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**GREEN PARADE LIMITED**  
(Incorporated in the BVI with limited liability)

**CHANCO INTERNATIONAL GROUP LIMITED**

卓高國際集團有限公司  
(Incorporated in the Cayman Islands with limited liability)

(Stock code: 264)

**JOINT ANNOUNCEMENT**

**(I) AGREEMENT IN RELATION TO  
THE SALE AND PURCHASE OF SHARES IN  
CHANCO INTERNATIONAL GROUP LIMITED;**

**(II) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS  
BY OPTIMA CAPITAL LIMITED  
ON BEHALF OF GREEN PARADE LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CHANCO INTERNATIONAL GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY  
GREEN PARADE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)  
AND  
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF  
CHANCO INTERNATIONAL GROUP LIMITED;**

**AND**

**(III) RESUMPTION OF TRADING**

**Financial adviser to Green Parade Limited**

  
**Optima Capital Limited**

**Independent Financial Adviser to the Independent Board Committee**



**大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

## **THE AGREEMENT**

The Company has been informed that, after the Stock Exchange trading hours on 14 July 2015, the Vendors, the Guarantors and the Offeror entered into the Agreement, pursuant to which the Vendors and the Guarantors have conditionally agreed to sell and the Offeror has conditionally agreed to acquire an aggregate of 226,140,000 Sale Shares. The 226,140,000 Sale Shares comprise (i) 204,220,000 Shares currently held by the Vendors and the Guarantors; and (ii) 21,920,000 new Shares to be issued to the Guarantors upon the exercise of 21,920,000 Share Options by the Guarantors. The 226,140,000 Sale Shares represent approximately 66.37% of the issued share capital of the Company as enlarged by the exercise of 21,920,000 Share Options by the Guarantors. The exercise of 21,920,000 Share Options by the Guarantors is a condition precedent to Completion. In the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors, the number of Sale Shares shall be adjusted to 204,220,000 Shares, representing approximately 64.06% of the issued share capital of the Company as at the date of this joint announcement.

The Consideration for the 226,140,000 Sale Shares is HK\$319,988,100, equivalent to HK\$1.415 per Sale Share. In the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors, the number of Sale Shares shall be adjusted to 204,220,000 Shares and the Consideration shall be adjusted to HK\$288,971,300. Completion is conditional upon the fulfillment of Conditions as described in the paragraph headed “Conditions” under the section headed “THE AGREEMENT” in this joint announcement.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS**

As at the date of this joint announcement, Mr. Pong (the sole beneficial owner and a director of the Offeror) is interested in 376,000 Shares, representing approximately 0.12% of the existing issued share capital of the Company. Immediately following Completion, the Offeror and parties acting in concert with it (including Mr. Pong) will own a total of 226,516,000 Shares, representing approximately 66.48% of the issued share capital of the Company as enlarged by the exercise of 21,920,000 Share Options by the Guarantors.

Pursuant to Rules 13 and 26.1 of the Takeovers Code, subject to Completion, the Offeror will be required to make mandatory unconditional general offers in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the Share Options. The Offers comprising the Share Offer and the Option Offer, if and when made, will be unconditional in all respects.

As at the date of this joint announcement, the Company has 318,804,000 Shares in issue and 29,100,000 Share Options which entitle the holders thereof to subscribe for 29,100,000 new Shares. Save for the 29,100,000 Share Options, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

## **Terms of the Offers**

Subject to and upon Completion, Optima Capital, the financial adviser to the Offeror, will make the Offers for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

### ***The Share Offer***

For each Offer Share . . . . . HK\$1.415 in cash

The Share Offer Price of HK\$1.415 per Offer Share under the Share Offer is the same as the purchase price per Sale Share payable by the Offeror under the Agreement.

### ***The Option Offer***

For cancellation of each Share Option with  
exercise price of HK\$0.570 . . . . . HK\$0.845 in cash

The consideration for cancellation of each outstanding Share Option of HK\$0.845 has been determined by deducting the exercise price payable on exercise of each Share Option from the Share Offer Price payable for each Offer Share under the Share Offer.

## **Undertaking not to accept the Offers**

Immediately after Completion, the Vendors and the Guarantors will hold in aggregate 1,708,000 Shares (representing approximately 0.54% of the issued share capital as at the date of this joint announcement and approximately 0.50% of the issued share capital as enlarged by the exercise of 21,920,000 Share Options by the Guarantors) and 4,180,000 Share Options (or 26,100,000 Share Options in the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors). The Vendors and the Guarantors have undertaken to the Offeror not to (i) accept the Offers in respect of any Shares and/or Share Options held by them after Completion; and (ii) transfer or sell or otherwise deal in the Shares and/or the Share Options or otherwise create any encumbrances thereon during the offer period of the Offers.

## **Financial resources available to the Offeror**

After taking into account the Undertaking and the Deposit paid, the maximum aggregate amount payable by the Offeror for the remaining balance of the Consideration in respect of the Sale Shares and the consideration payable upon full acceptances of the Offers will be HK\$478,420,600.

The Offeror intends to finance and satisfy the remaining balance of the Consideration payable under the Agreement and the consideration payable under the Offers by cash from its internal resources. Optima Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the remaining balance of the Consideration and the consideration payable upon full acceptances of the Offers.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Fong Pui Sheung David MH, Ms. Chau Cynthia Sin Ha JP and Mr. Or Kam Chung Janson, has been formed to make a recommendation to the Independent Shareholders and the Optionholders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers and as to their acceptance. The appointment of MESSIS Capital Limited has been approved by the Independent Board Committee.

## **DESPATCH OF COMPOSITE DOCUMENT**

If the Offers materialise, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched to the Shareholders and the Optionholders within 21 days of the date of this joint announcement. It is expected that the Composite Document will be despatched to the Shareholders and the Optionholders on or before 18 August 2015.

The Composite Document will contain, among other things, details of the Offers, procedures for acceptance of the Offers, recommendation from the Independent Board Committee to the Independent Shareholders and the Optionholders, the advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Offers, and the relevant forms of acceptance and transfer or cancellation.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 15 July 2015 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 July 2015.

## **WARNING**

**Completion is conditional upon the fulfilment or waiver of a number of conditions and the Offers will only be made if Completion takes place. Accordingly, the Offers may or may not proceed. Shareholders, Optionholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders, Optionholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## THE AGREEMENT

### Date

14 July 2015 (after the Stock Exchange trading hours)

### Parties

- (i) Leopark Worldwide, as one of the Vendors;
- (ii) New Paramount, as one of the Vendors;
- (iii) Prevail Assets, as one of the Vendors;
- (iv) Smarty Worldwide, as one of the Vendors;
- (v) Mr. Edwin Chan, as one of the Guarantors;
- (vi) Mr. Stanley Chan, as one of the Guarantors;
- (vii) Ms. Rebecca Chan, as one of the Guarantors; and
- (viii) Green Parade Limited, as the Offeror.

### Subject matter

Pursuant to the Agreement, the Vendors and the Guarantors have conditionally agreed to sell and the Offeror has conditionally agreed to acquire an aggregate of 226,140,000 Sale Shares free from all encumbrances together with all rights attaching thereto as at the Completion Date, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date.

The 226,140,000 Sale Shares comprise (i) 204,220,000 Shares currently held by the Vendors and the Guarantors; and (ii) 21,920,000 new Shares to be issued to the Guarantors upon the exercise of 21,920,000 Share Options by the Guarantors. Set out below is the breakdown of the Sale Shares:

	<b>Number of Sale Shares</b>
Leopark Worldwide	47,727,352
New Paramount	47,727,352
Prevail Assets	39,204,648
Smarty Worldwide	39,204,648
Mr. Edwin Chan	7,484,000
Mr. Stanley Chan	22,872,000
The Guarantors ( <i>Note</i> )	21,920,000
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Total	226,140,000
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*Note:*

As at the date of this joint announcement, the Guarantors held a total of 26,100,000 Share Options which entitle them to subscribe for an aggregate of 26,100,000 new Shares. As a condition precedent to Completion, the Guarantors shall exercise 21,920,000 Share Options to subscribe for 21,920,000 new Shares, which will form part of the Sale Shares.

The 226,140,000 Sale Shares represent approximately 66.37% of the issued share capital of the Company as enlarged by the exercise of 21,920,000 Share Options by the Guarantors. In the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors, the number of Sale Shares shall be adjusted to 204,220,000 Shares, representing approximately 64.06% of the issued share capital of the Company as at the date of this joint announcement.

The Offeror shall not be obliged to purchase any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

### **Consideration**

The Consideration for the 226,140,000 Sale Shares is HK\$319,988,100, equivalent to HK\$1.415 per Sale Share. In the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors, the number of Sale Shares shall be adjusted to 204,220,000 Shares and the Consideration shall be adjusted to HK\$288,971,300. The Consideration was determined after arm's length negotiations among the Offeror, the Vendors and the Guarantors and shall be payable as follows:

- (i) as to HK\$5,000,000 (the “**Deposit**”) was paid by the Offeror to the Vendors and the Guarantors as deposit upon the entering into of the Agreement; and
- (ii) as to the remaining balance of the Consideration shall be payable by the Offeror to the Vendors and the Guarantors upon Completion.

The Consideration shall be apportioned among the Vendors and the Guarantors in proportion to the number of Sale Shares to be sold by them.

### **Conditions**

Completion is conditional upon:

- (i) the exercise of the 21,920,000 Share Options by the Guarantors and the allotment and issue of the 21,920,000 new Shares to the respective Guarantors;
- (ii) there being no indication from the Stock Exchange or the SFC that listing of the Shares will be, for whatever reason, suspended, revoked or withdrawn at any time for more than seven consecutive Business Days immediately before Completion, excluding any suspension for the purpose of obtaining clearance from the SFC or Stock Exchange for this joint announcement relating to the sale and purchase of the Sale Shares under the Agreement;

- (iii) completion of the due diligence review of the assets, liabilities, operations and affairs of the Group to be conducted by the Offeror and/or its agents and that the results of such due diligence review (in the reasonable opinion of the Offeror) have not revealed or disclosed any matter, fact or circumstance which constitutes or is likely to constitute any material breach of any of the warranties or other provisions of the Agreement by the Vendors and/or the Guarantors;
- (iv) the representations, warranties, indemnities and undertakings given by the Vendors in the Agreement remaining true and accurate in all material respects as of the Completion Date;
- (v) all necessary consents and approvals as may be required to be obtained on the part of each of the Vendors and the Guarantors in respect of the Agreement and the transactions contemplated thereunder having been obtained by each of the Vendors and the Guarantors respectively; and
- (vi) the delivery of the Disclosure Letters at any time prior to the execution of the Agreement or before 31 July 2015, provided that the maximum aggregate actual, contingent, deferred and/or potential liabilities, obligations or indebtedness of the Group as a whole in respect of the matters disclosed therein or implied thereto shall not exceed HK\$10,000,000.

The Offeror may at its absolute discretion at any time by notice in writing to the Vendors waive the Conditions referred to in (i), (iii), (iv) and/or (vi) above. The Conditions referred to in (ii) and (v) above are incapable of being waived. If any of the Conditions is not satisfied or waived at or before 5:00 p.m. on the Long Stop Date, the Agreement shall cease and determine and neither party shall have any obligations and liabilities thereunder unless otherwise specified therein and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

## **Completion**

Completion shall take place on the date falling on the third Business Day after all the Conditions have been fulfilled or waived provided that such date shall fall on a date after the record date for any dividends or distribution which may be declared, paid or made by the Company after the date of the Agreement (or such other time or day as may be agreed between the parties to the Agreement).

On 28 July 2015, the Company declared a special interim dividend in respect of the year ending 31 March 2016 of HK\$0.4254 per Share (the “**Special Dividend**”), details of which are disclosed in a separate announcement of the Company dated 28 July 2015. The Special Dividend is payable on 31 August 2015 to those Shareholders whose names appear on the Company’s principal or branch share register on 13 August 2015 (the “**Record Date**”). It is the intention of the parties to the Agreement that Completion shall take place after the aforesaid payment date of the Special Dividend on or about 1 September 2015. An announcement will be made by the Company upon Completion in compliance with Rule 3.6 of the Takeovers Code, the Listing Rules and/or other applicable laws, codes, rules and regulations.



The declaration and payment of the Special Dividend is considered as a frustrating action under Rule 4 of Takeovers Code and is subject to the approval of the Shareholders in general meeting. The requirement of Shareholders' approval may be waived by the Executive if the Offeror agrees to the Special Dividend. In this regard, the Offeror has given written consent to the declaration and payment of the Special Dividend and an application will be made by the Company to the Executive to seek a waiver from the Shareholders' approval requirement.

In the event that Completion does not take place as a result of the sole default of the Offeror or the Conditions cannot be fulfilled on or before the Long Stop Date as a result of the sole default of the Offeror, the Vendors shall be entitled to forfeit the Deposit in full and final settlement of any liabilities or obligations of the Offeror towards the Vendors and/or the Guarantors and vice versa and whereupon neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies.

In the event that Completion does not take place as a result of the sole default of any of the Vendors and/or the Guarantors or the Conditions cannot be fulfilled on or before the Long Stop Date as a result of the sole default of any of the Vendors and/or the Guarantors or the maximum aggregate actual, contingent, deferred or potential liabilities, obligations or indebtedness of the Group as a whole as disclosed in or implied from the matters disclosed in the Disclosure Letters exceed HK\$10,000,000, the Vendors shall pay the Offeror a sum equivalent to the Deposit (as liquidated damages and not as penalty) and further refund to the Offeror the Deposit in full without deduction or set off in full and final settlement of any liabilities or obligations of the Vendors and/or the Guarantors to the Offeror and vice versa and whereupon neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies.

In any other event that Completion does not take place in accordance with the terms of the Agreement or the Conditions cannot be fulfilled on or before the Long Stop Date otherwise than as a result of the sole default of the Offeror, the Vendors and/or the Guarantors, the Vendors shall refund to the Offeror the Deposit in full without deduction or set off in full and final settlement of any liabilities or obligations of the parties thereunder to each other and vice versa and whereupon neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies.

### **Undertaking not to accept the Offers**

Immediately after Completion, the Vendors and the Guarantors will hold in aggregate 1,708,000 Shares (representing approximately 0.54% of the issued share capital as at the date of this joint announcement and approximately 0.50% of the issued share capital as enlarged by the exercise of 21,920,000 Share Options by the Guarantors) and 4,180,000 Share Options (or 26,100,000 Share Options in the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors). The Vendors and the Guarantors have undertaken to the Offeror not to (i) accept the Offers in respect of any Shares and/or Share Options held by them after Completion; and (ii) transfer or sell or otherwise deal in the Shares and/or the Share Options or otherwise create any encumbrances thereon during the offer period of the Offers (the "**Undertaking**").



## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS**

As at the date of this joint announcement, Mr. Pong (the sole beneficial owner and a director of the Offeror) is interested in 376,000 Shares, representing approximately 0.12% of the existing issued share capital of the Company. Immediately following Completion, the Offeror and parties acting in concert with it (including Mr. Pong) will own a total of 226,516,000 Shares, representing approximately 66.48% of the issued share capital of the Company as enlarged by the exercise of 21,920,000 Share Options by the Guarantors.

Pursuant to Rules 13 and 26.1 of the Takeovers Code, subject to Completion, the Offeror will be required to make mandatory unconditional general offers in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the Share Options. The Offers comprising the Share Offer and the Option Offer, if and when made, will be unconditional in all respects.

As at the date of this joint announcement, the Company has 318,804,000 Shares in issue and 29,100,000 Share Options which entitle the holders thereof to subscribe for 29,100,000 new Shares. Save for the 29,100,000 Share Options, the Company does not have any other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

### **Terms of the Offers**

Subject to and upon Completion, Optima Capital, the financial adviser to the Offeror, will make the Offers on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

#### ***The Share Offer***

For each Offer Share . . . . . HK\$1.415 in cash

The Share Offer Price of HK\$1.415 per Offer Share under the Share Offer is the same as the purchase price per Sale Share payable by the Offeror under the Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution (excluding the Special Dividend) declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document.

For the avoidance of doubt, any Shareholder whose name appears on the Company's principal or branch share register on the Record Date and subsequently accepts the Share Offer would still be entitled to the Special Dividend.

## ***The Option Offer***

For cancellation of each Share Option with  
exercise price of HK\$0.570 . . . . . HK\$0.845 in cash

The consideration for cancellation of each outstanding Share Option of HK\$0.845 has been determined by deducting the exercise price payable on exercise of each Share Option from the Share Offer Price payable for each Offer Share under the Share Offer. Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be cancelled and renounced in their entirety.

## **The Share Offer Price**

The Share Offer Price of HK\$1.415 per Offer Share represents:

- (i) a discount of approximately 13.7% to the closing price of HK\$1.64 per Share as quoted on the Stock Exchange on 14 July 2015, being the date of the Agreement and the last trading day immediately preceding the date of this joint announcement;
- (ii) a premium of approximately 16.5% over the ex-dividend closing price of HK\$1.2146 per Share on 14 July 2015 after taking into account the Special Dividend of HK\$0.4254 declared;
- (iii) a premium of approximately 14.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 14 July 2015 of approximately HK\$1.234 per Share;
- (iv) a premium of approximately 75.0% over the average of the ex-dividend closing prices of the Shares for the five consecutive trading days up to and including 14 July 2015 of approximately HK\$0.8086 per Share after taking into account the Special Dividend of HK\$0.4254 declared;
- (v) the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including 14 July 2015 of approximately HK\$1.415 per Share;
- (vi) a premium of approximately 43.0% over the average of the ex-dividend closing prices of the Shares for the ten consecutive trading days up to and including 14 July 2015 of approximately HK\$0.9896 per Share after taking into account the Special Dividend of HK\$0.4254 declared;
- (vii) a discount of approximately 9.9% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days up to and including 14 July 2015 of approximately HK\$1.571 per Share; and
- (viii) a premium of approximately 23.5% over the average of the ex-dividend closing prices of the Shares for the thirty consecutive trading days up to and including 14 July 2015 of approximately HK\$1.1456 per Share after taking into account the Special Dividend of HK\$0.4254 declared;

- (ix) a premium of approximately 396.5% over the ex-dividend consolidated net asset value per Share of approximately HK\$0.285 (calculated based on the audited consolidated net asset value of the Group as at 31 March 2015 of approximately HK\$226,356,000, the Special Dividend of HK\$0.4254 per Share declared and the 318,804,000 Shares in issue).

### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the date of this joint announcement were HK\$2.01 per Share on 29 June 2015 and HK\$0.77 per Share on 10 April 2015 respectively.

### **Total value of the Offers**

As at the date of this joint announcement, there are 318,804,000 Shares in issue. On the basis of the Share Offer Price at HK\$1.415 per Offer Share, the entire issued share capital of the Company would be valued at HK\$451,107,660.

Immediately after Completion, assuming that there is no change in the issued share capital of the Company other than the exercise of 21,920,000 Share Options by the Guarantors, there will be 114,208,000 Shares subject to the Share Offer. The value of the Share Offer is HK\$161,604,320 and the consideration payable by the Offeror under the Option Offer for the cancellation of the remaining 7,180,000 Share Options is HK\$6,067,100. The Offers will be valued at HK\$167,671,420 in aggregate. In the event that the remaining 7,180,000 Share Options are exercised in full prior to close of the Offers, the value of the Share Offer will be HK\$171,764,020.

In the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors and assuming that there is no change in the issued share capital of the Company, there will be 114,208,000 Shares subject to the Share Offer. The value of the Share Offer is HK\$161,604,320 and the consideration payable by the Offeror under the Option Offer for the cancellation of the 29,100,000 Share Options is HK\$24,589,500. The Offers will be valued at HK\$186,193,820 in aggregate. In the event that the remaining 29,100,000 Share Options are exercised in full prior to close of the Offers, the value of the Share Offer will be HK\$202,780,820.

### **Financial resources available to the Offeror**

After taking into account the Undertaking and the Deposit paid, the maximum aggregate amount payable by the Offeror for the remaining balance of the Consideration in respect of the Sale Shares and the consideration payable upon full acceptances of the Offers will be HK\$478,420,600.

The Offeror intends to finance and satisfy the remaining balance of the Consideration payable under the Agreement and the consideration payable under the Offers by cash from its internal resources. Optima Capital, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the remaining balance of the Consideration and the consideration payable upon full acceptances of the Offers.

## **Effect of accepting the Offers**

By accepting the Share Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution (excluding the Special Dividend) declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. By accepting the Option Offer, the Optionholder will agree to the cancellation of their tendered Share Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of the despatch of the Composite Document.

For the avoidance of doubt, any Shareholder whose name appears on the Company's principal or branch share register on the Record Date and subsequently accepts the Share Offer would still be entitled to the Special Dividend.

**Independent Shareholders and Optionholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser appointed by the Independent Board Committee in respect of the Offers which will be included in the Composite Document.**

## **Payment**

Settlement of the consideration in respect of acceptances of the Offers will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror or its agent acting on its behalf to render each such acceptance complete and valid.

## **Taxation advice**

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

## **Overseas Shareholders**

The availability of the Offers to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (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 Overseas Shareholders in respect of such jurisdictions).

## **Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty on acceptance of the Share Offer at a rate of 0.1% of the consideration payable in respect of the acceptance by the Independent Shareholders or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those relevant Independent Shareholders who accept the Share Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty will be payable in connection with the Option Offer.

## **OFFEROR'S INTERESTS IN SECURITIES OF THE COMPANY**

As at the date of this joint announcement, save for the 376,000 Shares held by Mr. Pong, the Offeror confirms that (i) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights and rights over any Shares or any options, warrants or convertible securities in respect of the Shares or has entered into any outstanding derivatives contracts in respect thereof; (ii) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or any parties acting in concert with them has borrowed or lent; and (iii) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has dealt in any Shares or any options, warrants or convertible securities in respect of the Shares during the Relevant Period.

As at the date of this joint announcement, save for the Agreement and the Undertaking, the Offeror confirms that (i) there were no agreements or arrangements to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Offers; (ii) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has received any irrevocable commitment to accept the Offers; and (iii) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structures of the Company (i) as at the date of this joint announcement; (ii) immediately after Completion but before the Offers (assuming that none of the Share Options have been exercised); and (iii) immediately after Completion but before the Offers (assuming that 21,920,000 Share Options have been exercised by the Guarantors):

	(i) As at the date of this joint announcement		(ii) Immediately after Completion (assuming that none of the Share Options have been exercised)		(iii) Immediately after Completion (assuming that 21,920,000 Share Options have been exercised by the Guarantors)	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>
The Offeror and parties acting in concert with it ( <i>Note 1</i> )	376,000	0.12	204,596,000	64.18	226,516,000	66.48
The Guarantors and the Vendors ( <i>Note 2</i> )	205,928,000	64.59	1,708,000	0.53	1,708,000	0.50
<i>Subtotal</i>	206,304,000	64.71	206,304,000	64.71	228,224,000	66.98
Public Shareholders	112,500,000	35.29	112,500,000	35.29	112,500,000	33.02
Total	318,804,000	100.00	318,804,000	100.00	340,724,000	100.00

### Notes:

- The 376,000 Shares are held by Mr. Pong, the sole beneficial owner and a director of the Offeror.
- The 205,928,000 Shares comprises the following:
  - 7,484,000 Shares held by Mr. Edwin Chan (an executive Director, the Chairman and the Chief Executive Officer of the Company) and 47,727,352 Shares held by Leopark Worldwide, a company wholly owned by Mr. Edwin Chan;
  - 24,580,000 Shares held by Mr. Stanley Chan (an executive Director and the Vice-Chairman of the Company) and 47,727,352 Shares held by New Paramount, a company wholly owned by Mr. Stanley Chan;
  - 39,204,648 Shares held by Prevail Assets, a company wholly owned by Ms. Rebecca Chan (an executive Director); and
  - 39,204,648 Shares held by Smarty Worldwide, a company wholly owned by Mr. Chan Woon Man, the father of Mr. Edwin Chan, Mr. Stanley Chan and Ms. Rebecca Chan.



As at the date of this announcement, the Company has 29,100,000 outstanding Share Options as follows:

<b>Optionholder</b>	<b>Number of Share Options held</b>	<b>Exercise price per Share</b>	<b>Exercisable period</b>	<b>Number of underlying Shares</b>
Mr. Edwin Chan	8,700,000	HK\$0.57	22 July 2009 – 21 July 2019	8,700,000
Mr. Stanley Chan	8,700,000	HK\$0.57	22 July 2009 – 21 July 2019	8,700,000
Ms. Rebecca Chan	8,700,000	HK\$0.57	22 July 2009 – 21 July 2019	8,700,000
Ms. Li Shuk Han ( <i>Note</i> )	1,500,000	HK\$0.57	22 July 2009 – 21 July 2019	1,500,000
An employee of the Group	1,500,000	HK\$0.57	22 July 2009 – 21 July 2019	1,500,000
	29,100,000			29,100,000

*Note:* Ms. Li Shuk Han is the spouse of Mr. Edwin Chan.

## **INFORMATION ON THE OFFEROR**

The Offeror is an investment holding company incorporated in the BVI with limited liability. Mr. Pong is the sole beneficial owner of the Offeror. The board of directors of the Offeror comprises Mr. Pong and Mr. Lee Wing Yin. Mr. Pong is the substantial and controlling shareholder of Winfull Group Holdings Limited, a company with shares listed on the Main Board of the Stock Exchange. Mr. Pong holds a bachelor degree in Applied Science from the University of British Columbia.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Offeror, Mr. Pong and parties acting in concert with any of them is a third party independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

## **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

It is the intention of the Offeror to continue with the Group's existing principal business following the close of the Offers. The Offeror does not intend to introduce any major changes to the existing business and operation of the Group following the close of the Offers. As at the date of this joint announcement, the Offeror has no intention to discontinue the employment of the employees (save for the proposed changes to the composition of the Board as detailed below) or to dispose of or re-deploy the assets of the Group.

## **PROPOSED CHANGE TO THE BOARD COMPOSITION**

The Board is currently made up of six members, comprising three executive Directors, namely Mr. Edwin Chan, Mr. Stanley Chan, and Ms. Rebecca Chan; and three independent non-executive Directors, namely Mr. Fong Pui Sheung David MH, Ms. Chau Cynthia Sin Ha JP and Mr. Or Kam Chung Janson. It is intended that all existing Directors will resign with effect from the later of (i) the Completion Date; and (ii) the earliest time permitted under the Takeovers Code for the existing Directors to resign. The Offeror intends to nominate new Directors to the Board with effect after the close of the Offers. As at the date of this joint announcement, the Offeror has not reached any final decision as to who will be nominated as new Directors. Any changes to the Board composition will be announced by the Company and made in compliance with the Takeovers Code and the Listing Rules.

## **INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING OF THE COMPANY**

The Offeror intends to maintain the listing status of the Company on the Main Board of the Stock Exchange following the close of the Offers.

In the event that the public float of the Company falls below 25% following the close of the Offers, the Offeror and the proposed Directors who would be nominated by the Offeror and appointed as Directors will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists for the Shares.

**The Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.**

## **INFORMATION OF THE GROUP**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and the issued shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in manufacturing and distribution of leather products and retail of fashion apparel, footwear and leather accessories.

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 March 2014 and 31 March 2015, respectively.

	<b>Year ended 31 March 2014 HK\$'000</b>	<b>Year ended 31 March 2015 HK\$'000</b>
Turnover	131,418	128,711
Gross profit	12,208	22,807
Loss before income tax expense	(38,489)	(25,230)
Loss for the year	<u>(38,866)</u>	<u>(25,780)</u>
	<b>As at 31 March 2014 HK\$'000</b>	<b>As at 31 March 2015 HK\$'000</b>
Consolidated net asset value attributable to owners of the Company	<u>250,356</u>	<u>226,356</u>

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Fong Pui Sheung David MH, Ms. Chau Cynthia Sin Ha JP and Mr. Or Kam Chung Janson, has been formed to make a recommendation to the Independent Shareholders and the Optionholders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers and as to their acceptance. The appointment of MESSIS Capital Limited has been approved by the Independent Board Committee.

#### **DESPATCH OF THE COMPOSITE DOCUMENT**

If the Offers materialise, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched to the Shareholders and the Optionholders within 21 days of the date of this joint announcement. It is expected that the Composite Document will be despatched to the Shareholders and the Optionholders on or before 18 August 2015.

The Composite Document will contain, among other things, details of the Offers, procedures for acceptance of the Offers, recommendation from the Independent Board Committee to the Independent Shareholders and the Optionholders, the advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Offers, and the relevant forms of acceptance and transfer or cancellation.

## DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code which includes, among others, any person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are reminded to disclose their dealings in the 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 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.”*

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 15 July 2015 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 July 2015.

## WARNING

**Completion is conditional upon the fulfilment or waiver of a number of conditions and the Offers will only be made if Completion takes place. Accordingly, the Offers may or may not proceed. Shareholders, Optionholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders, Optionholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

*Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as set forth below:*

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Agreement”	the sale and purchase agreement dated 14 July 2015 entered into among the Offeror, the Vendors and the Guarantors in relation to the sale and purchase of the Sale Shares
“associates”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	(a) day(s) (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and (a) day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Company”	Chanco International Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Completion Date”	the date on which Completion takes place
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company to the Shareholders and the Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers, procedures for acceptance of the Offers, letters from the Independent Board Committee and the Independent Financial Adviser, and the relevant forms of acceptance and transfer or cancellation

“Condition(s)”	the condition(s) precedent to Completion
“Consideration”	the consideration payable under the Agreement for the Sale Shares
“Director(s)”	director(s) of the Company from time to time
“Disclosure Letters”	the letters described as such, together with bundle of documents referred thereto, to be prepared by the Vendors in the agreed form and to be delivered to the Offeror at any time prior to the execution of the Agreement up to and inclusive of 31 July 2015
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Mr. Edwin Chan, Mr. Stanley Chan and Ms. Rebecca Chan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established in accordance with the Takeovers Code to give recommendations to the Independent Shareholders and the Optionholders in respect of the Offers
“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offers
“Independent Shareholders”	Shareholders other than (i) the Vendors, the Guarantors and parties acting in concert with any of them; and (ii) the Offeror, Mr. Pong and parties acting in concert with any of them
“Leopark Worldwide”	Leopark Worldwide Inc., a company incorporated in the BVI with limited liability and one of the Vendors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange



“Long Stop Date”	14 January 2016, being the date falling six months after the date of the Agreement or such later date as the parties to the Agreement may agree
“Mr. Edwin Chan”	Mr. Chan King Hong Edwin, an executive Director, the Chairman and the Chief Executive Officer of the Company, and one of the Guarantors
“Mr. Pong”	Mr. Pong Wilson Wai San, the sole beneficial owner and a director of the Offeror
“Mr. Stanley Chan”	Mr. Chan King Yuen Stanley, an executive Director and the Vice Chairman of the Company, and one of the Guarantors
“Ms. Rebecca Chan”	Ms. Chan Wai Po Rebecca, an executive Director and one of the Guarantors
“New Paramount”	New Paramount Profits Limited, a company incorporated in the BVI with limited liability and one of the Vendors
“Offer Shares”	all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it and those in respect of which the Vendors and the Guarantors have undertaken not to accept the Share Offer)
“Offeror”	Green Parade Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Pong
“Offers”	collectively, the Share Offer and the Option Offer
“Optima Capital”	Optima Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror
“Option Offer”	the mandatory unconditional cash offer to be made by Optima Capital on behalf of the Offeror to cancel the Share Options on the terms and conditions set out in this joint announcement and in compliance with the Takeovers Code
“Optionholder(s)”	holder(s) of the Share Option(s)

“Overseas Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prevail Assets”	Prevail Assets Limited, a company incorporated in the BVI with limited liability and one of the Vendors
“Relevant Period”	the period commencing from 28 January 2015, being the date falling six months preceding the date of this joint announcement, up to and including the date of this joint announcement
“Sale Shares”	a total of 226,140,000 Shares (or in the event that the Offeror elects to waive the Condition relating to the exercise of 21,920,000 Share Options by the Guarantors, a total of 204,220,000 Shares) to be acquired by the Offeror pursuant to the terms and conditions of the Agreement
“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 HK\$0.01 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer to be made by Optima Capital on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in this joint announcement and in compliance with the Takeovers Code
“Share Offer Price”	HK\$1.415 for each Offer Share payable by the Offeror to the Independent Shareholders accepting the Share Offer
“Share Option(s)”	the outstanding share option(s) granted by the Company under its share option scheme adopted on 18 February 2003
“Shareholder(s)”	holder(s) of the issued Share(s)
“Smarty Worldwide”	Smarty Worldwide Limited, a company incorporated in the BVI with limited liability and one of the Vendors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendors”	collectively, Leopark Worldwide, New Paramount, Prevail Assets and Smarty Worldwide
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of  
**Green Parade Limited**  
**Lee Wing Yin**  
*Director*

By order of the Board  
**Chanco International Group Limited**  
**Chan King Hong Edwin**  
*Director*

Hong Kong, 28 July 2015

*As at the date of this joint announcement, the Board comprises three executive Directors, namely Mr. Chan King Hong Edwin, Mr. Chan King Yuen Stanley, Ms. Chan Wai Po Rebecca, and three independent non-executive Directors, namely Mr. Fong Pui Sheung David MH, Ms. Chau Cynthia Sin Ha JP and Mr. Or Kam Chung Janson.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror and parties acting in concert with it) 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 Offeror and parties acting in concert with it) 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 Announcement, the board of directors of the Offeror comprises two directors, namely Mr. Pong Wilson Wai San and Mr. Lee Wing Yin.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) 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.*