

CHINA HONGCHENG HOLDINGS LIMITED

(Incorporated in Bermuda)
Company Registration Number: 39504

CAPITAL VANTAGE PTE LIMITED

(Incorporated in Hong Kong)
Company Number: 2356137

JOINT ANNOUNCEMENT

**EXIT OFFER
IN CONNECTION WITH THE DIRECTED DELISTING OF
CHINA HONGCHENG HOLDINGS LIMITED
PURSUANT TO RULES 1315 AND 1306 READ WITH RULE 1309 OF THE LISTING MANUAL**

1. INTRODUCTION

- 1.1 China Hongcheng Holdings Limited (the “**Company**”) and Capital Vantage Pte Limited (the “**Offeror**”) refer to the Notification of Delisting issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and received by the Company on 2 September 2015 (“**Notification of Delisting**”) informing it that the SGX-ST will proceed to delist the Company (“**Delisting**”) pursuant to Listing Rule 1315 of the Listing Manual of the SGX-ST (“**Listing Manual**”) (announced by the Company on the same day), and wish to jointly announce that the Offeror has presented to the directors of the Company (“**Directors**”) a formal proposal (“**Proposal**”) to make an exit offer to the shareholders of the Company (“**Shareholders**”) pursuant to Rule 1306 read with Rule 1309 of the Listing Manual in connection with the Delisting.
- 1.2 Under the Proposal, the Offeror will make an exit cash offer (the “**Exit Offer**”) to acquire all the issued ordinary shares with a par value of HK\$0.30 each in the capital of the Company (the “**Shares**”) ¹ held by all the Shareholders.
- 1.3 An exit offer letter (the “**Exit Offer Letter**”) containing the terms of the Exit Offer together with the appropriate form(s) for acceptance of the Exit Offer (the “**Acceptance Forms**”) will be despatched by the Offeror to the Shareholders in due course. **Upon receipt, Shareholders are advised to read the Exit Offer Letter and the accompanying forms carefully.**

2. LISTING MANUAL PROVISIONS ON THE DELISTING AND EXIT OFFER

- 2.1 Under Rule 1306 of the Listing Manual, if the SGX-ST exercises its power to remove an issuer from the Official List of the SGX-ST, the issuer or its controlling shareholder(s) must comply with the requirements of Rule 1309 of the Listing Manual. As mentioned in paragraph 1.1 above, the Company received the Notification of Delisting from the SGX-ST on 2 September 2015.
- 2.2 Under Rule 1309 of the Listing Manual, if the Company is seeking to delist from the Official List of the SGX-ST:

¹ In this Joint Announcement, unless otherwise stated, all references to the total number of issued and paid-up Shares shall be to 268,000,000 Shares.

- (a) a reasonable exit alternative, which should normally be in cash, should be offered to all the Shareholders; and
- (b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

3. INFORMATION ON THE COMPANY

- 3.1 The Company was incorporated in Bermuda on 25 January 2007 and was listed on the Main Board of the SGX-ST on 8 August 2007. The Company is an integrated home textile products manufacturer based in China.
- 3.2 As at the date of this Joint Announcement (“**Joint Announcement Date**”), the board of directors of the Company (the “**Board**”) comprises Mr Liu Ming (Executive Chairman and Chief Executive Officer), Mr Zhao Yan (Executive Director), Mr Cheng Wenliang (Executive Director), Mr Zhao Wei (Executive Director), Mr Lu Zemin (Executive Director), Mdm Wang Hongxia (Executive Director), Mr Bob Low Siew Sie (Lead Independent Director), Mr Jia Luo (Independent Director) and Mr Chia Seng Hee, Jack (Independent Director).
- 3.3 As at the Joint Announcement Date, the Company has an issued and paid-up share capital of HK\$80,400,000 comprising 268,000,000 Shares.

4. INFORMATION ON THE OFFEROR

- 4.1 The Offeror is a special purpose vehicle incorporated in Hong Kong for the purpose of the Exit Offer and has its registered address at Room 907, Silvercord Tower 2, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Its principal activity is investment holding.
- 4.2 As at the Joint Announcement Date, Mr Liu Ming, who is the Executive Chairman and Chief Executive Officer of the Company, is the sole shareholder and the sole director of the Offeror.
- 4.3 As at the Joint Announcement Date, Mr Liu Ming directly holds 45,020,000 Shares, representing approximately 16.80% of the total number of issued and paid-up Shares.
- 4.4 Mr Liu Ming is also the sole shareholder and director of York Worth Limited (“**YWL**”), a company incorporated in the British Virgin Islands. YWL directly holds 89,060,000 Shares, representing approximately 33.23% of the total number of issued and paid-up Shares, on trust for 573 employees of the Company’s group of companies. Whilst none of the 573 employees is related to Mr Liu Ming, the Securities Industry Council (“**SIC**”) has on 3 June 2016 ruled that they are presumed to be acting in concert with the Offeror.

5. THE PROPOSAL

- 5.1 The Offeror will make the Exit Offer for all the Shares held by all the Shareholders (“**Offer Shares**”) on the following terms and conditions:

5.2 Exit Offer Price

The offer price for each Offer Share will be S\$0.0054 in cash (the “**Exit Offer Price**”).

The Offeror does not intend to revise the Exit Offer Price under any circumstances.

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer.

5.3 No Encumbrances

The Offer Shares will be acquired fully paid and free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”), and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

5.4 No Conditions

The Exit Offer will be unconditional in all respects. For the avoidance of doubt, the Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.

Shareholders are to note that subject always to the SGX-ST being satisfied that the Exit Offer constitutes a reasonable exit offer under Rule 1306 read with Rule 1309 of the Listing Manual, the Company will be mandatorily delisted from the Official List of the SGX-ST subsequent to the close of the Exit Offer.

5.5 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of Offer Shares. Each Shareholder who accepts the Exit Offer will receive S\$5.40 for every 1,000 Offer Shares tendered for acceptance under the Exit Offer.

Mr Liu Ming will waive his rights under Rule 30 of the Singapore Code on Take-overs and Mergers (“**Code**”) to receive any cash settlement or payment for his acceptance of the Exit Offer in respect of all the Offer Shares held directly by him (the “**Amount**”).

5.6 Duration

The Exit Offer will remain open for acceptance by Shareholders for a period of at least 28 days after the day of despatch of the Exit Offer Letter to Shareholders by the Offeror. Although no extension of the Exit Offer is currently contemplated by the Offeror, if the Exit Offer is extended, an announcement will be made of such extension, and the Exit Offer will remain open for acceptance for such period as may be announced by the Offeror. If the Exit Offer is extended, Shareholders who have validly accepted the Exit Offer in respect of part of their Shares will be entitled to tender additional Offer Shares in acceptance of the Exit Offer.

5.7 Warranty

Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements

attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

Further details on the Exit Offer will be set out in the Exit Offer Letter to be issued by the Offeror to the Shareholders containing, *inter alia*, the terms of the Exit Offer and the relevant Acceptance Forms.

6. COMPULSORY ACQUISITION

6.1 The Company is incorporated in Bermuda. Under Section 102 of the Companies Act 1981 of Bermuda (the “**Bermuda Companies Act**”), where an offeror has, within four (4) months after the making of an offer under a scheme or contract:

- (a) obtained acceptances from shareholders holding not less than 90% in value of the shares in a Bermuda-incorporated company (the “**Target**”) whose transfer is involved (other than shares already held, at the date of the offer, by the offeror, the offeror’s subsidiaries, and nominees of the offeror or its subsidiaries); and
- (b) where, at the date of the offer, shares in the Target whose transfer is involved, are already held by the offeror, the offeror’s subsidiaries, and nominees of the offeror or its subsidiaries to a value greater than 10% of the total issued shares of the Target, such accepting shareholders also represent not less than 75% in number of the holders of such shares (other than shares already held as at the date of the offer, by the offeror, the offeror’s subsidiaries, and nominees of the offeror or its subsidiaries), and further provided that the offeror must have made the offer on the same terms to all holders of the shares whose transfer is involved (other than those already held as aforesaid),

(the “**Approval Threshold**”), the offeror may at any time within two (2) months beginning from the date on which the Approval Threshold is achieved, give notice under Section 102(1) of the Bermuda Companies Act to any dissenting shareholder that the offeror wishes to acquire his shares (the “**Acquisition Notice**”). When such Acquisition Notice is given, upon the expiry of one (1) month from the date on which the notice was given, the offeror will be entitled and bound to acquire those shares on the same terms as the offer (unless an application is made by the dissenting shareholder(s) to the Supreme Court of Bermuda (the “**Court**”) within one (1) month from the date on which the notice was given and the Court thinks fit to order otherwise).

6.2 Section 102(2) of the Bermuda Companies Act provides that where, pursuant to such a scheme or contract, shares in the Target are transferred to an offeror or its nominee, and those shares together with any other shares in the Target held by, or by a nominee for, the offeror or its subsidiary comprise 90% in value of the shares in the Target, the offeror must within one (1) month from the date of the transfer give notice of that fact to the dissenting shareholder(s) of the Target, and any such shareholder may within three (3) months from the giving of the said notice to him, give notice (an “**Offeree Notice**”) requiring the offeror to acquire his shares in the Target. Where a dissenting shareholder gives an Offeree Notice with respect to any shares in the Target, the offeror will be entitled and bound to acquire those shares on the same terms of the original offer (or on such other terms as may be agreed or as the Court, on the application of either the offeror or the dissenting shareholder, thinks fit to order).

6.3 Under Section 103 of the Bermuda Companies Act, the holders of not less than 95% of the shares in a Bermuda-incorporated company (the “**Purchasers**”) may give notice (“**Section**

103 Acquisition Notice") to the remaining shareholders of the intention to acquire their shares on the terms set out in the Section 103 Acquisition Notice. When such Section 103 Acquisition Notice is given, the Purchasers will be entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the Section 103 Acquisition Notice unless a remaining shareholder applies to the Court to have the Court appraise the value of such shares.

- 6.4 The Offeror intends to make the Company its wholly-owned subsidiary. **Accordingly, if entitled, the Offeror intends to exercise its right of compulsory acquisition under Section 102 and Section 103 of the Bermuda Companies Act.**
- 6.5 **Shareholders who are in doubt of their position under the Bermuda Companies Act are advised to seek their own independent legal advice.**

7. RULINGS FROM THE SECURITIES INDUSTRY COUNCIL

- 7.1 An application was made by the Offeror to the SIC to seek clarification regarding the extent to which the provisions of the Code applied to the Exit Offer.

- 7.2 The SIC ruled on 3 June 2016, *inter alia*, that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Code:

- (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
- (ii) Rule 22 on offer timetable;
- (iii) Rule 28 on acceptances; and
- (iv) Rule 29 on the right of acceptors to withdraw their acceptances;

subject to the following conditions:

- (A) disclosure in the Exit Offer Letter of:

- (1) the consolidated net tangible asset ("**NTA**") per Share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the Exit Offer Letter; and
- (2) particulars of all known material changes as at the latest practicable date (in respect of the Exit Offer Letter) which may affect the consolidated NTA per Share referred to in paragraph 7.2(a)(A)(1) above, or a statement that there are no such known material changes; and

- (B) the Exit Offer remaining open for at least 28 days after the date of the despatch of the Exit Offer Letter;

- (b) Mr Liu Ming, who is a director and shareholder of both the Offeror and the Company, is exempted from the requirement to make a recommendation to the Shareholders in respect of the Exit Offer as he faces an irreconcilable conflict of interests in doing so. Mr Liu Ming must, however, still assume responsibility for the accuracy of the facts

stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Exit Offer;

- (c) the 573 employees whose Shares are held on trust by YWL are presumed to be acting in concert with the Offeror; and
- (d) the confirmation of the adequacy of financial resources to be given in relation to the Exit Offer in accordance with Rules 3.5 and 23.8 of the Code may exclude the Amount.

8. THE OFFEROR'S INTENTION FOR THE COMPANY

The Offeror has no immediate plans for (a) making material changes to the Company's existing business, (b) re-deploying of the Company's fixed assets, or (c) discontinuing the employment of the employees of the Company, other than in the ordinary course of business. Nonetheless, the Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which it regards to be in the interest of the Offeror and/or the Company.

9. CONFIRMATION OF FINANCIAL RESOURCES

Provenance Capital Pte. Ltd. has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate consideration payable by the Offeror for all the Offer Shares on the basis of the Exit Offer Price (excluding the Amount).

10. INDEPENDENT FINANCIAL ADVISER

The Company has appointed NRA Capital Pte. Ltd. as its independent financial adviser ("**IFA**") to advise the Directors who are considered independent for the purposes of the Exit Offer ("**Independent Directors**") on the Exit Offer. The advice of the IFA and the recommendation of the Independent Directors regarding the Exit Offer will be set out in the letter from the Company to the Shareholders to be appended to the Exit Offer Letter.

11. DISCLOSURE OF INTERESTS

11.1 As at the Joint Announcement Date, save as disclosed in this Joint Announcement, each of the Offeror, Mr Liu Ming and Provenance Capital Pte. Ltd.:

- (a) does not own or control, and has not agreed to acquire any Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options and derivatives in respect of such Shares or securities (collectively, "**Relevant Securities**");
- (b) has not received any irrevocable undertaking from any party to accept or reject the Exit Offer;
- (c) has not entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Exit Offer;
- (d) has not:

- (i) granted a security interest over any Relevant Securities to another person, whether through a charge, pledge or otherwise;
 - (ii) borrowed from another person any Relevant Securities (excluding borrowed securities which have been on-lent or sold); or
 - (iii) lent any Relevant Securities to another person; and
 - (e) has not dealt for value in any Shares during the three (3)-month period immediately preceding the Joint Announcement Date.
- 11.2 In the interests of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the Exit Offer. Further enquiries will be made of such persons by the Offeror and the relevant disclosures will be made in due course subsequently in an announcement by the Offeror and/or in the Exit Offer Letter.

12. OVERSEAS SHAREHOLDERS

- 12.1 This Joint Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Joint Announcement in any jurisdiction in contravention of applicable law. The Exit Offer will be made solely by the Exit Offer Letter and the relevant Acceptance Forms accompanying the Exit Offer Letter, which will contain the full terms and conditions of the Exit Offer, including details of how the Exit Offer may be accepted.
- 12.2 The release, publication or distribution of this Joint Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Joint Announcement is released, published or distributed should inform themselves about and observe such restrictions.
- 12.3 Copies of this Joint Announcement and any formal documentation relating to the Exit Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Exit Offer would violate the applicable law of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. For the avoidance of doubt, the Exit Offer shall be made to all Shareholders including those to whom the Exit Offer Letter and the relevant Acceptance Forms will not be sent.
- 12.4 The Exit Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Exit Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.
- 12.5 The ability of the Shareholders who are not resident in Singapore to accept the Exit Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who

are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

Any overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.

13. FURTHER INFORMATION

- 13.1 No immediate action is required of Shareholders on their part in respect of the Proposal, the Delisting and the Exit Offer.
- 13.2 As mentioned above, the Exit Offer Letter, which will include, *inter alia*, further information regarding the Proposal, the Delisting, the terms and conditions of the Exit Offer, the advice of the IFA and the recommendation of the Independent Directors regarding the Exit Offer, will be despatched by or on behalf of the Offeror and the Company to Shareholders, together with the relevant Acceptance Forms, in due course.

14. RESPONSIBILITY STATEMENTS

- 14.1 The sole director of the Offeror ("**Offeror Director**") has taken all reasonable care to ensure that the facts stated and all opinions expressed in this Joint Announcement (other than those relating to the Company) are fair and accurate and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions (if any) expressed in this Joint Announcement have been arrived at after due and careful consideration and that no material facts have been omitted from this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading. Where any information in this Joint Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company or Provenance Capital Pte. Ltd., the sole responsibility of the Offeror Director has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Joint Announcement. The Offeror Director accepts full responsibility accordingly.
- 14.2 The Directors have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Joint Announcement (other than those relating to the Offeror) are fair and accurate and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions (if any) expressed in this Joint Announcement have been arrived at after due and careful consideration and that no material facts have been omitted from this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading. Where any information in this Joint Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or Provenance Capital Pte. Ltd., the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Joint Announcement. The Directors jointly and severally accept full responsibility accordingly.

BY ORDER OF THE BOARD
CHINA HONGCHENG HOLDINGS LIMITED

Bob Low Siew Sie
Lead Independent Director
15 July 2016

BY ORDER OF THE BOARD
CAPITAL VANTAGE PTE LIMITED

Liu Ming
Director
15 July 2016

Forward-Looking Statements

All statements other than statements of historical facts included in this Joint Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company and/or the Offeror should not place undue reliance on such forward-looking statements, and none of the Company and the Offeror undertakes any obligation to update publicly or revise any forward-looking statements.

Disclosure of Dealings

The associates (as defined under the Code, and which includes all substantial shareholders) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company in accordance with Rule 12 of the Code.