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## **BILLION INDUSTRIAL HOLDINGS LIMITED**

**百宏實業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2299)**

### **ANNOUNCEMENT THIRD SUPPLEMENTAL AGREEMENT TO THE SALE AND PURCHASE AGREEMENT COMPLETION OF DISPOSAL OF SALE SHARES CHANGES IN BOARD AND CORPORATE GOVERNANCE COMMITTEE AND RE-DESIGNATION AND APPOINTMENT OF CO-CHAIRMEN**

**Financial Adviser to the Vendors**



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

**GUOTAI JUNAN CAPITAL LIMITED**

**Financial Adviser to the Investor**



**廣發融資(香港)有限公司**  
GF CAPITAL (HONG KONG) LIMITED

Reference is made to the Announcements of the Company dated 15 and 17 July 2012 in relation to, among other things, the proposed disposal of Sale Shares by the Vendors pursuant to the Sale and Purchase Agreement as amended by the first and second supplemental agreements.

#### **THIRD SUPPLEMENTAL AGREEMENT TO THE SALE AND PURCHASE AGREEMENT**

The Board was notified by the Vendors, that on 17 September 2012, the Vendors and the Guarantors entered into the Third Supplemental Agreement with the Investor. As stated in the announcement dated 15 July 2012, one of the conditions precedent of the Completion is to obtain confirmation from the SFC that no general offer obligation will arise on the Investor as a result of the acquisition of the Sale Shares pursuant to the Takeovers Code. Pursuant to the Third Supplemental Agreement, the parties agreed to replace such condition

precedent in its entirety with “from the date of the Sale and Purchase Agreement to the date of Completion, no advice or notice is received from the SFC that the general offer obligation will arise on the Investor as a result of the acquisition of the Sale Shares pursuant to the Takeovers Code”.

## **COMPLETION OF DISPOSAL OF SALE SHARES**

The Board also announces that as informed by the Vendors, namely, Kingom Power and Winwett Investments, the conditions precedent to the Sale and Purchase Agreement have been fulfilled by the relevant parties and Completion took place on 17 September 2012 after the trading hours. Immediately after Completion, Kingom Power and Winwett Investments are interested in 643,720,000 Shares and 413,820,000 Shares, respectively, representing 28.0% and 18.0% of the issued share capital of the Company as of the date of this announcement, and have ceased to be controlling shareholders of the Company. After Completion, the Investor is interested in 666,710,000 Shares, representing 29.0% of the issued share capital of the Company and has become the single largest shareholder of the Company.

## **CHANGES IN THE BOARD AND CORPORATE GOVERNANCE COMMITTEE**

The Board also announces that Mr. Yu Heping and Mr. Xue Mangmang have been appointed as executive Directors, and Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang have been appointed as non-executive Directors, for a term of three years, with effect from 17 September 2012, the date of Completion and subject to the retirement and re-election in accordance with the Articles. All of the New Directors were nominated by the Investor pursuant to the terms of the Sale and Purchase Agreement.

The Board also announces that Mr. Wu Jianshe and Mr. He Wen Yao, have resigned as executive Directors and members of the CG Committee, and Mr. Yu Heping and Mr. Xue Mangmang have been appointed as members of the CG Committee to replace Mr. Wu Jianshe and Mr. He Wen Yao, all with effect from 17 September 2012, the date of Completion.

## **RE-DESIGNATION AND APPOINTMENT OF CO-CHAIRMEN**

The Board has approved the re-designation of Mr. Sze from the chairman of the Company to a co-chairman of the Company and the appointment of Mr. Chen Jinen, a new non-executive Director nominated by the Investor, as the other co-chairman of the Company. Such re-designation and appointment of the co-chairmen of the Company will take effect upon the conclusion of the EGM subject to the passing of a special resolution approving the proposed amendments to the Articles for the purposes of, inter alia, facilitating the operation of a co-chairmanship structure for the Company, and the re-election of Mr. Chen Jinen as a non-executive Director at the EGM.

## **IMPLICATION UNDER THE TAKEOVERS CODE**

Kingom Power and the Investor confirm that the Investor Concert Group and Kingom Power and its parties acting in concert are not parties acting in concert (as defined in the Takeovers Code) with each other in respect of the Company. The Executive has indicated that it will not apply presumption class 1 of the definition of acting in concert (as defined in the Takeovers Code) to the Investor and Kingom Power upon Completion. Winwett Investments and the Investor confirm that no concert group will be formed between the Investor Concert Group and Winwett Investments and its parties acting in concert.

The Investor believes that it is not subject to the mandatory general offer obligation under the Takeovers Code as a result of the acquisition of the Sale Shares by the Investor pursuant to the terms of the Sale and Purchase Agreement. Each of Kingom Power and Winwett Investments believes that none of them is subject to the mandatory general offer obligation under the Takeovers Code as a result of the acquisition of the Sale Shares by the Investor pursuant to the terms of the Sale and Purchase Agreement.

A circular containing, among other things, a notice of the EGM will be dispatched to the Shareholders as soon as practicable.

Reference is made to the announcements of Billion Industrial Holdings Limited (the “**Company**”) dated 15 and 17 July 2012 (the “**Announcements**”) in relation to, among other things, the proposed disposal of the Sale Shares by the Vendors pursuant to the Sale and Purchase Agreement as amended by the first and second supplemental agreements. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

## **THIRD SUPPLEMENTAL AGREEMENT TO THE SALE AND PURCHASE AGREEMENT**

The Board was notified by the Vendors, that on 17 September 2012, the Vendors and the Guarantors entered into a third supplemental agreement to the Sale and Purchase Agreement (the “**Third Supplemental Agreement**”) with the Investor. As stated in the announcement dated 15 July 2012, one of the conditions precedent of the Completion is to obtain confirmation from the Securities and Futures Commission of Hong Kong (the “**SFC**”) that no general offer obligation will arise on the Investor as a result of the acquisition of the Sale Shares pursuant to the Takeovers Code. Pursuant to the Third Supplemental Agreement, the parties agreed to replace such condition precedent in its entirety with “from the date of the

Sale and Purchase Agreement to the date of Completion, no advice or notice is received from the SFC that the general offer obligation will arise on the Investor as a result of the acquisition of the Sale Shares pursuant to the Takeovers Code”.

## **COMPLETION OF DISPOSAL OF SALE SHARES**

The Board also announces that as informed by the Vendors that the conditions precedent to the Sale and Purchase Agreement have been fulfilled by the relevant parties and Completion took place on 17 September 2012 after the trading hours. Pursuant to the terms of the Sale and Purchase Agreement, the Investor has acquired the Sale Shares from the Vendors at the consideration of HK\$4.39 per Sale Share, representing a premium of approximately 4.28% over the closing price of HK\$4.21 per Share on 13 July 2012, being the Last Trading Date. The purchase price was determined based on arm’s length negotiations between the Vendors and the Investor.

Immediately after Completion, Kingom Power and Winwett Investments are interested in 643,720,000 Shares and 413,820,000 Shares, respectively, representing 28.0% and 18.0% of the issued share capital of the Company as of the date of this announcement, and have ceased to be controlling shareholders of the Company. After Completion, the Investor is interested in 666,710,000 Shares, representing 29.0% of the issued share capital of the Company and has become the single largest shareholder of the Company.

## **CHANGES IN THE BOARD AND CORPORATE GOVERNANCE COMMITTEE**

### **Appointment of Directors**

Pursuant to the terms of the Sale and Purchase Agreement, the Vendors have undertaken to procure two of the six persons nominated by the Investor to be appointed as executive Directors and the other four to be appointed as non-executive Directors with effect from the date of Completion.

The Board announces that Mr. Yu Heping and Mr. Xue Mangmang have been appointed as executive Directors, and Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang have been appointed as non-executive Directors (together with Mr. Yu Heping and Mr. Xue Mangmang, the “**New Directors**”) for a term of three years, with effect from 17 September 2012, the date of Completion and subject to the retirement and re-election in accordance with the Articles. All of the New Directors were nominated by the Investor pursuant to the terms of the Sale and Purchase Agreement.

As an extraordinary general meeting (the “**EGM**”) will be held on or before 14 December 2012 to approve, among other things, the proposed amendments to the Articles, the Board has recommended to put forward the proposals for the re-election of the New Directors at the EGM.

The biographical details of the New Directors are set out as follows:

### ***Executive Directors***

**Mr. Yu Heping** (于和平), aged 58, has over 35 years of experience in the industry of electrical energy resources and energy conservation. Mr. Yu joined CECEP Chongqing Industry Co., Ltd. (重慶中節能實業有限責任公司) (“**CECEP Chongqing**”), the sole shareholder of the Investor, since November 1997 and was appointed as chairman of the board of CECEP Chongqing in January 2011. CECEP Chongqing will become a substantial shareholder of the Company upon Completion. Mr. Yu is also currently the assistant to general manager of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司) (“**CECEP**”), a PRC state-owned enterprise and the parent company of CECEP Chongqing, since December 2003. From October 1977 to November 1987, Mr. Yu served as an engineer and commander of project command department of Xiao Jiang electricity station of Wan County in Chongqing (重慶萬縣小江電站). From November 1987 to October 1989, he served as an executive deputy supervisor (常務副主任) and Engineer of Electricity Office of Wan County, Chongqing (重慶萬縣地區行署三電辦). From March 1991 to March 1994, he served as a general manager of Wan County Electricity Company, Chongqing (重慶萬縣地區電力公司). From March 1994 to June 2000, he served as a general manager, deputy chairman and chairman of Chongqing Three Gorges Water Conservancy and Electric Power Co. Ltd.

Mr. Yu received a diploma in electrical engineering from Chongqing University (重慶大學) specializing in electrical machinery and electrical apparatus.

The Company and Mr. Yu have entered into a service contract for an initial term of three years commencing from the date of Completion and is subject to the retirement and re-election in accordance with the Articles. Mr. Yu will be entitled to remuneration of HK\$300,000 per annum, which was determined by the Board with reference to the prevailing market situation and his experience, duties and responsibility with the Company.

**Mr. Xue Mangmang** (薛茫茫), aged 41, has over 8 years of experience in resources management. Mr. Xue joined CECEP Chongqing in January 2003 and was appointed as a general manager of CECEP Chongqing in April 2012. CECEP Chongqing will become a substantial shareholder of the Company upon Completion.

Mr. Xue graduated from Chongqing University (重慶大學) with a Master's degree of Business Administration in 2003.

The Company and Mr. Xue have entered into a service contract for an initial term of three years commencing from the date of Completion and is subject to the retirement and re-election in accordance with the Articles. Mr. Xue will be entitled to remuneration of HK\$300,000 per annum, which was determined by the Board with reference to the prevailing market situation and his experience, duties and responsibility with the Company.

### ***Non-Executive Directors***

**Mr. Chen Jinen** (陳津恩), aged 58, has been serving as the secretary of CPC (Communist Party of China) Party Committee and vice president of CECEP since May 2010. From October 2001 to May 2010, Mr. Chen served various positions at China Energy Conservation Investment Corporation (中國節能投資公司), including deputy general manager, vice president, secretary of CPC Party Committee and secretary of disciplinary inspection committee of this company. From December 1999 to October 2001, Mr. Chen served as the minister of the Execution Department of the Supervisory Board of the Central Enterprise Work Committee (中央企業工委監事會工作部), currently known as State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). From August 1998 to December 1999, he served as a deputy director of General Office of Special Inspectors of the State Council (國務院稽察特派員總署辦公室). From June 1988 to August 1998, he served successively as deputy division chief, division chief and deputy director at the Department of Title of National Ministry of Personnel (國家人事部), currently known as Ministry of Human Resources and Social Security of the People's Republic of China (中國人力資源和社會保障部). Mr. Chen also served as an engineer at Science and Technology Cadre Bureau of the National Science and Technology Commission (國家科委科技幹部局) from August 1978 to December 1986 and then as an engineer at the 602 Research Laboratory of Department of Aviation (航空部602研究所) until June 1988.

Mr. Chen graduated from Nanjing University of Aeronautics and Astronautics (南京航空航天大學), with a bachelor's degree in airplane design in August 1978. He also received a master's degree in business management from City University of Macau (Previously known as Macau International Open University) in July 2000.

The Company and Mr. Chen have entered into a letter of appointment for an initial term of three years commencing from the date of Completion and is subject to the retirement and re-election in accordance with the Articles. Mr. Chen will be entitled to remuneration of HK\$1,200,000 per annum, which was determined by the Board with reference to the prevailing market situation and his experience, duties and responsibility with the Company.

**Mr. Yang Donghui (楊東輝)**, aged 67, has been working at the China National Textile & Apparel Council (中國紡織工業協會) since 1978 and is currently a vice president of this organisation. He has been the president of the National Association of Domestic Textile Products Industry (中國家用紡織品行業協會) since 1999 and a director of Environmental and Resources Conservation Promotion Committee (環境保護與資源節約促進委員會) since 2011. Mr. Yang has been serving as an independent non-executive director of Luolai Home Textile Co., Ltd. (羅萊家紡股份有限公司), a company listed on the Main Board of the Shenzhen Stock Exchange ("SZSE"), since 7 July 2007, Zhejiang Golden Eagle Co., Ltd. (浙江金鷹股份有限公司), a company listed on the Main Board of the Shanghai Stock Exchange, since June 2008, and Kingdom Holdings Limited (金達控股有限公司), a company listed on main board of the Stock Exchange since November 2006. Mr. Yang also served, from March 2007 to March 2012, as an independent non-executive director of Hunan Mendale Hometextile Co., Ltd. (湖南夢潔家紡股份有限公司), a company listed on the Main Board of the SZSE.

Mr. Yang received a bachelor's degree from Tsinghua University (清華大學) in chemical engineering and chemistry in 1970.

The Company and Mr. Yang have entered into a letter of appointment for an initial term of three years commencing from the date of Completion and is subject to the retirement and re-election in accordance with the Articles. Mr. Yang will be entitled to remuneration of HK\$91,000 per annum, which was determined by the Board with reference to the prevailing market situation and his experience, duties and responsibility with the Company.

**Mr. Yang Jun (楊峻)**, aged 52, currently serves as a deputy secretary-general of China National Textile and Apparel Council (中國紡織工業聯合會) (formerly known as China Textile Industry Association (中國紡織工業協會)) and a vice-chairman and secretary-general of China Textile Industry Association of Enterprise Management (中國紡織工業企業管理協會). From February 1982 to July 1992, he worked at the Textile Industry Ministry (紡織工業部) and held various positions including cadre, engineer and deputy division head. From July 1992 to May 1998, he served successively as the deputy general manager of the business development department and the general manager and assistant to the president of trade department of China Worldbest Group Co., Ltd. (中國華源集團有限公司) and the general manager and senior engineer of Shanghai Worldbest International Trade Development Co., Ltd. (上海華源國際貿易有限公司).

From May 1998 to July 2008, he served as the general manager and was later promoted to the president of Sinotex United Import and Export Co., Ltd. (中紡聯合進出口有限責任公司). He also served as the deputy general manager of China National Chemical Fiber Corp (中國化纖總公司) from March 2001 to May 2003, and then served as a deputy general manager of China Knitting Machinery (Group) Co., Ltd. (中織機械(集團)有限公司) from May 2003 to July 2008. From December 2003 to July 2008, he was also the vice-president and general manager of China Garments Co., Ltd. (中國服裝股份有限公司).

Mr. Yang graduated from Tianjin Polytechnic University (天津工業大學) (formerly known as Tianjin Institute of Textile Science and Technology (天津紡織工學院)), with a bachelor's degree in textile engineering. He has also obtained his EMBA (Executive Master of Business Administration) degree from China Europe International Management College (中歐管理學院).

The Company and Mr. Yang have entered into a letter of appointment for an initial term of three years commencing from the date of Completion and is subject to the retirement and re-election in accordance with the Articles. Mr. Yang will be entitled to remuneration of HK\$91,000 per annum, which was determined by the Board with reference to the prevailing market situation and his experience, duties and responsibility with the Company.



**Mr. Ding Guoqiang** (丁國強), aged 68, has been serving as the dean of Quanzhou Textile & Garment Institute (泉州紡織服裝學院) and secretary of CPC Party Committee since March 2007. He started his career at Hubei Xiangfan Textile and Printing Factory (湖北省襄樊紡織印染廠) as a technician, and also held various other positions, such as engineer, senior engineer and head of the factory from July 1968 to March 1991. From March 1991 to March 2007, Mr. Ding was a professor and the dean of the textile department of Wuhan Institute of Textile Science and Technology (武漢紡織工學院) (now known as Wuhan Textile University (武漢紡織大學)). Mr. Ding was a council member of the fourth, fifth and sixth China Fashion Association (中國服裝設計師協會).

He was appointed as chief member of the fourth and fifth Academic Committee of China Fashion Association (中國服裝設計師協會學術委員會). He was also appointed as an executive council member of Fujian Textile Engineering Society (福建省紡織工程學會). Mr. Ding was also named as one of the “Top Ten Newsmaker” of National Apparel Industry (全國服裝「十大新聞人物」) in 2002 by China Textile News (中國紡織報).

Mr. Ding graduated from East China Institute of Textile Science and Technology (華東紡織工學院) (now known as Donghua University (東華大學)), with a bachelor’s degree in textile materials in July 1968.

The Company and Mr. Ding have entered into a letter of appointment for an initial term of three years commencing from the date of Completion and is subject to the retirement and re-election in accordance with the Articles. Mr. Ding will be entitled to remuneration of HK\$91,000 per annum, which was determined by the Board with reference to the prevailing market situation and his experience, duties and responsibility with the Company.

Save as disclosed herein, as at the date of this announcement, and to the best knowledge and belief of the Board, the Directors confirmed that:

- a) each of Mr. Yu Heping, Mr. Xue Mangmang, Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang is not connected with any Director, senior management, substantial Shareholder or controlling shareholder of the Company;
- b) each of Mr. Yu Heping, Mr. Xue Mangmang, Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang does not have any interests in the Shares which are required to be disclosed under Part XV of the SFO;

- c) each of Mr. Yu Heping, Mr. Xue Mangmang, Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang does not hold any other position with the Company or any other member of the Group, nor has any directorships in other listed public companies in the last three years;
- d) there is no other information relating to the election of the above Proposed New Directors that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Listing Rules; and
- e) the Company is not aware of any other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange in relation to the appointment of the Proposed New Directors

The Board would like to take this opportunity to welcome Mr. Yu Heping, Mr. Xue Mangmang, Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang joining the Company.

### **Resignation of Directors and Changes in Corporate Governance Committee**

Pursuant to the terms of the Sale and Purchase Agreement, the Vendors have undertaken to procure two of the existing executive Directors they nominated to resign with effect from the date of Completion.

The Board also announces that Mr. Wu Jianshe and Mr. He Wenyao, have resigned as executive Directors and members of the corporate governance committee of the Company (the “**CG Committee**”), and Mr. Yu Heping and Mr. Xue Mangmang have been appointed as members of the CG Committee to replace Mr. Wu Jianshe and Mr. He Wenyao, all with effect from 17 September 2012, the date of Completion.

Both of Mr. Wu Jianshe and Mr. He Wenyao have confirmed that they have no disagreement with the Board and there are no other matters in respect of their resignations that need to be brought to the attention of the Shareholders.

The Board would also like to express its sincere gratitude to Mr. Wu Jianshe and Mr. He Wenyao for their valuable contributions to the Company during their respective tenures of office.

## **RE-DESIGNATION AND APPOINTMENT OF CO-CHAIRMEN**

The Board has approved the re-designation of Mr. Sze from the chairman of the Company to a co-chairman of the Company and the appointment of Mr. Chen Jinen, a new non-executive Director nominated by the Investor, as the other co-chairman of the Company. Such re-designation and appointment of the co-chairmen of the Company will take effect upon the conclusion of the EGM, subject to the passing of a special resolution approving the proposed amendments to the Articles for the purposes of, inter alia, facilitating the operation of a co-chairmanship structure for the Company, and the re-election of Mr. Chen Jinen as a non-executive Director at the EGM.

In view of the interests of the Vendors and the Investor in the Sale and Purchase Agreement and that one of the purposes of the proposed amendments to the Articles is to facilitate the operation of a co-chairmanship structure as contemplated under the Sale and Purchase Agreement, the Vendors and the Investor and their respective associates will abstain from voting at the EGM in respect of the resolutions relating to the proposed amendments to the Articles.

## **IMPLICATION UNDER THE TAKEOVERS CODE**

Kingom Power and the Investor confirm that the Investor and its parties acting in concert (as defined in the Takeovers Code) (the “**Investor Concert Group**”) and Kingom Power and its parties acting in concert are not parties acting in concert with each other in respect of the Company. The Executive has indicated that it will not apply presumption class 1 of the definition of acting in concert (as defined in the Takeovers Code) to the Investor and Kingom Power upon Completion. Winwett Investments and the Investor confirm that no concert group will be formed between the Investor Concert Group and Winwett Investments and its parties acting in concert.

The Investor believes that it is not subject to the mandatory general offer obligation under the Takeovers Code as a result of the acquisition of the Sale Shares by the Investor pursuant to the terms of the Sale and Purchase Agreement. Each of Kingom Power and Winwett Investments believes that none of them is subject to the mandatory general offer obligation under the Takeovers Code as a result of the acquisition of the Sale Shares by the Investor pursuant to the terms of the Sale and Purchase Agreement.

## GENERAL

A circular containing, among other things, a notice of the EGM will be dispatched to the Shareholders as soon as practicable.

By order of the Board  
**Billion Industrial Holdings Limited**  
**Sze Tin Yau**  
*Chairman*

Hong Kong, 17 September 2012

*As at the date of this announcement, the board of directors of the Company comprises Mr. Sze Tin Yau, Mr. Wu Jinbiao, Mr. Yu Heping and Mr. Xue Mangmang as executive Directors, Mr. Chen Jinen, Mr. Yang Donghui, Mr. Yang Jun and Mr. Ding Guoqiang as non-executive Directors and Mr. Yeung Chi Tat, Ms. Zhu Meifang and Mr. Ma Yuliang as independent non-executive Directors.*

*The director of the Investor accepts full responsibility for the accuracy of the information relating to the confirmations and belief of the Investor disclosed under the paragraphs headed “Implication Under the Takeovers Code” (the “Investor’s Information”) contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions relating to the Investor’s Information expressed in this announcement have been arrived at after due and careful consideration and there are no other facts relating to the Investor’s Information not contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information, except the Investor’s Information, contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts, other than those relating to the Investor’s Information which the Investor is responsible for, not contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.*