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## **Jin Cai Holdings Company Limited**

**金彩控股有限公司**

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

**(Stock Code: 01250)**

- (1) ISSUE OF NEW ORDINARY SHARES AND PREFERENCE SHARES;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) INCREASE IN AUTHORISED SHARE CAPITAL;**
- (4) AMENDMENT OF ARTICLES OF ASSOCIATION; AND**
- (5) RESUMPTION OF TRADING**

**Financial Adviser to the Company**



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



**SOMERLEY CAPITAL LIMITED**

## **SUBSCRIPTION**

The Company and the Subscribers entered into the principal Subscription Agreement on 9 December 2014, the First Supplemental Agreement on 29 December 2014 and the Second Supplemental Agreement on 31 January 2015. Pursuant to the Subscription Agreement, the Subscribers have conditionally agreed to subscribe or procure subscribers for, and the Company has conditionally agreed to allot and issue, (i) the New Ordinary Shares representing approximately 441.76% of the issued Ordinary Shares as at the date of this announcement or approximately 81.54% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares; and (ii) the Preference Shares, at an issue price of HK\$0.79 each, or in the event of the Share Subdivision having taken place before Completion, at an issue price of HK\$0.079 each.

## **APPLICATION FOR WHITEWASH WAIVER**

The First Subscriber, the Second Subscriber and the Third Subscriber are parties acting in concert with respect to the Company. Upon Completion, the Concert Group will be interested in Ordinary Shares, representing approximately 67.05% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares. Upon full conversion of the Preference Shares held by the Concert Group, they will in aggregate be interested in Ordinary Shares representing approximately 77.03% of the Ordinary Shares in issue as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares and the Conversion Shares.

Under Rule 26.1 of the Takeovers Code, the First Subscriber, the Second Subscriber and the Third Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Concert Group as a result of the subscription of the New Ordinary Shares, unless the Whitewash Waiver is obtained from the Executive. The First Subscriber, the Second Subscriber and the Third Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the New Ordinary Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The Subscribers and parties acting in concert with any of them, their respective associates (within the meaning of the Takeovers Code) and any other Shareholders who are interested or involved in the Subscription and/or the Whitewash Waiver (including Ocean Ahead International Limited) shall abstain from voting in respect of the resolutions approving the Subscription and the Whitewash Waiver at the EGM. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

## **INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT TO ARTICLES OF ASSOCIATION**

The Company has an authorised share capital of HK\$20,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.01 each as at the date of this announcement. The Company intends to propose and effect the Share Subdivision.

For the Subscription, the Board proposes the Share Capital Resolution to increase the authorised share capital of the Company from HK\$20,000,000 to HK\$500,000,000 by (i) the creation of additional Ordinary Shares and (ii) the creation of the Preference Shares. Upon approval of the Share Capital Resolution, the authorised share capital of the Company will be HK\$500,000,000 divided into 46,663,711,510 ordinary shares of HK\$0.01 each and the Preference Shares, or if the Share Subdivision having taken place, 466,637,115,100 ordinary shares of HK\$0.001 each and the Preference Shares.

The Company proposes to amend the Articles of Association to, among others, reflect (i) the Share Capital Resolution; and (ii) the creation and issue of the Preference Shares. The amendments to the Articles of Association are conditional upon, among others, the passing of a special resolution by the Independent Shareholders at the EGM.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee as to whether the terms and conditions of the Subscription and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed resolutions approving the Subscription and the Whitewash Waiver at the EGM.

## **GENERAL**

A circular containing, among other things, (i) the terms of the Subscription, the Whitewash Waiver, the Share Capital Resolution and the proposed amendment to Articles of Association; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; and (iv) a notice convening the EGM will be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code. The circular is expected to be despatched on or before 23 February 2015.

## **RESUMPTION OF TRADING**

On 27 November 2014, the Company requested a trading halt in the Ordinary Shares from 9:00 a.m. on 27 November 2014 pending the publication of this announcement. An application has been made by the Company for the resumption of trading in the Ordinary Shares on the Stock Exchange with effect from 9:00 a.m. on 3 February 2015.

**Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the EGM by the Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. The Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## INTRODUCTION

## THE SUBSCRIPTION

### Subscription Agreement

Dates : the principal agreement of 9 December 2014 (as supplemented by the First Supplemental Agreement on 29 December 2014 and the Second Supplemental Agreement on 31 January 2015)

Issuer : the Company

Subscribers : (i) the First Subscriber  
(ii) the Second Subscriber  
(iii) the Third Subscriber  
(iv) the Fourth Subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Subscribers are not connected persons of the Company. The information on the Subscribers is set out in the section headed "Information on the Subscribers" below.

### Subject matter

The Subscribers have conditionally agreed to subscribe or procure subscribers for, and the Company has conditionally agreed to allot and issue (i) the New Ordinary Shares and an aggregate of 11,334,844 Preference Shares at Completion (the "**Completion Tranche Preference Shares**"); (ii) an aggregate of 949,986,756 Preference Shares on the 183rd day after the Completion Date (the "**Tranche A Preference Shares**"); (iii) an aggregate of 949,986,756 Preference Shares on the first anniversary of the Completion Date (the "**Tranche B Preference Shares**"); (iv) an aggregate of 949,986,756 Preference Shares on the 183rd day after the first anniversary of the Completion Date (the "**Tranche C Preference Shares**"); and (v) an aggregate of 474,993,378 Preference Shares on the second anniversary of the Completion Date (the "**Tranche D Preference Shares**"), at HK\$0.79 each, or in the event of the Share Subdivision having taken place before Completion, at HK\$0.079 each. The consideration for the Preference Shares will be payable on the date of issue of the relevant Preference Shares.

The following table sets out the number of the New Ordinary Shares and the Preference Shares to be subscribed for by each of the Subscribers or parties procured by the Subscribers:

	Ordinary Shares		Completion Tranche Preference Shares		Tranche A Preference Shares		Tranche B Preference Shares		Tranche C Preference Shares		Tranche D Preference Shares	
	<i>No. of Ordinary Shares issued at Completion</i>		<i>No. of Preference Shares issued at Completion</i>		<i>No. of Preference Shares issued on the 183rd Day after the Completion Date</i>		<i>No. of Preference Shares issued on the first anniversary of the Completion Date</i>		<i>No. of Preference Shares issued on the 183rd Day after the first anniversary of the Completion Date</i>		<i>No. of Preference Shares issued on the second anniversary of the Completion Date</i>	
	<i>Completion (Note 1)</i>	<i>Consideration HK\$ million</i>	<i>Completion (Note 1)</i>	<i>Consideration HK\$ million</i>	<i>(Notes (1) and (2))</i>	<i>Completion (Note 1) and (2))</i>	<i>(Notes (1) and (2))</i>	<i>Completion (Note 1) and (2))</i>	<i>(Notes (1) and (2))</i>	<i>Completion (Note 1) and (2))</i>	<i>(Notes (1) and (2))</i>	<i>Completion (Note 1) and (2))</i>
The First Subscriber (Note 3)	527,416,655	416.66	4,228,915	3.34	354,430,380	280.00	354,430,380	280.00	354,430,380	280.00	177,215,190	140.00
The Second Subscriber (Note 4)	226,035,710	178.57	1,812,392	1.43	151,898,734	120.00	151,898,734	120.00	151,898,734	120.00	75,949,367	60.00
The Third Subscriber (Note 5)	226,035,709	178.57	1,812,392	1.43	151,898,734	120.00	151,898,734	120.00	151,898,734	120.00	75,949,367	60.00
The Fourth Subscriber (Note 6)	434,157,217	342.98	3,481,145	2.75	291,758,908	230.49	291,758,908	230.49	291,758,908	230.49	145,879,454	115.24
Total	1,413,645,291	1,116.78	11,334,844	8.95	949,986,756	750.49	949,986,756	750.49	949,986,756	750.49	474,993,378	375.24

**Notes:**

- (1) The table above is prepared on the basis that the Share Subdivision does not take place.
- (2) The obligation of the Subscribers to take up the Preference Shares after the Completion Date is conditional on the listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on the Main Board of the Stock Exchange at all times from the Completion Date to the payment dates for the relevant Preference Shares (save for any temporary suspension for not more than 20 trading days or such other period as such Subscriber may agree), and the Stock Exchange's approval with respect to the listing and dealing in the Conversion Shares not having been revoked or cancelled or amended.
- (3) Pursuant to the Subscription Agreement, the First Subscriber may procure a wholly-owned subsidiary of Beijing Enterprises Water Group Limited to subscribe for the relevant Ordinary Shares and Preference Shares, and may transfer the Preference Shares.
- (4) Pursuant to the Subscription Agreement, the Second Subscriber may procure a company jointly and wholly-owned by the Second Subscriber to subscribe for the relevant Ordinary Shares and Preference Shares, and may transfer the Preference Shares.
- (5) Pursuant to the Subscription Agreement, the Third Subscriber may procure its subsidiary or the asset management scheme funded and entrusted by the Third Subscriber to subscribe for the relevant Ordinary Shares and Preference Shares, and may transfer the Preference Shares.
- (6) Pursuant to the Subscription Agreement, the Fourth Subscriber may procure subscribers to subscribe for the relevant Ordinary Shares and Preference Shares and may transfer the Preference Shares.

The Ordinary Shares to be issued at Completion represent (i) approximately 441.76% of the Ordinary Shares in issue as at the date of this announcement; and (ii) approximately 81.54% of the Ordinary Shares in issue as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares. The aggregate nominal value of the New Ordinary Shares is HK\$14,136,452.91.

Upon conversion of the Preference Shares in full, the Conversion Shares to be allotted and issued will represent (i) approximately 1,042.59% of the Ordinary Shares in issue as at the date of this announcement; and (ii) approximately 65.81% of the Ordinary Shares in issue as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares and the Conversion Shares (assuming that no adjustment to the conversion price is required in accordance with the terms of the Preference Shares and that there is no other change in the number of Ordinary Shares in issue). The aggregate nominal value of the Conversion Shares is HK\$33,362,884.90.

### **Subscription Price**

The Subscription Price of HK\$0.79 per Subscription Share (on the basis that the Share Subdivision does not take place) represents:–

- (i) a discount of approximately 43.57% to the last trading price (before suspension) of HK\$1.40 per Ordinary Share as quoted on the Main Board of the Stock Exchange on 26 November 2014, being the Last Trading Day;
- (ii) a discount of approximately 41.91% to the average closing price of approximately HK\$1.36 per Ordinary Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 38.76% to the average closing price of approximately HK\$1.29 per Ordinary Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 3.95% over the unaudited net asset value per Ordinary Share of approximately RMB0.61 per Ordinary Share (equivalent to approximately HK\$0.76 per Ordinary Share based on the exchange rate of RMB1.00 to HK\$1.25) as at 30 June 2014 based on the Company's interim report for the six months ended 30 June 2014 and the number of Ordinary Shares in issue as at the date of this announcement.

The Subscription Price was arrived at after arm's-length negotiations between the Company and the Subscribers after taking into account the prevailing market price of the Ordinary Shares, the trading volume of the Ordinary Shares and the unaudited net asset value per Ordinary Share as at 30 June 2014.

## Principal terms of the Preference Shares

A summary of the principal terms of the Preference Shares is set out below:

Dividends:	The Preference Shares shall confer on the holders thereof the right to receive dividend at the same rate as the Ordinary Shares.
Return on capital:	Each Preference Share shall have priority in receiving a return of capital up to the Subscription Price on liquidation, winding up or dissolution of the Company and shall then participate in the distribution of surplus assets of the Company with all other shares in the capital of the Company for the time being in issue.
Transferability:	Any Preference Shares shall be freely transferable.
Voting:	The holder(s) of the Preference Shares will not be entitled to attend or vote at any general meeting of the Company.
Conversion:	<p>(a) Subject to the minimum public float requirement under Rule 8.08 of the Listing Rules, the Preference Shares shall be convertible into Ordinary Shares by the holder of the Preference Shares serving the conversion notice to the Company on any Business Day within the conversion period, without the payment of any additional consideration therefor, into such number of fully-paid Conversion Shares.</p> <p>(b) The Company's obligation to effect conversion of fully paid Preference Shares into Conversion Shares shall be subject to the minimum public float requirement under the Listing Rules being met.</p> <p>(c) Conversion of the Preference Shares shall be effected in such manner as the Directors shall, subject to the Articles of Association and to any other applicable law and regulations, from time to time determine without further approval of the Shareholders.</p>
Conversion period:	On any Business Day after the issue date (including the issue date).
Conversion price:	HK\$0.79 per Ordinary Share, or in the event of the Share Subdivision having taken place before Completion, HK\$0.079 per Ordinary Share, subject to adjustments as detailed in the paragraph headed "Conversion adjustments" below.
Redemption:	The Preference Shares are non-redeemable.

## **Conversion adjustments**

The conversion price of the Preference Shares shall be subject to the following adjustments:

- (i) if and whenever the Ordinary Shares by reason of any consolidation, subdivision or reclassification become of a different nominal amount;
- (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account); or issue Ordinary Shares paid out of distributable profits or reserves and/or share premium accounts issued in lieu of the whole or any part of a cash dividend, being a dividend which the holders of the Ordinary Shares concerned would or could otherwise have received but only to the extent that the market value of such Ordinary Shares exceeds 110% of the amount of dividend which holders of the Ordinary Shares could elect to or would otherwise receive in cash and which would not have constituted a capital distribution;
- (iii) if and whenever the Company shall make any capital distribution to holders (in their capacity as such) of Ordinary Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) if any whenever the Company shall offer to all holders of Ordinary Shares new Ordinary Shares for subscription by way of rights, or shall grant to all holders of Ordinary Shares any options or warrants to subscribe for new Ordinary Shares, at a price per new Ordinary Shares which is less than 90% of the market price of the Ordinary Shares at the date of the announcement of such issue or grant;
- (v) (a) if and whenever the Company or any of its subsidiaries shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Ordinary Shares, and the aggregate consideration per new Ordinary Share initially receivable for such securities is less than 90% of the market price of the Ordinary Shares at the date of the announcement of such issue; (b) if and whenever the rights of conversion or exchange or subscription attaching to any such securities as are mentioned the conversion adjustment under (a) above are modified so that the aggregate consideration per new Ordinary Share initially receivable for such securities shall be less than 90% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription; and
- (vi) if and whenever the Company shall issue wholly for cash any Ordinary Shares at a price per Ordinary Share which is less than 90% of the market price at the date of the announcement of the terms of such issue.

## Conditions of the Subscription

The Subscription is conditional upon satisfaction (or waiver by the First Subscriber, the Second Subscriber and the Third Subscriber in respect of the conditions in paragraphs (6), (7), (8), (9), (11), (12) and (13) below) of the following conditions:

- (1) the listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on the Main Board of the Stock Exchange at all times from 9 December 2014 to the Completion Date (save for any temporary suspension pending this announcement (or such other period as the First Subscriber, the Second Subscriber and the Third Subscriber may agree) and neither the Stock Exchange nor the SFC having indicated that either one of them will restrict, object to, cancel or withdraw such listing and/or dealings in the Ordinary Shares (including the New Ordinary Shares) for reasons related to or arising from the transactions contemplated under the Subscription Agreement;
- (2) the passing of resolutions (special resolution or ordinary resolution, as the case may be) by the Shareholders (other than those who are required by the Listing Rules and/or the Takeovers Code to abstain from voting) at the EGM approving, among other things:
  - (i) the execution, consummation and completion of the Subscription Agreement;
  - (ii) the Share Capital Resolution;
  - (iii) the Specific Mandate;
  - (iv) the Whitewash Waiver; and
  - (v) amendment to Articles of Association in respect of, among others, the creation, allotment and issue of the Preference Shares;
- (3) the Executive having granted to the First Subscriber, the Second Subscriber, the Third Subscriber and parties acting in concert with them the Whitewash Waiver (and such grant not having been revoked or withdrawn) and any necessary conditions prior to Completion, if any, attached to it having been fulfilled;
- (4) the listing committee of the Stock Exchange having granted listing of and permission to deal in the New Ordinary Shares and the Conversion Shares and such approval and granting of permission not having been withdrawn or revoked;
- (5) each member of the Group having obtained all consent from the relevant governmental or regulatory authorities which are necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated under the Subscription Agreement;
- (6) the warranties given by the Company under the Subscription Agreement remaining true, accurate and not misleading in all material respects at Completion by reference to the facts and circumstances subsisting as at the Completion Date;

- (7) the Company having complied fully with all the obligations under the Subscription Agreement and otherwise having performed in all material respects all of the covenants and agreements required to be performed by it under the Subscription Agreement on or before Completion;
- (8) since 31 December 2013, there being no material adverse change in respect of the Company's ability to perform its obligations under the Subscription Agreement or the business, assets and liabilities, condition or results of operations of the Group as a whole;
- (9) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated under the Subscription Agreement, nor shall any action have been taken by any person seeking any of the foregoing, and no statute, rule, regulation or order shall have been enacted, enforced or deemed applicable to the transactions contemplated under the Subscription Agreement and, which makes the consummation of which illegal;
- (10) no statute, regulation or decision which would prohibit or restrict the execution, delivery or performance of the Subscription Agreement or the consummation of the transactions contemplated under the Subscription Agreement having been enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere;
- (11) a legal opinion dated no earlier than three Business Days before the Completion Date to be issued by the Company's Cayman Islands counsel and addressed to the Company and the Subscribers as to Cayman Islands law on (i) the due incorporation and good standing of the Company; (ii) the capacity of the Company entering into the Subscription Agreement; (iii) the performance by the Company of its obligations under the Subscription Agreement will not violate the memorandum of association of the Company or the Articles of Association nor any applicable law in Cayman Islands (including but not limited to the validity and effectiveness of the nomination by the Subscribers of any directors of the Company at Completion); and (iv) matters relating to the allotment and issue of the Preference Shares and the conversion thereof and other matters customary for transactions of this nature;
- (12) the First Subscriber, the Second Subscriber and the Third Subscriber being satisfied with the results of the due diligence investigation on the Group; and
- (13) the Shareholders having approved the change of name of the Company to a name suggested by the First Subscriber, the Second Subscriber and the Third Subscriber.

The First Subscriber, the Second Subscriber and the Third Subscriber may in their absolute discretion waive the conditions in paragraphs (6), (7), (8), (9), (11), (12) and (13) at any time by notice in writing to the Company. In the event that any of the above conditions are not fulfilled or waived (as applicable) prior to the Long Stop Date, neither the Company nor the Subscribers shall be bound to proceed with the transactions contemplated under the Subscription Agreement and the Subscription Agreement shall cease to be of any effect save as to any antecedent breach of the Subscription Agreement. If the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

## **Completion**

Subject to fulfillment or waiver (as applicable) of the conditions precedent of the Subscription Agreement, Completion shall take place on the eighth Business Day from and excluding the day on which the last of the conditions in paragraphs (2), (3), (4), (5), (11), (12) and (13) has been fulfilled or such other date as the parties to the Subscription Agreement may agree.

In the event that the New Ordinary Shares and the Completion Tranche Preference Shares are not subscribed in full at Completion, the Company is not obliged to issue any of the New Ordinary Shares and the Preference Shares and in the event that the New Ordinary Shares and the Completion Tranche Preference Shares are not issued in full at Completion, the Subscribers are not obliged to subscribe for any of the New Ordinary Shares and the Preference Shares.

## **Board seats**

Subject to Completion, (i) the First Subscriber, the Second Subscriber and the Third Subscriber shall be entitled to nominate three persons to be executive Directors and one person to be independent non-executive Director; (ii) the Fourth Subscriber shall be entitled to nominate one person to be executive Director; and (iii) the Company shall procure the appointment of such persons as Directors with effect from the Completion Date.

## **Lock-up undertakings**

Each of the Subscribers agrees to undertake or procure the subscribers procured by it to undertake to the Company that for the period from the Completion Date to the first anniversary of the Completion Date that without the written consent of the Company, it shall not, and shall procure that its associates or companies controlled by it shall not, offer to sell, transfer, agree to sell or otherwise dispose of (including without limitation the creation of any option, right or warrant or other way to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any charge, guarantee, pledge or encumbrance) the Ordinary Shares acquired by it under the Subscription Agreement and the Ordinary Shares converted from the Preference Shares acquired by it under the Subscription Agreement, enter into any swap, derivative, loan, pledge or other arrangement such that the economic consequences of ownership of any such securities is directly or indirectly transferred, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or publicly announce any intention to enter into any such transaction. The above restriction does not apply to any transfer to associates or funds held by a common general partner or managed by

a common manager. Each of the Subscribers agrees to procure the relevant transferee(s) of the Preference Shares, after the Preference Shares being converted into Ordinary Shares, to be subject to the above restriction.

Ocean Ahead International Limited, a controlling Shareholder, agrees to undertake to the Company that for the period from the Completion Date to the first anniversary of the Completion Date that without the written consent of the Company, it shall not, and shall procure that its associates or companies controlled by it shall not, offer to sell, transfer, agree to sell or otherwise dispose of (including without limitation the creation of any option, right or warrant or other way to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any charge, guarantee, pledge or Encumbrance) 80,000,000 Ordinary Shares of HK\$0.01 each (or in the event of the Share Subdivision having taken place before Completion 800,000,000 Ordinary Shares of HK\$0.001 each), enter into any swap, derivative, loan, pledge or other arrangement such that the economic consequences of ownership of any such securities is directly or indirectly transferred, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or publicly announce any intention to enter into any such transaction.

### **Other undertakings**

Each of Ms. Huang Li, a Director, and Ocean Ahead International Limited, a controlling Shareholder and the entire issued share capital of which is owned by Ms. Huang Li, (i) warrants that Ocean Ahead International Limited is the legal and beneficial owner of 240,000,000 Ordinary Shares of HK\$0.01 each (or in the event of the Share Subdivision having taken place before Completion, 2,400,000,000 Ordinary Shares of HK\$0.001 each), representing 75% of the issued share capital of the Company as at 9 December 2014; (ii) undertakes that from 9 December 2014 until the Completion Date or the Subscription Agreement terminates, whichever is the earlier, Ocean Ahead International Limited will not and Ms. Huang Li will procure Ocean Ahead International Limited not to offer to sell, transfer, pledge, create any encumbrance, option or other form of disposal on all or any 240,000,000 Ordinary Shares of HK\$0.01 each (or in the event of the Share Subdivision having taken place before Completion, 2,400,000,000 Ordinary Shares of HK\$0.001 each) or the interests therein and Ms. Huang Li will not transfer all or any shares of Ocean Ahead International Limited or the interests therein; and (iii) unless the Stock Exchange or the SFC decides to the contrary, each of Ms. Huang Li and Ocean Ahead International Limited undertakes to exercise its voting rights at the EGM to vote in favour of the relevant resolution in relation to the Subscription Agreement and the transactions contemplated thereunder. Neither Ms. Huang Li nor Ocean Ahead International Limited was a party to the Subscription Agreement. The abovementioned undertakings were given by Ms. Huang Li and Ocean Ahead International Limited to the Subscribers under a separate undertaking.

## **Assignment of rights and liabilities under the Subscription Agreement**

Unless prior written consent has been obtained from the Subscribers, the Company shall not at any time assign its rights and liabilities under the Subscription Agreement to any third party. Unless prior written consent has been obtained from the Company and other Subscribers, each of the Subscribers shall not prior to Completion assign its rights and liabilities under the Subscription Agreement to any third party. Upon Completion, each of the First Subscriber, the Second Subscriber and the Third Subscriber has the right to assign its rights and liabilities in respect of the subscription of the Preference Shares to well-known institutional investor(s) without prior consent of the other parties of the Subscription Agreement.

## **THE SUBSCRIPTION SHARES**

### **Specific Mandate**

The New Ordinary Shares and the Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

### **Ranking**

The New Ordinary Shares and the Conversion Shares will rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of allotment and issue of the New Ordinary Shares and the Conversion Shares respectively.

### **Listing application**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Ordinary Shares and the Conversion Shares. No application will be made for the listing of, or permission to deal in, the Preference Shares on the Main Board of the Stock Exchange or any other stock exchange.

### **Fund raising activities in the past twelve months**

The Company has not conducted any equity fund raising activity in the past 12 months immediately preceding to the date of this announcement.

## **INFORMATION ON THE SUBSCRIBERS**

The First Subscriber is a company incorporated in the British Virgin Islands. It is an investment holding company wholly owned by Beijing Enterprises Water Group Limited, the shares of which are listed on the Main Board of the Stock Exchange under stock code 371. Beijing Enterprises Water Group Limited, through its subsidiaries, is principally engaged in construction of sewage and reclaimed water treatment and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC and Malaysia; provision of sewage and reclaimed water treatment services in the PRC and Portugal; distribution and sales of piped water in the PRC and Portugal; the provision of technical and consultancy services that are related to sewage treatment and construction comprehensive renovation projects in the PRC; and the licensing of technical know-how that is related to sewage treatment in the PRC.

The Second Subscriber is a private equity fund with a China focus and comprises two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of the Second Subscriber is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited, a company incorporated in the Cayman Islands.

The Third Subscriber is a limited partnership established under the laws of the PRC on 15 November 2011. The general partner of the Third Subscriber is 北京宥德投資管理中心 (有限合夥) (Beijing Youde Investment Management Center (Limited Partnership)\*), a limited partnership registered under the laws of the PRC whose general partner is 上海常瑞投資諮詢有限公司 (Shanghai Changrui Investment Consulting Company Limited\*), a limited liability company incorporated in the PRC. The Third Subscriber is a China-based private equity fund.

The Fourth Subscriber is a company incorporated in the British Virgin Islands. It is owned by Zhao Kexi, Yu Liguang, Yang Guang and Xie Yingze, each as to 25% of its issued share capital. The Fourth Subscriber will take up 38,652,105 Ordinary Shares and 91,221,313 Preference Shares. The shareholders of the Fourth Subscriber are experienced in business management.

The Fourth Subscriber will procure the following parties to subscribe for an aggregate of 395,505,112 Ordinary Shares and an aggregate of 933,416,010 Preference Shares. Information on the parties procured by the Fourth Subscriber is set out below:

<b>Parties procured by the Fourth Subscriber</b>	<b>Background</b>
Zhihua Investments Limited	A company incorporated in the British Virgin Islands and controlled by Hu Xiaoyong. Hu Xiaoyong is experienced in corporate management and is an executive director and the chief executive officer of Beijing Enterprises Water Group Limited. Zhihua Investments Limited is presumed to be party acting in concert with the First Subscriber under the Takeovers Code.
Maolin Investments Limited	A company incorporated in the British Virgin Islands and controlled by Li Haifeng. Li Haifeng is experienced in corporate management and is an executive director and a vice president of Beijing Enterprises Water Group Limited. Maolin Investments Limited is presumed to be party acting in concert with the First Subscriber under the Takeovers Code.

\* For identification only

Tenson Investment Limited	A company incorporated in the British Virgin Islands and controlled by Zhou Min. Zhou Min is experienced in corporate management and is an executive director of Beijing Enterprises Water Group Limited. Tenson Investment Limited is presumed to be party acting in concert with the First Subscriber under the Takeovers Code.
Beijing Bestech New Energy Technology Development Co., Ltd.	A company incorporated in the PRC and is controlled by Wang Ye. Wang Ye is experienced in photovoltaic power generation, construction and maintenance. The principal business of Beijing Bestech New Energy Technology Development Co., Ltd. includes project planing, compilation and examination of technical specification protocol for core equipment, optimisation of project planning, procurement and sourcing of core equipment, installation and trial of equipment and monitoring of equipment manufacturing, and construction of infrastructure for projects in relation to photovoltaic power generation.
Taiping Quantum Prosperity Fund	A fund established in the Cayman Islands and its core strategy is event driven, seeking to achieve the highest return through long-short strategy with different approaches.
Reorient Special Situations Partners, LP	A private equity fund established in the Cayman Islands and managed by Reorient Special Situations GP Limited.
Strait Acquisition Fund, L.P.	A private equity fund established in the Cayman Islands and managed by Strait Capital Management (HK) Limited, which is licensed to conduct type 9 (asset management) regulated activities under the SFO.
Wenze International Investment Limited	A company incorporated in Hong Kong and controlled by Liao Shuang and Yan Yuqing, who are experienced in investment. Wenze International Investment Limited primarily makes investments in industries of energy, mining, finance, real estate, consumer goods and high-tech, with its business presence in Asia-Pacific, North America and Europe.

China Alpha II Fund Limited	A company incorporated in the Cayman Islands which focuses on investment in companies in greater China region. China Alpha II Fund Limited is managed by China Alpha Fund Management Ltd, which is registered as an excluded person under the Securities Investment Business Law (as revised) of the Cayman Islands and acts as the investment manager to funds on a discretionary basis in accordance with their respective guidelines and restrictions.
Global Integrity Alpha Fund Limited	A company incorporated in the Cayman Islands which focuses on investment in listed companies globally. Global Integrity Alpha Fund Limited is managed by China Alpha Fund Management Ltd, which is registered as an excluded person under the Securities Investment Business Law (as revised) of the Cayman Islands and acts as the investment manager to funds on a discretionary basis in accordance with their respective guidelines and restrictions.

None of the parties procured by the Fourth Subscriber will, at Completion, individually hold more than 10% of the issued share capital of the Company as enlarged by the allotment and issue of the New Ordinary Shares.

To the best of the Directors' knowledge having made all reasonable enquiry, each of the Subscribers and the parties procured by the Fourth Subscriber is independent of the Company and its connected persons. Save as disclosed above, none of the parties procured by the Fourth Subscriber are parties acting in concert with any of the Subscribers.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS**

The Group is principally engaged in the design, printing and sale of cigarette packages in the PRC.

Besides the cigarette packages printing business, the Group has also been actively looking for new investments and business opportunities in order to diversify its existing business with a view to achieving better growth potential and enhancing shareholders' return. In this regard, the Directors consider that photovoltaic power generation is a sector with great potential which presents a good investment opportunity for the Group.

The central government of the PRC has been actively promoting clean energy in recent years. According to the 能源發展戰略行動計劃 (2014-2020) (Strategic Action Plan for Energy Development (2014-2020)\*) issued by the State Council of the PRC in 2014, the installed gross capacity of photovoltaic power generation shall reach 100GW by year 2020. It is expected that in the coming years China will become the largest market of investment and operation of solar photovoltaic power stations in the world.

\* For identification purposes only

The Group has been cooperating with a team of technical experts in the solar photovoltaic power generation industry in conducting feasibility studies and in preliminary discussions with the local partners for the development of photovoltaic power projects in various provinces in the PRC. The technical team is led by Mr. Wang Ye, who is experienced in photovoltaic power generation, construction and maintenance. On 18 December 2014, Beijing Bestech New Energy Technology Development Co., Ltd. (“**Bestech**”), a company incorporated in the PRC and controlled by Mr. Wang Ye, entered into a memorandum of understanding with the People’s Government of Weishan County, Shandong Province\* (山東省微山縣人民政府), for the investment in and development of photovoltaic power stations in Weishan County, Shandong Province with expected aggregate capacity of 1.5GW by 2019. On 19 December 2014, Bestech entered into a memorandum of understanding with Beijing Wanyuan Industrial Company Limited\* (北京萬源工業有限公司) for joint development of photovoltaic power stations in Inner Mongolia Province with expected aggregate capacity of not less than 700MW. It is intended that (i) the technical team will join the Company to develop the solar power generation business after Completion; and (ii) the Company will develop the projects in Weishan County, Shandong Province and Inner Mongolia Provinces as discussed above.

Bestech will subscribe for New Ordinary Shares and Preference Shares under the Subscription. Please refer to the paragraphs headed “Information on the Subscribers” and “Effect on shareholding structure” in this announcement for more information on Bestech and its proposed subscription of New Ordinary Shares and Preference Shares under the Subscription.

Based on the current business plan and discussions with the local partners, the Group plans to develop (i) a total of 25 grid-connected solar power plants with aggregate installed capacity of 450MW, 500MW and 550MW in 2015, 2016 and 2017 respectively, covering Shandong, Inner Mongolia, Hebei, Henan, Gansu, Xinjiang, Shanxi, Ningxia and Shaanxi provinces in the PRC; and (ii) distributed solar power plants with aggregate installed capacity of 50MW, 100MW and 50MW in 2015, 2016 and 2017 respectively. Based on the prevailing equipment, installation and other costs in connection with the construction of solar power plants, it is currently estimated that the total investment for the development of these power plants in each of 2015, 2016 and 2017 will amount to approximately RMB3,720 million, RMB4,867 million and RMB5,255 million respectively, of which approximately 30% is expected to be funded by internal resources of the Group and the remaining 70% to be financed by bank borrowings.

**Nevertheless, the above projects are still in a preliminary stage and may or may not proceed. The capacity of the solar power plants to be developed and the expected amount of investment as stated above is only a preliminary estimate. The actual progress of the projects is subject to a number of factors and may turn out to be different from the above figures. Shareholders and investors shall exercise caution when dealing in the Ordinary Shares.**

\* For identification purposes only

The Directors are of the view that the Subscription represents a valuable opportunity for the Group to raise a substantial amount of funds for the expansion into the photovoltaic power generation business and bring in the Subscribers as solid Shareholders. The Directors consider that the Subscription provides the Company with the financial strength and flexibility in this pursuit. The Directors are confident that the Subscribers will bring in additional resources and investment opportunities to the Company which is beneficial to the Company and the Shareholders as a whole.

The Directors (excluding the members of the Independent Board Committee, who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver) consider that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription (a) at Completion are approximately HK\$1,125.7 million and (b) upon the issue of all the New Ordinary Shares and the Preference Shares are approximately HK\$3,752.4 million. The entire net proceeds from the Subscription (i) at Completion, after deduction of all related expenses, of approximately HK\$1,116.0 million and (ii) upon the issue of all the New Ordinary Shares and the Preference Shares, after deduction of all related expenses, of approximately HK\$3,742.8 million, are intended to be applied to finance the investments in and/or development of photovoltaic power projects as discussed above.

## **EFFECT ON SHAREHOLDING STRUCTURE**

The Company has no outstanding convertible securities, options, warrants or derivatives in issue which are convertible or exchangeable into Ordinary Shares as at the date of this announcement.

The table below sets out the effect of the Subscription on the shareholding structure of the Company immediately upon (i) Completion; and (ii) conversion of each tranche of the Preference Shares in full, assuming that the Company does not proceed with the Share Subdivision and no Ordinary Shares will be allotted and issued between the date of this announcement and the date on which all the Preference Shares have been fully converted.

	As at the date of this announcement		Immediately after the allotment and issue of the New Ordinary Shares and before conversion of any Preference Shares		Immediately after Completion and conversion in full of the Completion Tranche Preference Shares		Immediately after Completion and conversion in full of the Completion Tranche Preference Shares and the Tranche A Preference Shares		Immediately after Completion and conversion in full of the Completion Tranche Preference Shares, the Tranche A Preference Shares and Tranche B Preference Shares		Immediately after Completion and conversion in full of the Completion Tranche Preference Shares, the Tranche A Preference Shares, Tranche B Preference Shares and Tranche C Preference Shares		Immediately after Completion and conversion in full of all the Preference Shares	
	Number of Ordinary Shares	%	Number of Ordinary Shares	%	Number of Ordinary Shares	%	Number of Ordinary Shares	%	Number of Ordinary Shares	%	Number of Ordinary Shares	%	Number of Ordinary Shares	%
<b>Ocean Ahead International Limited ("Ocean Ahead")</b> <i>(Note (1))</i>	<b>240,000,000</b>	<b>75.00</b>	<b>240,000,000</b>	<b>13.84</b>	<b>240,000,000</b>	<b>13.75</b>	<b>240,000,000</b>	<b>8.91</b>	<b>240,000,000</b>	<b>6.58</b>	<b>240,000,000</b>	<b>5.22</b>	<b>240,000,000</b>	<b>4.73</b>
<b>The Concert Group (other than Zhihua Investments Limited, Maolin Investments Limited and Tenson Investment Limited)</b>														
The First Subscriber	–	–	527,416,655	30.42	531,645,570	30.47	886,075,950	32.88	1,240,506,330	34.03	1,594,936,710	34.71	1,772,151,900	34.95
The Second Subscriber	–	–	226,035,710	13.04	227,848,102	13.06	379,746,836	14.09	531,645,570	14.59	683,544,304	14.88	759,493,671	14.98
The Third Subscriber	–	–	226,035,709	13.04	227,848,101	13.06	379,746,835	14.09	531,645,569	14.59	683,544,303	14.88	759,493,670	14.98
<b>Subtotal of the Concert Group (other than Zhihua Investments Limited, Maolin Investments Limited and Tenson Investment Limited)</b>	<b>–</b>	<b>–</b>	<b>979,488,074</b>	<b>56.50</b>	<b>987,341,773</b>	<b>56.58</b>	<b>1,645,569,621</b>	<b>61.06</b>	<b>2,303,797,469</b>	<b>63.21</b>	<b>2,962,025,317</b>	<b>64.46</b>	<b>3,291,139,241</b>	<b>64.91</b>
<b>Subtotal of the Concert Group (including Zhihua Investments Limited, Maolin Investments Limited and Tenson Investment Limited below)</b>			<b>1,162,350,963</b>	<b>67.05</b>	<b>1,171,670,887</b>	<b>67.15</b>	<b>1,952,784,811</b>	<b>72.46</b>	<b>2,733,898,735</b>	<b>75.01</b>	<b>3,515,012,659</b>	<b>76.50</b>	<b>3,905,569,622</b>	<b>77.03</b>
<b>Other Shareholders</b>														
The Fourth Subscriber	–	–	38,652,105	2.23	38,962,024	2.23	64,936,708	2.41	90,911,392	2.49	116,886,076	2.54	129,873,418	2.56
<b>Parties procured by the Fourth Subscriber</b>														
Zhihua Investments Limited	–	–	78,359,046	4.52	78,987,342	4.53	131,645,570	4.88	184,303,798	5.06	236,962,026	5.16	263,291,140	5.19
Maolin Investments Limited	–	–	57,002,439	3.29	57,459,494	3.29	95,765,823	3.55	134,072,152	3.68	172,378,481	3.75	191,531,646	3.78
Taiping Quantum Prosperity Fund	–	–	54,549,951	3.15	54,987,342	3.15	91,645,570	3.40	128,303,798	3.52	164,962,026	3.59	183,291,140	3.62
Wenze International Investment Limited	–	–	54,352,509	3.14	54,788,316	3.14	91,313,860	3.39	127,839,404	3.51	164,364,948	3.58	182,627,720	3.60
Tenson Investment Limited	–	–	47,501,404	2.74	47,882,278	2.74	79,803,797	2.96	111,725,316	3.07	143,646,835	3.13	159,607,595	3.15
Reorient Special Situation Partners, LP	–	–	38,552,946	2.22	38,862,070	2.23	64,770,117	2.40	90,678,164	2.49	116,586,211	2.54	129,540,234	2.56
Straits Acquisition Fund, L.P.	–	–	37,672,620	2.17	37,974,685	2.18	63,291,140	2.35	88,607,595	2.43	113,924,050	2.48	126,582,277	2.50
Beijing Bestech New Energy Technology Development Co., Ltd.	–	–	23,746,935	1.37	23,937,342	1.37	39,895,570	1.48	55,853,798	1.53	71,812,026	1.56	79,791,140	1.57
China Alpha II Fund Limited	–	–	1,883,631	0.11	1,898,735	0.11	3,164,557	0.11	4,430,381	0.12	5,696,203	0.13	6,329,115	0.13
Global Integrity Alpha Fund Limited	–	–	1,883,631	0.11	1,898,734	0.11	3,164,558	0.12	4,430,380	0.12	5,696,204	0.13	6,329,115	0.13
<b>Existing Shareholders (other than Ocean Ahead)</b>	<b>80,000,000</b>	<b>25.00</b>	<b>80,000,000</b>	<b>4.61</b>	<b>80,000,000</b>	<b>4.58</b>	<b>80,000,000</b>	<b>2.97</b>	<b>80,000,000</b>	<b>2.19</b>	<b>80,000,000</b>	<b>1.74</b>	<b>80,000,000</b>	<b>1.58</b>
<b>Subtotal</b>	<b>80,000,000</b>	<b>25.00</b>	<b>514,157,217</b>	<b>29.66</b>	<b>517,638,362</b>	<b>29.66</b>	<b>809,397,270</b>	<b>30.03</b>	<b>1,101,156,178</b>	<b>30.21</b>	<b>1,392,915,086</b>	<b>30.31</b>	<b>1,538,794,540</b>	<b>30.35</b>
<b>Total</b>	<b>320,000,000</b>	<b>100.00</b>	<b>1,733,645,291</b>	<b>100.00</b>	<b>1,744,980,135</b>	<b>100.00</b>	<b>2,694,966,891</b>	<b>100.00</b>	<b>3,644,953,647</b>	<b>100.00</b>	<b>4,594,940,403</b>	<b>100.00</b>	<b>5,069,933,781</b>	<b>100.00</b>

**Note:**

- (1) The 240,000,000 Ordinary Shares are beneficially owned by Ocean Ahead, the entire issued share capital of which is wholly and beneficially owned by Ms. Huang Li, a Director.

## **DEALING AND INTEREST OF THE CONCERT GROUP IN THE SECURITIES OF THE COMPANY**

As at the date of this announcement, save for the Subscription, each of the First Subscriber, the Second Subscriber and the Third Subscriber has confirmed that none of the members of the Concert Group:

- (a) owns, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Ordinary Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) save as disclosed in the paragraph headed “Other undertakings” above, has received any irrevocable commitment to vote for the Subscription and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any of the Subscribers, which might be material to the Subscription and/or the Whitewash Waiver, with any other persons;
- (e) has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and/or the Whitewash Waiver; or
- (f) had dealt in Ordinary Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Ordinary Shares, during the six months prior to the date of this announcement.

## **APPLICATION FOR WHITEWASH WAIVER**

The First Subscriber, the Second Subscriber and the Third Subscriber are parties acting in concert with respect to the Company. Upon Completion, the Concert Group will be interested in Ordinary Shares, representing approximately 67.05% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares. Upon full conversion of the Preference Shares, they will in aggregate be interested in Ordinary Shares representing approximately 77.03% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the New Ordinary Shares and the Conversion Shares.

Under Rule 26.1 of the Takeovers Code, the First Subscriber, the Second Subscriber and the Third Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Concert Group as a result of the Subscription of the New Ordinary Shares, unless the Whitewash Waiver is obtained from the Executive. The First Subscriber, the Second Subscriber and the Third Subscriber will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The Subscribers and parties acting in concert with any of them, their respective associates (within the meaning of the Takeovers Code) and any other Shareholders who are interested or involved in the Subscription and/or the Whitewash Waiver (including Ocean Ahead International Limited) shall abstain from voting in respect of the resolutions approving the Subscription and the Whitewash Waiver at the EGM. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

**If the Whitewash Waiver is approved by the Independent Shareholders, the aggregate shareholding of the Concert Group in the Company will exceed 50% upon the allotment and issue of the New Ordinary Shares. The Concert Group may further increase their shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

## **FUTURE INTENTION OF THE FIRST SUBSCRIBER, THE SECOND SUBSCRIBER AND THE THIRD SUBSCRIBER REGARDING THE GROUP**

The Subscribers intend to maintain the listing of the Ordinary Shares on the Main Board of the Stock Exchange and continue the current business operation of the design, printing and sale of cigarette packages in the PRC of the Group with the present management after Completion. The Subscribers are in support of the new business to be developed by the Group as described in the section headed “Reasons for and benefits of the Subscription and use of proceeds”. They will also conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

## **INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT TO ARTICLES OF ASSOCIATION**

The Company has an authorised share capital of HK\$20,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.01 each as at the date of this announcement. The Company intends to effect the Share Subdivision.

For the Subscription, the Board proposes the Share Capital Resolution to increase the authorised share capital of the Company from HK\$20,000,000 to HK\$500,000,000 by (i) the creation of additional Ordinary Shares and (ii) the creation of the Preference Shares. Upon approval of the Share Capital Resolution, the authorised share capital of the Company will be HK\$500,000,000 divided into 46,663,711,510 ordinary shares of HK\$0.01 and the Preference Shares, or if the Share Subdivision having taken place, 466,637,115,100 ordinary shares of HK\$0.001 each and the Preference Shares.

The Board proposes to amend the Articles of Association to, among others, reflect (i) the Share Capital Resolution; and (ii) the creation and issue of the Preference Shares. Further information of the amendments will be stated in the circular to be despatched to the Shareholders. The amendments to the Articles of Association are conditional upon, among others, the passing of a special resolution by Independent Shareholders at the EGM.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee as to whether the terms and conditions of the Subscription and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed resolutions approving the Subscription and the Whitewash Waiver at the EGM. The appointment of Somerley Capital Limited as the independent financial adviser has been approved by the Independent Board Committee.

## **GENERAL**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Zeng Shiquan, Mr. Tam Tak Kei Raymond and Professor Lam Sing Kwong Simon, has been formed to advise the Independent Shareholders in relation to the Subscription and the Whitewash Waiver. Mr. Huang Chao, a non-executive Director, was not involved in the negotiation of or interested in the Subscription. However, as Mr. Huang Chao is the son of Ms. Huang Li, a controlling Shareholder and who will abstain from voting (through Ocean Ahead International Limited) on the relevant resolutions to be proposed at the EGM, he has been excluded from the Independent Board Committee.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution and the amendment to Articles of Association by way of a poll. For the purpose of the Subscription (including the Specific Mandate), the Share Capital Resolution and the amendment to Articles of Association, any Shareholder and its associates who have material interest in such matters shall abstain from voting on the resolutions to be proposed at the EGM to approve such matters.

For the purpose of the Whitewash Waiver, the Subscribers and parties acting in concert with any of them, their respective associates (within the meaning of the Takeovers Code) and other Shareholders who are interested or involved in the Subscription (including the Specific Mandate) and/or the Whitewash Waiver shall abstain from voting on the resolutions to be proposed at the EGM to approve the Whitewash Waiver.

To the best knowledge of the Directors, none of the Shareholders has a material interest (other than being a Shareholder) in the Subscription (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution or the amendment to Articles of Association as at the date of this announcement. As Ms. Huang Li was involved in the negotiation of the Subscription, Ocean Ahead International Limited, the entire issued share capital of which is owned by Ms. Huang Li, will abstain from voting on the relevant resolutions to be proposed at the EGM to approve the Subscription (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution and the amendment to Articles of Association. Apart from the above, no Shareholders are required to abstain from voting at the EGM in respect of the resolutions relating to the aforesaid matters.

A circular containing, among other things, (i) the terms of the Subscription, the Whitewash Waiver, the Share Capital Resolution and the proposed amendment to Articles of Association; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; and (iv) a notice convening the EGM will be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code. The circular is expected to be despatched on or before 23 February 2015.

## **RESUMPTION OF TRADING**

On 27 November 2014, the Company requested a trading halt in the Ordinary Shares with effect from 9:00 a.m. on 27 November 2014 pending the publication of this announcement. An application has been made by the Company for the resumption of trading in the Ordinary Shares on the Main Board of the Stock Exchange with effect from 9:00 a.m. on 3 February 2015.

**Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the EGM by the Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. The Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## DEFINITIONS

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

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Articles of Association”	the articles of association of the Company
“associate”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday or public holiday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“Company”	Jin Cai Holdings Company Limited (stock code: 1250), a company incorporated in the Cayman Islands with limited liability and the Ordinary Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription Agreement
“Completion Date”	the date on which Completion occurs
“Concert Group”	the First Subscriber, the Second Subscriber, the Third Subscriber and their respective concert parties (including Zhihua Investments Limited, Maolin Investments Limited and Tenson Investment Limited)
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Conversion Share(s)”	Ordinary Share(s) to be allotted and issued upon conversion of the Preference Share(s)
“Director(s)”	director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution and the amendment to Articles of Association
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Subscriber”	Fast Top Investment Limited
“First Supplemental Agreement”	the first supplemental agreement entered into between the Company and the Subscribers dated 29 December 2014 in respect of the Subscription
“Fourth Subscriber”	More Surplus Investments Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board established by the Board, comprising all the independent non-executive Directors, namely Mr. Zeng Shiquan, Mr. Tam Tak Kei Raymond and Professor Lam Sing Kwong Simon, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver and as to voting. Mr. Huang Chao, a non-executive Director, was not involved in the negotiation of or interested in the Subscription. However, as Mr. Huang Chao is the son of Ms. Huang Li, a controlling shareholder of the Company and who will abstain from voting (through Ocean Ahead International Limited) on the relevant resolutions to be proposed at the EGM, he has been excluded from the Independent Board Committee
“Independent Shareholders”	Shareholders other than the Subscribers and parties acting in concert with any of them, their respective associates and any other Shareholders who are interested or involved in the Subscription and/or the Whitewash Waiver (including Ocean Ahead International Limited)

“Last Trading Day”	26 November 2014, being the last trading day of the Ordinary Shares immediately prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2015 (or such other date as may be agreed by the parties to the Subscription Agreement in writing)
“New Ordinary Shares”	a total of 1,413,645,291 new ordinary shares of HK\$0.01 each, or in the event of the Share Subdivision having taken place before Completion, a total of 14,136,452,910 new ordinary shares of HK\$0.001 each, to be allotted and issued by the Company
“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company; or ordinary share(s) of HK\$0.001 each in the share capital of the Company upon completion of the Share Subdivision
“PRC”	the People’s Republic of China (which for the purpose of the Subscription Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Preference Shares”	3,336,288,490 convertible preference shares of HK\$0.01 each in the capital of the Company, or in the event of the Share Subdivision having taken place before Completion, 33,362,884,900 convertible preference shares of HK\$0.001 each in the capital of the Company, in each case, with the principal terms set in the section headed “Principal terms of the Preference Shares”
“RMB”	Renminbi, the lawful currency of the PRC
“Second Subscriber”	CPEChina Fund II, L.P. and CPE China Fund IIA, L.P.
“Second Supplemental Agreement”	the second supplemental agreement entered into between the Company and the Subscribers dated 31 January 2015 in respect of the Subscription
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“Share Capital Resolution”	the proposed increase in authorised share capital of the Company from HK\$20,000,000 to HK\$500,000,000 by (i) the creation of additional Ordinary Shares and (ii) the creation of the Preference Shares, such that following the approval of the Share Capital Resolution, the authorised share capital of the Company will be HK\$500,000,000 divided into 46,663,711,510 ordinary shares of HK\$0.01 each and the Preference Shares, or if the Share Subdivision having taken place, 466,637,115,100 ordinary shares of HK\$0.001 each and the Preference Shares
“Share Subdivision”	the subdivision of each of the Company’s ordinary shares of HK\$0.01 each into 10 ordinary shares of HK\$0.001 each
“Shareholder(s)”	holder(s) of Ordinary Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of the Subscription Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the First Subscriber, the Second Subscriber, the Third Subscriber and the Fourth Subscriber
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company and the Subscribers dated 9 December 2014 in respect of the Subscription, as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement
“Subscription Price”	HK\$0.79 per Subscription Share, or in the event of the Share Subdivision having taken place before Completion, HK\$0.079 per Subscription Share
“Subscription Shares”	the New Ordinary Shares and the Preference Shares
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Third Subscriber”	CITIC Private Equity Fund III (RMB) 北京中信投資中心 (有限合伙)

“Whitewash Waiver”

a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the First Subscriber, the Second Subscriber and the Third Subscriber to make a mandatory general offer for all of the Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Concert Group which would, arise as a result of the subscription of the New Ordinary Shares

“%”

percentage

By Order of the Board  
**Jin Cai Holdings Company Limited**  
**Huang Li**  
Chairman

Hong Kong, 2 February 2015

*As at the date of this announcement, the Board comprises six Directors, namely Ms. Huang Li and Mr. Zheng Hua as executive Directors; Mr. Huang Chao as non-executive Director; Mr. Zeng Shiquan, Mr. Tam Tak Kei Raymond and Professor Lam Sing Kwong Simon as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information (other than information relating to the First Subscriber, the Second Subscriber and the Third Subscriber) contained in this announcement and confirm having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement 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 statement in this announcement misleading.*

*The directors of the First Subscriber, namely, Hu Xiaoyong, Zhou Min and Li Haifeng, and all directors of Beijing Enterprises Water Group Limited, the holding company of the First Subscriber, namely Mr. Li Yongcheng, Mr. E Meng, Mr. Jiang Xinhao, Mr. Hu Xiaoyong, Mr. Zhou Min, Mr. Li Haifeng, Mr. Zhang Tiefu, Ms. Qi Xiaohong, Mr. Ke Jian, Mr. Tung Woon Cheung Eric, Mr. Li Li, Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Ms. Hang Shijun, Mr. Wang Kaijun and Mr. Yu Ning, jointly and severally accept full responsibility for the accuracy of the information relating to the First Subscriber contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the First Subscriber in this announcement 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 statement in this announcement misleading.*

*As at the date of this announcement, the general partner of the Second Subscriber is CITIC PE Associates II, L.P. and the general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited, whose directors are Mr. Ye Changqing and Ms. Cindy Chan.*

*CITIC PE Funds II Limited and all the directors of CITIC PE Funds II Limited jointly and severally accept full responsibility for the accuracy of the information relating to the Second Subscriber contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Second Subscriber in this announcement 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 statement in this announcement misleading.*

*As at the date of this announcement, the general partner of the Third Subscriber is 北京宥德投資管理中心（有限合夥），and the general partner of 北京宥德投資管理中心（有限合夥）is 上海常瑞投資諮詢有限公司, whose legal representative is Mr. Tian Yu.*

*上海常瑞投資諮詢有限公司 and the legal representative of 上海常瑞投資諮詢有限公司 jointly and severally accept full responsibility for the accuracy of the information relating to the Third Subscriber contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Third Subscriber in this announcement 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 statement in this announcement misleading.*