

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



PERFECTECH INTERNATIONAL HOLDINGS LIMITED

威發國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 765)

**ANNOUNCEMENT
PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE;
RULE 13.09 OF THE LISTING RULES
AND THE INSIDE INFORMATION PROVISIONS
UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE
AND
RESUMPTION OF TRADING**

**THE EXCLUSIVITY AGREEMENT IN RESPECT OF THE POSSIBLE
VOLUNTARY OFFERS AND THE POSSIBLE UNDERTAKINGS**

The Company was informed by the Controlling Shareholders that, on 27 May 2016 (after trading hours), the Controlling Shareholders and the Possible Offerors entered into the Exclusivity Agreement, which sets out certain preliminary terms in relation to the Possible Voluntary Offers to acquire all the issued Shares (other than those already owned by the Possible Offerors and parties acting in concert with them) and to cancel all the outstanding share options of the Company and the Possible Undertakings. Pursuant to the Exclusivity Agreement, the Controlling Shareholders have indicated their willingness to give the Possible Undertakings to the Possible Offerors, amongst other matters, to accept the Possible Voluntary Offers in respect of an aggregate of 140,307,430 Shares held by them as and when the same may be made by the Possible Offerors. The Possible Offerors have indicated that the Possible Voluntary Offers, if made, will be subject to the satisfaction or waiver (as the case may be) of a number of conditions, including a condition that acceptances to the Possible Voluntary Offers are received in respect of not less than 70% of the total issued Shares.

* For identification purpose only

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on 30 May 2016 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 June 2016.

Shareholders and potential investors should be aware that the Possible Offerors are not obliged in any way to make the Possible Voluntary Offers and if the Possible Offerors do decide to proceed with the Possible Voluntary Offers, the Possible Voluntary Offers will be subject to the satisfaction or waiver (as the case may be) of a number of conditions and the Possible Voluntary Offers may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

THE EXCLUSIVITY AGREEMENT IN RESPECT OF THE POSSIBLE VOLUNTARY OFFERS AND THE POSSIBLE UNDERTAKINGS

The Company was informed by Mr. Poon, Ms. Lau and Mime (collectively, the “**Controlling Shareholders**”) that, on 27 May 2016 (after trading hours), the Controlling Shareholders and the Possible Offerors entered into the Exclusivity Agreement, which sets out certain preliminary terms in relation to the Possible Voluntary Offers to acquire all the issued Shares (other than those already owned by the Possible Offerors and parties acting in concert with them) and to cancel all the outstanding share options of the Company and the Possible Undertakings. Pursuant to the Exclusivity Agreement, the Controlling Shareholders have indicated their willingness to give the Possible Undertakings to the Possible Offerors, amongst other matters, to accept the Possible Voluntary Offers in respect of an aggregate of 140,307,430 Shares held by them as and when the same may be made by the Possible Offerors. The Possible Offerors have indicated that, if made, the Possible Voluntary Offers will be subject to the satisfaction or waiver (as the case may be) of a number of conditions, including a condition that acceptances to the Possible Voluntary Offers are received in respect of not less than 70% of the total issued Shares.

As at the date of this announcement, each of Mr. Poon, Ms. Lau and Mime is the beneficial owner of 22,764,000 Shares, 16,404,000 Shares and 101,139,430 Shares, representing approximately 6.96%, 5.02% and 30.94% of the total issued Shares, respectively. The Controlling Shareholders in aggregate own 140,307,430 Shares (the “**Controlling Shares**”), representing approximately 42.92% of the total issued Shares. Mime is owned as to 55% by Mr. Poon and 45% by Ms. Lau. Mr. Poon is also the

holder of 86,000 share options granted to him by the Company under its share option scheme.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Possible Offerors and their ultimate beneficial owners are independent third parties, which are not connected persons of the Company and are independent of the Company and its connected persons. Mr. Zhai Jun and Mr. Wu Zhenlong are the respective beneficial owners of Star Fly Limited and Fresh Choice Holdings Ltd., the Possible Offerors. As at the date of this announcement, the Possible Offerors do not hold any Shares.

The principal terms of the Exclusivity Agreement are as follows:

Exclusivity

Pursuant to the Exclusivity Agreement, the Possible Offerors have been granted a 120-day Exclusivity Period. During the Exclusivity Period, each of the Controlling Shareholders will not, and will procure that the Company and its representatives will not, directly or indirectly, during the Exclusivity Period:

- (i) sell, transfer, encumber or dispose of any Controlling Shares (or agree to do so) except to the Possible Offerors; or
- (ii) solicit, initiate or encourage inquiries, proposals or offers from any person (other than the Possible Offerors and their representatives); or
- (iii) initiate or continue negotiations or discussions with or otherwise communicate with any person (other than the Possible Offerors and their representatives); or
- (iv) enter into any agreement or statement of intent or understanding with, any person or entity other than the Possible Offerors; or
- (v) provide information to any person (other than the Possible Offerors and their representatives) in response to, or otherwise co-operate with, assist or participate in, any approach, proposal or offer (including, without limitation, taking any action to assist any person in obtaining any regulatory consents or approvals in connection with such proposal or offer in relation to any Shares),

in each case with respect to the sale or other disposition of the Controlling Shares or the sale, subscription, or allotment of any part thereof or any other Shares (whether new or existing).

Escrow Deposit

In consideration of the Controlling Shareholders entering into the Exclusivity Agreement, the Possible Offerors together shall deposit the Escrow Documents with the Escrow Agent no later than seven Business Days after the date of the Exclusivity Agreement.

The Escrow Documents will be returned to the Possible Offerors once the Offer Announcement has been published.

In the event that on or before the Expiry Date,

- (i) any of the Possible Undertakings is not executed and delivered and received by the Possible Offerors owing to (a) the negligence, default, breach, deliberate action and/or inaction of any of the Controlling Shareholders, or (b) if the Parties have negotiated in good faith but are unable to agree on the terms of any of the Possible Undertakings, or
- (ii) any of the Escrow Conditions fails or have not been satisfied or waived, the Possible Offerors shall be entitled to the return of the Escrow Documents.

In the event that on or before the Expiry Date, (i) further options have been granted under the share option scheme of the Company; or (ii) all of the Escrow Conditions have been satisfied and/or waived, but one or more of the Controlling Shareholders has not executed and delivered one of the Possible Undertakings (other than for the reason that (a) the Controlling Shareholders have negotiated in good faith with the Possible Offerors but the parties are unable to agree on the terms of any of the Possible Undertakings, or (b) any of the Possible Undertakings is not executed and delivered owing to the negligence, default, breach, deliberate action and/or inaction of the Possible Offerors), the Controlling Shareholders shall pay to the Possible Offerors the sum of HK\$20,000,000 as a compensation payment.

In the event that on or before the Expiry Date, the Escrow Conditions have been satisfied, waived and/or performed in full but the Possible Offerors do not make the Possible Voluntary Offers, the Possible Offerors shall pay the aggregate sum of HK\$20,000,000 to the Controlling Shareholders as liquidated damages.

If the Offer Announcement has not been published on or before the Expiry Date for any reason other than those set out above, the Possible Offerors shall be entitled to the return of the Escrow Documents.

For the purposes of the escrow arrangements set out in the Exclusivity Agreement, the escrow conditions (the “**Escrow Conditions**”) are, inter alia, as follows:

- (i) the Possible Offerors completing a due diligence review of legal, financial, tax, business and other matters concerning the Group and the results of that review being satisfactory to the Possible Offerors;
- (ii) no further options being granted under the share option scheme of the Company;
- (iii) the SFC or any governmental authority not having taken or commenced any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding any statute, regulation, demand or order that would make the Possible Voluntary Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations on the Possible Voluntary Offers unless mutually agreed by the Parties in writing on or before to the signing of any of the Possible Undertakings;
- (iv) there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders’ equity or results of operations of the Company or any member of the Group, whether or not arising in the ordinary course of business;
- (v) no material claim, action, proceeding or suit being brought or threatened against the Company or any other member of the Group or having existed any liability (whether actual or contingent) in excess of HK\$15,000,000 individually or in aggregate on or prior to the signing of any of the Possible Undertakings;
- (vi) the Shares remaining listed and traded on the Stock Exchange up to and including the date of publication of the Offer Announcement, and no notification being received from the Stock Exchange or the SFC that such listing will or may be withdrawn or suspended at or as at the date of publication of the Offer Announcement, or for any reason; other than any temporary suspension in trading of the Shares not exceeding ten consecutive trading days, and other than in connection with the clearance by the Stock Exchange and the SFC of the Company’s announcements relating to the Possible Voluntary Offers; and
- (vii) each of the Leung Undertakings has been executed and delivered.

The Possible Offerors shall have the right to waive Escrow Conditions (i), (iv) and/or (v) above at or prior to the date of publication of the Offer Announcement. All other Escrow Conditions cannot be waived by the Controlling Shareholders or the Possible Offerors.

POSSIBLE VOLUNTARY OFFERS

The Possible Offerors have indicated that the Possible Voluntary Offers, if made, will be subject to the satisfaction or waiver (as the case may be) of a number of conditions, including a condition that acceptances to the Possible Voluntary Offers are received in respect of not less than 70% of the total issued Shares. Accordingly, the Possible Voluntary Offers may or may not be made, and if made, may or may not become unconditional.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, the Board will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until the Company publishes an announcement (i) of a firm intention to make an offer under Rule 3.5 of the Takeovers Code; (ii) of a decision not to proceed with the Possible Voluntary Offers in compliance with the Takeovers Code; or (iii) of the fact that the transactions contemplated under the Exclusivity Agreement are terminated.

DEALING DISCLOSURE

In compliance with Rule 3.8 of the Takeovers Code, as at the date of this announcement, the relevant securities of the Company in issue comprised (i) 326,923,607 Shares; and (ii) 16,452,000 outstanding share options to subscribe up to 16,452,000 Shares. Saved as disclosed above, the Company has no other relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

The respective associates (as defined in the Takeovers Code) of the Company and the Possible Offerors including, amongst other, persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Possible Offerors are hereby reminded to disclose their dealings in any relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Affiliate”	with respect to a person, any other person that, directly or indirectly through one or more intermediaries, controls is controlled by, or is under common control with, such person
“associate”	has the same meaning as ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal number 8 or above or a “black” rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Chairman” or “Mr. Poon”	Mr. Poon Siu Chung, the Chairman and Managing Director of the Company
“Company”	Perfectech International Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the sub-section headed “Escrow Deposit” in the section headed “The Exclusivity Agreement in respect of the Possible Voluntary Offers and the Possible Undertakings”
“Controlling Shares”	has the meaning ascribed to it under the section headed “The Exclusivity Agreement in respect of the Possible Voluntary Offers and the Possible Undertakings”
“Director(s)”	director(s) of the Company
“Escrow Agent”	an independent third party of the Company, jointly appointed by Mime and the Possible Offerors in relation to the holding of the Escrow Documents
“Escrow Conditions”	has the meaning ascribed to it under the section headed “The Exclusivity Agreement in respect of the Possible Voluntary Offers and the Possible Undertakings”

“Escrow Documents”	two cashier’s orders of HK\$10,000,000 each, being separately drawn by a Possible Offeror on a licensed bank in Hong Kong in favour of Mime and which shall be deposited with the Escrow Agent
“Exclusivity Agreement”	the Exclusivity and Confidentiality Agreement entered into amongst Mr. Poon, Ms. Lau, Mime and the Possible Offerors on 27 May 2016 (after trading hours) in respect of certain preliminary terms in relation to the Possible Voluntary Offers and the Possible Undertakings
“Exclusivity Period”	the period commencing from the date of the Exclusivity Agreement and ending on the Expiry Date (or such other date as the parties to the Exclusivity Agreement may mutually agree in writing)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Expiry Date”	24 September 2016, being the date of expiry of the Exclusivity Period (or such other date as the parties to the Exclusivity Agreement may mutually agree in writing)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leung Undertakings”	irrevocable undertaking letters to be in the form agreed by the parties to the Exclusivity Agreement, proposed to be given in favour of the Possible Offerors by Mr. Leung Ying Wai Charles (being a substantial Shareholder) and his Affiliates, agreeing, amongst other matters, to accept the Possible Voluntary Offers in respect of 62,797,200 Shares in aggregate held by them, if made
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mime”	Mime Limited, a company incorporated in Hong Kong with limited liability and is owned as to 55% by Mr. Poon and 45% by Ms. Lau
“Ms. Lau”	Ms. Lau Kwai Ngor, being the spouse of Mr. Poon
“Offer Announcement”	the joint announcement of the Company and the Possible Offerors of the Possible Voluntary Offers in accordance with Rule 3.5 of the Takeovers Code
“Possible Voluntary Offers”	the possible voluntary conditional cash offer by the Possible Offerors to acquire all the issued Shares (other than those already owned by the Possible Offerors and parties acting in concert with them); and the possible comparable offer to be made by the Possible Offerors to the holders of all outstanding share options of the Company for the cancellation of such outstanding share options of the Company, subject to the satisfaction of certain preliminary conditions
“Possible Offerors”	Star Fly Limited and Fresh Choice Holdings Ltd., both being companies incorporated in the British Virgin Islands
“Possible Undertakings”	irrevocable undertaking letters to be in agreed form, proposed to be given in favour of the Possible Offerors by each of the Controlling Shareholders, agreeing, amongst other matters, to accept the Possible Voluntary Offers, if made, in respect of all the Controlling Shares
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”

the Hong Kong Code on Takeovers and Mergers

“%”

Percentage

By Order of the Board
Poon Siu Chung
Chairman and Managing Director

Hong Kong, 1 June 2016

As at the date of this announcement, the Board is composed of Mr. Poon Siu Chung, Dr. Poon Wai Tsun, William and Mr. Poon Wai Yip, Albert as executive Directors, Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, 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 statements in this announcement misleading.