

CHerish Holdings Limited

東盈控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2113)

Executive Directors:

Mr. Tang Man On (*Chairman*)
Mr. Kwok Hoi Chiu (*Chief Executive officer*)
Ms. Choi Chun Chi Sandy

Independent non-executive Directors:

Mr. Cheung Wai Lun Jacky
Mr. Lee Chi Ming
Mr. Tang Chi Wai

Registered office:

Cricket Square,
Hutchins Drive,
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place
of Business:*

Office D, 16/F,
Kings Wing Plaza 1,
No 3 On Kwan Street,
Shek Mun,
New Territories,
Hong Kong

7 December 2018

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
EMPEROR CAPITAL LIMITED
ON BEHALF OF CHINA CENTURY HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHERISH HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY CHINA CENTURY HOLDINGS LIMITED AND PARTIES ACTING
IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement. On 19 October 2018 (after trading hours), the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK\$0.64092 per Sale Share, equivalent to HK\$254,999,635.80 in total.

The purchase price per Sale Share under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the Offeror and the Vendor. The Sale Shares represented the entire holding of Shares by the Vendor immediately prior to the entering into of the Sale and Purchase Agreement. Completion took place on 22 October 2018.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it).

As at the Latest Practicable Date, the Company has 767,750,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from Astrum, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai (being all of the independent non-executive Directors) has been established by the Company, to advise the Independent Shareholders in relation to the terms and conditions 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. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders, the "Letter from the Independent Financial Adviser" and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

THE OFFER

Principal terms of the Offer

The terms of the Offer as set out in the “Letter from Emperor Capital” are extracted below. You are recommended to refer to the “Letter from Emperor Capital” and the Form of Acceptance for further details.

Emperor Capital, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share HK\$0.641 in cash

The Offer Price of HK\$0.641 per Offer Share is equal to (after rounding up) the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm’s length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects. The Offer extends to all Independent Shareholders in accordance with the Takeovers Code.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from Emperor Capital” and appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Group principally engages in provision of site formation works as a subcontractor in Hong Kong. The site formations works undertaken by the Group generally include (a) general earthworks (including soil and rock excavation, disposal of construction and demolition materials, backfilling and compaction for forming a new site or achieving designed formation level for later development); (b) tunnel excavation works (including rock excavation works for construction of tunnels through drill and break and/or drill and blast methods as well as construction of associated temporary tunnel support structures); (c) foundation works (including excavation and lateral support works and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works.

Set out below is a summary of the audited consolidated results of the Company for each of the two financial years ended 31 March 2017 and 31 March 2018 as extracted from the annual report of the Company for the year ended 31 March 2018:

	For the year ended 31 March	
	2018 (audited) HK\$'000	2017 (audited) HK\$'000
Revenue	192,341	266,167
Profit before taxation	10,931	27,145
Profit and total comprehensive income for the year	8,714	19,746
	As at 31 March	
	2018 (audited) HK\$'000	2017 (audited) HK\$'000
Net assets	164,732	156,018

Your attention is drawn to the further details of the information of the Group as set out in appendices II and IV to this Composite Document.

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares (Note 3)</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares (Note 3)</i>
Waterfront Palm Limited (Note 1)	397,865,000	51.82	—	—
Wealth China International Limited (Note 2)	83,335,000	10.85	83,335,000	10.85
The Offeror	—	—	397,865,000	51.82
Public Shareholders	<u>286,550,000</u>	<u>37.33</u>	<u>286,550,000</u>	<u>37.33</u>
Total	<u>767,750,000</u>	<u>100.00</u>	<u>767,750,000</u>	<u>100.00</u>

Notes:

- 1 Waterfront Palm Limited is beneficially owned as to 50% by Ms. Choi, 40% by Mr. Tang and 10% by Mr. Kwok. Each of Ms. Choi, Mr. Tang, and Mr. Kwok is an executive Director of the Company and a director of Waterfront Palm Limited.
- 2 Wealth China International Limited is beneficially owned as to 100% by Sin Yuk Hung and Li Lin as joint shareholders.
- 3 The percentages are subject to rounding difference, if any.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Emperor Capital” as set out in this Composite Document.

FUTURE INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed “Future intentions of the Offeror regarding the Group” in the “Letter from Emperor Capital” as set out in this Composite Document. The Board is pleased to note that the Offeror intends to continue the principal business of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group (save for changes in the composition of the Board) and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

As at the Latest Practicable Date, the Board has no intention to enter nor has entered into any agreement, arrangement or understanding to (a) acquire and/or develop any new business; and (b) dispose of or downsize the existing businesses and/or any material operating assets of the Company.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after 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 listed issuer, 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 is insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company’s total number of issued Shares held by the public, the sole director of the Offeror and the new Directors to be appointed to the Board by the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offer to ensure that at least 25% of the total number of issued Shares will be held by the public.

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 24 to 25 of this Composite Document and the “Letter from the Independent Financial Adviser” set out on pages 26 to 51 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the board of
CHerish Holdings Limited

A handwritten signature in black ink, appearing to read 'Tang Man On', is written over a solid horizontal line.

Mr. Tang Man On
Chairman