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合豐集團控股有限公司

HOP FUNG GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2320

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES
HELD ON THE RECORD DATE**

Financial adviser to Hop Fung Group Holdings Limited



PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$43.46 million but not more than approximately HK\$45.72 million before expenses by way of Rights Issue to the Shareholders. The Rights Issue involves the issue of not less than 241,462,000 Rights Shares and not more than 253,988,000 Rights Shares at the subscription price of HK\$0.18 per Rights Share on the basis of one Rights Share for every two existing Shares in issue on the Record Date. Rights Shares will not be issued to the Excluded Shareholders. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company.

The net proceeds from the Rights Issue after deducting the expenses are estimated to be not less than approximately HK\$42.06 million but not more than approximately HK\$44.52 million. The net proceeds of the Rights Issue will be applied for general working capital of the Group.

The Controlling Shareholder has given an irrevocable undertaking in favour of the Company and the Underwriter (i) to subscribe for or procure subscriptions of 126,000,000 Rights Shares to which it is entitled pursuant to the Rights Issue; (ii) the Shares registered in the name of and beneficially owned by the Controlling Shareholder will remain registered in its name from the date of the Underwriting Agreement to the Record Date; and (iii) to lodge the provisional allotment letters in respect of the Rights Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Rights Issue Documents prior to the Acceptance Date.

The Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by the Controlling Shareholder pursuant to the Irrevocable Undertaking.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 7 June 2012. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 5 June 2012 and the Shares will be dealt with on an ex-rights basis from Wednesday, 6 June 2012.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon the fulfillment or waiver of the conditions set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "Proposed Rights Issue" in this announcement. In particular, the Rights Issue is conditional upon, inter alia,:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the the Rights Shares in nil-paid and fully-paid forms prior to Friday, 15 June 2012, being the expected date of commencement of dealings in the Rights Shares in nil-paid form (or such other date as may be agreed between the Company and the Underwriter); and**
- (ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (set out in the paragraph headed "Termination of the Underwriting Agreement" under the section headed "Underwriting arrangements for the Rights Issue" in this announcement).**

If the conditions of the Rights Issue are not fulfilled or are not waived or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between Friday, 15 June 2012 to Friday, 22 June 2012 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One Rights Share for every two existing Shares held on the Record Date
Number of existing Shares in issue as at the date of this announcement:	482,924,000 Shares
Number of Rights Shares:	Not less than 241,462,000 Rights Shares and not more than 253,988,000 Rights Shares (<i>Note</i>)
Nominal value of Rights Shares:	Not less than HK\$24,146,200 and not more than HK\$25,398,800
Subscription Price:	HK\$0.18 per Rights Share
Enlarged issued share capital upon completion of the Rights Issue:	Not less than 724,386,000 Shares and not more than 761,964,000 Shares (<i>Note</i>)

Note:

As at the date of this announcement, there are 25,052,000 Share Options outstanding, all of which are vested and with the rights to subscribe for 25,052,000 Shares. The minimum number of Rights Shares is arrived at assuming no new Shares will be issued after the date of this announcement and up to the Record Date. The maximum number of Rights Shares is based on one Rights Share for every two existing Shares held on the Record Date, taking into account (i) the 482,924,000 Shares in issue as at the date of this announcement; and (ii) the 25,052,000 new Shares which may be issued upon full exercise of the Vested Share Options on or prior to the Record Date.

The minimum number of 241,462,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 50.00% of the existing issued share capital of the Company and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

As at the date of this announcement, save for the Share Options as detailed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

Subscription Price

The subscription price of HK\$0.18 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 56.10% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on 23 May 2012, being the last trading day prior to the publication of this announcement;
- (ii) a discount of approximately 57.55% to the average closing price of approximately HK\$0.424 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 23 May 2012;
- (iii) a discount of approximately 59.46% to the average closing price of approximately HK\$0.444 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including 23 May 2012;
- (iv) a discount of approximately 45.95% to the theoretical ex-rights price of approximately HK\$0.333 per Share based on the closing price as quoted on the Stock Exchange on 23 May 2012; and
- (v) a discount of approximately 91.47% to the audited consolidated net tangible asset value per Share of approximately HK\$2.11 (based on the latest published audited consolidated net tangible asset value of the Group of approximately HK\$1,019.81 million as at 31 December 2011 and 482,924,000 Shares in issue as at the date of this announcement).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the recent market prices of the Shares, market conditions and each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment of the Rights Shares, including the right to receive all dividends and distributions the record dates of which are on or after the date of allotment and issue of the Rights Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on Thursday, 7 June 2012. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 5 June 2012 and the Shares will be dealt with on an ex-rights basis from Wednesday, 6 June 2012.

Holders of outstanding Share Options who wish to participate in the Rights Issue should exercise their options in accordance with their terms not later than 4:30 p.m. on Thursday, 7 June 2012 so as to enable them to be registered as members of the Company on the Record Date.

The Company will send the Rights Issue Documents to the Qualifying Shareholders on the Allotment Posting Date.

Excluded Shareholders

The Rights Issue Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will make enquiries as to whether the issue of the Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders (if any) will be set out in the Prospectus. The Company will send the Prospectus (but not the provisional allotment letters and the forms of application for excess Rights Shares) to the Excluded Shareholders (if any) for their information only on the Allotment Posting Date.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of HK\$100 or more will be paid pro rata to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit.

Closure of register of members

The register of members of the Company will be closed from Friday, 8 June 2012 to Tuesday, 12 June 2012, both dates inclusive. No transfers of Shares will be registered during this period.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders, any unsold Rights Shares created by adding together fractions of the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated with reference to their respective shareholdings in the Company as at the Record Date.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to ultimate beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Company's branch share registrar and transfer office in Hong Kong, being Tricor Abacus Limited, for completion of the relevant registration not later than 4:30 p.m. on Thursday, 7 June 2012.

Application for listings

The Company will apply to the Listing Committee for the listings of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot.

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment or waiver of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by Monday, 9 July 2012 by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by Monday, 9 July 2012 by ordinary post to the applicants at their own risk.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following being fulfilled or waived on or before 4:00 p.m. on Friday, 29 June 2012, the second Business Day following the Acceptance Date:

- (1) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Rights Issue Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the Allotment Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (2) the posting of the Rights Issue Documents to Qualifying Shareholders on or before the Allotment Posting Date;
- (3) the Listing Committee granting or agreeing to grant (subject to allotment), and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Allotment Posting Date;
- (4) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement; and
- (5) compliance with and performance of all the undertakings and obligations of the Controlling Shareholder under the Underwriting Agreement.

The Rights Issue is not subject to the approval of the Shareholders. The Rights Issue will lapse if any of the above conditions has not been fulfilled or has not been waived on or before the respective dates aforesaid (or such later date or dates which may be agreed between the Company and the Underwriter).

UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

Underwriting Agreement dated 23 May 2012

Parties:	the Company; the Underwriter; and the Controlling Shareholder
Number of Underwritten Rights Shares:	(i) no less than 115,462,000 Rights Shares, being the total number of Rights Shares under the Rights Issue excluding 126,000,000 Rights Shares undertaken to be subscribed by the Controlling Shareholder pursuant to the Irrevocable Undertaking (<i>Note 1</i>); and (ii) no more than 127,988,000 Rights Shares, being the total number of Rights Shares under the Rights Issue excluding 126,000,000 Rights Shares undertaken to be subscribed by the Controlling Shareholder pursuant to the Irrevocable Undertaking (<i>Note 2</i>).
Underwriting commission:	1% of the aggregate Subscription Price of the Underwritten Rights Shares
Subscription Price:	HK\$0.18 per Rights Share

Notes:

1. Assuming no new Shares will be issued after the date of this announcement and up to the Record Date such that the minimum number of Rights Shares are issued.
2. Assuming all of the 25,052,000 new Shares are issued upon full exercise of the Vested Share Options on or prior to the Record Date and based on the 482,924,000 Shares in issue as at the date of this announcement.

It is not in the ordinary course of business for the Underwriter to underwrite issues of securities.

Irrevocable Undertaking from the Controlling Shareholder

Under the Underwriting Agreement, the Controlling Shareholder has given an irrevocable undertaking in favour of the Company and the Underwriter (i) to subscribe for or procure subscriptions of 126,000,000 Rights Shares to which it is entitled pursuant to the Rights Issue; (ii) the Shares registered in the name of and beneficially owned by the Controlling Shareholder will remain registered in its name from the date of the Underwriting Agreement to the Record Date; and (iii) to lodge the provisional allotment letters in respect of the Rights Shares accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Rights Issue Documents prior to the Acceptance Date.

Underwriting commitment of the Underwriter

The Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by the Controlling Shareholder pursuant to the Irrevocable Undertaking.

The Underwriter is a controlling shareholder of the Company and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company under the Listing Rules. Pursuant to rule 14A.31(3)(c) of the Listing Rules, the above connected transaction is exempt from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Termination of the Underwriting Agreement

The Underwriter has the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given by the Underwriter to the Company at any time prior to 4:00 p.m. on the second Business Day following the Acceptance Date if any of the following occurs:

- (a) in the sole and absolute opinion of the Underwriter, the success of the Rights Issue would be adversely affected by:**
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the Underwriter adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or**
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities, armed conflict or act of terrorism, or affecting local securities market which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue; or**
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or**
- (b) any change in market conditions (including without limitation, any change in fiscal and monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the sole and absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or**
- (c) there is any change in the circumstances of the Company or any member of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a**

petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Rights Issue Documents or other announcements or circulars in connection with the Rights Issue, or
- (e) the Rights Issue Documents or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the sole and absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses incurred in connection with the Rights Issue. If the Underwriter exercises such right, the Rights Issue will not proceed.

WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Wednesday, 6 June 2012. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 15 June 2012 to Friday, 22 June 2012 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived on or before 4:00 p.m. on Friday, 29 June 2012 (or such later time and/or date as the Company and the Underwriter may determine in writing), or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as the case may be), and any dealings in the Rights Shares in their nil-paid form between Friday, 15 June 2012 to Friday, 22 June 2012 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue under various scenarios:

(a) Assuming none of the Vested Share Options are exercised on or before the Record Date

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming nil acceptance by the Shareholders other than the Controlling Shareholder)		Immediately after completion of the Rights Issue (assuming 100% acceptance by the Shareholders)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Controlling Shareholder	252,000,000	52.18	378,000,000	52.18	378,000,000	52.18
The Underwriter	—	—	115,462,000	15.94	—	—
Directors:						
Mr. Hui Sum Kwok	10,628,000	2.20	10,628,000	1.47	15,942,000	2.20
Mr. Hui Sum Ping	7,894,000	1.63	7,894,000	1.09	11,841,000	1.63
Mr. Hui Sum Tai	6,246,000	1.29	6,246,000	0.86	9,369,000	1.29
Ms. Hui Yuen Li	3,670,000	0.76	3,670,000	0.51	5,505,000	0.76
Mr. Chee Man Sang, Eric	96,000	0.02	96,000	0.01	144,000	0.02
Hallgain Management Limited (Note 1)	67,794,000	14.04	67,794,000	9.36	101,691,000	14.04
Public Shareholders	134,596,000	27.88	134,596,000	18.58	201,894,000	27.88
Total public Shareholders	134,596,000	27.88	202,390,000	27.94	201,894,000	27.88
	<u>482,924,000</u>	<u>100.00</u>	<u>724,386,000</u>	<u>100.00</u>	<u>724,386,000</u>	<u>100.00</u>

(b) Assuming all of the Vested Share Options are exercised on or before the Record Date

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming nil acceptance by the Shareholders other than the Controlling Shareholder)		Immediately after completion of the Rights Issue (assuming 100% acceptance by the Shareholders)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Controlling Shareholder	252,000,000	49.61	378,000,000	49.61	378,000,000	49.61
The Underwriter	—	—	127,988,000	16.80	—	—
Directors:						
Mr. Hui Sum Kwok	15,456,000	3.04	15,456,000	2.03	23,184,000	3.04
Mr. Hui Sum Ping	12,722,000	2.50	12,722,000	1.67	19,083,000	2.50
Mr. Hui Sum Tai	11,074,000	2.18	11,074,000	1.45	16,611,000	2.18
Ms. Hui Yuen Li	4,770,000	0.94	4,770,000	0.63	7,155,000	0.94
Mr. Chee Man Sang, Eric	216,000	0.04	216,000	0.03	324,000	0.04
Mr. Wong Chu Leung	120,000	0.02	120,000	0.02	180,000	0.02
Hallgain Management Limited (<i>Note 1</i>)	67,794,000	13.35	67,794,000	8.90	101,691,000	13.35
Public Shareholders	143,824,000	28.32	143,824,000	18.86	215,736,000	28.32
Total public Shareholders	143,824,000	28.32	211,618,000	27.76	215,736,000	28.32
	<u>507,976,000</u>	<u>100.00</u>	<u>761,964,000</u>	<u>100.00</u>	<u>761,964,000</u>	<u>100.00</u>

Note:

- Hallgain Management Limited will be classified as a public Shareholder if its shareholding interest is reduced to 10% or below after completion of the Rights Issue.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

2012

Last day of dealing in Shares on a cum-rights basis	Tuesday, 5 June
First day of dealing in Shares on an ex-rights basis	Wednesday, 6 June
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 7 June
Register of members of the Company closes (both days inclusive)	Friday, 8 June to Tuesday, 12 June
Record Date	Tuesday, 12 June
Register of members of the Company re-opens	Wednesday, 13 June
Despatch of the Rights Issue Documents	Wednesday, 13 June
First day of dealings in nil-paid Rights Shares	Friday, 15 June
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Tuesday, 19 June
Last day of dealings in nil-paid Rights Shares	Friday, 22 June
Latest time for acceptance of, and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 27 June
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Friday, 29 June
Announcement of results of acceptance of and excess applications for the Rights Issue	Friday, 6 July
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	Monday, 9 July
Despatch of certificates for fully-paid Rights Shares on or before	Monday, 9 July
Commencement of dealings in fully-paid Rights Shares	Wednesday, 11 July

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in manufacture and sale of containerboard, and corrugated packaging.

The gross proceeds from the Rights Issue are expected to be not less than approximately HK\$43.46 million but not more than approximately HK\$45.72 million before expenses. The net proceeds from the Rights Issue after deducting the expenses are estimated to be not less than approximately HK\$42.06 million but not more than approximately HK\$44.52 million. The net Subscription Price per Rights Share is expected to be approximately HK\$0.175.

The Directors consider that it is in the interests of the Company and the Shareholders as a whole to enlarge the capital base of the Company and strengthen the financial position of the Group by way of the Rights Issue. The Group intends to apply the net proceeds of the Rights Issue for general working capital purposes.

ALTERATIONS TO THE SHARE OPTIONS

In accordance with the terms of the share option scheme of the Company, the Rights Issue may lead to alteration to the number or nominal amount of Shares subject to the Share Options so far as unexercised and/or the subscription price of the Share Options. If there is any such alteration, further announcement will be made by the Company in this regard.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted other equity fund raising exercise in the 12 months immediately preceding the date of this announcement.

GENERAL

The Company will despatch the Rights Issue Documents to each of the Qualifying Shareholders and, for information only, the Prospectus to each of the Excluded Shareholders (if any) on or about Wednesday, 13 June 2012.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acceptance Date”	Wednesday, 27 June 2012, being the last day for acceptance and payment of the Rights Shares, or such other time or date as the Company and the Underwriter may agree
“Allotment Posting Date”	Wednesday, 13 June 2012, being the date on which the Rights Issue Documents are despatched, or such other date as the Company and the Underwriter may agree
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays or public holidays) on which banks are generally open for business in Hong Kong

“Company”	Hop Fung Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Controlling Shareholder”	Hop Fung Industries Limited, being the controlling Shareholder
“Director(s)”	director(s) of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) who the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude them from the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertaking”	the undertakings given by the Controlling Shareholder as referred to in the paragraph headed “Irrevocable Undertaking from the Controlling Shareholder” of this announcement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Tuesday, 12 June 2012, the record date to determine entitlements to the Rights Issue
“Rights Issue”	the issue of not less than 241,462,000 Rights Shares and not more than 253,988,000 Rights Shares at the Subscription Price on the basis of one Rights Share for every two existing Shares held on the Record Date payable in full on acceptance

“Rights Issue Documents”	the Prospectus, the provisional allotment letters and the forms of application for excess Rights Shares to be issued by the Company
“Rights Share(s)”	new Share(s) to be allotted and issued under the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Options”	the options to subscribe for Shares granted to eligible participants of the Company under the share option scheme of the Company adopted pursuant to a resolution passed on 4 September 2003 for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.18 per Rights Share
“Underwriter”	Hop Fung Industries (Holdings) Limited which is owned as to 11.81%, 11.81%, 38.19% and 38.19% by Mr. Hui Sum Kwok, Mr. Hui Sum Ping, Fullwood Holdings Limited and Goldspeed Holdings Limited respectively and interested in 78.86% of the issued share capital in the Controlling Shareholder as at the date of this announcement
“Underwriting Agreement”	the underwriting agreement entered into among the Company, the Underwriter and the Controlling Shareholder dated 23 May 2012 in relation to the Rights Issue
“Underwritten Shares”	the Rights Shares, to which the holder of the Shares are entitled pursuant to the Rights Issue less the Rights Shares which the controlling Shareholder has undertaken to subscribe or procure subscriptions, being not less than 115,462,000 Rights Shares and not more than 127,988,000 Rights Shares
“Vested Share Options”	Share Options which are vested or scheduled to vest on or before the Record Date
“%”	per cent

On behalf of the Board
HOP FUNG GROUP HOLDINGS LIMITED
Hui Sum Kwok
Chairman

Hong Kong, 23 May 2012

As at the date of this announcement, the executive Directors of the Company are Messrs Hui Sum Kwok, Hui Sum Ping, Hui Sum Tai and Ms. Hui Yuen Li and the independent non-executive Directors of the Company are Messrs Chee Man Sang, Eric, Yip Kwok Kwan and Wong Chu Leung.