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HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

EMPIRE CHARM LIMITED

(Incorporated in the British Virgin Islands with limited liability)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

JOINT ANNOUNCEMENT

(1) PRE-CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED



**ON BEHALF OF THE OFFEROR TO ACQUIRE 660,602,843 SHARES
IN THE ISSUED SHARE CAPITAL OF THE COMPANY
FROM QUALIFYING SHAREHOLDERS;**

(2) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;

AND

(3) RESUMPTION OF TRADING IN SHARES

Exclusive financial adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



THE PARTIAL OFFER

The Offeror and the Company jointly announce that GTJA Securities, on behalf of the Offeror, will make a pre-conditional voluntary cash partial offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share.

As at the date of this joint announcement, there are 4,404,018,959 Shares in issue with no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible or exchangeable into Shares or other types of equity interest, and as at the date of this announcement, 2,786,946,458 Shares in issue are held by the Qualifying Shareholders.

Offer Price

The Partial Offer will be made at the following price:

For each Offer Share HK\$0.16 in cash

Offer Shares to be acquired

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the date of this joint announcement, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the date of this joint announcement, it does not have any intention to make, declare or pay any further dividend or make other distributions between the date of this joint announcement and the Final Closing Date.

If, after the date of this joint announcement and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Pre-Condition to the Partial Offer

The making of the Partial Offer will be subject to the obtaining of the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. As at the date of this announcement, an application for such consent has been made.

The Pre-Condition is not waivable. If the Pre-Condition is not satisfied, the Partial Offer will not be made.

Conditions to the Partial Offer

The Partial Offer, if being made, will be subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later date as the Offeror may decide and the Executive may approve); and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the Independent Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Whether or not the Independent Shareholders accept the Partial Offer, they may approve the Partial Offer AND specify the number of Shares in respect of which they signify their approval of the Partial Offer on the Form of Approval and Acceptance.

VALUE OF THE PARTIAL OFFER

Total consideration of the Partial Offer

Assuming valid acceptance of the Partial Offer for 660,602,843 Shares has been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$0.16 per Offer Share, the total cash consideration payable by the Offeror to purchase the Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$105,696,455.

Confirmation of financial resources

The Offeror will finance the cash required for the Partial Offer by internal resources. GTJA Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum consideration payable by the Offeror under the Partial Offer.

GENERAL

Independent Board Committee and Independent Financial Adviser

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing, has been established to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable, and as to approval and acceptance of the Partial Offer. Mr. Shi Zhongyang, a non-executive Director, is an employee of Swatch Group. As The Swatch Group (Hong Kong) Limited is a presumed concert party of the Offeror, Mr. Shi Zhongyang is therefore not considered independent for the purposes of giving advice or recommendations to the Qualifying Shareholders.

Halcyon Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Partial Offer and in particular as to whether the Partial Offer is fair and reasonable, and as to approval and acceptance of the Partial Offer.

Despatch of the Composite Document

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into the Composite Document which sets out, among other things, (i) the terms of the Partial Offer; (ii) the recommendation from the Independent Board Committee to the Qualifying Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Partial Offer; and (iv) the Form of Approval and Acceptance. The Composite Document will, subject to the satisfaction of the Pre-Condition, be despatched to the Shareholders within 21 days of the date of this joint announcement in accordance with the Takeovers Code. The Offeror will seek the Executive's consent for an extension of the latest date for the despatch of the Composite Document if it becomes clear that the Composite Document may not be able to be issued within 21 days of the date of this joint announcement.

Qualifying Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Qualifying Shareholders in respect of the Partial Offer, before deciding whether or not to approve and accept the Partial Offer.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 17 June 2024 pending the issue of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 June 2024.

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects and full valid acceptances of the Partial Offer are received, the Offeror and parties acting in concert with it will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (including any other person who is subsequently acting in concert with it) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive).

WARNING

Shareholders and potential investors of the Company should note that the Partial Offer will be subject to the satisfaction of the Pre-Condition and the Conditions. Accordingly, the Partial Offer may or may not be made, and even if made, may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt about their positions should consult their professional advisers.

THE PARTIAL OFFER

The Offeror and the Company jointly announce that GTJA Securities, on behalf of the Offeror, will make a pre-conditional voluntary cash partial offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share.

As at the date of this joint announcement, there are 4,404,018,959 Shares in issue. Further details of the shareholding structure of the Company are set out in the section headed “Shareholding Structure of the Company and Effect of the Partial Offer” below.

Offer Price

The Partial Offer will be made at the following price:

For each Offer Share. HK\$0.16 in cash

The Offer Price of HK\$0.16 per Offer Share was determined on an arm’s length commercial basis after taking into account, among other things, the prospect of the Company, the trading liquidity and the historic closing prices of the Shares on the Stock Exchange and with reference to other similar transactions in Hong Kong in recent years.

Offer Shares to be acquired

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the date of this joint announcement, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the date of this joint announcement, it does not have any intention to make, declare or pay any further dividend or make other distributions between the date of this joint announcement and the Final Closing Date.

If, after the date of this joint announcement and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Pre-Condition to the Partial Offer

The making of the Partial Offer will be subject to the obtaining of the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. As at the date of this announcement, an application for such consent has been made.

The Pre-Condition is not waivable. If the Pre-Condition is not satisfied, the Partial Offer will not be made.

Conditions to the Partial Offer

The Partial Offer, if being made, will be subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later date as the Offeror may decide and the Executive may approve); and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the Independent Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Under Rule 28.5 of the Takeovers Code, a partial offer which could result in the offeror holding 30% or more of the voting rights in a company must normally be conditional on the approval by shareholders holding over 50% of the voting rights not held by the offeror and parties acting in concert with it by means of signifying their approval on a separate box on the form of acceptance.

Whether or not the Independent Shareholders accept the Partial Offer, they may approve the Partial Offer AND specify the number of Shares in respect of which they signify their approval of the Partial Offer on the Form of Approval and Acceptance.

In the event that valid acceptances are received:

- (i) for less than 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 7th day after the Despatch Date, then the Final Closing Date would be 14 days after the date of such declaration.

Further announcement(s) will be made as and when appropriate in relation to the revision, extension or lapse of the Partial Offer (as the case may be), or the fulfilment of the Pre-Condition or the Conditions of the Partial Offer, in accordance with the requirements of the Takeovers Code.

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects and full valid acceptances of the Partial Offer are received, the Offeror and parties acting in concert with it will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (including any other person who is subsequently acting in concert with it) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive).

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer will be subject to the satisfaction of the Pre-Condition and the Conditions. Accordingly, the Partial Offer may or may not be made, and even if made, may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt about their positions should consult their professional advisers.

VALUE OF THE PARTIAL OFFER

Comparison of value

The Offer Price of HK\$0.16 per Offer Share represents:

- (i) a premium of approximately 18.5% over the closing price of HK\$0.135 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 19.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 19.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 15.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 80.0% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.80 per Share as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB3,186,036,000 (based on the exchange rate of RMB1: HK\$1.0982, the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023) for illustrative purposes) as at 31 December 2023 and 4,404,018,959 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

During the six-month period preceding the date of this joint announcement and up to the Last Trading Day, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.152 on 28 December 2023 and HK\$0.120 on 9 April 2024, respectively.

Total consideration of the Partial Offer

Assuming valid acceptance of the Partial Offer for 660,602,843 Shares has been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$0.16 per Offer Share, the total cash consideration payable by the Offeror to purchase the Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$105,696,455.

Confirmation of financial resources

The Offeror will finance the cash required for the Partial Offer by internal resources. GTJA Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum consideration payable by the Offeror under the Partial Offer.

OTHER TERMS OF THE PARTIAL OFFER

Acceptance of the Partial Offer

The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them.

Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 660,602,843 Shares, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 660,602,843 Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

- | | | |
|---|---|---|
| A | = | 660,602,843 Shares, being the total number of Offer Shares for which the Partial Offer is made |
| B | = | the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer |
| C | = | the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer |

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

Odd lots

Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, it is intended that a designated broker will be appointed by the Offeror to match sales and purchases of odd lot holdings of Shares in the market for a reasonable time period following the close of the Partial Offer to enable such Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangement will be disclosed in the Composite Document.

Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the date of this joint announcement, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the date of this joint announcement, it does not have any intention to make, declare or pay any further dividend or make other distributions between the date of this joint announcement and the Final Closing Date.

If, after the date of this joint announcement and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Subject to the Partial Offer becomes unconditional in all respects, each Qualifying Shareholder will receive a payment of the Offer Price in cash (subject to any adjustments as set out in the paragraph headed "Offer Shares to be acquired" above) for every Offer Share in respect of which that Qualifying Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (less any seller's ad valorem stamp duty arising therefrom).

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer will be made as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the Final Closing Date. Further details regarding the timing of settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer will be set out in the Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

The shareholding structure of the Company, as at the date of this joint announcement and immediately upon completion of the Partial Offer, assuming that the Qualifying Shareholders have in aggregate validly tendered 660,602,843 Shares in proportion to the number of Shares held by each of them over the Shares held by all of them, and that there are no other changes to the issued share capital of the Company or shareholdings held by all parties, is set out below:

Offeror and parties acting in concert with it	As at the date of this joint announcement		Immediately after the closing of the Partial Offer	
	Number of Shares	%	Number of Shares	%
Offeror	704,643,034	16.00	1,365,245,877	31.00
Mr. Zhang ¹ and Best Growth	748,902,047	17.00	748,902,047	17.00
Ms. Cheung ²	144,011,420	3.27	144,011,420	3.27
Ms. Xiao ³	19,516,000	0.44	19,516,000	0.44
Sub-total of Offeror, Mr. Zhang, Best Growth, Ms. Cheung and Ms. Xiao	1,617,072,501	36.72	2,277,675,344	51.72
The Swatch Group (Hong Kong) Limited ⁴	437,800,000	9.94	334,026,236	7.58
Sub-total of Offeror and parties acting in concert with it⁶	2,054,872,501	46.66	2,611,701,580	59.30
Directors				
Mr. Huang Yonghua ⁵	56,172,800	1.28	42,857,901	0.97
Mr. Lee Shu Chung, Stan ⁵	5,920,000	0.13	4,516,755	0.10
Sub-total of Directors (excluding Mr. Zhang)⁶	62,092,800	1.41	47,374,656	1.08
Other Shareholders	2,287,053,658	51.93	1,744,942,723	39.62
Sub-total of Qualifying Shareholders	2,786,946,458	63.28	2,126,343,615	48.28
Sub-total of Independent Shareholders ⁴	2,349,146,458	53.34	1,792,317,379	40.70
Total	4,404,018,959	100.00	4,404,018,959	100.00

Notes:

1. Mr. Zhang is the father of Mr. Cheung, the latter being the ultimate beneficial owner of 100% share capital in the Offeror. Accordingly, Mr. Zhang is presumed to be acting in concert with the Offeror in relation to the Company in accordance with Classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code. As at the date of this joint announcement, Mr. Zhang directly holds 91,723,600 Shares (representing approximately 2.08% of the total issued share capital of the Company) and indirectly holds 657,178,447 Shares (representing approximately 14.92% of the total issued share capital of the Company) through Best Growth, a company wholly owned by Mr. Zhang.
2. Ms. Cheung is the sister of Mr. Cheung, the latter being the ultimate beneficial owner of 100% share capital in the Offeror. Accordingly, Ms. Cheung is presumed to be acting in concert with the Offeror in relation to the Company in accordance with Classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code. As at the date of this joint announcement, Ms. Cheung directly holds 144,011,420 Shares (representing approximately 3.27% of the total issued share capital of the Company).
3. Ms. Xiao is the grandmother of Mr. Cheung, the latter being the ultimate beneficial owner of 100% share capital in the Offeror. Accordingly, Ms. Xiao is presumed to be acting in concert with the Offeror in relation to the Company in accordance with Classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code. As at the date of this joint announcement, Ms. Xiao directly holds 19,516,000 Shares (representing approximately 0.44% of the total issued share capital of the Company).
4. The Swatch Group (Hong Kong) Limited is a wholly-owned subsidiary of The Swatch Group Limited. The Swatch Group (Hong Kong) Limited is presumed to be acting in concert with the Offeror under classes (1) and (8) of the definition of “acting in concert” by virtue of a joint venture company of which more than 20% interests are held by each of Mr. Zhang (through companies controlled by him) and The Swatch Group (Hong Kong) Limited.
5. Each of Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan is an executive Director.
6. GTJA Capital is the financial adviser to the Offeror in respect of the Partial Offer. Accordingly, GTJA Capital and persons controlling, controlled by or under the same control as GTJA Capital are presumed to be acting in concert with the Offeror in relation to the Company in accordance with Class (5) of the definition of “acting in concert” under the Takeovers Code. As at the date of this joint announcement, GTJA Capital does not have any holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them (except in respect of Shares held on behalf of non-discretionary investment clients of GTJA Capital). Details of holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them by other parts of the GTJA Capital group will be obtained as soon as possible after this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made if the holdings, borrowings, lendings, or dealings of the other parts of the GTJA Capital group are significant. The statements in this joint announcement as to the holdings or borrowings or lendings of, or their dealings in, Shares or derivatives in respect of Shares by parties acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of the other parts of the GTJA Capital group.
7. The approximate percentage figures are rounded to the nearest two decimal places and therefore may not add up to 100% due to rounding.

As at the date of this joint announcement, there are 4,404,018,959 Shares in issue with no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible or exchangeable into Shares or other types of equity interest, and as at the date of this announcement, 2,786,946,458 Shares in issue are held by the Qualifying Shareholders.

Save as aforesaid, as at the date of this joint announcement, the Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

PUBLIC FLOAT

As at the date of this joint announcement, the Company has a public float of approximately 62.32% of the Shares in issue. Assuming that there are no changes to the issued share capital of the Company between the date of this joint announcement and up to the Final Closing Date, the Company will have at least a public float of approximately 47.65% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules. The Offeror intends to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

REASONS FOR AND BENEFITS OF THE PARTIAL OFFER AND INTENTION OF THE OFFEROR

Reasons for the Partial Offer

The Partial Offer represents an opportunity for Mr. Cheung to succeed the business of his father, Mr. Zhang, by acquiring a controlling interest in the Company at a fair market price and is a means of demonstrating confidence, commitment and dedication of Mr. Zhang's family to the Company; and Mr. Cheung wishes to maintain the listing status of the Company.

Benefits to the Company and the Offeror

Each of Mr. Zhang and Mr. Cheung is a senior management member of the Group. Upon the close of the Partial Offer, it is expected that Mr. Zhang (through Best Growth) and Mr. Cheung (through the Offeror) and the parties acting in concert with Mr. Cheung (excluding The Swatch Group (Hong Kong) Limited) will collectively hold up to 51.72% of the total issued Shares of the Company. The Partial Offer demonstrates the Zhang's family's commitment to the Group and their confidence towards the long-term prospect of the Group. The Partial Offer will also further align the interests of Mr. Cheung, as the chief executive officer of the Group, with the Group through his equity shareholding in the Company, and will in turn further incentivise Mr. Cheung as an important senior management member of the Group. Based on the above, the Partial Offer will be in the interests of the Group.

Benefits to the Qualifying Shareholders

The Qualifying Shareholders will be given an attractive opportunity to realise part of their investment at a premium to the trading price of the Shares, and at the same time retain the balance of their equity interest in the Company in order to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group.

Intention of the Offeror

With the completion of the Partial Offer, the Offeror intends that the Company will continue its existing business and the employment of employees of the Group in their ordinary courses. The Offeror has no intention to introduce any major changes in the business of the Company and any redeployment of the fixed assets of the Company.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 27 July 2022 and is principally engaged in investment holding. The sole shareholder and sole director of the Offeror is Mr. Cheung.

As at the date of this joint announcement, Mr. Cheung is the chief executive officer and the president of high-end consuming accessories business of the Group and the son of Mr. Zhang, the chairman of the Company and an executive Director.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is primarily focused on the manufacturing of high-end consuming accessories, the building up of high-end consuming service platforms, international commodity trading and its related supply chain services principally in mainland China and Hong Kong.

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2023 and 31 December 2022 as extracted from the annual report of the Company for the financial year ended 31 December 2023:

	For the year ended 31 December	
	2023	2022
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
	(audited)	(audited)
Revenue	1,421,454	1,259,579
Profit/(loss) before tax	33,238	(87,981)
Profit/(loss) for the year	35,191	(88,139)

The audited consolidated net asset value of the Group as at 31 December 2023 as extracted from the annual report of the Company for the financial year ended 31 December 2023 was approximately RMB3,245.63 million.

GENERAL

Independent Board Committee and Independent Financial Adviser

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing, has been established to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable, and as to approval and acceptance of the Partial Offer. Mr. Shi Zhongyang, a non-executive Director, is an employee of Swatch Group. As The Swatch Group (Hong Kong) Limited is a presumed concert party of the Offeror, Mr. Shi Zhongyang is therefore not considered independent for the purposes of giving advice or recommendations to the Qualifying Shareholders.

Halcyon Capital Limited has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Partial Offer and in particular as to whether the Partial Offer is fair and reasonable, and as to approval and acceptance of the Partial Offer.

Despatch of the Composite Document

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into the Composite Document which sets out, among other things, (i) the terms of the Partial Offer; (ii) the recommendation from the Independent Board Committee to the Qualifying Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Partial Offer; and (iv) the Form of Approval and Acceptance. The Composite Document will, subject to the satisfaction of the Pre-Condition, be despatched to the Shareholders within 21 days of the date of this joint announcement in accordance with the Takeovers Code. The Offeror will seek the Executive's consent for an extension of the latest date for the despatch of the Composite Document if it becomes clear that the Composite Document may not be able to be issued within 21 days of the date of this joint announcement.

Qualifying Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Qualifying Shareholders in respect of the Partial Offer, before deciding whether or not to approve and accept the Partial Offer.

Overseas Shareholders

The availability of the Partial Offer to persons who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of those Shareholders who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Shareholders in respect of such jurisdictions).

Acceptance of the Partial Offer by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the local laws and requirements have been complied with and that the Partial Offer can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

In the event that the despatch of the Composite Document to any overseas Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that are unduly burdensome, subject to the Executive's waiver, the Composite Document will not be despatched to such overseas Shareholders. The Offeror will apply for such waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Hong Kong stamp duty

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the relevant Qualifying Shareholders at a rate of 0.1% of (i) the market value of the relevant Offer Shares accepting the Partial Offer; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholder on acceptance of the Partial Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Qualifying Shareholders accepting the Partial Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Offeror, the Company, GTJA Securities, GTJA Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

Interests and other arrangements

As at the date of this joint announcement,

- (i) except as set out under the section headed "Shareholding Structure of the Company and Effect of the Partial Offer" of this joint announcement, none of the Offeror nor parties acting in concert with it own or have control or direction over any voting rights, convertible securities, warrants or options in respect of Shares, or any rights over the Shares, or have entered into any outstanding derivatives in respect of securities in the Company;
- (ii) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept or not to accept and/or approve or not to approve the Partial Offer;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares and which might be material to the Partial Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Partial Offer;
- (v) none of the Offeror nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed Shares which have been either on-lent or sold;
- (vi) other than the Offer Price under the Partial Offer, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it in connection with the Partial Offer;

(vii) save for (a) arrangements as disclosed in the Company's announcement dated 29 June 2006, (b) arrangements entered into between Mr. Zhang and his affiliates (on the one hand) and The Swatch Group Hong Kong Limited and its affiliates (on the other hand) in connection with certain financing arrangements and (c) certain other arrangements entered into in the ordinary course of businesses of entities held by Mr. Zhang, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or parties acting in concert with it on the one hand, and the Shareholders on the other hand; and

(viii) save for (a) arrangements as disclosed in the Company's announcement dated 29 June 2006 and (b) certain other arrangements entered into in the ordinary course of business of the Group, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand, and the Shareholders on the other hand.

None of the Offeror nor parties acting in concert with it has acquired any voting rights or rights over Shares during the six months immediately prior to and including the date of this joint announcement.

Dealings disclosure

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Company and the Offeror (as defined under the Takeovers Code and including but not limited to any person who owns or controls 5% or more of any class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the relevant securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below.

“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 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.”

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 17 June 2024 pending the issue of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 June 2024.

WARNING

Shareholders and potential investors of the Company should note that the Partial Offer will be subject to the satisfaction of the Pre-Condition and the Conditions. Accordingly, the Partial Offer may or may not be made, and even if made, may or may not become unconditional and will lapse if it does not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Persons who are in doubt about their positions should consult their professional advisers.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this joint announcement:

“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
“Best Growth”	Best Growth International Limited, a company incorporated in the British Virgin Islands, the shares of which are wholly owned by Mr. Zhang as at the date of this joint announcement
“Board”	the board of Directors
“Company”	Hengdeli Holdings Limited (亨得利控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3389)
“Composite Document”	the composite document to be jointly despatched by the Offeror and the Company in connection with the Partial Offer in compliance with the Takeovers Code
“Conditions”	the conditions to which the Partial Offer is subject, as set out under the section headed “ <i>THE PARTIAL OFFER – Conditions to the Partial Offer</i> ” of this joint announcement
“Despatch Date”	the date of despatch of the Composite Document to the Shareholders in compliance with the Takeovers Code
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director

“Final Closing Date”	the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances or (ii) the First Closing Date, whichever is the later
“First Closing Date”	the date stated in the Composite Document as the first closing date of the Partial Offer, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Form of Approval and Acceptance”	the form of approval and acceptance in respect of the Partial Offer accompanying the Composite Document
“Group”	the Company and its subsidiaries
“GTJA Capital”	Guotai Junan Capital Limited, a corporation licensed under the SFO permitted to engage in Type 6 regulated activity (as defined under the SFO), and the financial adviser to the Offeror in respect of the Partial Offer
“GTJA Securities”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed under the SFO permitted to engage in Type 1, Type 2 and Type 4 regulated activities (as defined under the SFO) and a fellow subsidiary of GTJA Capital, being the agent making the Partial Offer for and on behalf of the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all of the independent non-executive Directors, formed for the purpose of making a recommendation to the Qualifying Shareholders in respect of the Partial Offer, and as to approval and acceptance of the Partial Offer
“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry out Type 6 regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Partial Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and any party acting in concert with it
“Last Trading Day”	14 June 2024, being the last trading day for the Shares immediately before the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Cheung”	Mr. Cheung Wing Lun Tony, the sole shareholder of the Offeror, a substantial shareholder of the Company indirectly (through the Offeror) holding 704,643,034 Shares (representing approximately 16.00% of the total issued Shares) as at the date of this joint announcement and the chief executive officer of the Group and the son of Mr. Zhang
“Mr. Zhang”	Mr. Zhang Yuping, a substantial shareholder of the Company directly and indirectly (through Best Growth) holding 748,902,047 Shares (representing approximately 17.00% of the total issued Shares of the Company) as at the date of this joint announcement and an executive Director and the chairman of the Board
“Ms. Cheung”	Ms. Cheung Yuan Yuan Emily, the sister of Mr. Cheung
“Ms. Xiao”	Ms. Xiao Meirong, the grandmother of Mr. Cheung
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Price”	HK\$0.16 for each Offer Share in cash payable by the Offeror to the Qualifying Shareholders accepting the Partial Offer
“Offer Share(s)”	the Share(s) held by the Qualifying Shareholders which are subject to the Partial Offer
“Offeror”	Empire Charm Limited (君雅有限公司), a company incorporated in the British Virgin Islands with limited liability
“Partial Offer”	the pre-conditional voluntary cash partial offer to be made by GTJA Securities on behalf of the Offeror to the Qualifying Shareholders to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the date of this joint announcement) on the terms and conditions set out in this joint announcement and to be set out in the Composite Document, and in compliance with the Takeovers Code
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-Condition”	the pre-condition to which the Partial Offer is subject, as set out under the section headed “ <i>The Partial Offer – Pre-Condition to the Partial Offer</i> ” of this joint announcement
“Qualifying Shareholder(s)”	Shareholder(s) other than the Offeror, Mr. Zhang, Best Growth, Ms. Cheung and Ms. Xiao
“relevant securities”	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“rights over shares”	has the meaning ascribed to it under the Takeovers Code

“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“%”	per cent.

By Order of the board
Empire Charm Limited
Cheung Wing Lun Tony
Sole Director

By Order of the Board
Hengdeli Holdings Limited
Zhang Yuping
Chairman

Hong Kong, 20 June 2024

As at the date of this joint announcement, the executive Directors are Mr. Zhang Yuping (Chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan; the non-executive Director is Mr. Shi Zhongyang; and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than the information 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 those expressed by the sole director 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 sole director of the Offeror is Mr. Cheung Wing Lun Tony.

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by 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.