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*This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company and the Offeror.*

**Sonic Tycoon Limited**

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

**Lee & Man Handbags Holding Limited**

**理文手袋集團有限公司**

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

*Website: <http://www.leemanhandbags.com>*

**(Stock Code: 1488)**

**JOINT ANNOUNCEMENT**

- (1) ACQUISITION OF APPROXIMATELY 50.03% INTERESTS IN LEE & MAN  
HANDBAGS HOLDING LIMITED BY SONIC TYCOON LIMITED**  
**(2) MANDATORY UNCONDITIONAL CASH OFFER BY**



**KINGSTON SECURITIES LTD  
FOR AND ON BEHALF OF  
SONIC TYCOON LIMITED**

**TO ACQUIRE ALL OF THE ISSUED SHARES OF  
LEE & MAN HANDBAGS HOLDING LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED  
BY SONIC TYCOON LIMITED AND/OR PARTIES ACTING  
IN CONCERT WITH IT);**

**AND**

- (3) RESUMPTION OF TRADING IN SHARES**

**Financial Adviser to the Offeror**



**KINGSTON CORPORATE FINANCE LTD**

**Financial Adviser to the Company**



**建泉融資有限公司  
VBG Capital Limited**

## **THE SALE AND PURCHASE AGREEMENT**

The Company was notified by the Vendor (the controlling shareholder of the Company as at the date of this joint announcement) that after trading hours on 26 May 2016, the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 412,750,000 Shares, representing approximately 50.03% of the issued Shares as at the date of this joint announcement, for a total cash consideration of HK\$487,045,000 (being HK\$1.18 per Share).

Completion is subject to the fulfillment or waiver of the conditions described in the section headed “Conditions Precedent” in this joint announcement and is expected to take place on 2 June 2016.

## **MANDATORY UNCONDITIONAL CASH OFFER**

Immediately prior to Completion, the Vendor holds 412,750,000 Shares (representing approximately 50.03% of the issued Shares) and none of the Offeror and parties acting in concert with it own, control or have direction over any Shares. Immediately following Completion, the Offeror and parties acting in concert with it will own in aggregate 412,750,000 Shares, representing approximately 50.03% of the issued Shares, and the Vendor will no longer be interested in any Shares (assuming no changes to the issued Shares from the date of this joint announcement to Completion).

Subject to Completion, the Offeror will be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Subject to and upon Completion, Kingston Securities will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$1.18 in cash**

The Offer Price of HK\$1.18 for each Share under the Offer is the same as the price for each Sale Share being acquired by the Offeror pursuant to the Sale and Purchase Agreement.

As at the date of this joint announcement, there are 825,000,000 Shares in issue and the Company does not, as the date of this joint announcement have, and is not expected to issue any securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares before the composition of the Board changes, as referred to below in the section headed “Intentions of the Offeror Regarding the Group”.

Principal terms of the Offer are set out in the section headed “Mandatory Unconditional Cash Offer” below. Based on the Offer Price of HK\$1.18 per Share, the entire issued share capital of the Company is valued at HK\$973,500,000. As the Offeror and parties acting in concert with it hold in aggregate 412,750,000 Shares immediately after Completion, 412,250,000 Shares (being a total of 825,000,000 Shares in issue less the Sale Shares) will be subject to the Offer. Based on the Offer Price of HK\$1.18 per Share, the total consideration for the Offer would be HK\$486,455,000 (assuming full acceptance of the Offer).

The Offeror intends to finance the total consideration of the Offer by its internal resources. Kingston Corporate Finance, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

#### **DESPATCH OF COMPOSITE OFFER DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror will despatch an offer document in relation to the Offer. The Offeror and the Company intend to combine the offer document and the Company’s board circular in a composite offer document to be posted within such period.

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

The Independent Board Committee has been established by the Company to advise the Offer Shareholders in respect of the Offer pursuant to Rule 2.1 of the Takeovers Code.

An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser. The advice of the independent financial adviser and the recommendation of the Independent Board Committee will be included in the composite document to be despatched to the Shareholders.

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

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 27 May 2016 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 May 2016.

## **WARNING**

**Shareholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offer. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing Shareholders of the fact that the Company has been informed that the Offer may be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders should read the composite document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the independent financial adviser, before forming a view on the Offer.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares during the period of the Offer. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

Reference is made to the announcements of the Company dated 15 April 2016 and 13 May 2016 informing the Shareholders that the Company had been informed by a shareholder of the Vendor, that the Vendor had been approached by an independent third party with a preliminary proposal in connection with the possible purchase of all or part of the Vendor's Shares in the Company.

## **THE SALE AND PURCHASE AGREEMENT**

The Company was notified by the Vendor (the controlling shareholder of the Company as at the date of this joint announcement) that after trading hours on 26 May 2016, the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase 412,750,000 Shares, representing approximately 50.03% of the entire issued share capital of the Company as at the date of this joint announcement, for a total cash consideration of HK\$487,045,000 (being HK\$1.18 per Share).

Set out below are the principal terms of the Sale and Purchase Agreement.

### **Date**

26 May 2016

### **Parties**

Vendor: Full Gold Trading Limited

Guarantors: Mr. Lee Wan Keung and Mr. Lee Man Yan (as guarantors for the Vendor)

Purchaser: Sonic Tycoon Limited

The Vendor and its ultimate beneficial owners (i.e. the Guarantors) are third parties independent of, and not connected with, either the Offeror or its connected persons.

The Offeror is a third party independent of, and not connected with, either the Company or any of its connected persons, save that the Offeror will become a controlling shareholder of the Company following Completion.

### **The Sale Shares**

The Sale Shares comprise a total of 412,750,000 Shares, representing approximately 50.03% of the issued Shares as at the date of this joint announcement. Pursuant to the terms of the Sale and Purchase Agreement, the Sale Shares will be acquired by the Offeror, free from all encumbrances and together with all rights and benefits attached and accrued to them on the Completion Date.

### **Purchase price and payment terms**

The total purchase price for the Sale Shares pursuant to the Sale and Purchase Agreement was HK\$487,045,000. The entire consideration shall be satisfied by the Purchaser in accordance with the Sale and Purchase Agreement by transferring immediately available funds in the sum of HK\$487,045,000 to the bank account designated by the Vendor upon Completion.

The purchase price for the Sale Shares was agreed between the Offeror and the Vendor after arm's length negotiations, taking into account, among other things, (i) the Company's cash balance and the value of the Company's net assets as at 31 December 2015, (ii) the financial position of the Company; and (iii) the recent market prices of the Shares as further described in the section headed "Offer Price" below.

### **Conditions Precedent**

Completion of the Sale and Purchase Agreement shall be conditional on the following conditions having been fulfilled or waived by the Purchaser in writing (if applicable):

- (a) the Executive confirming that it has no further comment on this joint announcement which shall be posted on the website of the Stock Exchange;
- (b) the trading of the Shares on the Stock Exchange not having been suspended for a period longer than seven (7) consecutive trading days, save for any temporary suspension required by relevant regulatory authorities in connection with the transactions contemplated under the Sale and Purchase Agreement;
- (c) the listing of the Shares not having been cancelled or withdrawn and neither the Stock Exchange nor the SFC having indicated that the trading of the Shares on the Stock Exchange will be suspended, cancelled or withdrawn after the Completion or that it will object to the continued listing of the Shares on the Stock Exchange;

- (d) the Vendor is the beneficial owner and legal owner (if such Sale Share(s) are directly held by the Vendor in its own name) of the Sale Shares as at the Completion Date and is entitled to instruct its designated participant(s) to transfer the Sale Shares to the Purchaser through CCASS (if such Sale Shares were held by the designated participant(s) through CCASS), and the Sale Shares are free from encumbrances or other third parties rights;
- (e) the warranties given by the Vendor and the Guarantors in the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect;
- (f) no events having occurred which caused, causes or may cause a material adverse effect;
- (g) where necessary, all necessary consents, approvals, waivers and authorisations required to be obtained by the Offeror, the Vendor and the Guarantors in respect of the Sale and Purchase Agreement and the transaction contemplated thereby (including but not limited to those consents or waivers from the banks not to enforce their rights and remedies under the banking facilities entered into by the Group against the change in control of the Company as a result of the Vendor's entering into and performance of the Sale and Purchase Agreement and the transactions contemplated thereby) having been obtained; and
- (h) there being no applicable law or regulations which shall, or which shall reasonably be expected to, forbid or restrict completion of the transactions contemplated under the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, all conditions have to be fulfilled on or before 8 June 2016 or any later date as agreed by the Vendor, Guarantors and Purchaser in writing and as at the date of this joint announcement, all conditions have been fulfilled.

### **Guarantors' guarantee**

The Guarantors guaranteed to the Purchaser the full, prompt and complete performance by the Vendor of all the Vendor's obligations, commitments and undertakings under the Sale and Purchase Agreement.

### **Completion of the Acquisition**

Completion is subject to the fulfillment or waiver of the conditions described in the section headed "Conditions Precedent" in this joint announcement and is expected to take place on 2 June 2016.

Immediately prior to Completion, the Vendor will hold 412,750,000 Shares, representing approximately 50.03% of the issued Shares (assuming no changes to the issued Shares from the date of this joint announcement up to Completion). Immediately after Completion, neither the Vendor nor any of its ultimate beneficial owners will hold any Shares.

## **MANDATORY UNCONDITIONAL CASH OFFER**

Immediately prior to Completion, none of the Offeror and parties acting in concert with it own any Shares, convertible securities, options, warrants or derivatives in the Company. Immediately following Completion, the Offeror and parties acting in concert with it will own in aggregate 412,750,000 Shares, representing approximately 50.03% of the issued Shares (assuming no changes to the issued Shares from the date of this joint announcement up to Completion). Subject to Completion, the Offeror will be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

Subject to and upon Completion, Kingston Securities will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . .HK\$1.18 in cash**

The Offer Price of HK\$1.18 for each Share under the Offer is the same as the price for each Sale Share being acquired by the Offeror pursuant to the Sale and Purchase Agreement.

As at the date of this joint announcement, there are 825,000,000 Shares in issue and the Company does not, as the date of this joint announcement have, and is not expected to issue any securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares before the composition of the Board changes, as referred to below in the section headed “Intentions of the Offeror Regarding the Group”.

Based on the Offer Price of HK\$1.18 per Share, the entire issued share capital of the Company is valued at HK\$973,500,000. The Offer will be made to the Offer Shareholders. As the Offeror and parties acting in concert with it hold in aggregate 412,750,000 Shares immediately after Completion, 412,250,000 Shares (being a total of 825,000,000 Shares in issue less the Sale Shares) will be subject to the Offer. Based on the Offer Price of HK\$1.18 per Share, the total consideration of the Offer would be HK\$486,455,000 (assuming full acceptance of the Offer).

### **Offer Price**

The offer price of HK\$1.18 per Offer Share represents:

- (a) a discount of approximately 3.28% to the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on 14 April 2016, being the Last Trading Date Before Initial Announcement;
- (b) a discount of approximately 20.27% to the closing price of HK\$1.48 per Share as quoted on the Stock Exchange on 26 May 2016, being the Last Trading Day;
- (c) a discount of approximately 18.06% over the average closing price of HK\$1.44 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

- (d) a discount of approximately 15.35% over the average closing price of HK\$1.394 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 17.42% over the average closing price of HK\$1.429 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (f) a premium of approximately 243.02% over the audited consolidated net assets per Share of approximately HK\$0.344 as at 31 December 2015 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$284,145,000 as at 31 December 2015 and 825,000,000 Shares in issue as at the date of this joint announcement.

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

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the commencement of the offer period on 15 April 2016 and including the Last Trading Day (i.e. from 16 October 2015 to 26 May 2016) were HK\$1.63 per Share on 19 October 2015 and HK\$1.10 per Share on 2 March 2016, respectively.

### **Confirmation of financial resources**

The Offeror intends to finance the total consideration payable by the Offeror in respect of the Offer by its internal resources. Kingston Corporate Finance, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

### **Effect of accepting the Offer**

By accepting the Offer, the Offer Shareholders shall sell their Shares free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

### **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but within seven (7) Business Days of the date of receipt of a duly completed acceptance of the Offer Shares. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.



## **Overseas Shareholders**

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

**Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.**

## **Stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Offer Shareholders who accept the Offer. The Offeror will then pay the stamp duty so deducted to the Stamp Office. The Offeror will bear buyer's ad valorem stamp duty.

## **Tax Advice**

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

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

The Offeror confirms that, save as disclosed herein, as at the date of this joint announcement:

- (a) save for the Sale Shares, neither the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) neither the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the 6 months prior to the offer period up to the date of this joint announcement;

- (c) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (d) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;
- (e) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Offer; and
- (g) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it.

## INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since 27 June 2011. The principal activity of the Company is investment holding. The Group is principally engaged in the business of manufacturing and sale of handbags.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Completion and as at the date of this joint announcement; (ii) immediately following Completion but before commencement of the Offer, assuming there is no change in the issued Shares from the date of this joint announcement up to Completion:

Name of shareholder	Immediately prior to Completion and as at the date of this joint announcement		Immediately following Completion but before commencement of the Offer	
	<i>Number of Shares</i>	<i>% of shareholding (approximate)</i>	<i>Number of Shares</i>	<i>% of shareholding (approximate)</i>
The Offeror and parties acting in concert with it	0	0%	412,750,000	50.03%
<i>Substantial Shareholders</i>				
Vendor (Note 1)	412,750,000	50.03%	0	0%
Wise Triumph Limited (Note 2)	138,300,000	16.76%	138,300,000	16.76%
Other public Shareholders	<u>273,950,000</u>	<u>33.21%</u>	<u>273,950,000</u>	<u>33.21%</u>
<b>Total</b>	<b><u>825,000,000</u></b>	<b><u>100.00%</u></b>	<b><u>825,000,000</u></b>	<b><u>100.00%</u></b>

*Notes:*

- (1) The Vendor is owned by each of Mr. Lee Wan Keung and Mr. Lee Man Yan as to 55% and 45% respectively. Ms. Wai Siu Kee and Ms. Lee Man Ching are the directors of the Vendor.
- (2) Wise Triumph Limited is wholly owned by Mr. Chen Haining.

## **FINANCIAL INFORMATION OF THE GROUP**

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 December 2015 as extracted from the annual report of the Company for the year ended 31 December 2015:

	<b>Year ended 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	817,708	658,797
Gross Profit	156,693	193,513
Profit before tax	33,634	15,523
Profit after tax	33,393	10,013
Consolidated net asset value attributable to the owners of the Company	284,078	284,145

## **INFORMATION OF THE VENDOR AND THE GUARANTORS**

The Vendor is a company incorporated in the British Virgin Islands with limited liability. The Vendor is an investment holding company and it has not carried on any business since incorporation. The entire issued share capital of the Vendor is wholly and beneficially owned by the Guarantors.

## **INFORMATION OF THE OFFEROR**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of Hony Capital Fund VIII (Cayman), L.P., an exempted limited partnership which is ultimately managed and controlled by Exponential Fortune Group Limited (“**Exponential Fortune**”). As of the date of this announcement, Exponential Fortune is held as to 49% by Mr. Zhao John Huan, and the remaining 51% is held by Mr. Cao Yonggang and Mr. Xu Minsheng equally. Each of the three individuals is a third party independent of, and not connected with, either the Company or any of its connected persons, save that the Offeror will become a controlling shareholder of the Company following Completion. The series of private equity investment funds, together with their respective management companies/general partners was founded in the early 2000s to capture investment opportunities as a private equity platform.

## **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

It is the intention of the Offeror that the Group will continue with its existing principal activities after the close of the Offer and will maintain the listing status of the Company. The Offeror will, following the close of the Offer, conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group. The Offeror will also consider any suitable acquisition opportunities in the mass market focused consumables sector including, without limitation, food and beverage industry, to diversify the Group's businesses and broadening its income stream. As at the date of this joint announcement, the Offeror has no definitive plans for any acquisition or disposal of assets and/or business of the Group.

All of the directors of the Company will resign with effect from such date as is required by the Offeror or the earliest time permitted under the Takeovers Code or the Stock Exchange, whichever is the later. To ensure there will be continuity in the management of the Group's business, current directors of the subsidiaries of the Company shall remain as the directors of the subsidiaries. The Offeror intends to nominate new directors to the board of the Company with effect from the earliest time permitted under the Takeovers Code or the Stock Exchange or any other later time as it thinks appropriate.

Save as in connection with the Offeror's intention regarding the Group as set out above and the potential changes to the members of the board of directors of the Company, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Should there be any change to the board of directors of the Company, it will be made in compliance with the Takeovers Code and the Listing Rules. A further announcement will be made upon any appointment of new directors of the Company.

## **PUBLIC FLOAT OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the Shares.

Each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

## **DESPATCH OF COMPOSITE OFFER DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror will dispatch an offer document in relation to the Offer. The Offeror and the Company intend to combine the offer document and the Company's board circular setting out, among other things, terms of the Offer, the recommendation of the Independent Board Committee to the Offer Shareholders, the letter of advice of the independent financial adviser to the Independent Board Committee and the Offer Shareholders in respect of the Offer in a composite document to be posted within such period.

## **INDEPENDENT BOARD COMMITTEE OF THE COMPANY**

The Independent Board Committee comprising Mr. So Wing Keung, Mr. Heng Victor Ja Wei and Mr. Tsang Hin Man Terence has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

An independent financial adviser will be appointed pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding 5% or more of a class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

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

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 27 May 2016 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 May 2016.

## **WARNING**

**Shareholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offer. This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing Shareholders of the fact that the Company has been informed that the Offer may be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders read the composite document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the independent financial adviser, before forming a view on the Offer.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares during the period of the Offer. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## **DEFINITIONS**

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Acquisition”	the purchase of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Sale and Purchase Agreement
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Takeovers Code
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system

“Company”	Lee & Man Handbags Holding Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 1488)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	2 June 2016, being three Business Days after the fulfillment of all Conditions Precedent, or such other date as agreed by the Seller, the Guarantors and the Purchaser in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Conditions Precedent”	conditions precedent to the Sale and Purchase Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Lee Wan Keung and Mr. Lee Man Yan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the board of directors of the Company, comprising Mr. So Wing Keung, Mr. Heng Victor Ja Wei and Mr. Tsang Hin Man Terence, formed for the purpose of advising the Offer Shareholders in respect of the Offer
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO which shall make the Offer on behalf of the Offeror
“Last Trading Day”	26 May 2016, being the day on which Shares last traded on the Stock Exchange immediately prior to the suspension of trading in the Shares pending the release of this joint announcement

“Last Trading Date Before Initial Announcement”	14 April 2016, being the last trading day immediately prior to the halt in trading of the Shares pending the publication of the Company’s announcement on 15 April 2016 pursuant to Rule 3.7 of the Takeovers Code
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer to be made by Kingston Securities, on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it in accordance with the Takeovers Code
“Offer Price”	means HK\$1.18 per Share
“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Offer Share(s)”	any of the 412,250,000 Shares that are subject to the Offer
“Offeror” or “Purchaser”	Sonic Tycoon Limited
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 May 2016 and entered into among the Vendor, the Guarantors and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares”	412,750,000 Shares, being such number of Shares in aggregate as shall represent all the Shares that the Vendor holds or is otherwise interested in the Company prior to Completion, and a “Sale Share” means any of them
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers



“Vendor”	Full Gold Trading Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the board of  
**Sonic Tycoon Limited**  
**So Wai Yin**  
*Director*

By order of the board of  
**Lee & Man Handbags Holding Limited**  
 理文手袋集團有限公司  
**Wai Siu Kee**  
*Chairman*

Hong Kong, 30 May 2016

*As at the date of this joint announcement, the directors of the Offeror are So Wai Yin and Lin Tun.*

*The directors of the Offeror and the shareholders of Exponential Fortune including Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Vendor, the Guarantors, the Group or their respective director(s)), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the Vendor, the Guarantors, the Group or their respective director(s)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the board of directors of the Company comprises three executive directors, namely Ms. Wai Siu Kee, Mr. Kung Fang David and Ms. Lee Man Ching and three independent non-executive directors, namely Mr. So Wing Keung, Mr. Heng Victor Ja Wei and Mr. Tsang Hin Man Terence.*

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