grand Court, and other applicable laws and regulations. A letter to the Option Holders will also be despatched on the same date as the despatch of the Scheme Document.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM. Any acceptance or other response to the Proposal or the Option Offer should be made only on the basis of information in the Scheme Document or any other document by which the Proposal or the Option Offer is made.

13. EXCLUSIVE FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed UBS as its exclusive financial adviser in connection with the Proposal and the Option Offer.

An Independent Board Committee, which comprises all independent non-executive Directors, namely Mr. Seto Gin Chung, John, Mr. Sze Tsai To, Robert and Mr. Wan Sai Cheong, Joseph, has been established by the Board to make a recommendation to the Disinterested Shareholders and the Option Holders as to: (i) whether the terms of the Proposal, the Scheme and the Option Offer are, or are not, fair and reasonable; and (ii) whether to vote in favour of the Scheme at the Court Meeting and the EGM. As at the date of this joint announcement, 500,847 Shares (representing approximately 0.005% of the issued share capital of the Company) are held by Mr. Seto Gin Chung, John, and 2,454,678 Shares (representing approximately 0.024% of the issued share capital of the Company) are held by Mr. Sze Tsai To, Robert.

Ms. Lam Fung Ming, Tammy, being a non-executive Director, does not form part of the Independent Board Committee as she is a member of the Non-Consortium Offeror Concert Parties by virtue of her being a director and an employee of certain companies which are indirectly controlled by the Offeror Group.

The Independent Financial Adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee on the Proposal and the Option Offer. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

The Directors (excluding members of the Independent Board Committee whose views will be given after considering the advice of the Independent Financial Adviser) believe that the terms of the Proposal and the Option Offer are fair and reasonable and in the interests of the Shareholders as a whole. The following Directors are considered to be interested in the Proposal and the Option Offer and therefore have not participated in any vote of the Board in relation to the Proposal and the Option Offer:

- (i) Mr. Marvin Hung, an executive Director, by virtue of him being a member of the Consortium Offeror Concert Parties;
- (ii) Mr. Wong Kwok Ying, an executive Director, by virtue of him being a member of the Non-Consortium Offeror Concert Parties; and
- (iii) Ms. Lam Fung Ming, Tammy, a non-executive Director, by virtue of her being a member of the Non-Consortium Offeror Concert Parties.

14. DISCLOSURE OF DEALINGS

The respective associates (as defined in the Takeovers Code) of the Offeror and the Company, including shareholders holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of each of the foregoing, are hereby reminded to disclose their dealings in the relevant securities of the Company.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

15. OVERSEAS SHAREHOLDERS AND OPTION HOLDERS

The making and implementation of (i) the Proposal to Scheme Shareholders; and (ii) the Option Offer to the Option Holders, who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders or Option Holders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders and Option Holders wishing to take any action in relation to the Proposal and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction.

Any acceptance by the Scheme Shareholders or Option Holders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including UBS, the exclusive financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders or Option Holders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the

Scheme Document may not be despatched to such overseas Scheme Shareholders or Option Holders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders or Option Holders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders and Option Holders.

16. TAXATION

Scheme Shareholders and Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal or the Option Offer. It is emphasised that none of the Offeror, the Company, UBS or any of their respective directors, officers or associates or any other person involved in the Proposal and the Option Offer accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal or the Option Offer.

17. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on Thursday, 2 September 2021 pending the release of this joint announcement. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 7 September 2021.

18. DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“AGVL”	Ample Great Ventures Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Marvin Hung
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$0.08 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“close relative(s)”	has the meaning ascribed to it in the Takeovers Code
“Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands

“Company”	Hop Hing Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 47)
“Condition(s)”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “Terms of the Proposal — Conditions of the Proposal and the Scheme” of this joint announcement
“Consortium Members”	(a) Mr. Peter Hung; (b) Mr. Marvin Hung; (c) Mrs. Diana Hung; (d) HHHFL (as trustee of The HHH Discretionary Trust); (e) NCFFL (as trustee of The NCF Discretionary Trust); and (f) LTIL (as trustee of The LTI Discretionary Trust)
“Consortium Offeror Concert Parties”	persons acting in concert with the Offeror under the Takeovers Code who are Consortium Members or their respective controlled companies
“Court Meeting”	the meeting(s) of the Scheme Shareholders on the Record Date (or of the classes of such holders) to be convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“EGM”	the extraordinary general meeting of the Company to be convened to consider and vote on, among other things, the necessary resolutions for the implementation of the Proposal
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Grantee(s)”	holder(s) of the Share Awards
“Group”	the Company and its subsidiaries

“HHHFL”	H H Hung Foundation Limited, a company limited by guarantee in Hong Kong and the trustee of The HHH Discretionary Trust
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holdco”	Joy Brilliant Group Limited, a company incorporated in the British Virgin Islands with limited liability which is 50% owned by each of Topco 1 and Topco 2
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders and the Option Holders in respect of the Proposal and the Option Offer, comprising all the independent non-executive Directors, namely Mr. Seto Gin Chung, John, Mr. Sze Tsai To, Robert and Mr. Wan Sai Cheong, Joseph
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee
“Last Trading Day”	1 September 2021, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this joint announcement
“LGEFL”	Lion & Globe Educational Foundation Limited, a company limited by guarantee in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 June 2022 or such later date as may be agreed by the Offeror and the Company, or to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the Executive
“LTIL”	LTI (2014T) Limited, a company incorporated in Hong Kong with limited liability and the trustee of The LTI Discretionary Trust
“Mr. Marvin Hung”	Mr. Hung Ming Kei, Marvin, an executive Director and the chief executive officer of the Company, and a director of the Offeror
“Mr. Peter Hung”	Mr. Hung Hak Hip, Peter, the Honorary Chairman of the Company and a director of the Offeror

“Mrs. Diana Hung”	Mrs. Hung Diana Wan Ling, a director of the Offeror
“NCFFL”	North China Fast Food (2008) Limited, a company incorporated in Hong Kong with limited liability and the trustee of The NCFFL Discretionary Trust
“Non-Consortium Offeror Concert Parties”	persons presumed to be acting in concert with the Offeror under the Takeovers Code, including, (a) Mr. Hung Hak Kan, Mr. Hung Hak Fu and Ms. Hung Siu Yee, Linda, being the siblings (and hence close relatives) of Mr. Peter Hung; (b) the late Mr. Hung Hak Shing, being the brother (and hence close relative) of Mr. Peter Hung; (c) Mr. Hung Hak Yau, being the brother (and hence close relative) of Mr. Peter Hung and the father (and hence close relative) of Mr. Marvin Hung; (d) Ms. Hung Cee Kay, Celeste, Ms. Hung Wen Kay, Wendeline, Ms. Hung Wain Kay, Natalie and Ms. Hung Gi Kay, Zita, being the daughters (and hence close relatives) of Mr. Peter Hung and Mrs. Diana Hung; (e) Ms. Hung Sum Kay, Sandy and Ms. Hung On Kay, Angela, being the sisters (and hence close relatives) of Mr. Marvin Hung; (f) the SAS Trustee (as trustee of the Share Award Scheme); (g) LGEFL (as trustee of The Lion & Globe Educational Trust); and (h) members of the UBS group (except those which have been granted exempt principal trader or exempt fund manager status for the purpose of the Takeovers Code), and certain Directors presumed to be acting in concert with the Offeror under the Takeovers Code who are not Consortium Members, namely (i) Mr. Wong Kwok Ying, being an executive Director and also a director of certain companies indirectly controlled by the Offeror Group; and (j) Ms. Lam Fung Ming, Tammy, being a non-executive Director and also a director and an employee of certain companies which are indirectly controlled by the Offeror Group
“Offeror”	Ocean Ease Global Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Holdco
“Offeror Concert Parties”	all persons acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code, namely, the Consortium Offeror Concert Parties and the Non-Consortium Offeror Concert Parties
“Offeror Group”	the Offeror, Holdco, Topco 1, Topco 2, HHHFL (as trustee of The HHH Discretionary Trust), NCFFL (as trustee of The NCFFL Discretionary Trust) and AGVL

“Option Holder(s)”	holder(s) of the Share Option(s)
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Option Holders
“Option Offer Price”	the price of HK\$0.001 per Share Option payable in cash by the Offeror to the Option Holders accepting the Option Offer for the cancellation of their Share Options pursuant to the Option Offer
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region and the Republic of Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme
“Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“SAS Trustee”	Computershare Hong Kong Trustees Limited, the trustee of the Share Award Scheme
“SAS Trustee Held Shares”	existing issued Shares held by the SAS Trustee (as trustee of the Share Award Scheme) which are to be utilised for satisfying Share Awards on vesting
“Scheme”	a scheme of arrangement under Section 86 of the Companies Act involving, among other matters, the cancellation of all of the Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document of the Offeror and the Company containing, among other things, further details of the Proposal and the Option Offer together with the additional information specified in the section of this joint announcement headed “Despatch of the Scheme Document” above
“Scheme Share(s)”	Shares in issue on the Record Date other than the Shares held by the Consortium Offeror Concert Parties
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Share Award(s)”	the Share(s) awarded or to be awarded under the Share Award Scheme from time to time which have not been vested to the Grantees or lapsed according to the terms thereof
“Share Award Scheme”	the share award scheme adopted by the Company on 20 March 2015
“Share Option(s)”	the outstanding, vested and unvested, share option(s), each relating to one Share, granted under the Share Option Schemes from time to time
“Share Option Schemes”	(i) the share option scheme adopted by the Company on 12 March 2008 (which expired on 24 April 2018); and (ii) the new share option scheme adopted by the Company on 8 June 2018
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“The HHH Discretionary Trust”	The HH Hung (2016) Discretionary Trust
“The Lion & Globe Educational Trust”	The Lion & Globe Educational Trust
“The LTI Discretionary Trust”	The LTI Discretionary Trust
“The NCFE Discretionary Trust”	The North China Fast Food Discretionary Trust
“Topco 1”	Prestige Record Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by HHHFL (as trustee of The HHH Discretionary Trust)
“Topco 2”	Marvel Choice International Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by NCFFL (as trustee of The NCFE Discretionary Trust)

“UBS” UBS AG (acting through its Hong Kong Branch), a registered institution under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the exclusive financial adviser to the Offeror in relation to the Proposal and the Option Offer. UBS AG is incorporated in Switzerland with limited liability

“%” per cent.

By order of the board of directors of
Ocean Ease Global Limited
Hung Hak Hip, Peter
Director

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

Hong Kong, 6 September 2021

As of the date of this joint announcement, the directors of each of the Offeror and the Holdco are Mr. Hung Hak Hip, Peter, Mr. Hung Ming Kei, Marvin and Mrs. Hung Diana Wan Ling. The directors of the Offeror and the Holdco jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As of the date of this joint announcement, the Board comprises two executive directors, namely Mr. Hung Ming Kei, Marvin and Mr. Wong Kwok Ying; three independent non-executive directors, namely Mr. Seto Gin Chung, John (Chairman), Mr. Sze Tsai To, Robert and Mr. Wan Sai Cheong, Joseph; and one non-executive director, namely Ms. Lam Fung Ming, Tammy. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror, the Offeror Group and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.