



## HENGDELI HOLDINGS LIMITED

### 亨得利控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3389)**

*Executive Directors:*

Mr. Zhang Yuping (*Chairman*)

Mr. Huang Yonghua

Mr. Lee Shu Chung, Stan

*Registered Office:*

Cricket Square

Hutchins Drive

P.O Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Non-Executive Director:*

Mr. Shi Zhongyang

*Head Office and Principal Place of Business  
in Hong Kong:*

*Independent Non-Executive Directors:*

Mr. Cai Jianmin

Mr. Liu Xueling

Ms. Qian Weiqing

Room 301, 3/F, Lippo Sun Plaza

28 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

4 July 2024

*To Qualifying Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY  
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED  
ON BEHALF OF EMPIRE CHARM LIMITED TO ACQUIRE 660,602,843 SHARES  
IN THE SHARE CAPITAL OF THE COMPANY  
FROM QUALIFYING SHAREHOLDERS**

#### **INTRODUCTION**

On 20 June 2024, the Offeror and the Company jointly announced that Guotai Junan Securities, on behalf of the Offeror, would make a voluntary conditional cash partial offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share in cash.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to each of the Group, the Offeror, and the Partial Offer; (ii) the letter from Guotai Junan Capital containing details of the Partial Offer; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Qualifying Shareholders in respect of the Partial Offer; and (iv) the letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee on whether the Partial Offer is fair and reasonable so far as the Independent Shareholders are concerned and as to approval and acceptance in respect of the Partial Offer.

## **THE PARTIAL OFFER**

### **Offer Price**

The Partial Offer is being made by Guotai Junan Securities on behalf of the Offeror at the following price:

For each Offer Share . . . . . HK\$0.16 in cash

### **Conditions to the Partial Offer**

The Partial Offer is 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- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) at or before 4:00 p.m. (Hong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.

Further details of the Partial Offer are set out in the letter from Guotai Junan Capital in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

As at the Latest Practicable Date, there were 4,404,018,959 Shares in issue. The Company had no other share, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest as at the Latest Practicable Date.

## **SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER**

The shareholding structure of the Company as at the Latest Practicable Date and after the closing of the Partial Offer (assuming that there are no changes to the total number of Shares in issue between the Latest Practicable Date and the Final Closing Date) is set out in the section headed “Shareholding Structure of the Company and effect of the Partial Offer” in the letter from Guotai Junan Capital in this Composite Document.

## **REASONS FOR AND BENEFITS OF THE PARTIAL OFFER**

Your attention is drawn to the sections headed “Reasons for the Partial Offer”, “Benefits to the Company and the Offeror” and “Benefits to the Qualifying Shareholders” respectively in the letter from Guotai Junan Capital in this Composite Document.

## **INTENTION OF THE OFFEROR**

Your attention is drawn to the letter from Guotai Junan Capital in this Composite Document which sets out, among other things, the intentions of the Offeror regarding the business of the Company. The Board notes that 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, or to cease or dispose of any of the Company’s existing businesses.

The Board is pleased to acknowledge the intention of the Offeror in respect of the Group.

## **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:

	<b>For the year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<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.

## **PUBLIC FLOAT**

The Stock Exchange has stated that if, at the closing of the Partial Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued 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 dealings in the Shares.

As at the Latest Practicable Date, 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 Latest Practicable Date and up to the Final Closing Date and all the Offer Shares tendered are from Shareholders which are counted towards the public float, the Company will have at least a public float of approximately 47.32% 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 immediately following the close of the Partial Offer. The Company notes that the sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps if required to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

## **RECOMMENDATION**

An Independent Board Committee, which comprises all of the independent non-executive Directors, namely Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing, has been established by the Board in accordance with Rules 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to approval and acceptance taking into account the advice from the Independent Financial Adviser to the Independent Board Committee. 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 as at the Latest Practicable Date, Mr. Shi Zhongyang is therefore not considered independent for the purposes of giving advice or recommendations to the Qualifying Shareholders.

The Independent Financial Adviser has been appointed 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.

## **GENERAL**

Your attention is drawn to the letter from Guotai Junan Capital and to Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance for the principal terms and the acceptance and settlement procedures in relation to the Partial Offer.

Your attention is drawn to (1) the letter from the Independent Board Committee in this Composite Document which contains the Independent Board Committee's advice to Qualifying Shareholders in respect of approval and acceptance of the Partial Offer and (2) the letter from the Independent Financial Adviser in this Composite Document which contains, among other things, the Independent Financial Adviser's advice to the Independent Board Committee in respect of the Partial Offer and principal factors and reasons considered by it in arriving at such advice.

Your attention is further drawn to the general information as set out in Appendix IV to this Composite Document.

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Yours faithfully,  
By order of the Board  
**HENGDELI HOLDINGS LIMITED**

  
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**Zhang Yuping**  
*Chairman*