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**Resplendent Global Limited**

*(Incorporated in the British Virgin Islands with limited liability)*



**KIN YAT HOLDINGS LIMITED**  
**建溢集團有限公司**

website: <http://www.kinyat.com.hk>

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 638)

**JOINT ANNOUNCEMENT**

**(1) PROPOSED PRIVATISATION OF KIN YAT HOLDINGS LIMITED**

**BY**

**RESPLENDENT GLOBAL LIMITED**

**BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF  
THE COMPANIES ACT;**

**(2) PROPOSED WITHDRAWAL OF LISTING OF  
KIN YAT HOLDINGS LIMITED;**

**(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE;  
AND**

**(4) RESUMPTION OF TRADING IN SHARES OF  
KIN YAT HOLDINGS LIMITED**

**Joint Financial Advisers to the Offeror**



**1. INTRODUCTION**

The Offeror and the Company jointly announce that, on 27 March 2024, after trading hours, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

## **2. TERMS OF THE PROPOSAL**

### **The Scheme**

If the Proposal is approved and implemented:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished by way of the reduction of issued share capital of the Company on the Effective Date, in exchange for the payment of the Cancellation Price for each Scheme Share cancelled;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued to the Offeror;
- (c) the Company will be owned as to (i) approximately 93.10% by the Offeror; and (ii) approximately 6.06% held by Mr. Cheng Chor Kit and approximately 0.84% held by his spouse, Mdm. Tsang Yuk Wan; and
- (d) the Company will apply to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, such withdrawal to take place immediately following the Effective Date.

The Scheme will provide that the Scheme Shares be cancelled in exchange for the payment to Scheme Shareholders of HK\$0.72 in cash for each Scheme Share (being the Cancellation Price), representing a premium of approximately 33.3% over the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the Last Trading Date.

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders, Option Holders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Scheme Shares, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution. As at the date of this joint announcement, (i) the Company has not declared any dividend which remains unpaid; and (ii) the Company has no intention to declare any dividend or other distribution on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

### **The Option Offer**

As at the date of this joint announcement, there are 700,000 outstanding Options granted under the Share Option Scheme, which have an exercise price of HK\$2.262 or HK\$2.470. As the exercise price of the outstanding Options under the Share Option Scheme exceeds the Cancellation Price, the “see-through price” is negative and a cash offer of a nominal amount of HK\$0.01 per outstanding Option will be made. The Option Offer will be conditional upon the Scheme becoming effective.

As at the date of this joint announcement, all outstanding Options with an exercise price of HK\$2.262 or HK\$2.470 are vested.

If any of the Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme. All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective.

### **3. CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below. All Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

#### **4. REASONS FOR AND BENEFITS OF THE PROPOSAL**

The reasons for and benefits of the Proposal are set out in detail in the section headed “Reasons for and Benefits of the Proposal”. In summary, the Share price has been sluggish and the liquidity of trading has been low. The Cancellation Price, which is at a premium of approximately 55.9% over the 90-day average closing Share price of approximately HK\$0.46, provides the Scheme Shareholders an attractive opportunity to exit and realise their investments in the Company in full in the midst of a challenging market environment. In addition, the Company has not been able to effect any meaningful equity fund raising without diluting its NAV per Share owing to the persistent heavy discount of the NAV per Share to the market price. From the Company’s perspective, the Company can increase its flexibility in setting long-term strategy and save expenses pursuant to a public listed company if the Proposal is successful.

#### **5. FINANCIAL RESOURCES**

The total maximum cash consideration payable under the Proposal on the basis described in this joint announcement is approximately HK\$112.6 million and the Offeror intends to finance the cash required for the Proposal by the Facility made available by Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch to the Offeror.

Honestum and SPDB International, as joint financial advisers to the Offeror in relation to the Proposal, are satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required for full implementation of the Proposal.

#### **6. WITHDRAWAL OF LISTING**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for withdrawal of listing of the Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules, such withdrawal to take place immediately following the Effective Date.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

## **7. SCHEME DOCUMENT**

A Scheme Document including, among other things, details of the Proposal, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, a letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

## **8. SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading of Shares on the Stock Exchange was suspended from 9:00 a.m. on 28 March 2024, pending the issue of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of Shares on the Stock Exchange with effect from 9:00 a.m. on 18 April 2024.

## **WARNINGS**

**Shareholders, Option Holders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders, Option Holders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

**This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document.**

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Details in relation to overseas Scheme Shareholders will be contained in the Scheme Document.**

## **INTRODUCTION**

The Offeror and the Company jointly announce that, on 27 March 2024, after trading hours, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

## **TERMS OF THE PROPOSAL**

If the Proposal is approved and implemented:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished by way of the reduction of issued share capital of the Company on the Effective Date, in exchange for the payment of the Cancellation Price for each Scheme Share cancelled;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued to the Offeror;
- (c) the Company will be owned as to (i) approximately 93.10% by the Offeror; and (ii) approximately 6.06% held by Mr. Cheng Chor Kit and approximately 0.84% held by his spouse, Mdm. Tsang Yuk Wan; and
- (d) the Company will apply to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules so that such withdrawal is to take place immediately following the Effective Date.

### **Cancellation Price**

The Scheme will provide that the Scheme Shares be cancelled in exchange for the payment to Scheme Shareholders of HK\$0.72 in cash for each Scheme Share (being the Cancellation Price).

If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Scheme Shares, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution. As at the date of this joint announcement, (i) the Company has not declared any dividend which remains unpaid; and (ii) the Company has no intention to declare any dividend or other distribution on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

## **No price increase statement**

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so. Shareholders, Option Holders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

## **Option Offer**

As at the date of this joint announcement, there are 700,000 outstanding Options granted under the Share Option Scheme, of which 500,000 outstanding Options are exercisable into 500,000 Shares at an exercise price of HK\$2.262 and 200,000 outstanding Options are exercisable into 200,000 Shares at an exercise price of HK\$2.470, and all such outstanding Options are vested. The exercise of all outstanding Options in full would result in the issue of 700,000 new Shares (representing approximately 0.16% of the issued share capital of the Company as at the date of this joint announcement and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares). The Company does not intend to grant any further Options between the date of this joint announcement and the Effective Date.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to all the Option Holders in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. As the exercise price of each Option is above the Cancellation Price, the “see through price” (being the Cancellation Price minus the exercise price of each Option) is negative. Therefore, under the Option Offer, the Offeror will offer the Option Holders a cash offer of a nominal amount of HK\$0.01 per outstanding Option, for the cancellation of each Option they hold.

As at the date of this joint announcement, the Offeror and the Offeror Concert Parties do not hold any Options. All outstanding Options (i.e. 700,000 Options) will be subject to the Option Offer.

Further information on the Option Offer will be set out in a letter to the Option Holders, which will be despatched at the same time as the despatch of the Scheme Document. The Option Offer will be extended to all outstanding Options on the date on which the Option Offer is made.

If any of the Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme. All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective.

As at the date of this joint announcement, save for the Shares and the outstanding Options, there were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company.

## **Total consideration**

As at the date of this joint announcement, the total issued share capital of the Company comprises 438,960,000 Shares and 700,000 outstanding Options granted under the Share Option Scheme entitling the Option Holders to subscribe for an aggregate of 700,000 Shares.

On the assumption that (i) the Scheme has become effective; (ii) none of the outstanding Options are exercised as at the Record Date; and (iii) no further Shares are issued before the Record Date, there would be 155,706,000 Scheme Shares and 700,000 outstanding Options and accordingly, the amount of cash required for the Scheme is approximately HK\$112,108,320 and the amount of cash required for the Option Offer is approximately HK\$7,000.

On the assumption that (i) the Scheme has become effective; (ii) all the outstanding Options are exercised as at the Record Date and all the Option Holders of such outstanding Options become Scheme Shareholders; and (iii) no other Shares are issued before the Record Date, there would be 156,406,000 Scheme Shares and no Options outstanding and accordingly, the amount of cash required for the Scheme is approximately HK\$112,612,320 and nil for the Option Offer.

Consequently, on the basis described above, the maximum total cash consideration payable by the Offeror under the Proposal will amount to approximately HK\$112,612,320.

## **Confirmation of financial resources**

Payment of the cash consideration under the Proposal will be funded by the Facility made available by Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch to the Offeror.

Honestum and SPDB International, as the joint financial advisers to the Offeror in relation to the Proposal, are satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required for full implementation of the Proposal.

## **CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The Proposal and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following Conditions:

- (a) (i) the approval of the Scheme (by way of poll) at the Court Meeting by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting (with the Offeror and the Offeror Concert Parties having provided an undertaking to the Court not to attend and vote at the Court Meeting); and



- (ii) (1) the approval of the Scheme (by way of poll) by not less than 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders cast by the Disinterested Scheme Shareholders either in person or by proxy at the Court Meeting; and (2) the number of votes cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all the Disinterested Scheme Shareholders;
- (b) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and, immediately thereafter, to approve and give effect to the increase of the issued share capital of the Company to its former amount by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of the issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be issued and allotted to the Offeror;
- (c) 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;
- (d) compliance with the procedural requirements and conditions, if any, under section 46 of the Companies Act in relation to the Scheme and the reduction of the issued share capital of the Company in respect of the cancellation and the extinguishment of the Scheme Shares respectively;
- (e) all Authorisations (if any) 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 the 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;
- (f) 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 (enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal;

- (g) all necessary consents in connection with the Proposal and the withdrawal of listing of the Shares on the Stock Exchange which may be required under any existing contractual obligations of any member of the Group being obtained and remaining in effect; and
- (h) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms.

Conditions (a) to (d) cannot be waived. The Offeror reserves the right to waive all or any of Conditions (e) to (h), to the extent permissible by relevant laws and regulations, the Listing Rules and the Takeovers Code, either in whole or in respect of any particular matter. The Company does not have the right to waive any of the Conditions. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

With reference to the Condition in paragraph (e), as at the date of this joint announcement, each of the Offeror and the Company is not aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (a) to (d).

With reference to the Condition in paragraph (f), as at the date of this joint announcement, each of the Offeror and the Company is not aware of any such action, proceeding, suit, investigation, enquiry, statute, regulation, demand or order.

With reference to the Condition in paragraph (g), as at the date of this joint announcement, each of the Offeror and the Company is not aware of any such consents.

With reference to the Condition in paragraph (h), as at the date of this joint announcement, each of the Offeror and the Company is not aware of any such non-compliance or such legal or regulatory requirement other than those set out in the Conditions in paragraphs (a) to (e).

If the Conditions are satisfied or waived (as applicable), the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SGM.

As at the date of this joint announcement, none of the Conditions have been fulfilled or waived (as the case may be).

**Warning: Shareholders, Option Holders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders, Option Holders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **COMPARISONS OF VALUE**

The Cancellation Price of HK\$0.72 per Share represents:

- (a) a premium of approximately 33.3% over the closing price of HK\$0.54 per Share, as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 43.4% over the average closing price of approximately HK\$0.50 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 51.5% over the average closing price of approximately HK\$0.48 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 53.6% over the average closing price of approximately HK\$0.47 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 72.1% over the average closing price of approximately HK\$0.42 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;
- (f) a discount of approximately 71.4% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.52 as at 31 March 2023; and
- (g) a discount of approximately 71.2% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.50 as at 30 September 2023.

The Cancellation Price has been determined after taking into account, among others, the prices at which the Shares have been traded on the Stock Exchange, and pricing premiums for recent privatisation transactions of companies listed on the Stock Exchange.

During the six-month period preceding the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.68 on 15 December 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.33 each on 29 November 2023, 30 November 2023, 1 December 2023 and 4 December 2023.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this joint announcement:

- (a) the issued share capital of the Company comprises 438,960,000 Shares and 700,000 outstanding Options granted under the Share Option Scheme entitling the Option Holders to subscribe for an aggregate of 700,000 Shares;
- (b) the Offeror is a company incorporated in the British Virgin Islands wholly-owned by Padora Global Inc., which is in turn owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors;
- (c) the Offeror owns, controls or has direction over 252,920,000 Shares, representing approximately 57.62% of the issued share capital of the Company;
- (d) the Offeror Concert Parties own, control or have direction over 38,334,000 Shares, representing approximately 8.73% of the issued share capital of the Company, of which the 30,334,000 Shares in total held by Mr. Cheng Chor Kit and his spouse Mdm. Tsang Yuk Wan will not form part of the Scheme Shares;
- (e) there were no dealings by the Offeror or the Offeror Concert Parties in the Shares during the period commencing six months prior to and including the date of this joint announcement;
- (f) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (g) neither the Offeror nor the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company; and
- (h) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this joint announcement, the Scheme Shares, comprising 155,706,000 Shares, represent approximately 35.47% of the issued Shares.

The table below sets out the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) assuming full conversion of the Options prior to the Record Date; and (iii) assuming full conversion of the Options and upon the Scheme becoming effective.

	As at the date of this joint announcement		Assume full conversion of the Options prior to the Record Date		Assume full conversion of the Options and upon the Scheme becoming effective	
	<i>Approximate % of the issued share capital of the Company<sup>(6)</sup></i>		<i>Approximate % of the issued share capital of the Company<sup>(6)</sup></i>		<i>Approximate % of the issued share capital of the Company<sup>(6)</sup></i>	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
Offeror <sup>(1)</sup>	252,920,000	57.62%	252,920,000	57.53%	409,326,000	93.10%
Offeror Concert Parties not subject to the Scheme						
– Mr. Cheng Chor Kit <sup>(2)</sup>	26,634,000	6.07%	26,634,000	6.06%	26,634,000	6.06%
– Mdm. Tsang Yuk Wan <sup>(2)</sup>	3,700,000	0.84%	3,700,000	0.84%	3,700,000	0.84%
Offeror Concert Parties subject to the Scheme						
– Mr. Cheng Tsz To <sup>(2)</sup>	3,000,000	0.68%	3,000,000	0.68%	–	–
– Mr. Cheng Tsz Hang <sup>(2)</sup>	3,000,000	0.68%	3,000,000	0.68%	–	–
– Mr. Liu Tat Luen <sup>(3)</sup>	2,000,000	0.46%	2,000,000	0.46%	–	–
Sub-total: Offeror and Offeror Concert Parties	<u>291,254,000</u>	<u>66.35%</u>	<u>291,254,000</u>	<u>66.25%</u>	<u>–</u>	<u>–</u>
Disinterested Scheme Shareholders <sup>(4)</sup>						
– Mr. Wong Chi Wai <sup>(4,5)</sup>	500,000	0.11%	1,100,000	0.25%	–	–
– Mr. Cheung Wang Ip <sup>(4,5)</sup>	200,000	0.05%	300,000	0.07%	–	–
– others	<u>147,006,000</u>	<u>33.49%</u>	<u>147,006,000</u>	<u>33.43%</u>	<u>–</u>	<u>–</u>
Sub-total: Disinterested Scheme Shareholders	<u>147,706,000</u>	<u>33.65%</u>	<u>148,406,000</u>	<u>33.75%</u>	<u>–</u>	<u>–</u>
Total	<u><u>438,960,000</u></u>	<u><u>100.00%</u></u>	<u><u>439,660,000</u></u>	<u><u>100.00%</u></u>	<u><u>439,660,000</u></u>	<u><u>100.00%</u></u>
Scheme Shareholders	<u><u>155,706,000</u></u>	<u><u>35.47%</u></u>	<u><u>156,406,000</u></u>	<u><u>35.57%</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

*Notes:*

- (1) The Offeror is wholly-owned by Padora Global Inc., which is in turn owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors.
- (2) The Shares held by Mr. Cheng Chor Kit and his spouse, Mdm. Tsang Yuk Wan will not form part of the Scheme Shares and will not be cancelled and extinguished upon the Scheme becoming effective. Mr. Cheng Tsz To and Mr. Cheng Tsz Hang have expressed their desire to have their Shares subject to the Scheme and be cancelled and extinguished upon the Scheme becoming effective such that their interest in the Company will be consolidated on a holding company level in Padora Global Inc., the sole shareholder of the Offeror.
- (3) Mr. Liu Tat Luen is an executive Director and therefore presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” of the Takeovers Code. The Shares held by Mr. Liu Tat Luen will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (4) Mr. Wong Chi Wai and Mr. Cheung Wang Ip are independent non-executive Directors. None of these Directors is acting in concert with the Offeror or was involved in the discussion or negotiation in relation to or has any interest in the Proposal (other than being a Shareholder subject to the Scheme and an Option Holder subject to the Option Offer). The Shares held by such Directors will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (5) As at the date of this joint announcement, 600,000 outstanding Options are held by Mr. Wong Chi Wai, and 100,000 outstanding Options are held by Mr. Cheung Wang Ip. The exercise of such outstanding Options in full on or before the Record Date will result in the issue of 700,000 new Shares in total (representing approximately 0.16% of the issued share capital of the Company as at the date of this joint announcement and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares) to them, and such new Shares, if issued, will form part of the Scheme Shares held by the Disinterested Scheme Shareholders.
- (6) All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding.

As at the date of this joint announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 438,960,000 Shares and 700,000 outstanding Options.

## **SCHEME SHARES, COURT MEETING AND SGM**

Only Scheme Shareholders as at the Record Date for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting may attend and vote at the Court Meeting to approve the Scheme. As at the date of this joint announcement, (a) the Offeror beneficially owns or controls 252,920,000 Shares, representing approximately 57.62% of the issued share capital of the Company; and (b) the Offeror Concert Parties were interested in 38,334,000 Shares, representing approximately 8.73% of the issued share capital of the Company, of which (i) the 26,634,000 Shares held by Mr. Cheng Chor Kit and the 3,700,000 Shares held by his spouse Mdm. Tsang Yuk Wan will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective; whereas (ii)

the 3,000,000 Shares held by Mr. Cheng Tsz To, the 3,000,000 Shares held by Mr. Cheng Tsz Hang and the 2,000,000 Shares held by Mr. Liu Tat Luen will form part of the Scheme Shares. In any event, none of the Shares held by the Offeror and the Offeror Concert Parties will be voted at the Court Meeting. Each of the Offeror and the Offeror Concert Parties will provide an undertaking to the Court not to attend and vote at the Court Meeting. The Offeror and the Offeror Concert Parties will also undertake to the Court to be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme. Only the votes of the Disinterested Scheme Shareholders as at the Record Date will be taken account in determining if Condition (a)(ii) as disclosed in the section headed “Conditions of the Proposal and the Scheme” is satisfied, and therefore the Shares held by the Offeror and Offeror Concert Parties will not be taken into account in this respect.

All Shareholders will be entitled to vote on the special resolutions to be proposed at the SGM to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and, immediately thereafter, to approve and give effect to the increase of the issued share capital of the Company to its former amount by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of the issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued to the Offeror. The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, they will vote in favour of the special resolution to be proposed at the SGM. Upon the Scheme becoming effective, the Company will be owned as to (i) approximately 93.10% by the Offeror; and (ii) approximately 6.06% by Mr. Cheng Chor Kit and approximately 0.84% by his spouse, Mdm. Tsang Yuk Wan.

#### **FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Offeror has appointed Honestum and SPDB International as its joint financial advisers in connection with the Proposal.

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Chan Yim Por Bonnie and Mr. Cheung Wang Ip, has been established by the Board to make a recommendation to the Disinterested Scheme Shareholders and the Option Holders as to whether the Proposal is or is not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the SGM. As at the date of this joint announcement, 500,000 Shares (representing approximately 0.11% of the issued share capital of the Company) are held by Mr. Wong Chi Wai and 200,000 Shares (representing approximately 0.05% of the issued share capital of the Company) are held by Mr. Cheung Wang Ip. In addition, as at the date of this joint announcement, 600,000 outstanding Options are held by Mr. Wong Chi Wai and 100,000 outstanding Options are held by Mr. Cheung Wang Ip. The exercise of such outstanding Options in full on or before the Record Date will result in the issue of 700,000 new Shares in

total (representing approximately 0.16% of the issued share capital of the Company as at the date of this joint announcement and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares) to Mr. Wong Chi Wai and Mr. Cheung Wang Ip.

The Independent Financial Adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee in relation to the Proposal. An announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

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

*For the Scheme Shareholders: an attractive opportunity to monetise their investment in the Company at a price with a compelling premium*

### **(a) In light of the low liquidity of Shares**

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 215,778 Shares per day, representing only approximately 0.0492% of the issued Shares as at the date of this joint announcement. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs. Low liquidity in the trading of the Shares has also hindered the Company's ability to raise funds from the equity market, which makes the Company's current listing platform no longer an effective fund-raising platform for the Company's business and future growth.

### **(b) In light of the historical discounts to NAV per Share**

The Shares have been traded at significant discounts to the NAV per Share as at 30 September 2023, ranging from 72.8% to 87.2% in the past twelve months. The Company is therefore unable to effect any meaningful equity capital fund raising without diluting its NAV per Share. This is not a favourable situation from the perspective of either the Company or the Shareholders. The Proposal will therefore provide the Scheme Shareholders an opportunity to monetise their investment in the Company at a narrower discount to the NAV per Share, than they have been able to obtain in the market. The Cancellation Price represents a discount of 71.2% to the NAV per Share as at 30 September 2023. An independent professional valuation of the Group's properties will be carried out and details of which will be disclosed in the Scheme Document, as required by the Takeovers Code.



**(c) In light of the increased uncertainties over business outlook**

Since the year ended 31 March 2014, the Group has been investing resources in the real estate development businesses in the PRC. As disclosed in the Company's annual report for the year ended 31 March 2023, the PRC property market remained sluggish and the property market in Dushan, being an underprivileged county in China, was even more adversely affected. The management of the Group made a strategic decision to shelve the further development of phases 1B, 1C, and 1D of the Jardin Montsouris, after taking into account the evaluation of the segment's valuation and prospect.

As a result, the whole finance, development, and construction costs attributable to the Shelved Phases in the amount of approximately HK\$120.4 million were fully written off during the year ended 31 March 2023. Furthermore, given the sluggish property market sentiment in Dushan, an aggregate impairment loss of approximately HK\$119.7 million of both the unsold inventory of the completed properties for sale and the properties under development due to diminution in value was incurred and recognized during the year ended 31 March 2023. As a result, the Real Estate Development Business Segment recorded a loss of approximately HK\$257.5 million during the year ended 31 March 2023, mainly attributable to the impairment provision mentioned above of approximately HK\$240.1 million. In addition, as disclosed in the Company's interim report for the six months ended 30 September 2023, the Group continued to record a loss of approximately HK\$2.5 million in the Real Estate Development Business Segment, during the six months ended 30 September 2023, mainly attributable to the sluggish property market condition in the PRC. Due to the pandemic and the recent industry slump, sales of the property units of the real estate projects are expected to remain difficult. However, the Real Estate Development Business Segment will continue to complete the remaining minor construction work and auxiliary works of Phase 1A of the Jardin Montsouris and will continue its efforts to sell the remaining property units to individual end-users, while exploring the possibility of realising the projects as a whole for reasonable consideration.

For the E&E Segment, as disclosed in the Company's annual report for the year ended 31 March 2023, the Group recorded a decrease in revenue from the E&E Segment by approximately 63.7%, from approximately HK\$1,268.0 million to approximately HK\$459.8 million for the year ended 31 March 2023, as the Group has completed its service contract with the significant customer by the year ended 31 March 2022. In the absence of such significant customer, the Group was undergoing a transitional period from high single-client contributions with low margins, to a set of diversified clients from various applications that can offer margins at normal market norms. As a result, the overall E&E Segment's profit was turned from a profit of approximately HK\$37.6 million in prior year to a loss of approximately HK\$15.2 million during the year ended 31 March 2023. Furthermore, as disclosed in the Company's interim report for the six months ended 30 September 2023, the Group recorded a decrease in revenue from the E&E Segment by approximately 25.6%, from approximately HK\$310.9 million to approximately HK\$231.3 million for the six months ended 30 September 2023. Although

the Group has taken immediate cost control and streamlining measures to trim down overhead expenses, the pace of the downturn in sales was much quicker than expected. Despite the decision and cost to retain production infrastructure in view of a post-market recovery, overall segment profit recorded an increase by approximately 314.1%, from approximately HK\$18.9 million to approximately HK\$78.3 million for the six months ended 30 September 2023, after the inclusion of the one-off gain on disposal of property, plant and equipment and right-of-use assets.

Regarding the Motors Segment, as disclosed in the Company's annual report for the year ended 31 March 2023, the consumer sentiment has been affected by the long-tail effects of the supply chain crisis from COVID-19 and the Russia-Ukraine conflict. As a result, the clients have also decided to adjust their orders to avoid over-investment and excess inventory. Thus, the revenue for the Motors Segment decreased by approximately 28.6%, from approximately HK\$1,044.1 million to approximately HK\$745.5 million for the year ended 31 March 2023. After taking into account the significant impairments on property, plant and equipment of approximately HK\$36.7 million related to the consolidation of production facilities and optimization of product mix, the Motors Segment recorded profit of approximately HK\$0.3 million for the year ended 31 March 2023 as compared to the profit of approximately HK\$71.4 million in prior year. In addition, as disclosed in the Company's interim report for the six months ended 30 September 2023, the branded partners of the Company have reduced or delayed new orders, as well as postponing new product launch due to the weak consumer sentiment in the post-pandemic times. The Group recorded a decrease in revenue from the Motors Segment by approximately 16.9%, from approximately HK\$385.0 million to approximately HK\$320.0 million during the period. In view of the decrease in orders, the Company further adjusted the Motors Segment's production schedule and inventory level to better manage its cost and cater for the needs of the customers. Despite the best effort in cost control and resources consolidation, the decrease in sale revenue and in government subsidy, partially offset by the benefits from the depreciation of RMB, have resulted in a decrease of approximately 99.5% in the Motors Segment's profit, from approximately HK\$33.4 million to approximately HK\$0.2 million.

In conclusion, the operating performance fluctuations have contributed to the depression of the Share price due to the uncertainties mentioned above. The Proposal provides the Scheme Shareholders with a timely opportunity to realise their investments in the Company amid the increased uncertainties over its business outlook.

*For the Company: a proposal to facilitate flexibility in formulating long-term business development strategy and reducing costs incurred from maintaining a listing platform*

The privatisation of the Company will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from the pressure of market expectations and share price fluctuations which arise from the Company being a publicly listed company.

The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

## **INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY**

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its business through the E&E Segment, Motors Segment and Real Estate Development Business Segment. The Offeror has no intention to have the Shares listed in other stock markets and to make major changes to the business of the Group and the employment of the employees of the Group, save for those changes which the Offeror may from time to time implement following the review of its strategy relating the business, structure and/or direction of the Group.

## **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the BVI and is an investment holding company. The Offeror is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the executive Director, chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors. The main assets of the Offeror are the Shares it holds in the Company.

The directors of the Offeror are Mr. Cheng Chor Kit and Mdm. Tsang Yuk Wan.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the development and production of niche, technology-driven and quality electrical and electronic products as well as a premier provider of electric motor drives and related products under its own house brand. It is also engaged in the real estate development businesses in the PRC.

## Financial information

The following table is a summary of certain audited consolidated financial information of the Company for the two financial years ended 31 March 2022 and 2023, respectively as extracted from the Company's annual report for the year ended 31 March 2023 published on 27 July 2023 and unaudited consolidated financial information of the Company for the six months ended 30 September 2023 as extracted from the Company's interim result announcement for the six months ended 30 September 2023 published on 29 November 2023:

	For the six months ended/ as at 30 September		For the year ended/ as at 31 March	
	2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (audited)	2022 <i>HK\$'000</i> (audited)
Revenue	552,266	697,224	1,209,602	2,316,315
Profit/(Loss) before income tax	56,639	(154,730)	(297,723)	74,407
Profit/(Loss) for the period/ year attributable to the equity holders of the Company	36,725	(155,607)	(294,169)	56,858
Total Assets	2,005,700	2,410,861	2,096,213	2,918,083
Net Assets	1,097,393	1,263,500	1,104,685	1,589,910

## WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled. Share certificates for the Shares held by the Scheme Shareholders will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, subject to the Scheme becoming effective, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the Court Meeting and the SGM to approve and give effect to the Scheme, the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive. The Offeror has no intention to seek such consent.**

## **OVERSEAS SCHEME SHAREHOLDERS AND OPTION HOLDERS**

The making and implementation of the Proposal to the Scheme Shareholders or the Option Holders who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders or Option Holders who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders and overseas Option Holders 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, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by the overseas Scheme Shareholders and overseas Option Holders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including Honestum and SPDB International, the joint financial advisers to the Offeror in relation to the Proposal, that those laws and regulatory requirements have been complied with.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders or overseas Option Holders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders or overseas Option Holders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders or overseas Option Holders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders and overseas Option Holders. As at the date of this joint announcement, there is no overseas Scheme Shareholder and overseas Option Holder.

## **TAXATION ADVICE**

Scheme Shareholders and Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, the Company, Honestum, SPDB International or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of the implementation of the Proposal.

## **SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and notices of the Court Meeting and the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the SGM.

## **DISCLOSURE OF DEALINGS**

Associates (as defined in the Takeovers Code) (other than associates of the Offeror by virtue only of class (6) of the definition of “associate” under in the Takeovers Code) of the Offeror and the Company (including shareholders holding 5% or more of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of each of the Offeror and the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code. 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 of an offeror or the offeree company 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 \$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 any 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.”*

## **GENERAL**

The Offeror confirms that, as at the date of this joint announcement:

- (a) the Offeror or the Offeror Concert Parties have not received any irrevocable commitment to vote for or against the Scheme;
- (b) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror or the Offeror Concert Parties;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which may be material to the Proposal (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (d) save as disclosed in the section headed “Shareholding Structure of the Company”, none of the Offeror or the Offeror Concert Parties owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (e) none of the Offeror and the Offeror Concert Parties has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately prior to and including the date of this joint announcement;
- (f) there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal;
- (g) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or the Offeror Concert Parties have borrowed or lent;
- (h) there is no understanding, arrangement or special deal between any Shareholder and the Offeror and/or the Offeror Concert Parties; and
- (i) save for the Cancellation Price and the Option Offer Price, no consideration, compensation or benefit in whatever form is or will be provided by the Offeror or the Offeror Concert Parties to any of the Shareholders or Option Holders or any persons acting in concert with them in connection with the Proposal.

The Board and the Offeror confirm that, as at the date of this joint announcement, there is no understanding, agreements, arrangement or special deal between (a) any Shareholder and (b)(i) the Company, its subsidiaries or associated companies or (b)(ii) the Offeror and/or the Offeror Concert Parties.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading of Shares on the Stock Exchange was suspended from 9:00 a.m. on 28 March 2024, pending the issue of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of Shares on the Stock Exchange with effect from 9:00 a.m. on 18 April 2024.

## **DEFINITIONS**

In this joint announcement, the following expressions have the meanings set forth below unless the context requires otherwise.

“acting in concert”	has the meaning given to it under the Takeovers Code
“associate(s)”	has the meaning given to it under the Takeovers Code
“Authorisations”	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, waivers and consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals (including without limitation any which are required or desirable under or in connection with any applicable laws and regulations or any licenses, permits or contractual obligations of the Company), and all appropriate waiting periods (including extensions thereof), in connection with the Proposal
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Cancellation Price”	a price of HK\$0.72 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time



“Company”	Kin Yat Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 638)
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme, as set out in the section headed “Conditions of the Proposal and the Scheme” of this joint announcement
“Court”	the Supreme Court of Bermuda
“Court Meeting”	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
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholder(s)”	Scheme Shareholder(s) other than the Offeror and the Offeror Concert Parties
“E&E Segment”	the electrical and electronic products business segment of the Group
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Facility”	the non-revolving term loan facility granted by Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch to the Offeror under the Facility Agreement, to finance the consideration payable for the Proposal
“Facility Agreement”	the facility agreement dated 26 March 2024 entered into between the Offeror as borrower and Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch as lender in respect of the Facility
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Honestum”	Honestum International Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, and being one of the joint financial advisers to the Offeror in relation to the Proposal
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company (comprising all the independent non-executive Directors) formed to advise the Disinterested Scheme Shareholders and the Option Holders on the Proposal
“Independent Financial Adviser”	the independent financial adviser to be appointed to provide recommendations to the Independent Board Committee in relation to the Proposal
“Jardin Montsouris”	the residential and commercial property development project of the Group located in Dushan, the PRC
“Last Trading Date”	27 March 2024, being the last trading day prior to the suspension of trading of Shares pending the issue of this joint announcement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange
“Long Stop Date”	30 September 2024 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive and/or the Court
“Motors Segment”	the motors business segment of the Group
“NAV per Share”	the audited or unaudited consolidated net value attributable to Shareholders divided by the number of Shares in issue
“Offeror”	Resplendent Global Limited, a company incorporated in the BVI with liability limited by shares, which is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors

“Offeror Concert Party(ies)”	persons acting, or presumed to be acting, in concert with the Offeror in relation to the Company (including (i) Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan, and their two sons, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors, all of whom are the ultimate beneficial owners of the Offeror; and (ii) Mr. Liu Tat Luen, an executive Director)
“Option(s)”	outstanding share option(s) granted under the Share Option Scheme
“Option Holder(s)”	holder(s) of the Option(s)
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Option Holders
“Option Offer Price”	a price of HK\$0.01 for cancellation of each outstanding Option payable in cash to the Option Holders pursuant to the Option Offer
“PRC”	the People’s Republic of China (for this joint announcement, excluding Hong Kong, Macau Special Administrative Region, and Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option Offer as described in this joint announcement and on terms and conditions to be set out in the Scheme Document
“Real Estate Development Business Segment”	the real estate development business segment of the Group
“Record Date”	the record date for determining entitlements of the Scheme Shareholders under the Scheme and the Option Holders under the Option Offer
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Relevant Authorities”	competent governments and/or governmental bodies, regulatory bodies, courts or institutions
“RMB”	Renminbi, the lawful currency of the PRC

“Scheme”	a scheme of arrangement to be proposed under section 99 of the Companies Act between the Company and the Scheme Shareholders involving cancellation of all the Scheme Shares with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	the scheme document to be issued by the Company to the Shareholders in relation to the Scheme and the Proposal
“Scheme Share(s)”	Share(s) in issue on the Record Date, other than those held by the Offeror, Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Share(s) as at the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held immediately following the Court Meeting to consider all necessary resolutions for, amongst other things, the implementation of the Proposal, or any adjournment thereof
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 20 August 2012
“Shelved Phases”	the further development of phases 1B, 1C, and 1D of the Jardin Montsouris which the management of the Group made a strategic decision to shelve
“SPDB International”	SPDB International Capital Limited (浦銀國際融資有限公司), a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and being one of the joint financial advisers to the Offeror in relation to the Proposal

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the board of  
**Resplendent Global Limited**  
**Cheng Chor Kit**  
*Director*

By order of the board of  
**Kin Yat Holdings Limited**  
**Cheng Tsz To**  
*Executive Director*

Hong Kong, 18 April 2024

*As at the date of this joint announcement, the Board comprises (a) four executive Directors, namely Mr. Cheng Chor Kit, Mr. Cheng Tsz To, Mr. Cheng Tsz Hang, Mr. Liu Tat Luen; and (b) three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Chan Yim Por Bonnie and Mr. Cheung Wang Ip.*

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

*As at the date of this joint announcement, the directors of the Offeror are Mr. Cheng Chor Kit and Mdm. Tsang Yuk Wan.*

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