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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

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE EQUIPMENT PURCHASE AGREEMENT**

THE EQUIPMENT PURCHASE AGREEMENT

On 18 April 2019, Green Forest Paper, an indirect wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement with HangZhou BeiChen, pursuant to which Green Forest Paper agreed to purchase and HangZhou BeiChen agreed to sell the Equipment at the consideration of RMB70,000,000 in accordance with the terms and conditions of the Equipment Purchase Agreement.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction under the Equipment Purchase Agreement is more than 5% but less than 25%, the entering into of the Equipment Purchase Agreement by Green Forest Paper constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

PRINCIPAL TERMS OF THE EQUIPMENT PURCHASE AGREEMENT

Date:	18 April 2019
Parties:	(a) The Vendor: HangZhou BeiChen; and (b) The Purchaser: Green Forest Paper
Subject matter:	The Equipment
Consideration:	RMB70,000,000

Payment terms:

The consideration of RMB70,000,000 will be paid by Green Forest Paper to HangZhou BeiChen in the following manner:

- (i) RMB21,000,000 (being 30% of the consideration) shall be paid within 3 days of the date of the Equipment Purchase Agreement, upon which the Equipment Purchase Agreement shall become effective;
- (ii) RMB3,500,000 (being 5% of the consideration) shall be paid upon satisfaction of the conditions for the delivery of the basic parts of the Equipment;
- (iii) RMB10,500,000 (being 15% of the consideration) shall be paid upon satisfaction of the conditions for the delivery of the net press section (網部壓榨部) of the Equipment;
- (iv) RMB10,500,000 (being 15% of the consideration) shall be paid upon satisfaction of the conditions for the delivery of the pulp production section of the Equipment;
- (v) RMB10,500,000 (being 15% of the consideration) shall be paid upon satisfaction of the conditions for the delivery of the drying section of the Equipment;
- (vi) RMB10,500,000 (being 15% of the consideration) shall be paid upon satisfaction of the conditions for the delivery of the remaining parts of the Equipment;
- (vii) RMB1,400,000 (being 2% of the consideration) shall be paid upon completion of the trial operation and adjustment process of the Equipment; and
- (viii) RMB2,100,000 (being 3% of the consideration) shall be paid within 7 days after completion of the 12-month guarantee period in respect of the Equipment.

INFORMATION ABOUT THE GROUP AND THE VENDOR

The Group

The Group is principally engaged in the manufacture and sale of containerboard, including corrugating medium and linerboard and corrugated packaging products, including corrugated paper boards and corrugated carton boxes, thereby providing packaging materials to customers of various industries for their consumer and industrial goods.

The Vendor

The Vendor, to the knowledge of the Directors, is principally engaged in the manufacture and sale of paper-making equipment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFIT OF THE EQUIPMENT PURCHASE AGREEMENT

The Directors considered that because of strict environmental protection policies from the PRC government including restrictions on imports of waste paper resulted in high levels of volatility in domestic and imported waste paper prices and supply, the Group plans to produce pulp outside the PRC and in turn imports the pulp into the PRC for use in the Group's manufacturing. The Equipment to be acquired will therefore be utilised for the production of pulp outside the PRC.

The Equipment Purchase Agreement was entered into by the parties on arm's length negotiation after the Group comparing price quotes offered by various suppliers.

In view of the above, the Directors consider that the terms and conditions of the Equipment Purchase Agreement (including the consideration of the Equipment) are on normal commercial terms and are fair and reasonable, and that the entering into of the Equipment Purchase Agreement is in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transaction under the Equipment Purchase Agreement is more than 5% but less than 25%, the entering into of the Equipment Purchase Agreement by Green Forest Paper constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Hop Fung Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2320)
“Director(s)”	director(s) of the Company
“Equipment”	the Equipment to be purchased from and set up by Green Forest Paper, comprising primarily a pulp drying machine* (乾漿板抄紙乾燥設備) and a pulp production machine* (乾漿板制漿設備) to be used for the production of pulp outside the PRC
“Equipment Purchase Agreement”	an equipment purchase agreement entered into between Green Forest Paper and HangZhou BeiChen on 18 April 2019, pursuant to which Green Forest Paper agreed to purchase and HangZhou BeiChen agreed to sell the Equipment
“Green Forest Paper” or “Purchaser”	Green Forest (QingXin) Paper Industrial Limited (森葉(清新)紙業有限公司), a company established in the PRC and an indirect wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HangZhou BeiChen” or “Vendor”	HangZhou BeiChen Light Industry Machinery Co., Ltd (杭州北晨輕工機械有限公司), a company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Hop Fung Group Holdings Limited
Hui Sum Ping
Chairman

Hong Kong, 18 April 2019

As at the date of this announcement, the executive directors of the Company are Mr. Hui Sum Ping, Mr. Hui Sum Tai and Miss Hui Yuen Li; and the independent non-executive directors of the Company are Mr. Chee Man Sang, Eric, Mr. Wong Chu Leung and Mr. Chau Suk Ming.

* *For identification purposes only*