



## **KTL International Holdings Group Limited**

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

**(Stock Code: 442)**

*Executive Directors:*

Mr. Kei York Pang Victor (*Co-Chairman*)  
Mr. Li Man Chun (*Co-Chairman*)  
Mr. Kei Yeuk Lun Calan

*Independent Non-executive Directors:*

Mr. Ting Tit Cheung  
Mr. Chan Chi Kuen  
Mr. Lo Chun Pong

*Registered Office:*

Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

*Place of business and headquarter  
in Hong Kong:*

Unit 1207  
Fu Hang Industrial Building  
1 Hok Yuen Street East  
Hung Hom, Kowloon  
Hong Kong

27 January 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO  
THE MANDATORY UNCONDITIONAL CASH OFFER BY  
CCB INTERNATIONAL CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF  
KTL INTERNATIONAL HOLDINGS GROUP LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED  
OR AGREED TO BE ACQUIRED BY  
HNA AVIATION INVESTMENT HOLDING COMPANY LTD)**

### **INTRODUCTION**

Reference is made to the Joint Announcement by which the Offeror and the Company jointly announced that on 13 December 2016, the Offeror, the Vendor and the Guarantors had entered into the Sale and Purchase Agreement, pursuant to which the Vendor had agreed to sell and the Offeror had agreed to purchase the Sale Shares, representing approximately 61.44% of the entire issued share capital of the Company as at the Latest Practicable Date. The

Consideration for the Sale Shares pursuant to the Sale and Purchase Agreement amounted to HK\$594,739,297, equivalently to approximately HK\$6.05 per Sale Share. Completion took place on 29 December 2016.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 98,304,016 Shares, representing approximately 61.44% of the existing issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror and parties acting in concert with it are required to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror).

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 14 December 2016, the Board has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ting Tit Cheung, Mr. Chan Chi Kuen and Mr. Lo Chun Pong, to make a recommendation to the Independent Shareholders in respect of the Offer, in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, on 29 December 2016, Veda Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The purpose of this Composite Offer Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer, and the letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee in respect of the terms of the Offer and as to acceptance of the Offer.

## **THE OFFER**

As at the Latest Practicable Date, there were 160,000,000 Shares in issue.

There were no outstanding warrants, options, derivatives or securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

### **Principal terms of the Offer**

As mentioned in the "LETTER FROM CCBI" on pages 5 to 13 of this Composite Offer Document, CCBI is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror) in accordance with the Takeovers Code on the following basis:

**For each Offer Share..... HK\$6.05 in cash**

The Offer Price of HK\$6.05 per Offer Share under the Offer is equal to the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

Further details of the Offer, including terms and procedures for acceptance of the Offer, are contained in the “LETTER FROM CCBI” as set out on pages 5 to 13 of, and Appendix I to, this Composite Offer Document and the accompanying Form of Acceptance.

#### INFORMATION ON THE GROUP

The Company is a company incorporated in Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacture and sale of jewellery and related products.

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; and (ii) immediately following Completion and as at the Latest Practicable Date:

	Immediately before Completion		Immediately following Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Shareholders</b>				
The Vendor	98,304,016	61.44	—	—
The Offeror	—	—	98,304,016	61.44
Sub-total of the Offeror and the parties acting in concert with it	98,304,016	61.44	98,304,016 (Note)	61.44 (Note)
Other public Shareholders	61,695,984	38.56	61,695,984	38.56
<b>Total</b>	<b>160,000,000</b>	<b>100</b>	<b>160,000,000</b>	<b>100</b>

*Note:* The Vendor is presumed to be acting in concert with the Purchaser under class (9) of the definition of “acting in concert” in the Takeovers Code. Kei York Pang Victor and Li Man Chun are therefore deemed to be interested in the Shares under the SFO held by the Purchaser.

The following table sets out a summary of the audited consolidated results of the Group for each of the financial years ended 31 March 2015 and 2016 and the unaudited condensed consolidated results of the Group for the six months ended 30 September 2016, as extracted from the consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards in the Company’s annual report for each of the years ended 31 March 2015 and 2016 and the Company’s interim report for the six months ended 30 September 2016, respectively.

	<b>For the six months ended 30 September 2016 (unaudited) HK\$'000</b>	<b>For the year ended 31 March 2016                      2015 (audited)                (audited) HK\$'000                HK\$'000</b>	
Revenue	245,965	683,687	1,036,824
(Loss)/profit before tax	(4,859)	(11,690)	26,597
(Loss)/profit attributable to the owners of the Company	(6,373)	(13,502)	20,342
	<b>As at 30 September 2016 HK\$'000</b>	<b>As at 31 March 2016 HK\$'000</b>	<b>As at 31 March 2015 HK\$'000</b>
Consolidated net asset value attributable to the owners of the Company	331,671	352,613	382,710

Further details of the information of the Group are set out in Appendices II and III to this Composite Offer Document.

#### **INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed "INFORMATION ON THE OFFEROR" in the "LETTER FROM CCBI" as set out on pages 9 to 10 of this Composite Offer Document.

#### **THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP**

Your attention is drawn to the sections headed "INFORMATION OF THE OFFEROR" and "OFFEROR'S INTENTION ON THE COMPANY" in the "LETTER FROM CCBI" as set out on page 10 of this Composite Offer Document. The Board is pleased to learn that the Offeror intends to continue the principal businesses of the Group and that the Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for the proposed change of Board composition as detailed in the section headed "PROPOSED CHANGE TO THE BOARD COMPOSITION" in the "LETTER FROM CCBI"), or redeploy the fixed assets of the Group other than (a) those in its ordinary and usual course of business; and (b) the Nansha Property.

Pursuant to the Sale and Purchase Agreement, each of the Vendor and the Guarantors unconditionally and jointly and severally undertakes to the Purchaser, among other things, that it/he will use its/his best effort to assist the Group in disposing of the Nansha Property to a third party independent of the Company, the Vendor and the Guarantors on or before the first anniversary of the Completion, and procure the net proceeds from such disposal be used as may be determined by the Board. The initial development plan for the Nansha Property was to establish an expanded exhibition centre and staff training centre to facilitate the marketing and customer services. As at the Latest Practicable Date, the Nansha Property's fitting-out and decoration have not been completed and hence has not been available for use in operation. In view of the current market conditions and taking into account the scale and capacity of the Group's existing operational production facilities, the Board considered it appropriate and prudent to suspend the development of the Nansha Property and applied the financial resources originally allocated for fitting out and decoration of the Nansha Property towards working capital and general corporation purposes of the Group to better support its financial resources and liquidity management. The disposal of the Nansha Property may or may not proceed. It is expected that there will not be material impact to the Group in the event that the proposed disposal does not proceed. If the proposed disposal of the Nansha Property proceeds, the Group will comply with the relevant requirements under the Listing Rules.

#### **MAINTAINING THE LISTING STATUS OF THE COMPANY**

It is stated in the "LETTER FROM CCBI" on pages 5 to 13 of this Composite Offer Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

In the event that the public float of the Company falls below 25% following the close of the Offer, the Board noted that the directors of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

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

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market, it would consider exercising its discretion to suspend dealings in the Shares.

Therefore, upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

**Shareholders and potential investors are advised to exercise caution when dealing in Shares.**

## **RECOMMENDATION**


Your attention is drawn to (i) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” on pages 20 to 21 of this Composite Offer Document, which sets out its recommendation to the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof; and (ii) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” on pages 22 to 41 of this Composite Offer Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

## **ADDITIONAL INFORMATION**

You are advised to read this Composite Offer Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Offer Document.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,  
By Order of the Board  
**KTL International Holdings Group Limited**



**Kei York Pang Victor**  
*Co-Chairman and Executive Director*