



## **Background and facts**

4. Hung Hing is a company listed on the Main Board of The Stock Exchange of Hong  
engaging in book and packaging -USocng ,



(c) *if the parties negotiate options over the retained voting rights it may be more difficult for them to satisfy the Executive that a significant degree of control is absent. On the other hand, where the retained voting rights are in themselves a significant part of the company's capital (or even in certain circumstances represent a significant sum of money in absolute terms) a correspondingly greater element of independence may be presumed; and*

(d)

but also indicated a relationship that was expected to endure long after completion of the acquisition of shares by Rengo;

- (e) the Executive found the submissions from both the Family and Rengo that there was no discussion whatsoever between Rengo and the Family regarding board seat arrangements for Rengo also to lack credibility. The Ex concern was further reinforced by the fact that during the dinner meeting the attitude towards disposing of its shares in Hung Hing and remaining as a shareholder in the event that Hung Hing were successfully privatised;
- (f) the Executive believed it to be significant that Rengo is prepared to pay a purchase price of an approximate 52.2% premium per share to the closing price of the shares on 16 February 2011 (this represents a premium of approximately 67.73% as compared with the closing price on 1 April 2011) for a 29.9% interest in Hung Hing which will result in it becoming the second largest shareholder. The Executive also noted that the proposed purchase price represents a premium of approximately 68.44% over the net asset value of Hung Hing based on its latest interim report and a price to earnings multiple of 25.86x based on its latest published annual report; and
- (g) the Executive believed that the facts and circumstances of this case tend to suggest that the concerns set out in Note 7 to Rule 26.1 do not apply to the current situation and accordingly the question set out in paragraph 2(c) above should be answered in the negative.

### **The case of Rengo in summary**

11. Rengo argued that

### **The case of the Family in the selling process by Asia Packaging**

13. The Family claimed a very passive role in the sales process and stressed its inability to influence the outcome of that process. In particular, the Family stated that it did not have any details as to individual bid structures, what percentage stake each bidder was seeking to acquire, or any board arrangements. In addition, the



Rengo Co., Ltd

Nomura International (Hong Kong) Limited and Nomura Securities Co., Ltd. Financial advisers to Rengo Co., Ltd

Jackson Woo & Associates in association with Ashurst Hong Kong Legal adviser to Rengo Co., Ltd

Asia Packaging Company Limited, controlled by funds advised by CVC Asia Pacific Limited

J.P. Morgan - Financial adviser to Asia Packaging Company Limited

Clifford Chance - Legal adviser to Asia Packaging Company Limited

The Family of the late Mr Yam Cheong Hung

Shearman & Sterling - Legal adviser to The Family of the late Mr Yam Cheong Hung