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**BHL Limited**

*(incorporated in Bermuda  
with limited liability)*



*(incorporated in Bermuda  
with limited liability)*  
**(Stock Code: 1768)**

**JOINT ANNOUNCEMENT  
PROPOSED PRIVATISATION OF  
BRACELL LIMITED  
BY BHL LIMITED  
BY WAY OF  
A SCHEME OF ARRANGEMENT  
(UNDER SECTION 99 OF THE COMPANIES ACT)  
AND  
PROPOSED WITHDRAWAL OF LISTING OF  
BRACELL LIMITED**

**Joint Financial Advisers to BHL Limited**



## **Introduction**

The Offeror Board and the Bracell Board refer to the announcement published by Bracell on 17 June 2016 pursuant to Rule 3.7 of the Takeovers Code. The Offeror Board and the Bracell Board jointly announce that on 15 June 2016, the Offeror requested that the Bracell Board put forward to the Scheme Shareholders a proposal to privatise Bracell by way of a scheme of arrangement under Section 99 of the Companies Act involving cancellation of all the Scheme Shares and allotment and issue of new Shares to the Offeror. Upon the Scheme becoming effective, the Offeror will own 100% of the Shares (other than the GS Shares), and the Bracell Board will, as soon as practicable thereafter, make an application for the withdrawal of the listing of the Shares on the Stock Exchange.

## **Terms of the Proposal**

The Proposal will be implemented by way of the Scheme. Subject to the Scheme becoming effective, all the Scheme Shares will be cancelled in exchange for a Cancellation Consideration of HK\$1.78 per Scheme Share.

The Cancellation Consideration of HK\$1.78 per Scheme Share represents:

- a premium of approximately 2.3% over the closing price of HK\$1.74 per Share on the Announcement Date;
- a premium of approximately 12.7% over the closing price of HK\$1.58 per Share on the Last Trading Day;
- a premium of approximately 54.6% over the average closing price of approximately HK\$1.15 per Share based on the daily closing prices as quoted on the Stock Exchange for the 7 trading days up to and including the Last Trading Day;
- a premium of approximately 81.1% over the average closing price of approximately HK\$0.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 86.2% over the average closing price of approximately HK\$0.96 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;

- a premium of approximately 101.0% over the average closing price of approximately HK\$0.89 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 102.9% over the average closing price of approximately HK\$0.88 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a discount of approximately 27.0% to the audited consolidated net asset value attributable to Shareholders per Share of approximately US\$0.314 (approximately HK\$2.44) as at 31 December 2015.

The aggregate Cancellation Consideration payable for all Scheme Shares under the Proposal is approximately HK\$993,103,830.

### **Conditions of the Proposal**

The Proposal is conditional upon the satisfaction or valid waiver (as applicable) of the conditions described in the section headed “Conditions of the Scheme” below. All Conditions will have to be satisfied or validly waived (as applicable), on or before a long-stop date to be set out in the Scheme Document (which is expected to be no later than 90 days after the date to be scheduled for the Court Meeting or such later date as may be proposed by the Offeror and permitted by the Executive), failing which the Proposal will lapse.

### **Shareholding Structure**

As at the Latest Practicable Date, there are 3,421,420,250 Shares in issue, of which 557,923,500 Shares are Scheme Shares held by Scheme Shareholders. The Offeror does not hold any Shares as at the Latest Practicable Date. Persons acting in concert with the Offeror hold 2,863,496,750 Shares in aggregate (representing approximately 83.69% of the issued share capital of Bracell) as at the Latest Practicable Date. The Offeror, GS and persons acting in concert with any of them will not vote their Shares at the Court Meeting. All Scheme Shareholders shall be entitled to vote at the Court Meeting and all Shareholders shall be entitled to vote at the Bracell SGM.

As at the Latest Practicable Date, the Scheme Shareholders hold 557,923,500 Shares in aggregate (representing approximately 16.31% of the issued share capital of Bracell), including 960,591 Shares (representing approximately 0.03% of the issued share capital of Bracell) held by Mr John Jeffrey Ying (Chairman and an independent non-executive director of Bracell) and 63,233 Shares held by the RSU Trustee on trust for the RSU Holders under the RSU Scheme. For the avoidance of

doubt, Mr John Jeffrey Ying and the RSU Trustee are not acting in concert with the Offeror, GS or persons acting in concert with any of them and will be entitled to vote at the Court Meeting and Bracell SGM. However, the RSU Trustee in accordance with its implementing trust deed shall not exercise any voting rights in respect of any Shares held under trust.

As at the Latest Practicable Date, the relevant securities of Bracell in issue comprised the Shares and Bracell does not have any outstanding options, warrants, derivatives or other convertible securities.

### **RSU Offer**

An RSU is a contingent right of the grantee to receive a Share for no consideration upon the vesting of the RSU. As at the Latest Practicable Date, there were 525,000 RSUs granted, but not yet vested, under the RSU Scheme. The Offeror will make (or procure to be made on its behalf) an appropriate offer to the RSU Holders in accordance with Rule 13 of the Takeovers Code. This RSU Offer is conditional upon the Scheme becoming effective. Under the RSU Offer, the Offeror will offer the RSU Holders cash equal to the “see-through” price (which is HK\$1.78, being equal to the Cancellation Consideration, as there is no exercise price for the RSUs) for each RSU that they hold, and the RSU Holders will be paid in accordance with the vesting schedules under, and subject to, the existing terms of each of the RSUs.

The amount of cash required to fully implement the RSU Offer assuming 100% acceptance by the RSU Holders would be approximately HK\$934,500.

### **Financial resources**

Credit Suisse and Anglo Chinese have been appointed as joint financial advisers to the Offeror in respect of the Proposal and the RSU Offer. The Offeror intends to finance the cash required for the Proposal and the RSU Offer by its internal resources. Credit Suisse and Anglo Chinese are satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal and the RSU Offer in accordance with their respective terms.

### **Withdrawal of listing of the Shares**

As soon as practicable after the effective date of the Scheme, the Bracell Board will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange. The Bracell Board intends that the listing of the Shares on the Stock Exchange shall be maintained in the event that: (i) the Scheme is not approved; or (ii) the Scheme does not become effective.

## **General**

### ***The Bracell IBC***

The Bracell IBC has been appointed to advise the Scheme Shareholders and the RSU Holders on the Proposal and the RSU Offer. The Bracell Board will appoint an independent financial adviser (with the approval of the Bracell IBC) to advise the Bracell IBC in respect of the Proposal and the RSU Offer in due course. A further announcement will be made by Bracell upon the appointment of the independent financial adviser.

### ***Despatch of the Scheme Document***

Bracell will send to the Shareholders a Scheme Document containing, among other things, further details about the Scheme, recommendations from the Bracell IBC, a letter of advice from the independent financial adviser to the Bracell IBC, the Scheme Shareholders and the RSU Holders and a notice of the Court Meeting and the Bracell SGM as soon as practicable in accordance with the Takeovers Code.

**WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all the Conditions being satisfied or validly waived (as applicable) and thus the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.**

## **INTRODUCTION**

The Offeror Board and the Bracell Board refer to the announcement published by Bracell on 17 June 2016 pursuant to Rule 3.7 of the Takeovers Code. The Offeror Board and the Bracell Board jointly announce that on 15 June 2016, the Offeror requested that the Bracell Board put forward to the Scheme Shareholders a proposal to privatise Bracell by way of a scheme of arrangement under Section 99 of the Companies Act involving cancellation of all the Scheme Shares and allotment and issue of new Shares to the Offeror.

Upon the Scheme becoming effective, the Offeror will own 100% of the Shares (other than the GS Shares), and the Bracell Board will, as soon as practicable thereafter, make an application for the withdrawal of the listing of the Shares on the Stock Exchange.

The Offeror has appointed Credit Suisse and Anglo Chinese as its joint financial advisers in connection with the Proposal and the RSU Offer.

The Bracell Board will appoint an independent financial adviser (with the approval of the Bracell IBC) to advise the Bracell IBC in respect of the Proposal and the RSU Offer in due course. A further announcement will be made by Bracell upon the appointment of the independent financial adviser.

## **TERMS OF THE PROPOSAL**

The terms of the Proposal are as follows:

### **The Scheme**

Subject to the Scheme becoming effective, all the Scheme Shares will be cancelled in exchange for a Cancellation Consideration of HK\$1.78 per Scheme Share.

The Cancellation Consideration of HK\$1.78 per Scheme Share represents:

- a premium of approximately 2.3% over the closing price of HK\$1.74 per Share on the Announcement Date;
- a premium of approximately 12.7% over the closing price of HK\$1.58 per Share on the Last Trading Day;
- a premium of approximately 54.6% over the average closing price of approximately HK\$1.15 per Share based on the daily closing prices as quoted on the Stock Exchange for the 7 trading days up to and including the Last Trading Day;
- a premium of approximately 81.1% over the average closing price of approximately HK\$0.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 86.2% over the average closing price of approximately HK\$0.96 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 101.0% over the average closing price of approximately HK\$0.89 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;

- a premium of approximately 102.9% over the average closing price of approximately HK\$0.88 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- a discount of approximately 27.0% to the audited consolidated net asset value attributable to Shareholders per Share of approximately US\$0.314 (approximately HK\$2.44) as at 31 December 2015.

The aggregate Cancellation Consideration payable for all Scheme Shares under the Proposal is approximately HK\$993,103,830.

### **Conditions of the Scheme**

The Scheme will become effective and binding on Bracell and all Scheme Shareholders subject to satisfaction or valid waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme by a majority in number of Scheme Shareholders present and voting at the Court Meeting representing not less than three-fourths in value of those Shares that are voted by the Scheme Shareholders at the Court Meeting either in person or by proxy;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast against the resolution to approve (by way of poll) the Scheme is not more than 10% of the votes attaching to all the Shares held by the Scheme Shareholders;
- (c) the passing by Shareholders (other than those who are prohibited from voting under relevant laws, rules or regulations) of a special resolution at the Bracell SGM to approve: (i) the reduction of the issued share capital of Bracell by cancelling and extinguishing the Scheme Shares; and (ii) the allotment and issue of an equal number of Shares immediately thereafter to the Offeror;
- (d) the sanction of the Scheme (with or without modifications) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of section 46(2) of the Companies Act in relation to the reduction of the issued share capital of Bracell referred to in (c) above;

- (f) all Authorisations having been obtained or made from, with or by (as the case may be) the Relevant Authorities, in Bermuda, Hong Kong and/or any other relevant jurisdictions;
- (g) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (h) if required, the obtaining by the Offeror of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary or desirable for the performance of the Scheme under applicable laws and regulations;
- (i) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms);
- (j) all necessary consents which may be required under any existing material contractual obligations of Bracell being obtained;
- (k) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Bracell Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Proposal or because of a change in control or management of Bracell could or might reasonably result in, to an extent which is material in the context of the Bracell Group taken as a whole:
  - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Bracell Group being repayable or being capable of being declared payable prior to their stated maturity;



- (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Bracell Group or any such security (whether arising or having arisen) becoming enforceable; and
  - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder;
- (1) save as publicly announced prior to the Announcement Date, no member of the Bracell Group having since 31 December 2015 (being the date to which the latest published audited accounts of Bracell were made up):
- (i) issued, agreed or authorised or proposed the issue of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between Bracell and its wholly-owned subsidiaries) and including, for the avoidance of doubt, any scrip dividend;
  - (ii) recommended, declared, paid or made any bonus, dividend or other distribution other than between members of the Bracell Group (other than any declaration and payment of an interim dividend by Bracell in the ordinary course for the 6 months ended 30 June 2016, if not disallowed by the Executive);
  - (iii) to an extent which is material in the context of the Bracell Group as a whole, merged with any body corporate or acquired or disposed of any assets or authorised, proposed or announced any intention to propose any merger, demerger, acquisition or disposal;
  - (iv) issued, authorised or proposed the issue of any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or contingent liability in each case to an extent which is material in the context of the Bracell Group taken as a whole;
  - (v) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or redeemed or reduced or made any other change to any part of its share capital to an extent which is material in the context of the Bracell Group taken as a whole;

- (vi) entered into any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term, onerous or unusual nature or magnitude, and which involves or is likely to involve an obligation of a nature or magnitude which, in any case, is material in the context of the Bracell Group taken as a whole; or
  - (vii) made or authorised or proposed or announced an intention to propose any change in its loan capital to an extent which is material in the context of the Bracell Group taken as a whole;
- (m) save as publicly announced prior to the Announcement Date, since 31 December 2015 (being the date to which the latest published audited accounts of Bracell were made up):
- (i) there having been no material adverse change in the business, financial or trading position or prospects of any member of the Bracell Group to an extent which is material in the context of the Bracell Group taken as a whole; and
  - (ii) there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Bracell Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the Bracell Group taken as a whole; and
- (n) each member of the Bracell Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Bracell Group from the Announcement Date up to the date when all the Conditions are satisfied or validly waived (as applicable).

Conditions (a) to (e) above are not waivable. The Offeror reserves the right to waive any of Conditions (f) to (n), either in whole or in respect of any particular matter. All of the Conditions will have to be satisfied or validly waived (as applicable), on or before a long-stop date to be set out in the Scheme Document (which is expected to be no later than 90 days after the date to be scheduled for the Court Meeting and the Bracell SGM or such later date as may be proposed by the Offeror and permitted by the Executive), otherwise the Scheme will not become effective. When the Conditions are satisfied or waived (as applicable) the Scheme will become effective and binding on Bracell and all the Scheme Shareholders.

Assuming that the Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on or before 30 November 2016. A detailed timetable will be included in the Scheme Document.

In respect of Conditions (f), (g), (h) and (j), the Offeror is not currently aware of any Authorisations or consents which are required. The Offeror and/or GS is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the above conditions to the Proposal. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror and/or GS will not invoke any condition so as to cause the Scheme not to become effective unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Scheme.

**WARNING: Shareholders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all the Conditions being satisfied or validly waived (as applicable) and thus the Scheme may or may not become effective. Shareholders and/or potential investors should therefore exercise caution when dealing in Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.**

This announcement does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This announcement does not constitute a prospectus or a prospectus equivalent document. Shareholders are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.

## **Notice to US holders of Shares**

The Proposal relates to the shares of a Bermuda company and is proposed to be made by means of a scheme of arrangement provided for under the laws of Bermuda. The Proposal is subject to the disclosure requirements and practices applicable in Hong Kong and Bermuda to schemes of arrangement, which differ from the disclosure and other requirements of the US securities laws. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in Bermuda and Hong Kong that may not be comparable to the financial statements of US companies.

It may be difficult for US holders of Shares to enforce their rights and any claim arising out of the US federal securities laws, since the Offeror and Bracell are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash pursuant to the Proposal by Shareholders who are US taxpayers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Proposal.

## **RSU OFFER**

An RSU is a contingent right of the grantee to receive a Share for no consideration upon the vesting of the RSU. As at the Latest Practicable Date, there were 525,000 RSUs granted, but not yet vested, under the RSU Scheme. No RSUs will vest on or prior to the Record Date. Pursuant to the terms of the rules of the RSU Scheme, the Bracell Board has determined that if the Scheme is approved by the Scheme Shareholders at the Court Meeting, none of such outstanding RSUs will vest earlier than their existing vesting dates.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to the RSU Holders in accordance with Rule 13 of the Takeovers Code. The RSU Offer is conditional upon the Scheme becoming effective. Under the RSU Offer, the Offeror will offer the RSU Holders cash equal to the "see-through" price (which is HK\$1.78, being equal to the Cancellation Consideration, as there is no exercise price for the RSUs) for each RSU that they hold, and the RSU Holders will be paid in accordance with the vesting schedules under, and subject to, the existing terms of each of the RSUs.

The amount of cash required to fully implement the RSU Offer assuming 100% acceptance by the RSU Holders would be approximately HK\$934,500.

Further information on the RSU Offer will be set out in a letter to the RSU Holders, which will be despatched at or around the same time as the despatch of the Scheme Document.

## SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, there are 3,421,420,250 Shares in issue, of which 557,923,500 Shares are Scheme Shares held by Scheme Shareholders. The Offeror does not hold any Shares as at the Latest Practicable Date. Persons acting in concert with the Offeror hold 2,863,496,750 Shares in aggregate (representing approximately 83.69% of the issued share capital of Bracell) as at the Latest Practicable Date. The Offeror, GS and persons acting in concert with any of them will not vote at the Court Meeting. All Scheme Shareholders shall be entitled to vote at the Court Meeting and all Shareholders shall be entitled to vote at the Bracell SGM. For the avoidance of doubt, Mr John Jeffrey Ying and the RSU Trustee are not acting in concert with the Offeror, GS or persons acting in concert with any of them and will be entitled to vote at the Court Meeting and Bracell SGM. However, the RSU Trustee in accordance with its implementing trust deed shall not exercise any voting rights in respect of any Shares held under trust.

On the assumption that there is no other change in shareholding, the table below sets out the shareholding structure of Bracell as at the Latest Practicable Date and immediately upon completion of the Proposal:

	As at the Latest Practicable Date		Upon completion of the Proposal	
	Number of Shares owned	% of the total issued share capital	Number of Shares owned <i>(Note 3)</i>	% of the total issued share capital
Offeror	—	—	557,923,500	16.31
GS <i>(Note 1)</i>	<u>2,863,496,750</u>	<u>83.69</u>	<u>2,863,496,750</u>	<u>83.69</u>
<b>Offeror, GS and persons acting in concert with any of them</b>	<b>2,863,496,750</b>	<b>83.69</b>	<b>3,421,420,250</b>	<b>100.00</b>
Scheme Shareholders <i>(Note 2)</i>	<u>557,923,500</u>	<u>16.31</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<b><u>3,421,420,250</u></b>	<b><u>100.00</u></b>	<b><u>3,421,420,250</u></b>	<b><u>100.00</u></b>

*Notes:*

1. The entire issued share capital of GS is held by Fiduco, as the trustee of a discretionary trust established by the Ultimate Controlling Shareholder as settlor. The beneficiaries of such discretionary trust include the Ultimate Controlling Shareholder and certain members of his family. The Ultimate Controlling Shareholder is deemed to be interested in 2,863,496,750 Shares held by GS pursuant to Part XV of the SFO and is treated as acting in concert with the Offeror in accordance with class 1 of the definition of “Acting in concert” in the Takeovers Code. Mr Anderson Tanoto He, a director of the Offeror who is deemed to be acting in concert with the Offeror in accordance with class 2 of the definition of “Acting in concert” in the Takeovers Code, is the son of the Ultimate Controlling Shareholder.
2. These Shares include a total of 960,591 Shares (representing approximately 0.03% of the issued share capital of Bracell) held by Mr John Jeffrey Ying (Chairman and an independent non-executive director of Bracell) and 63,233 Shares (representing approximately 0.00185% of the issued share capital of Bracell) held by the RSU Trustee.
3. Under the Scheme, the share capital of Bracell will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Forthwith upon such reduction, the same number of Shares shall be issued to the Offeror under the Proposal.

As at the Latest Practicable Date, the relevant securities of Bracell in issue comprised 3,421,420,250 Shares and Bracell does not have any outstanding options, warrants, derivatives or other convertible securities.

Credit Suisse is a financial adviser to the Offeror in respect of the Proposal and the RSU Offer. Accordingly, Credit Suisse and relevant members of the Credit Suisse group which hold Shares are presumed to be acting in concert with the Offeror in relation to Bracell in accordance with class 5 of the definition of “Acting in concert” in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the Credit Suisse group). Details of holdings or borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the Credit Suisse group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Offeror if the holdings, borrowings, lendings, or dealings of the other parts of the Credit Suisse group are significant. The statements in this announcement as to holdings or borrowings or lendings of, or their dealings in, or voting of Shares (or rights, rights over Shares, warrants or derivatives in respect of them) by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the Credit Suisse group.

Save as disclosed above, the Offeror, GS and persons acting in concert with any of them do not own or control any Shares or any options, warrants, derivatives or other convertible securities in respect of the Shares.

1,000,000 Shares were issued by Bracell to Credit Suisse under a placing agreement dated 17 December 2015 and the Offeror has been informed by Credit Suisse that it no longer holds a position of that 1,000,000 Shares. Any other dealings in Shares during the 6 months prior to the Announcement Date by the Credit Suisse group (excluding dealings in Shares by Credit Suisse group members who are exempt principal traders or exempt fund managers) will be disclosed in the Scheme Document. Save as disclosed in the foregoing, the Offeror, GS and persons acting in concert with any of them have not had any dealings in the Shares for value in the 6 months prior to and including the Announcement Date.

Save for the arrangements contemplated under the Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror, GS and persons acting in concert with any of them in relation to the Shares which might be material to the Proposal. The Offeror confirms that, as at the Announcement Date, there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Bracell which the Offeror, GS or any person acting in concert with any of them has borrowed or lent.

## **FINANCIAL RESOURCES**

The total cash consideration required for the Proposal and the RSU Offer (assuming 100% acceptance by the RSU Holders) is approximately HK\$994,038,330.

Credit Suisse and Anglo Chinese, have been appointed as joint financial advisers to the Offeror in respect of the Proposal and the RSU Offer. The Offeror intends to finance the cash required for the Proposal and the RSU Offer by its internal resources. Credit Suisse and Anglo Chinese are satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal and the RSU Offer in accordance with their respective terms.

## **REASONS AND BENEFITS OF THE PROPOSAL**

Driven by excess supply and intense competition, market prices for viscose staple fiber and dissolving wood pulp have declined significantly since 2011, which in turn has impacted Bracell's share price performance.

The negative impact of these market factors on Bracell's share price has been compounded by the low liquidity levels in the Shares, which are caused in part by the lack of analyst coverage in respect of Bracell and relatively low institutional participation in the Shares. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 338,696 Shares per day, which is approximately 0.01% of the issued Shares as at the Announcement Date and approximately 0.06% of the Scheme Shares as at the Announcement Date.

Bracell and the Ultimate Controlling Shareholder have attempted to improve the share price performance of Bracell and the return to its Shareholders, including the disposal by Bracell of its viscose staple fiber business, a special dividend in late 2014 and converting Bracell's business model to become a pure-play dissolving wood pulp producer. The intention was to focus its efforts on becoming a global leading player in the specialty cellulose market with a streamlined business model, which would allow analysts and investors to better understand Bracell and its strategies. Nevertheless, despite achieving record production volumes and improved profitability in 2015, and continuing to benefit from reduced costs as a result of the weakening Brazilian currency, Bracell has continued to suffer from low liquidity and weak share price performance.

As a result, Bracell has been unable to fulfil the initial objectives of its public listing, including to attract funds for future growth and to act as a vehicle to effect acquisitions. In this context, the Offeror and the Ultimate Controlling Shareholder believe that the administrative costs and management resources associated with maintaining Bracell's listing are no longer warranted given the difficulties of raising funds from public equity markets, which the Offeror and the Ultimate Controlling Shareholder believe is unlikely to see any significant improvement in the near term.

The Offeror and the Ultimate Controlling Shareholder are mindful that the low liquidity and weak performance of Bracell's shares make it difficult for Shareholders to realise value from their investment in Bracell. Therefore, the Proposal and the RSU Offer, if implemented, will provide the Scheme Shareholders and the RSU Holders with an opportunity to redirect their capital at a premium over the market price of the Shares into other more attractive investment opportunities in the current market environment.



## **INFORMATION ON OFFEROR**

The Offeror is a company incorporated in Bermuda with limited liability. The Offeror is a special purpose vehicle incorporated for the purpose of the Scheme and whose sole shareholder is the Ultimate Controlling Shareholder.

## **INFORMATION ON THE BRACELL GROUP**

Bracell is a company incorporated in Bermuda with limited liability, the shares of which have been listed on the Stock Exchange since December 2010. The Bracell Group is one of the largest specialty cellulose producers in the world. Bracell's operations in Brazil consist of a secure renewable plantation that grows eucalyptus trees on its 150,000 hectares of freehold land, and a state-of-the-art mill to produce both specialty-grade and rayon-grade dissolving wood pulp that are natural raw materials and key ingredients in a diverse range of everyday items.

## **OFFEROR'S INTENTION REGARDING BRACELL**

Following implementation of the Proposal, the Offeror and the Ultimate Controlling Shareholder intend for Bracell to continue carrying on its current business and do not intend to make any major changes to the current operations and business. Nevertheless, the Offeror and the Ultimate Controlling Shareholder will continue to monitor all business opportunities as they arise from time to time.

## **WITHDRAWAL OF LISTING OF THE SHARES ON THE STOCK EXCHANGE**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Bracell Board will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange as soon as practicable after the effective date of the Scheme. The Scheme Shareholders will be notified by way of a press announcement of the exact dates of the last day of dealing in Shares and on which the Scheme and the withdrawal of the listing of the Shares will become effective. A detailed timetable will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme.

The Bracell Board intends that the listing of the Shares on the Stock Exchange shall be maintained in the event that: (i) the Scheme is not approved; or (ii) the Scheme does not become effective.

## **OVERSEAS SCHEME SHAREHOLDERS**

The making of the Proposal and acceptance of the Proposal by Scheme Shareholders who are not residents in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about, and observe, any applicable legal or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any taxes, duties and other amounts required to be paid in such jurisdictions. Any action taken by such Scheme Shareholders in relation to the Proposal will be deemed to constitute a representation and warranty from such persons to Bracell and the Offeror that those local laws and requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

## **DISCLOSURE OF DEALINGS**

Respective associates (as defined under the Takeovers Code) of Bracell, the Offeror and GS (which include persons holding 5% or more of any class of relevant securities of each of the foregoing) are reminded to disclose their dealings in the relevant securities of Bracell. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **POSITIVE PROFIT ALERT**

Bracell issued a positive profit alert announcement on 8 June 2016 which constitutes a profit forecast for the purposes of Rule 10 of the Takeovers Code. As it has been made prior to the commencement of the offer period, Bracell is required to comply with the requirements of Rule 10.3(d) of the Takeovers Code for the profit forecast to be examined, repeated and reported on in the document sent to Shareholders.

Amongst other things, the profit forecast in the document sent to Shareholders must normally be reported on by the Bracell’s auditors and independent financial adviser and the relevant reports must be contained in the next document to be sent to Shareholders but this requirement will not apply if the consolidated interim results for the six months ended 30 June 2016 are announced and the relevant results together with the notes to the financial statements are included in the next document sent to Shareholders.

The Directors consider that it is unlikely that the Scheme Document will be sent to the Shareholders before publication of the interim results of the Bracell Group for the six months ended 30 June 2016. The consolidated interim results for the six months ended 30 June 2016 are expected to be announced before the despatch of the Scheme Document and if so, the results, together with the notes to those financial statements, will be included in the Scheme Document to be sent to Shareholders.

If that does not occur and the Scheme Document is sent to Shareholders by Bracell before publication of the consolidated interim results for the six months ended 30 June 2016, the profit forecast announced on 8 June 2016 will be reported on by Bracell’s auditors and independent financial adviser and the relevant reports will be contained in the Scheme Document sent by Bracell to Shareholders.

**The positive profit alert announced on 8 June 2016 which constitutes a profit forecast for the purposes of Rule 10 of the Takeovers Code does not meet the standard required by Rule 10 of the Takeovers Code and Shareholders and potential investors should exercise caution in placing reliance on the forecast in assessing the merits and demerits of the Proposal.**

## GENERAL

### *Bracell IBC*

John Jeffrey Ying, Jeffrey Lam Kin Fung, David Yu Hon To, Lim Ah Doo, Low Weng Keong and Armin Meyer, all being independent non-executive Bracell Directors, have been appointed to form the Bracell IBC to advise the Scheme Shareholders and the RSU Holders on the Proposal and the RSU Offer. The Bracell Board will appoint an independent financial adviser (with approval of the Bracell IBC) to advise the Bracell IBC in respect of the Proposal and the RSU Offer in due course. A further announcement will be made by Bracell upon the appointment of the independent financial adviser.

### *Despatch of Scheme Document*

Bracell will send to the Shareholders a Scheme Document containing, among other things, further details about the Scheme, recommendations from the Bracell IBC, a letter of advice from the independent financial adviser to the Bracell IBC, the Scheme Shareholders and the RSU Holders and a notice of the Court Meeting and the Bracell SGM as soon as practicable in accordance with the Takeovers Code.

### *Irrevocable commitments*

As at the Latest Practicable Date, no irrevocable commitment to vote for or against the Scheme at the Court Meeting or the Bracell SGM has been received by the Offeror, GS or any persons acting in concert with any of them.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“ <b>Anglo Chinese</b> ”	Anglo Chinese Corporate Finance, Limited, a licensed corporation under the SFO licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, which is one of the joint financial advisers to the Offeror in respect of the Proposal and the RSU Offer
“ <b>acting in concert</b> ”	has the meaning ascribed to it under the Takeovers Code
“ <b>Announcement Date</b> ”	17 June 2016, being the date of this announcement
“ <b>associate(s)</b> ”	has the meaning ascribed to it under the Takeovers Code

<b>“Authorisations”</b>	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
<b>“Bracell”</b>	Bracell Limited, a company incorporated in Bermuda with limited liability, whose shares are currently listed on the Main Board of the Stock Exchange
<b>“Bracell Board”</b>	the board of directors of Bracell
<b>“Bracell Director(s)”</b>	director(s) of Bracell
<b>“Bracell Group”</b>	Bracell and its subsidiaries
<b>“Bracell IBC”</b>	an independent committee of the Bracell Board established to advise the Scheme Shareholders and the RSU Holders in relation to the Proposal and the RSU Offer, the composition of which is set out in the section headed “General - Bracell IBC” above
<b>“Bracell SGM”</b>	a special general meeting of the Shareholders to be convened for the purposes of passing all necessary resolutions for the implementation of the Proposal
<b>“Cancellation Consideration”</b>	the consideration of HK\$1.78 in cash for every Scheme Share cancelled
<b>“Companies Act”</b>	the Companies Act 1981 of Bermuda
<b>“Conditions”</b>	the conditions of the Scheme, as set out above in this announcement under the section headed “Conditions of the Scheme”
<b>“Court Meeting”</b>	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
<b>“Court”</b>	the Supreme Court of Bermuda

<b>“Credit Suisse”</b>	Credit Suisse (Hong Kong) Limited, a corporation licensed with the SFC to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities, which is one of the joint financial advisers to the Offeror in respect of the Proposal and the RSU Offer
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
<b>“Fiduco”</b>	Fiduco Trust Management AG, the trustee of a discretionary trust established by the Ultimate Controlling Shareholder as settlor and whose beneficiaries include the Ultimate Controlling Shareholder and certain members of his family
<b>“GS”</b>	Gold Silk Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose entire issued share capital is held by Fiduco
<b>“GS Shares”</b>	the Shares held by GS
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Shareholder(s)”</b>	all Shareholder(s), other than the Offeror, GS and persons acting in concert with any of them
<b>“Last Trading Day”</b>	15 June 2016, being the last full trading day prior to the issuance of the announcement published by Bracell on 17 June 2016 pursuant to Rule 3.7 of the Takeovers Code
<b>“Latest Practicable Date”</b>	15 June 2016, being the last practicable date for ascertaining certain information contained in this announcement
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange

<b>“Offeror”</b>	BHL Limited, being a special purpose vehicle incorporated in Bermuda for the purpose of the Scheme and whose sole shareholder is the Ultimate Controlling Shareholder
<b>“Offeror Board”</b>	the board of directors of the Offeror
<b>“Offeror Director(s)”</b>	director(s) of the Offeror
<b>“Proposal”</b>	the proposal by the Offeror to privatise Bracell by way of the Scheme as set out in this announcement
<b>“Record Date”</b>	record date for determining entitlements under the Proposal
<b>“Relevant Authorities”</b>	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions, including but not limited to the Court and the Registrar of Companies in Bermuda
<b>“RSU(s)”</b>	restricted share unit(s) granted pursuant to the RSU Scheme
<b>“RSU Holder(s)”</b>	holder(s) of RSUs granted under the RSU Scheme
<b>“RSU Offer”</b>	an offer to be made by or on behalf of the Offeror to the RSU Holders
<b>“RSU Scheme”</b>	the Post-IPO Restricted Share Unit Scheme adopted by Bracell on 8 November 2010
<b>“RSU Trustee”</b>	Bank of East Asia (Trustee) Limited, the trustee appointed to hold Shares pending the vesting of RSUs granted pursuant to the RSU Scheme
<b>“Scheme”</b>	a scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares
<b>“Scheme Document”</b>	the document to be despatched to the Shareholders containing details of the Scheme
<b>“Scheme Share(s)”</b>	Share(s) in issue on the Record Date other than the GS Shares
<b>“Scheme Shareholder(s)”</b>	registered holders of the Scheme Shares, being all Independent Shareholders
<b>“SFC”</b>	the Securities and Futures Commission

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.05 each in the share capital of Bracell
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Ultimate Controlling Shareholder”	Mr Sukanto Tanoto
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*For the purposes of this announcement, the exchange rate of US\$1.00 = HK\$7.75 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes only and does not constitute representations that any amount in US\$ or HK\$ has been, could have been or may be converted at such rate.*

By order of the board of  
**BHL Limited**  
**Anderson Tanoto He**  
*Director*

By order of the board of  
**Bracell Limited**  
**John Jeffrey YING**  
*Chairman*

Hong Kong, 17 June 2016

*As at the Announcement Date, the Bracell Board comprises the following directors:*

*Independent Non-executive  
Bracell Directors:*  
John Jeffrey YING (*Chairman*)  
Jeffrey LAM Kin Fung  
David YU Hon To  
LIM Ah Doo  
LOW Weng Keong  
Armin MEYER

*Executive Bracell Director:*  
TEY Wei Lin (*Chief Executive Officer*)



*George Thomas Dantas and Anderson Tanoto He, the Offeror Directors, and Mr. Sukanto Tanoto, the Ultimate Controlling Shareholder as sole shareholder of the Offeror, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Bracell Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Bracell Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The Bracell Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement relating to the Bracell Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the Bracell Group have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.*