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<b>Champion Alliance International Corporation</b> <b>冠均國際有限公司</b> <i>(Incorporated in the British Virgin Islands with limited liability)</i>	<b>Mengke Holdings Limited</b> <b>盟科控股有限公司</b> <i>(Incorporated in the Cayman Islands with limited liability)</i> <b>(Stock Code: 1629)</b>
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## JOINT ANNOUNCEMENT

**(1) COMPLETION OF THE SP AGREEMENT - ACQUISITION  
OF 75% INTEREST IN MENGKE HOLDINGS LIMITED  
BY THE OFFEROR AND MILLION SUCCESS GROUP CORPORATION;  
(2) UNCONDITIONAL MANDATORY CASH OFFER BY  
SSIF SECURITIES LIMITED**



**FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL THE ISSUED SHARES OF MENGKE HOLDINGS  
LIMITED (OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED BY THE OFFEROR  
AND THE PARTIES ACTING IN CONCERT WITH IT); AND  
(3) RESUMPTION OF TRADING**

**Joint financial advisers to the Offeror**



## **COMPLETION OF THE SP AGREEMENT AND UNCONDITIONAL MANDATORY CASH OFFER**

The Company was informed by the Vendors that on 19 October 2018 (after trading hours), the Offeror and Million Success as purchasers entered into the SP Agreement with, among others, Happily Soar and Liberal Rite as vendors, pursuant to which the Offeror agreed to acquire 281,252,000 Shares from Happily Soar and 68,748,000 Shares from Liberal Rite, and Million Success agreed to acquire 25,000,000 Shares from Liberal Rite, representing a total of 375,000,000 Shares which in turn represents in aggregate 75% of the total issued share capital of the Company as at the date of this joint announcement at a consideration of HK\$1.42 per Share, which was agreed among the Offeror, Million Success and the Vendors after arm's length negotiations taking into account of the recent trading prices of the Shares (up to and including the trading price of the Last Trading Day). Completion took place on 22 October 2018.

Immediately prior to the Completion, Happily Soar and Liberal Rite held 281,252,000 (representing approximately 56.25% of the issued Shares) and 93,748,000 Shares (representing approximately 18.75% of the issued Shares) respectively, and none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Pursuant to the SP Agreement and immediately upon the Completion, the 375,000,000 Acquired Shares are held as to 350,000,000 Shares by the Offeror (representing approximately 93.3% of the Acquired Shares and 70% of the issued share capital of the Company) and 25,000,000 Shares by Million Success (representing approximately 6.7% of the Acquired Shares and 5% of the issued share capital of the Company).

Immediately upon the Completion, the Offeror and parties acting in concert with it (including Million Success and its beneficial owner) together held voting rights in the Company of 75% and the Offeror has therefore incurred an obligation to make an unconditional mandatory offer under Rule 26.1 of the Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

### **THE SHARE OFFER**

As at the date of this joint announcement, there are 500,000,000 Shares in issue. Save for the 500,000,000 issued Shares, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and 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 joint announcement.

The Share Offer will be made by SSIF Securities for and on behalf of the Offeror on the terms to be set out in the offer document or, as the case may be, the composite document in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$1.42 in cash**

The Offer Price of HK\$1.42 per Offer Share under the Share Offer is the same as the purchase price per Acquired Share paid by the Offeror and Million Success in the SP Agreement. The Share Offer will be unconditional in all respects. The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Share Offer is made.

#### **FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR**

The Offeror will satisfy the consideration payable under the Share Offer by way of the Facility. Assuming full acceptance of the Share Offer, the maximum aggregate amount payable by the Offeror is HK\$177,500,000.

The Offeror has obtained the Facility from GF Securities and SSIF Securities, pursuant to which, the Acquired Shares held by the Offeror and Million Success are deposited into the securities accounts of the Offeror and Million Success maintained with GF Securities and pledged in favour of GF Securities and SSIF Securities as security for the Facility. All Shares to be acquired by the Offeror pursuant to the Share Offer will be deposited into the securities account of the Offeror maintained with SSIF Securities and pledged in favour of GF Securities and SSIF Securities as security for the Facility.

GF Capital and ZhongHua Finance, being the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Share Offer.

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

The Independent Board Committee will be constituted in due course in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders other than the Offeror and parties acting in concert with it in respect of the Share Offer, as to whether the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer.

An independent financial adviser to the Independent Board Committee will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Share Offer and, in particular, as to whether the Share Offer is fair and reasonable and as to the acceptance of the Share Offer pursuant to Rule 2.1 of the Takeovers Code. An announcement of such appointment will be made in due course.

## **DESPATCH OF COMPOSITE DOCUMENT**

The Offeror and the Company intend to combine the offer document and the offeree board circular into a composite document which contains amongst others, details of the Share Offer, accompanied by the relevant form of acceptance and transfer, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Share Offer. Pursuant to Rule 8.2 of the Takeovers Code, the composite document is required to be despatched within 21 days of the date of this joint announcement. The composite document is expected to be despatched to the Shareholders on or before 19 November 2018.

## **SUSPENSION AND 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 22 October 2018 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 October 2018.

**WARNING: Shareholders and potential investors are reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Share Offer and are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

References are made to the announcements of the Company dated 2 August 2018, 6 September 2018 and 2 October 2018 pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO in relation to, among other things, (i) the two memoranda of understanding (as amended and supplemented) entered into by each of Happily Soar and Liberal Rite with the potential buyers, being the Offeror and Million Success, in relation to the potential acquisition of the Acquired Shares by the Offeror and Million Success from Happily Soar and Liberal Rite; and (ii) the Share Offer.

## **COMPLETION OF THE SP AGREEMENT AND UNCONDITIONAL MANDATORY CASH OFFER**

The Company was informed by the Vendors that on 19 October 2018 (after trading hours), the Offeror and Million Success as purchasers entered into the SP Agreement with Happily Soar and Liberal Rite as vendors, and Mr. Zhang Weixiang, Mr. Fu Mingping, Mr. Chen Yongqiao and Mr. Shiu Kwok Kuen as the guarantors of the Vendors, pursuant to which the Offeror agreed to acquire 281,252,000 Shares from Happily Soar and 68,748,000 Shares from Liberal Rite, and Million Success agreed to acquire 25,000,000 Shares from Liberal Rite, representing a total of 375,000,000 Shares which in turn represent in aggregate 75% of the total issued share capital of the Company as at the date of this joint announcement at a consideration of HK\$1.42 per Share, which was agreed among the Offeror, Million Success and the Vendors after arm's length negotiations taking into account of the recent trading prices of the Shares (up to and including the trading price of the Last Trading Day).

Completion took place on 22 October 2018. The consideration for the Acquired Shares had been fully settled by the Offeror and Million Success by way of cash as set out below as at the date of this joint announcement:

- (i) as to HK\$399,377,840 to Happily Soar were paid by the Offeror for 281,252,000 Shares;
- (ii) as to HK\$97,622,160 to Liberal Rite were paid by the Offeror for 68,748,000 Shares; and
- (iii) as to HK\$35,500,000 to Liberal Rite were paid by Million Success for 25,000,000 Shares.

Immediately prior to the Completion, Happily Soar and Liberal Rite held 281,252,000 (representing approximately 56.25% of the issued Shares) and 93,748,000 Shares (representing approximately 18.75% of the issued Shares) respectively, and none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares. Immediately following the Completion and as at the date of this joint announcement, neither the Vendors nor any of their respective ultimate beneficial owners hold any Shares. The 375,000,000 Acquired Shares are held by the Offeror and Million Success in the following manner:

- (i) 350,000,000 Acquired Shares were acquired by the Offeror, representing approximately 93.3% of the Acquired Shares and 70% of the total issued Shares as at the date of this joint announcement; and
- (ii) 25,000,000 Acquired Shares were acquired by Million Success, representing approximately 6.7% of the Acquired Shares and 5% of the total issued Shares as at the date of this joint announcement.

Immediately upon the Completion, the Offeror and the parties acting in concert with it (including Million Success and its beneficial owner) together held voting rights in the Company of 75% and the Offeror has therefore incurred an obligation to make an unconditional mandatory offer under Rule 26.1 of Takeovers Code for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, save for the Acquired Shares, the Offeror and parties acting in concert with it do not own, control or have direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

## **THE SHARE OFFER**

Immediately prior to Completion, none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares, convertible securities, options, warrants or derivatives in the Company. As at the date of this joint announcement, there are 500,000,000 Shares in issue. Save for the 500,000,000 issued Shares, the Company has no other outstanding securities, options, warrants or derivatives which are convertible into or

which confer rights to require the issue of Shares and 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 joint announcement.

The Share Offer will be made by SSIF Securities for and on behalf of the Offeror on the terms to be set out in the offer document or, as the case may be, the composite document in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$1.42 in cash**

The Offer Price of HK\$1.42 per Offer Share under the Share Offer is the same as the purchase price per Acquired Share paid by the Offeror and Million Success in the SP Agreement. The Share Offer will be unconditional in all respects.

The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Share Offer is made.

### **Comparison of Value**

The Offer Price of HK\$1.42 per Offer Share represents:

- (i) a premium of approximately 9.23% over the last trading price of HK\$1.300 per Share as quoted on the Stock Exchange immediately before trading in the Shares were halted on 22 October 2018 and being the Last Trading Day;
- (ii) a premium of approximately 14.15% over the average closing price of HK\$1.244 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 14.98% over the average closing price of approximately HK\$1.235 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 15.17% over the average closing price of approximately HK\$1.233 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 439.92% over the audited consolidated net asset value attributable to Shareholders of approximately RMB0.233 per Share (equivalent to approximately HK\$0.263) as at 31 December 2017, the date to which the latest audited consolidated financial results of the Company were made up.

## **Highest and Lowest Share Prices**

During the six-month period immediately prior to the commencement date of the offer period on 2 August 2018 (being the date of the first announcement of the Company issued pursuant to Rule 3.7 of the Takeovers Code) up to and including the Last Trading Day, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange was HK\$1.85 per Share on 12 and 13 April 2018 and HK\$1.14 per Share on 27 and 28 September 2018, respectively.

## **VALUE OF THE SHARE OFFER**

On the basis of 500,000,000 Shares in issue, of which the Offeror and the parties acting in concert with it together hold 375,000,000 Shares, as at the date of this joint announcement and assuming full acceptance of the Share Offer, the Share Offer based on the Offer Price of HK\$1.42 per Offer Share will be valued at HK\$177,500,000.

## **FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR**

The Offeror will satisfy the consideration payable under the Share Offer by way of the Facility. Assuming full acceptance of the Share Offer, the maximum aggregate amount payable by the Offeror is HK\$177,500,000.

The Offeror has obtained the Facility from GF Securities and SSIF Securities, pursuant to which, the Acquired Shares held by the Offeror and Million Success are deposited into the securities accounts of the Offeror and Million Success maintained with GF Securities and pledged in favour of GF Securities and SSIF Securities as security for the Facility. All Shares to be acquired by the Offeror pursuant to the Share Offer will be deposited into the securities account of the Offeror maintained with SSIF Securities and pledged in favour of GF Securities and SSIF Securities as security for the Facility.

GF Capital and ZhongHua Finance, being the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Share Offer.

## **EFFECTS OF ACCEPTING THE SHARE OFFER**

By accepting the Share Offer, the Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third party rights and with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive all dividends and declared, paid or made, if any, on or after the date on which the offer document or the composite document is posted. The making of the Share Offer to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Shareholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

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

## **SETTLEMENT**

Settlement of the considerations for the Offer Shares will be made in cash as soon as possible but in any event within seven 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 Share Offer complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent (HK\$).

## **HONG KONG STAMP DUTY**

In Hong Kong, seller's ad valorem stamp duty payable by the Shareholders who accept the Share Offer is calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will then pay the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Share Offer and will bear the buyer's ad valorem stamp duty in relation to the acceptance of the Share Offer and the transfer of the Offer Shares.

## **TAXATION 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 Share Offer. None of the Offeror, parties acting in concert with it, the Company, GF Securities, SSIF Securities, GF Capital, ZhongHua Finance and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

## **DEALING AND INTERESTS IN THE COMPANY'S SECURITIES**

Save for the 375,000,000 Acquired Shares, none of the Offeror or parties acting in concert with it has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period immediately prior to the commencement date of the offer period on 2 August 2018 (being the date of the first announcement of the Company issued pursuant to Rule 3.7 of the Takeovers Code).

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

- (i) the Offeror and/or parties acting in concert with it have not received any irrevocable commitment to accept or reject the Share Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;
- (iii) there are no conditions to which the Share Offer are subject;

- (iv) save for the Facility, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which may be material to the Share Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (v) save for the Acquired Shares, none of the Offeror and/or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (vi) there is no agreement or arrangement to which any of the Offeror is a party which relates to circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer; and
- (vii) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with it has borrowed or lent.

## **OVERSEAS SHAREHOLDERS**

The availability of the Share Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Share 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 Share 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 by such Overseas Shareholders in respect of such jurisdictions).

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

## **INFORMATION ON THE GROUP**

The Company is incorporated in the Cayman Islands with limited liability and the Shares are listed on the Main Board of the Stock Exchange. The Company acts as an investment holding company and its subsidiaries are principally engaged in the production of metallised packaging paper for cigarette package manufacturers.

Set out below is a summary of certain audited financial information of the continuing operations of the Group for the financial years ended 31 December 2016 and 2017 extracted from the Company's annual report published on 20 April 2018 and the unaudited financial information of the continuing operations of the Group for the six months ended 30 June 2018 extracted from the Company's interim report published on 27 September 2018:

	<b>Six months ended/As at 30 June 2018</b>	<b>Year ended/ As at 31 December 2017</b>	<b>Year ended/ As at 31 December 2016</b>
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Revenue	102,189	238,310	310,708
Gross profit	16,729	44,947	64,594
Profit/(loss) before income tax	1,246	6,409	(6,608)
Profit/(loss) for the period/ year	1,062	4,724	(9,435)
Consolidated net asset value	117,986	116,674	111,450

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the date of this joint announcement (assuming there is no other change to the shareholding structure of the Company):

	<b>Immediately before Completion</b>		<b>Immediately after Completion and as at the date of the joint announcement</b>	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
<b>Offeror and the parties acting in concert with it</b>	<b>0</b>	<b>0</b>	<b>375,000,000</b>	<b>75.00</b>
– Offeror	0	0	350,000,000	70.00
– Million Success	0	0	25,000,000	5.00
Happily Soar ( <i>Note 1</i> )	281,252,000	56.25	0	0
Liberal Rite ( <i>Note 2</i> )	93,748,000	18.75	0	0
Public Shareholders	<u>125,000,000</u>	<u>25.00</u>	<u>125,000,000</u>	<u>25.00</u>
<b>Total</b>	<b><u>500,000,000</u></b>	<b><u>100.00</u></b>	<b><u>500,000,000</u></b>	<b><u>100.00</u></b>

Notes:

- The issued share capital of Happily Soar is beneficially owned as to 76% by Mr. Zhang Weixiang (the chairman of the Board and a non-executive Director), 18% by Mr. Fu Mingping (the chief executive officer of the Company and an executive Director) and 6% by Mr. Chen Yongqiao (a director of Hubei Mengke Paper Co., Ltd. (湖北盟科紙業有限公司), a wholly-owned subsidiary of the Company).

2. Mr. Shiu Kwok Kuen beneficially owns the entire issued share capital of Liberal Rite.
3. Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## **INFORMATION ON THE OFFEROR AND MILLION SUCCESS**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and principally engages in the business of investment holding. As at the date of this joint announcement, the Offeror is the beneficial owner of 350,000,000 Shares and is wholly-owned by Mr. Chen.

Mr. Chen, aged 54, has over 25 years of experience in the paper manufacturing industry. Mr. Chen completed an amateur college course in agriculture economic management (業餘大專班農業經濟管理專業) from the China Communist Party Shandong Provincial Committee Party School\* (中共山東省委黨校) in December 1997 and obtained the Credentials of Senior Operating Manager (高級經營師) certified by the National Credentials Committee of Senior Operating Manager (全國高級經營師評審委員會) in August 2006. From July 1984 to May 1992, he worked at the Dongping County Foreign Trade Corporation\* (東平縣外貿總公司). From May 1992 to October 2000, he was the general manager of Shandong Province Dongping County Mingxing Paper Manufacturing Limited\* (山東省東平縣明興紙業有限責任公司). Since October 2000, he has been acting as the chairman of the board of directors of Shandong Jiexin Paper Manufacturing Limited\* (山東潔昕紙業股份有限公司) (formerly known as Dongshun Group Limited\* (東順集團股份有限公司)), a group principally engages in the manufacturing of household papers and personal hygiene products in the PRC.

Mr. Chen has been a member of the China Paper Manufacturing Association, Household Paper Professional Committee\* (中國造紙協會生活用紙專業委員會) since 2015 and the vice president of the Shandong Province Paper Manufacturing Industry Association\* (山東省造紙行業協會) since 2016. Mr. Chen was also a committee member of the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> Shandong Province Committee of the PRC Political Consultative Conference\* (中國人民政治協商會議山東省政協委員) and was appointed as the economic consultant of the Dongping County government (東平縣人民政府) for a term of one year in February 2018.

Million Success is a company incorporated in the British Virgin Islands with limited liability and principally engages in the business of investment holding. As at the date of this joint announcement, Million Success is the beneficial owner of 25,000,000 Shares and is beneficially and wholly-owned by Mr. He.

Mr. He, aged 38, has approximately ten years of experience in corporate finance matters. He was appointed as the president of Shenzhen Fuan Investment Co., Limited\* (深圳市富一投資有限公司) in April 2017. He also acted as the chief executive officer of Hao Hua Tai Cheng (Beijing) Capital Management Limited\* (浩華泰成(北京)資本管理公司) from March 2014 to May 2016. Mr. He also held managerial positions in investment and asset management companies in the PRC between December 2007 and January 2012, and between March 2013 and March 2014. Mr. He also served as the executive director of Prosper One International Holdings Company Limited (formerly known as Tic Tac International Holdings Company Limited) (stock code: 1470), a company whose shares are listed on the Main Board of the Stock Exchange, from September 2017 to March 2018.

Mr. He is an acquaintance of Mr. Chen and they have known each other for several years.

Immediately prior to the entering into the SP Agreement, the Offeror and parties acting in concert with it did not hold any securities of the Company and were independent third parties of the Company and its connected persons.

## **PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY**

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

If the public float of the Company falls below 25% following the close of the Share Offer, the Offeror and the Directors to be appointed to the Board will undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Share Offer, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

The Stock Exchange has stated that if, upon closing of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

## **INTENTIONS OF THE OFFEROR**

It is the Offeror's intention to acquire a majority interest in the Company pursuant to the SP Agreement and the Share Offer. The intention of the Offeror is that the Company's existing principal activities will be maintained and the Offeror will assist the Company in reviewing its business and operations and seek for new opportunities to enhance and strengthen the business of the Group.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

## **PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY**

As at the date of this joint announcement, the Board comprises Mr. Fu Mingping as executive Director; Mr. Zhang Weixiang as non-executive Director; and Mr. Cheng Tai Kwan Sunny, Mr. Tan Yik Chung Wilson and Mr. Yick Ting Fai Jeffrey as independent non-executive Directors. Pursuant to the SP Agreement, all of the abovementioned existing Directors will resign with effect from the earliest time permitted under the Takeovers Code.

The Offeror intends to nominate new Directors, including Mr. Chen and Mr. He, to the Board with effect from the earliest time as permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the Listing Rules. Please refer to the paragraph headed “Information of the Offeror and Million Success” above for the biographical details of Mr. Chen and Mr. He. Further announcement(s) will be made by the Company regarding changes in the Board composition as and when appropriate.

Save for the change(s) to the composition of the Board as mentioned above, the Offeror has no intention to introduce any significant changes to the management of the Group, or to discontinue the employment of the employees, following completion of the Share Offer.

## **DEALING DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any relevant securities of the Company pursuant to the requirements of the Takeovers Code.

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

*“Responsibilities of stockbrokers, banks and other intermediaries*

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

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

The Independent Board Committee will be constituted in due course in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders other than the Offeror and parties acting in concert with it in respect of the Share Offer, as to whether the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer.

An independent financial adviser to the Independent Board Committee will be appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Share Offer and, in particular, as to whether the Share Offer is fair and reasonable and as to the acceptance of the Share Offer pursuant to Rule 2.1 of the Takeovers Code. An announcement of such appointment will be made in due course.

## **DESPATCH OF COMPOSITE DOCUMENT**

The Offeror and the Company intend to combine the offer document and the offeree board circular into a composite document which contains, amongst others, details of the Share Offer, accompanied by the relevant form of acceptance and transfer, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Share Offer. Pursuant to Rule 8.2 of the Takeovers Code, the composite document is required to be despatched within 21 days of the date of this joint announcement. The composite document is expected to be despatched to the Shareholders on or before 19 November 2018.

## **SUSPENSION AND 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 22 October 2018 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 30 October 2018.

**WARNING: Shareholders and potential investors are reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Share Offer and are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this joint announcement (unless the context otherwise requires):

“Acquired Shares”	means the 375,000,000 Shares, representing 75% of the total number of Shares in issue, as to 350,000,000 Shares held by Champion Alliance, representing 70% of the total number of Shares in issue and as to 25,000,000 Shares held by Million Success, representing 5% of the total number of Shares in issue as at the date of this joint announcement;
“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“associate”	has the meaning ascribed to it in the Takeovers Code;
“Board”	the board of Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for transaction of business;
“Champion Alliance” or “Offeror”	Champion Alliance International Corporation (冠均國際有限公司), a company incorporated in the British Virgin Islands;
“Company”	Mengke Holdings Limited (盟科控股有限公司), a company established in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1629);
“Completion”	completion of the SP Agreement;
“Directors”	means directors of the Company;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility”	a loan facility of up to HK\$450,000,000 in aggregate granted by GF Securities and SSIF Securities as lenders to the Offeror as borrower;
“Group”	the Company and its subsidiaries;
“GF Capital”	GF Capital (Hong Kong) Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in respect of the Share Offer;
“GF Securities”	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO;

<b>“Happily Soar”</b>	Happily Soar Limited, a company incorporated in the British Virgin Islands with limited liability;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Board Committee” or “IBC”</b>	an independent committee of the Board comprising the independent non-executive Directors who have no direct or indirect interest in the Share Offer, to be established for the purpose of advising and giving a recommendation to the Shareholders other than the Offeror and parties acting in concert with it in respect of the Share Offer and in particular as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer;
<b>“Independent Shareholders”</b>	all Shareholders other than the Offeror and parties acting in concert with it;
<b>“Last Trading Day”</b>	19 October 2018, being the last trading day of the Shares before the publication of this joint announcement;
<b>“Liberal Rite”</b>	Liberal Rite Limited, a company incorporated in the British Virgin Islands with limited liability;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Million Success”</b>	Million Success Group Corporation (萬成天成集團有限公司), a company incorporated in the British Virgin Islands, and beneficially and wholly-owned by Mr. He Guangrui (賀光銳先生);
<b>“Mr. Chen”</b>	Mr. Chen Shuming (陳樹明先生), the sole shareholder of the Offeror;
<b>“Mr. He”</b>	Mr. He Guangrui (賀光銳先生), the sole shareholder of Million Success;
<b>“Offer Price”</b>	the price of HK\$1.42 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Share Offer;
<b>“Offer Share(s)”</b>	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert it;
<b>“Overseas Shareholders”</b>	the Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong;

<b>“PRC”</b>	The People’s Republic of China, and for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong;
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
<b>“Share Offer”</b>	the mandatory unconditional cash offer to be made by SSIF Securities for and on behalf of the Offeror to acquire all for the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) in accordance with the Takeovers Code;
<b>“Shareholders”</b>	holders of the Shares;
<b>“Shares”</b>	the ordinary shares of HK\$0.01 each in the capital of the Company;
<b>“SSIF Securities”</b>	SSIF Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Share Offer for and on behalf of the Offeror;
<b>“SP Agreement”</b>	the sale and purchase agreement dated 19 October 2018 entered into among Happily Soar and Liberal Rite as vendors, the Offeror and Million Success as purchasers, and Mr. Zhang Weixiang, Mr. Fu Mingping, Mr. Chen Yongqiao and Mr. Shiu Kwok Kuen as the guarantors of the Vendors in relation to the acquisition of an aggregate of 375,000,000 Shares;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Takeovers Code”</b>	the Hong Kong Code on Takeovers and Mergers;
<b>“Vendors”</b>	Happily Soar and Liberal Rite;
<b>“ZhongHua Finance”</b>	ZhongHua Finance Capital Co., Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in respect of the Share Offer; and
<b>“%”</b>	per cent.

*Unless stated otherwise, in this joint announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB0.88513 to HK\$1.00, being the exchange rate of RMB against HK\$ as announced by The People's Bank of China on the date of the SP Agreement. No representation is made that the HK\$ amounts could have been or could be converted into RMB at such rate or any other rate or at all. Certain amounts and percentage figures in this joint announcement have been subject to rounding adjustments.*

By Order of the Board  
**Champion Alliance International Corporation**  
**Chen Shuming**  
*Director*

By Order of the Board  
**Mengke Holdings Limited**  
**Zhang Weixiang**  
*Chairman and non-executive Director*

Hong Kong, 29 October 2018

*As at the date of this joint announcement, the Board comprises Mr. Fu Mingping as executive Director, Mr. Zhang Weixiang as non-executive Director and Mr. Cheng Tai Kwan Sunny, Mr. Tan Yik Chung Wilson and Mr. Yick Ting Fai Jeffrey as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information (other than those relating to the Offeror) contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) 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 statement in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Chen Shuming.*

*The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this joint announcement (other than that relating to the Group and the Directors) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those made by the Directors) 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 statement in this joint announcement misleading.*