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中信泰富有限公司  
CITIC PACIFIC LIMITED

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



大昌行集團有限公司  
DAH CHONG HONG HOLDINGS LIMITED

*(incorporated in Hong Kong with limited liability)*  
(Stock Code : 01828)

## JOINT ANNOUNCEMENT

- (1) PROPOSAL FOR THE PRIVATISATION OF  
DAH CHONG HONG HOLDINGS LIMITED  
BY CITIC PACIFIC LIMITED BY WAY OF  
A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE
  - (2) PROPOSED WITHDRAWAL OF LISTING OF  
DAH CHONG HONG HOLDINGS LIMITED
  - (3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE
- AND
- (4) RESUMPTION OF TRADING IN SHARES

**Exclusive Financial Adviser to CITIC Pacific Limited**



**CLSA Capital Markets Limited**

## **INTRODUCTION**

The respective directors of the Offeror and the Company jointly announce that on 14 October 2019, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share.

## **TERMS OF THE PROPOSAL**

Under the Scheme, if the Proposal is approved and implemented, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$3.70 in cash for each Scheme Share cancelled.

The Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as described in the section headed “Terms of the Proposal – Conditions of the Proposal”. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

## **FINANCIAL RESOURCES**

On the basis of the Cancellation Price of HK\$3.70 per Scheme Share and 816,769,302 Scheme Shares in issue as at the date of this announcement, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$3,022,046,417.

The Offeror intends to finance the cash required for the Proposal through a term loan facility made available to the Offeror by Oversea-Chinese Banking Corporation Limited for the Certain Funds Period.

CLSA is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has 1,891,247,220 Shares in issue.

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

- (a) the members of the Offeror SPV Entities beneficially own, control or have direction over 1,074,477,918 Shares, representing approximately 56.81% of the issued Shares; and
- (b) the Scheme Shareholders (being Shareholders other than the Offeror SPV Entities) beneficially own, control or have direction over 816,769,302 Shares, representing approximately 43.19% of the issued Shares.

For the avoidance of doubt, the Scheme Shares comprise the Shares beneficially owned, controlled or directed by (i) the Offeror Concert Parties other than the members of the Offeror SPV Entities; and (ii) the Independent Shareholders.

As at the date of this announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued Shares of 1,891,247,220 Shares.

Upon the Scheme becoming effective, the Offeror SPV Entities will hold 100% of the issued Shares.

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

The Independent Board Committee has been constituted to advise the Independent Shareholders on the Proposal and will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposal is or is not fair and reasonable, and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the General Meeting.

A further announcement will be made after the appointment of the Independent Financial Adviser.

### **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Nominee) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, as soon as practicable after the Effective Date.

### **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

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

### **DESPATCH OF THE SCHEME DOCUMENT**

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

### **RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 15 October 2019 pending the release of this 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 21 October 2019.

## **WARNINGS**

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

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

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

## **Notice to US investors**

*The Proposal is being made to cancel the securities of a Hong Kong company by means of a scheme of arrangement provided for under the Companies Ordinance and is subject to Hong Kong disclosure requirements which are different from those of the United States.*

*A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the requirements and practices applicable in Hong Kong to schemes of arrangement which differ from the requirements of the US tender offer rules.*

*The receipt of cash pursuant to the Proposal by a US holder of the Scheme Shares as consideration for the cancellation of the relevant Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. US holders of the Scheme Shares are urged to consult their independent professional advisers immediately regarding the tax consequences of the Proposal applicable to them.*

*It may be difficult for US holders of the Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of the Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

## **INTRODUCTION**

On 14 October 2019, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled on the Effective Date in exchange for the payment by the Offeror to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share cancelled;
- (b) the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issue to the Nominee, credited as fully paid, of the same number of the Shares as the number of Scheme Shares cancelled, and the credit arising in the Company's books of account as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued to the Nominee; and
- (c) the withdrawal of the listing of the Shares on the Stock Exchange is expected to take place as soon as practicable after the Effective Date.

## **TERMS OF THE PROPOSAL**

### **Cancellation Price**

Under the Scheme, if the Proposal is approved and implemented, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$3.70 in cash for each Scheme Share cancelled.

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.**

### **Comparison of value**

The Cancellation Price of HK\$3.70 per Scheme Share represents:

- (a) a premium of approximately 37.55% over the closing price of HK\$2.69 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 37.55% over the average closing price of approximately HK\$2.69 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 54.81% over the average closing price of approximately HK\$2.39 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 56.12% over the average closing price of approximately HK\$2.37 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 54.17% over the average closing price of approximately HK\$2.40 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 41.22% over the average closing price of approximately HK\$2.62 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (g) a discount of approximately 32.11% over the audited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$5.45 as at 31 December 2018; and
- (h) a discount of approximately 28.16% over the unaudited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$5.15 as at 30 June 2019.

The Cancellation Price has been determined after taking into account recently traded prices of the Shares and publicly available financial information of the Company, and with reference to pricing premium for privatisation transactions in Hong Kong for the past 18 months.

## **Highest and lowest prices**

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.95 on 15 April 2019 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$2.11 on 3 September 2019.

## **Total consideration and financial resources**

On the basis of the Cancellation Price of HK\$3.70 per Scheme Share and 816,769,302 Scheme Shares in issue as at the date of this announcement, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$3,022,046,417.

The Offeror intends to finance the cash required for the Proposal through a term loan facility made available to the Offeror by Oversea-Chinese Banking Corporation Limited for the Certain Funds Period.

CLSA is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

## **Conditions of the Proposal**

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

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:
  - (i) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders;
- (b) the passing of a special resolution(s) by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Nominee of such number of new Shares as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;

- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the share capital of the Company and the Scheme, respectively;
- (e) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (f) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms);
- (g) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;
- (h) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:
  - (i) any indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date;
  - (ii) any agreement, arrangement, licence, permit or instrument to which any member of the Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the Group arising in relation thereto); or
  - (iii) the creation or enforcement of any security interest over the whole or any part of the business, property or assets of any member of the Group or any such security (whenever arising) becoming enforceable,

in each case, which is material in the context of the Group as a whole or in the context of the Proposal or its implementation in accordance with its terms; and

- (i) since the date of this announcement:
  - (i) there having been no adverse change in the business, assets, financial or trading, positions, profits or prospects of any member of the Group which is material in the context of the Group taken as a whole or in the context of the Proposal; and
  - (ii) there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions in paragraphs (a) to (d), (f) and (g) above) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal.

With reference to the Condition in paragraph (e), as at the date of this announcement, the Offeror is not aware of any requirement for such authorisations, approvals, permissions, waivers, consents, registrations or filings other than those set out in the Conditions in paragraphs (a) to (d). With reference to the Condition in paragraph (f), as at the date of this announcement, the Offeror is not aware of any such action, proceeding, suit, investigation, enquiry, statute, regulation, demand or order. With reference to the Condition in paragraph (g), as at the date of this announcement, the Offeror is not aware of any such non-compliance or regulatory requirement other than those set out in the Conditions in paragraphs (a) to (d). With reference to the Condition in paragraph (h), as at the date of this announcement, the Offeror is not aware of any such event or circumstance.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

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

## **ARRANGEMENTS MATERIAL TO THE PROPOSAL**

As at the date of this announcement:

- (a) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares which might be material to the Proposal;
- (b) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Proposal; and
- (c) neither the Offeror nor the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the Company has 1,891,247,220 Shares in issue.

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

- (a) the members of the Offeror SPV Entities beneficially own, control or have direction over 1,074,477,918 Shares, representing approximately 56.81% of the issued Shares;
- (b) the Offeror Concert Parties beneficially own, control or have direction over 1,100,150,318 Shares (representing approximately 58.17% of the issued Shares), of which (i) 1,074,477,918 Shares are beneficially owned, controlled or directed by the Offeror SPV Entities (representing approximately 56.81% of the issued Shares); and (ii) 25,672,400 Shares are beneficially owned, controlled or directed by the Offeror Concert Parties other than the Offeror SPV Entities (representing approximately 1.36% of the issued Shares);
- (c) the Independent Shareholders beneficially own, control or have direction over 791,096,902 Shares, representing approximately 41.83% of the issued Shares;
- (d) the Scheme Shareholders (being Shareholders other than the Offeror SPV Entities) beneficially own, control or have direction over 816,769,302 Shares, representing approximately 43.19% of the issued Shares;
- (e) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror Concert Parties;
- (f) neither the Offeror nor the Offeror Concert Parties has entered into any outstanding derivative in respect of the securities in the Company;
- (g) neither the Offeror nor the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (h) there is no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and the Offeror Concert Parties on one hand and the Scheme Shareholders and persons acting in concert with them on the other hand; and

- (i) other than the Cancellation Price for each Scheme Share cancelled payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid or will not pay any other consideration, compensations or benefits in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares.

For the avoidance of doubt, the Scheme Shares comprise the Shares beneficially owned, controlled or directed by (i) the Offeror Concert Parties other than the members of the Offeror SPV Entities; and (ii) the Independent Shareholders.

As at the date of this announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued Shares of 1,891,247,220 Shares.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon the Scheme becoming effective (assuming no new Shares will be issued prior thereto).

<u>Shareholder</u>	<u>As at the date of this announcement</u>		<u>Immediately upon the Scheme becoming effective</u>	
	<u>Number of Shares</u>	<u>Approximate % of the issued Shares</u>	<u>Number of Shares</u>	<u>Approximate % of the issued Shares</u>
<b>(A) Offeror Concert Parties</b> <small>(Note (1))</small>				
<b>(1) Offeror SPV Entities</b> <small>(Note (2))</small>	1,074,477,918	56.81	1,891,247,220 <small>(Note (7))</small>	100
<b>(2) Offeror Concert Parties other than the Offeror SPV Entities</b> <small>(Note (3))</small>				
<b>(i) ITOCHU</b> <small>(Note (4))</small>	25,590,000	1.35	-	-
<b>(ii) CLSA Group</b> <small>(Note (5))</small>	82,400	0.00	-	-
<b>Sub-total for (A)</b>	1,100,150,318	58.17	1,891,247,220	100
<b>(B) Independent Shareholders</b> <small>(Note (6))</small>	791,096,902	41.83	-	-
<b>TOTAL (A)(1) + A(2) + B</b>	1,891,247,220	100	1,891,247,220	100
<b>(C) Scheme Shareholders: (A)(2) + (B)</b>	816,769,302	43.19	-	-

*Note (1) : The Shares held by the Offeror Concert Parties will not be voted at the Court Meeting.*

*Note (2) : The Shares held by the Offeror SPV Entities will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.*

- Note (3) : The Shares held by the Offeror Concert Parties other than the Offeror SPV Entities will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but will not be considered as “disinterested shares” under Rule 2.10 of the Takeovers Code and will not be taken into account for determining whether the requisite Shareholders’ approval has been obtained for the purposes of Rule 2.10 of the Takeovers Code.*
- Note (4) : Each of ITOCHU and Charoen Pokphand Group Company Limited indirectly holds 50% of the issued share capital of Chia Tai Bright Investment Company Limited, which in turn holds 20% of CITIC Limited. The Offeror is a direct wholly-owned subsidiary of CITIC Limited. ITOCHU is therefore presumed to be acting in concert with the Offeror in accordance with class 1 of the definition of “acting in concert” in the Takeovers Code.*
- Note (5) : CLSA is the exclusive financial adviser of the Offeror. Accordingly, CLSA and the relevant member of the CLSA Group which hold the Shares (other than as an agent on behalf of non-discretionary clients) are presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of “acting in concert” in the Takeovers Code.*
- Note (6) : The Shares held by the Independent Shareholders will form part of the Scheme Shares, will be cancelled upon the Scheme becoming effective, and holders of such Shares will be entitled to vote at the Court Meeting.*
- Note (7) : Upon the Scheme becoming effective, the share capital of the Company will be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issue to the Nominee, credited as fully paid, of the same number of the Shares as the number of Scheme Shares cancelled, and the credit arising in the Company’s books of account as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued to the Nominee (which is a member of the Offeror SPV Entities). Upon the Scheme becoming effective, the Offeror SPV Entities will hold 100% of the issued Shares of the Company.*

All Shareholders will be entitled to vote on the special resolution(s) to be proposed at the General Meeting to approve and give effect to the reduction of share capital and the implementation of the Scheme. The Offeror SPV Entities have indicated that, if the Scheme is approved at the Court Meeting, the Offeror SPV Entities will vote in favour of the special resolution(s) to be proposed at the General Meeting to approve and give effect to the reduction of share capital and implementation of the Scheme. Upon the Scheme becoming effective, the Offeror SPV Entities will hold 100% of the issued Shares of the Company.

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

The Offeror has appointed CLSA as its exclusive financial adviser in connection with the Proposal.

The Independent Board Committee has been constituted to advise the Independent Shareholders on the Proposal and will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposal is or is not fair and reasonable, and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the General Meeting. The non-executive Directors (namely Zeng Chen, Kwok Man Leung, Fei Yiping and Yin Ke) are not considered to be independent for the purpose of making a recommendation to the Independent Shareholders as they are also directors of the Offeror, and for the case of Yin Ke, he was a director of the Offeror until 1 October 2019, and are therefore not included as members of the Independent Board Committee.

A further announcement will be made after the appointment of the Independent Financial Adviser.

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

### **For Scheme Shareholders: to realise their investment in DCH at a significant premium**

DCH's business as a distributor of motor and consumer products has been challenged on a number of fronts including intensified competition and a more sophisticated and diversified landscape. These challenges highlight structural and operational deficiencies in DCH's existing business model.

For DCH to deliver long-term growth and remain competitive, re-engineering of its businesses is crucial. This will require significant investment over multiple years. Given the Shares' trading discount to the consolidated net asset value of the Company since June 2015, the listed status of DCH no longer offers a viable source of funding to develop DCH's businesses.

The implementation of the Proposal will enable CPL to provide the necessary financing and operational resource to re-engineer DCH's businesses. The process will take time to execute, carry potential execution risks and may incur significant costs.

All of these could cause volatility to DCH's financial and operational position. In addition, the performance of its Shares could be disadvantaged in a volatile market before the long-term benefits of the re-engineering are realised.

The liquidity of the Shares has been low over a prolonged period, which is approximately 0.07% of the issued Shares for the last 12 months up to and including the Last Trading Date, with an average daily trading volume of approximately 1.40 million shares per day. This low trading volume could make it difficult for the Scheme Shareholders to execute on-market disposals within any given timeframe outside of the Proposal.

CPL therefore considers that the Proposal offers the Scheme Shareholders an opportunity to realise their investment in DCH at an attractive exit price, which is a significant premium over the prevailing share price.

The Cancellation Price of HK\$3.70 per Scheme Share represents a premium of approximately 54.81% and 41.22% over the average closing prices of HK\$2.39 and HK\$2.62 per Share for 30 and 180 consecutive trading days up to and including the Last Trading Date, respectively.

### **For CPL: to deliver DCH's long-term strategic value**

DCH remains an important business for CPL.

With DCH operating as a private entity, CPL will have full control over its strategy and more flexibility to manage DCH's businesses.

## **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of CITIC Limited. The key businesses of the Offeror are special steel manufacturing, energy and real estate.

CITIC Limited is a company incorporated under the laws of Hong Kong and is listed on the main board of the Stock Exchange (stock code: 00267), the controlling shareholder of which is CITIC Group Corporation, which is a state-owned enterprise established under the laws of the PRC and holds approximately 58.13% of the issued shares in CITIC Limited.

## **INFORMATION ON THE COMPANY**

The Company is incorporated in Hong Kong with limited liability and is listed on the main board of the Stock Exchange. With more than 16,000 employees, the Company operates an integrated motor and consumer products distribution business across 12 Asian economies with an extensive logistics network. The Company is a leading dealer and distributor of motor vehicles and provides a full range of supporting services including maintenance, rental, repair and financing. The Company's consumer products business includes the distribution of food and fast moving consumer goods, healthcare and electronic products as well as food processing, trading and retail.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Nominee) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, as soon as practicable after the Effective Date.

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

## **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

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

**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.**

## **OVERSEAS SHAREHOLDERS**

The making of the Proposal to, and the acceptance of the Proposal by, the Scheme Shareholders who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions in which such Scheme Shareholders are located. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from the Scheme Shareholders in such jurisdiction.

Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including CLSA, the exclusive financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders. If any such waiver is granted by the Executive, the Offeror and the Company reserve the right to make arrangements in respect of the Scheme Shareholders not resident in Hong Kong in relation to the Proposal. Such arrangements may include notifying any matter in connection with the Scheme or Proposal to the Scheme Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such Scheme Shareholders are resident. The notice will be deemed to have been sufficiently given despite any failure by such Scheme Shareholders to receive or see that notice.

## **TAXATION ADVICE**

Scheme 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 Proposal. It is emphasised that none of the Offeror, the Company, CLSA or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

## **DESPATCH OF THE SCHEME DOCUMENT**

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

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

## **DISCLOSURE OF DEALINGS**

Associates (as defined in the Takeovers Code) of the Offeror and the Company are reminded to disclose their dealings in the Shares. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in 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 was halted from 9:00 a.m. on 15 October 2019 pending the release of this 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 21 October 2019.

## **DEFINITIONS**

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly;
“Board”	the board of Directors;
“Cancellation Price”	the cancellation price of HK\$3.70 per Scheme Share cancelled, payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme;

“Certain Funds Period”	from the date the term loan facility is made available to the Offeror by Oversea-Chinese Banking Corporation Limited until the earliest of: (i) the day which is six (6) months after the date of the relevant loan agreement between the Offeror and Oversea-Chinese Banking Corporation Limited; (ii) the date on which the Scheme lapses; (iii) the date on which the Scheme is withdrawn; and (iv) the date from which no further payments to the Scheme Shareholders are required under the Scheme;
“CLSA”	CLSA Capital Markets Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, and the exclusive financial adviser to the Offeror in connection with the Proposal;
“CLSA Group”	CLSA and persons controlling, controlled by or under the same control as CLSA;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company” or “DCH”	Dah Chong Hong Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 01828);
“Conditions”	the conditions to the Proposal as set out in the section headed “Terms of the Proposal – Conditions of the Proposal” above;
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court at which the Scheme will be voted upon;
“Directors”	the directors of the Company;
“Disinterested Shares”	has the meaning ascribed to it in section 674(3) of the Companies Ordinance;
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance;
“Executive”	the Executive Director of the Corporate Finance Division of SFC or any delegate of the Executive Director;
“General Meeting”	a general meeting of the Company to be held after the Court Meeting for the purpose of approving the reduction of the share capital of the Company and implementing the Scheme;

“Group”	the Company and its subsidiaries;
“High Court”	the High Court of Hong Kong;
“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 Directors comprising Chan Kay Cheung, Chan Hui Dor Lam, Doreen, Woo Chin Wan Raymond, Zhang Lijun and Cheng Jinglei, all being the Independent Non-executive Directors of the Company;
“Independent Financial Adviser”	the independent financial adviser to the Company, which will be appointed;
“Independent Shareholders”	the Shareholders other than the Offeror Concert Parties;
“ITOCHU”	ITOCHU Corporation, a company incorporated under the laws of Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange (stock code: 8001);
“Last Trading Date”	14 October 2019, being the last day on which the Shares were traded on the Stock Exchange prior to the publication of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	means 31 March 2020 or such other date as may be agreed between the Offeror and the Company or, to the extent applicable, as the Executive may consent and the High Court may direct;
“Nominee”	Giant Path Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Offeror;
“Offeror” or “CPL”	CITIC Pacific Limited, a company incorporated in the British Virgin Islands with limited liability and a registered non-Hong Kong company under the Companies Ordinance;
“Offeror Concert Parties”	the Offeror and persons acting in concert with the Offeror (including but not limited to (i) the Offeror SPV Entities; (ii) the Offeror group of companies; (iii) the CLSA Group; (iv) CITIC Group Corporation and its subsidiaries (including CITIC Limited); (v) ITOCHU; and (vi) Charoen Pokphand Group Company Limited (for (v) and (vi), they are presumed to be acting in concert with the Offeror in accordance with class 1 of the definition of “acting in concert” in the Takeovers Code));

“Offeror SPV Entities”	(i) the Offeror; (ii) all direct/indirect wholly-owned subsidiaries of the Offeror holding the Shares, namely Davenmore Limited, Wealth Ease Limited, Ascari Holdings Ltd., Colton Pacific Limited, CITIC Hong Kong (Holdings) Limited, Silver Ray Enterprises Inc., Grogan Inc., Greenlane International Holdings Inc., Chadacre Developments Limited, Cornaldi Enterprises Limited, Corton Enterprises Limited, Dashing Investments Limited, Karaganda Limited and Hainsworth Limited; and (iii) Hero Lion Holdings Limited (an indirect wholly-owned subsidiary of the Offeror) and the Nominee;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan);
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme;
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance;
“Scheme”	the scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal;
“Scheme Document”	the composite scheme document of the Offeror and the Company containing, among other things, further details of the Proposal together with the additional information specified in the section headed “Despatch of the Scheme Document” above;
“Scheme Shareholders”	registered holders of the Scheme Shares;
“Scheme Shares”	the Shares other than those held by the members of the Offeror SPV Entities;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holders of the Shares;
“Shares”	the ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“United States” or “US”	United States of America.

By order of the board of directors of  
**CITIC Pacific Limited**  
**Kwok Man Leung**  
*Director*

By order of the board of directors of  
**Dah Chong Hong Holdings Limited**  
**Lai Ni Hium**  
*Executive Director and Chief Executive Officer*

Hong Kong, 20 October 2019

*As at the date of this announcement, the directors of the Offeror are Zeng Chen (Chairman and President), Liu Jifu, Kwok Man Leung, Fei Yiping, Vernon Francis Moore, Yu Yapeng, Liu Yong, Li Yajun, Luan Zhenjun and Chen Meng.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this 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 announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, the Board comprises 2 Executive Directors, namely Lai Ni Hium and Lee Tak Wah, 4 Non-executive Directors, namely Zeng Chen (Chairman), Yin Ke, Kwok Man Leung and Fei Yiping and 5 Independent Non-executive Directors, namely Chan Kay Cheung, Chan Hui Dor Lam, Doreen, Woo Chin Wan Raymond, Zhang Lijun and Cheng Jinglei.*

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