



THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO.: FSD of 2021 ( )

IN THE MATTER OF SECTIONS 15 & 86 OF THE COMPANIES ACT (2021 REVISION)  
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995  
AND IN THE MATTER OF HOP HING GROUP HOLDINGS LIMITED 合興集團控股有限  
公司

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**PETITION**

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To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF Hop Hing Group Holdings Limited 合興集團控股有限公司,  
whose registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand  
Cayman KY1-1108, Cayman Islands (the "**Company**") shows the following:

1. The object of this Petition is to seek:
  - a. the sanction of the Court pursuant to section 86 of the Companies Act (2021 Revision) (the "**Companies Act**") to a proposed Scheme of Arrangement (the "**Scheme**") between the Company, Ocean Ease Global Limited (the "**Offeror**") and the Scheme Shareholders as defined in the Scheme contained in a composite scheme document (the "**Scheme Document**") a draft of which is attached as Exhibit "**WKY-1**" to the First Affirmation of Wong Kwok Ying made on 15 October 2021, and
  - b. the confirmation of the Court, pursuant to section 15 of the Companies Act, of the intended reduction of the issued share capital (the "**Reduction**")

of Capital”) of the Company consequent upon the cancellation of the Scheme Shares (as defined in the Scheme) pursuant to the Scheme which is expected to be approved by a special resolution of the shareholders passed at an extraordinary general meeting of the Company immediately after the Court Meeting referred to herein.

### The Company

2. The Company is engaged in the business of investment holding and principally carries on business through its subsidiaries whose principal business activities are the operation of quick service restaurants business under the brand names of Yoshinoya and Dairy Queen in northern China. It is a Cayman Islands exempted company limited by shares incorporated under the name “Hop Hing Group Holdings Limited 合興集團控股有限公司” on 1 August 2007 under the Companies Act as an exempted company with registration number HL-186781. Its registered office is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company in Hong Kong is at Flats E & F, 2/F, Hop Hing Building, 9 Ping Tong Street East, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong.
3. The objects for which the Company was established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Companies Act.
4. The authorised share capital of the Company consists of HK\$1,480,000,000 divided into 14,800,000,000 ordinary shares each with a nominal or par value of HK\$0.10 (the “**Ordinary Shares**”). 10,070,431,786 of the Ordinary Shares have been issued and fully paid-up or credited as fully paid-up and the remainder are

unissued. The issued Ordinary Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

5. As at the date of this Petition, there were no Ordinary Shares legally and/or beneficially owned, controlled or subject to direction by the Offeror, whilst 7,214,706,432 Ordinary Shares, representing in aggregate approximately 71.64% of the issued Ordinary Shares of the Company, were legally and/or beneficially owned by persons acting in concert with the Offeror under the Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”) (or through their respective controlled companies) who are (a) Mr. Hung Hak Hip, Peter (“**Mr. Peter Hung**”); (b) Mr. Hung Ming Kei, Marvin (“**Mr. Marvin Hung**”); (c) Mrs. Hung Diana Wan Ling (“**Mrs. Diana Hung**”); (d) HH Hung Foundation Limited (as trustee of The HH Hung (2016) Discretionary Trust); (e) North China Fast Food (2008) Limited (as trustee of The North China Fast Food Discretionary Trust); (f) Predominance Fortune Limited; and (g) LTI (2014) Limited (as trustee of The LTI Discretionary Trust) (the “**Consortium Offeror Concert Parties**”) and 430,902,120 Ordinary Shares, representing in aggregate approximately 4.28% of the issued Ordinary Shares of the Company, were legally and/or beneficially owned by the 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 estate of Mr. Hung Hak Shing, being the deceased 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) Mrs. Hung Lui Suet Ying, Margaret, being the mother (and hence close relative) of Mr. Marvin Hung; (e) 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; (f) Ms. Hung Sum Kay, Sandy and Ms. Hung On Kay, Angela, being the sisters (and hence close relatives) of Mr. Marvin Hung; (g) Computershare Hong Kong Trustees Limited (as trustee of the share award

scheme adopted by the Company); (h) Lion & Globe Educational Foundation Limited (as trustee of The Lion & Globe Educational Trust); and (i) 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) ("**Non-Consortium Offeror Concert Parties**"). In addition to the Ordinary Shares that are held by the Offeror Concert Parties, above, there are 2,424,823,234 publicly held Ordinary Shares representing approximately 24.08% of the issued Ordinary Shares of the Company, which, together with the Ordinary Shares that are held by the Non-Consortium Offeror Concert Parties, amount to 2,855,725,354 Shares representing approximately 28.36% of the issued Ordinary Shares of the Company and constitute the Scheme shares (the "**Scheme Shares**").

#### **Ocean Ease Global Limited**

6. The Offeror is a company incorporated under the laws of the British Virgin Islands with limited liability on 6 July 2021. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Offeror is in the business of investment holding.
7. The Offeror will provide its undertaking to be bound by the terms of the Scheme.

#### **The Scheme**

8. The purpose of the Scheme is to privatise the Company so that, assuming no Share Options (as defined in paragraph 15 below) are exercised and that there is no other change in the issued share capital of the Company before implementation of the proposal for the privatisation of the Company by the Offeror by way of the Scheme (the "**Proposal**"), the Offeror will directly own 28.36% of the issued Shares of the Company, and the Consortium Offeror Concert Parties will directly or indirectly hold approximately 71.64% of the share capital of the Company.

9. This will be achieved by the steps summarised in paragraph 10 below.
10. The principal features of the Scheme are:
  - a. the Reduction of Capital by the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme, in consideration of which the holders of the Scheme Shares (the “**Scheme Shareholders**”) will receive HK\$0.08 for each Scheme Share (the “**Cancellation Price**”);
  - b. subject to and forthwith upon the Reduction of Capital taking effect, the share capital of the Company being restored to its former amount by the allotment and issue to the Offeror, credited as fully paid at par, the same number of Ordinary Shares as the number of Scheme Shares cancelled and extinguished at the Effective Date (as defined in the Scheme) (the “**Restoration of Capital**”); and
  - c. the credit arising in the books of account of the Company as a result of the Reduction of Capital resulting from the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme being applied in paying up in full at par such number of Ordinary Shares as is equal to the number of Scheme Shares cancelled and extinguished at the Effective Date.

#### **Reasons for and benefits of the Scheme**

11. **The Scheme represents an attractive opportunity to realise value at an attractive exit premium for the Scheme Shareholders.** The Offeror considers that the Scheme provides an attractive opportunity for the Scheme Shareholders to dispose of their Ordinary 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 1 September 2021 (the “**Last Trading Day**”), the lowest and highest unadjusted closing prices

per Ordinary 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 Ordinary 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.

12. **Low liquidity of the Shares.** The trading liquidity of the Ordinary 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 Ordinary Shares as at the Last Trading Day. Given the continued low liquidity of the Ordinary Shares, it is difficult for the Scheme Shareholders to execute on-market disposals efficiently without adversely affecting the market price of the Ordinary Shares, and to dispose of a large number of Ordinary Shares when any event that has an adverse impact on the price of the Ordinary Shares occurs. The Scheme represents an option for the Scheme Shareholders to exit from their investment in the Company.
13. **Flexibility in implementing long-term business strategies.** The successful implementation of the Scheme will provide more flexibilities to the Company and its subsidiaries 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.

### Shareholder Profile

14. On the assumption that there is no change in shareholding in the Company, the profile of the major legal and/or beneficial shareholders of the Company ("**Shareholders**") on (i) the date of this Petition, and (ii) on the basis that the Scheme becomes effective is expected to be as follows:

Shareholders	As at the Date of this Petition		As at the Effective Date	
	Number of Shares	%	Number of Shares	%
<b>Offeror</b>	-	-	2,855,725,354	28.36
<b>Consortium Offeror Concert Parties</b> not subject to the Scheme	7,214,706,432	71.64	7,214,706,432	71.64
<b>Non-Consortium Offeror Concert Parties</b> subject to the Scheme	430,902,120	4.28	-	-
<b>Disinterested Shareholders</b> subject to the Scheme	2,424,823,234	24.08	-	-
<b>Total number of Scheme Shares</b> (which represent all issued Shares except for those held by the Consortium Offeror Concert Parties)	2,855,725,354	28.36	-	-
<b>Total number of Shares</b>	10,070,431,786	100	10,070,431,786	100

15. As at the date of this Petition, there are 600,099,000 outstanding, vested and unvested, share option(s), each relating to one Ordinary Share (the "**Share Options**"), granted under the share option scheme adopted by the Company on 12 March 2008 (which expired on 24 April 2018) and the new share option scheme adopted by the Company on 8 June 2018 (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 exercise of all such Share Options in full would result in the issue of 600,099,000 new Ordinary Shares, representing approximately 5.96% of the issued share capital of the Company as at the date of this Petition and approximately 5.62% of the issued share capital of the Company as enlarged by the issue of such new Ordinary Shares. The Offeror will make an appropriate offer to all the holders of the Share Options 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.

16. As at the date of this Petition, other than the above 600,099,000 Share Options granted under the Share Option Schemes, there are no options, warrants or convertible securities in respect of the Ordinary Shares held, controlled or directed by the Offeror and the Non-Consortium Offeror Concert Parties, or outstanding derivatives in respect of the Ordinary Shares entered into by the Offeror and the Non-Consortium Offeror Concert Parties; and the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Ordinary Shares as at the date of this Petition.

#### **Proposed Sanction Process**

17. After careful consideration, the board of directors of the Company (the “**Board**”) has determined that the Scheme is desirable and that the implementation of the Scheme is in the best interests of the Company and its Shareholders. Accordingly, the Board (with the interested directors of the Company abstaining from voting) unanimously approved the Scheme.
18. Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date (as defined in the Scheme Document) will be entitled to attend and vote on the Scheme at the Court Meeting (as defined below) in person or by proxy. At the Court Meeting, Scheme Shareholders present and voting either in person or by proxy, will be entitled to

vote their Scheme Shares in favour of the Scheme or against it. Under the Takeovers Code, persons deemed to be acting in concert with the Offeror in connection with the implementation of the Scheme who are also Scheme Shareholders shall not be counted (unless permitted by the Securities and Futures Commission of Hong Kong) for the purposes of satisfying the voting requirements of the Takeovers Code. Therefore, the votes of the Shareholders who are both Scheme Shareholders and Offeror Concert Parties shall only be counted for the purpose of the calculation under the Companies Act, but shall not be counted for the purpose of the calculation under the Takeovers Code.

19. The Company intends to make an application for directions herein for declarations and orders that, among other things:

- a. the relevant class of shareholders affected by the Scheme are the Scheme Shareholders;
- b. the Company be at liberty to convene a meeting of the Scheme Shareholders (the "Court Meeting") for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme;
- c. directions as to the mode of delivery of an explanatory memorandum and proxy form to the Scheme Shareholders;
- d. the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally; and,
- e. directions as to the treatment of Shares held by custodians, clearing houses and other nominees for the purposes of the "majority in number" calculation.

20. The resolution intended to be submitted at the Court Meeting is:

"**THAT** a scheme of arrangement dated [●] 2021 (the "**Scheme**") between the

Company and the holders of the Scheme Shares (as defined in the Scheme) in the form of the print thereof which has been produced to this Court Meeting and, for the purpose of identification signed by the chairman of this Court Meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”

### **Reduction of Capital**

21. Article 14 of the Articles of Association of the Company provides as follows:

*“The Company may by Special Resolution reduce its share capital or undistributable reserve in any manner authorised, and subject to any conditions prescribed, by law.”*

22. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to, among other things, submit the resolutions to confirm the Reduction of Capital pursuant to the Scheme and to approve the Restoration of Capital. The resolutions are set out below.

### **SPECIAL RESOLUTION**

1. **“THAT:**

- (a) pursuant to a scheme of arrangement dated [●] 2021 (the **“Scheme of Arrangement”**) between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the

issued shares in the share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement);

- (b) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of the number of issued shares in the share capital of the Company pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of the number of issued shares in the share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose; and subject to the Scheme of Arrangement having become effective, the withdrawal of the listing of the shares of the Company from The Stock Exchange of Hong Kong Limited be and is hereby approved; and
- (c) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company.”

#### **ORDINARY RESOLUTION**

2. **“THAT:**

- (a) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the number of issued shares in the share capital of the Company be restored to its former amount by

allotting and issuing to the Offeror (as defined in the Scheme of Arrangement), credited as fully paid, the same number of new ordinary shares of HK\$0.10 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished;

- (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares allotted and issued to the Offeror pursuant to resolution 2(a) above, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly; and
- (c) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the restoration of capital pursuant to the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme of Arrangement or the restoration of capital, which the Grand Court of the Cayman Islands may see fit to impose.”

23. The form of Minute proposed to be registered is as follows:

*“The issued share capital of **Hop Hing Group Holdings Limited 合興集團控股有限公司** was by virtue of a Special Resolution passed on [●] 2021 and with the confirmation of an order of the Grand Court of the Cayman Islands dated [●] 2021, reduced from HK\$1,007,043,178.6 divided into 10,070,431,786 shares of*

*par value HK\$0.10 each to HK\$721,470,643.2 divided into 7,214,706,432 shares of par value HK\$0.10 (the “**Reduction of Capital**”). Immediately upon the Reduction of Capital, the issued share capital of **Hop Hing Group Holdings Limited** was restored to HK\$1,007,043,178.6 by allotting and issuing to the Offeror, credited as fully paid at par, 2,855,725,354 shares of par value HK\$0.10 each.*

*The authorised share capital of the Company, on the registration of this Minute, is HK\$1,480,000,000 divided into 14,800,000,000 ordinary shares each with a nominal or par value of HK\$0.10 (the “**Ordinary Shares**”)*

YOUR PETITIONER, THE COMPANY, THEREFORE HUMBL Y PRAYS:

- (1) That the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court be sanctioned by the Court so as to be binding on the Company, the Scheme Shareholders and the Offeror.
- (2) That the Reduction of Capital may be confirmed and that the above mentioned minute may be approved by the Court.
- (3) That the preparation of a list of creditors be dispensed with.
- (4) That, to this end, all necessary inquiries may be made and directions may be made and given.

(5) Such further or other relief as the Court shall see fit.

And your Petitioner will ever pray etc.

Dated this 15 day of October 2021



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Conyers Dill & Pearman LLP  
Attorneys-at-Law for the Petitioner herein

NOTE: It is intended to serve this Petition on Hop Hing Group Holdings Limited, at its registered office located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

Notice of Hearing

This Petition, having been presented to the Court on the [18<sup>th</sup>] day of October 2021, will be heard at the Law Courts, George Town, Grand Cayman on the 20<sup>th</sup> day of January ~~2021~~ 2022 at 10:00 a.m. or as soon thereafter as the Petition can be heard.

This Petition is presented by Conyers Dill & Pearman LLP, for and on behalf of the Petitioner, of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.