

RNS Tender Offer

## Tender Offer and Notice of SGM

### CATHAY INTERNATIONAL HOLDINGS LD

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**FOR IMMEDIATE RELEASE**

16 October 2020

#### **Cathay International Holdings Limited ("Cathay", the "Group" or "Company")**

#### **Proposed Cancellation of Listing**

#### **Proposed Adoption of New Bye-Laws**

#### **Tender Offer**

and

#### **Notice of Special General Meeting ("SGM")**

Cathay announces that, further to the announcement made on 29 September 2020, a combined circular (the "**Circular**"), comprising a circular incorporating the notice of the SGM (the "**SGM Circular**") and a circular effecting the Tender Offer (the "**Tender Offer Circular**"), will be sent to Shareholders later today. Shareholders in Restricted Jurisdictions will not receive the Tender Offer Circular. The Circular details the following proposals:

- the proposed cancellation of (i) the listing of the Common Shares on the FCA's official list; and (ii) the admission of the Common Shares to trading on the Main Market of the London Stock Exchange (the "**Listing Cancellation**");
- the adoption of new Bye-Laws upon the Listing Cancellation becoming effective; and
- a Tender Offer in respect of all of the Shares held by Qualifying Holders, save for those held by the Controlling Shareholders, at the Tender Offer Price, which will be open for Tenders from 16 October 2020 until 11.00am on 10 November 2020

(together the Listing Cancellation, the adoption of new Bye-Laws and the Tender Offer being the "**Proposals**").

Unless otherwise stated, terms used in this announcement have the same meanings given to them in the Circular.

The Circular sets out the terms of the Tender Offer and incorporates a notice of SGM (the "**SGM Notice**"). A Proxy Form and Tender Form for use by Shareholders who hold their Shares in certificated form in connection with the SGM and the Tender Offer (although the Tender Form will not be sent to Shareholders in Restricted Jurisdictions), respectively also being despatched with the Circular.

**The Proposals are conditional (i) the passing of the Resolutions at the SGM, as set out in the Notice of SGM and (ii) the satisfaction of the Listing Cancellation Condition.**

The SGM which has been convened in accordance with the Requisition Notice is to be held at the Hong Kong Office of the Company at Suites 1203-4, 12/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong at 9:00 a.m. (London time) on 3 November 2020.

#### **Background to SGM - Requisition Notice**

On 28 September 2020, the Company received the Requisition Notice from the Controlling Shareholders requisitioning the Company to convene and hold an SGM (as required by bye-law 51(1) of the Bye-Laws), for the purpose of considering and, if thought fit, passing special resolutions to approve the Listing Cancellation and the adoption of the New Bye-Laws in substitution for and to the exclusion of the existing Bye-Laws.

The Requisition Notice was accompanied by a Letter of Undertaking from Circle Finance setting out an irrevocable commitment, which is subject to the Listing Cancellation being approved by Shareholders, to fund the payment for an exit opportunity available for all Shareholders (excluding those Shareholders in certain restricted jurisdictions) who wish to offer to sell their Shares for cash at a maximum price of 1.7 pence per Share on certain terms and conditions.

#### **The Directors' consideration of the Requisition Notice and the Letter of Undertaking**

The Requisition Notice was in compliance with the Bye-Laws and Bermudan Law and therefore the Directors were satisfied that the Company should comply with the terms of the Requisition Notice and for a special general meeting to be convened without delay to consider the requested resolutions, subject to certain amendments.

### **Resolution 1 - Listing Cancellation**

The Common Shares are currently listed on the standard segment of the FCA's official list and to trading on Main Market of London Stock Exchange plc.

The Directors are of the view that one of the primary purposes and benefits of being listed is to provide a venue through which shares may be traded and through which capital may be raised.

The Directors have considered the Listing Cancellation and make the following comments:

#### *Liquidity*

The Shares have been relatively thinly traded for the last few years.

#### *Access to capital*

The open offer and subscription effected by the Company in May 2020 suggested that there was little support from shareholders at 1.5 pence per share, it being noted that the total funds raised from the open offer were USD75.1 million versus a target of USD120 million, out of which USD75 million was subscribed by the Controlling Shareholders and approximately USD0.1 million was subscribed by existing minority shareholders. A further USD7 million was received in the subscription out of the targeted USD10 million. The Company therefore did not raise all the capital required for its business and financing plan as stated in the Prospectus and, without the requisite funding, the Company will not be able to fully implement its business plan.

The Company would need to raise further capital to fully implement the business plan set out in the Prospectus. The Directors believe there is a serious risk that significant capital would not be available from shareholders, including from the Controlling Shareholders, which should have been one of the primary purposes and benefits of being listed.

The Company moved from a Premium Listing to a Standard Listing on 14 July 2020. The Directors consider that the Standard Listing will reduce the Company's ability to raise equity from public markets in the future.

#### *Continuing obligations*

Maintaining a listing on the London Stock Exchange imposes stringent standards of corporate governance and disclosure, many of which will not apply if the Listing Cancellation proceeds. Therefore, following Listing Cancellation, Shareholders would lose many of the protections which listing affords.

However, the Company will make considerable savings in senior management time and cost as a result of no longer being required to comply with the requirements for a listed company.

Under the Listing Rules, a Standard Listed company does not need shareholder approval to implement a Listing Cancellation. However, noting the above, the Board is of the view that it is in the interest of the Company for shareholders to decide by voting on the Listing Cancellation Resolution in the SGM per the Requisition Notice and the Board will act in accordance with the direction from Shareholders set out in the resolution.

#### *Voting on Resolution 1*

Under the Listing Rules, a Standard Listed company does not need shareholder approval to implement a Listing Cancellation. However, the Directors note the voting requirements proposed by the Controlling Shareholders in the Requisition Notice, in particular that the Listing Cancellation Resolution be approved by the Shareholders by way of a resolution passed by:

- (a) a simple majority of the votes attaching to the Common Shares held by Minority Shareholders voted on the resolution; and
- (b) a majority of not less than 75 per cent. of the votes attaching to the Common Shares voted on the resolution.

Under the Controlling Shareholders' proposal, the votes attaching to the A Shares will not be counted in the Listing Cancellation Resolution. The proposal will effectively give the independent shareholders the power to veto the Listing Cancellation Resolution, if they wish. The Directors also noted that the two tier voting structure follows the Listing Rules requirements for the Listing Cancellation of a company with a Premium Listing on the London Stock Exchange which has a controlling shareholder.

In order to comply with the Bye-Laws, matters proposed to be passed by a special resolution (as proposed for the Listing Cancellation Resolution) will also require approval from the majority of not less than 75 per cent. of the total number of votes attaching to the Common Shares and A Shares voting together. As such, the Directors have determined that, for the Listing Cancellation Resolution to pass, the following will need to approve of the Listing Cancellation Resolution:

- (a) at least a simple majority of more than 50 per cent. of the total number of votes cast for and against the Listing Cancellation Resolution by the Common Shareholders, excluding the Controlling Shareholders;
- (b) at least a majority of not less than 75 per cent. of the total number of votes cast for and against the Listing Cancellation Resolution by the Common Shareholders; and
- (c) at least a majority of not less than 75 per cent. of the total number of votes cast for and against the Listing Cancellation Resolution by the Common Shareholders and the A Shareholders voting together.

If the Listing Cancellation resolution is passed, the Directors intend to act as directed by the resolution.

The Board noted that the Relationship Agreements required the Controlling Shareholders to not take any action that would prevent the Company from complying with its obligations under the Listing Rules and to not propose or procure the proposal of any shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Board noted that in the event that the Listing Cancellation is approved at the SGM, Circle Finance will need to honour its payment obligation in the Tender Offer under the Letter of Undertaking (referred to below), subject to the Listing Cancellation Condition being satisfied.

In order to enable Circle Finance to honour its payment obligation in the Tender Offer and avoid a technical breach of the Relationship Agreements, Resolution 1 has been amended to refer to the termination of the Relationship Agreements. The Company has entered into a deed of termination of the Relationship Agreements with the Controlling Shareholders which is conditional on the passing of Resolution 1.

### **Resolution 2 - Bye-Laws Amendment**

The Directors noted that the Bye-Laws amendment is conditional upon the Listing Cancellation becoming effective. The Directors noted that the existing Bye-Laws were tailored for a company with shares admitted to trading on the Main Market and that a set of private company style Bermuda Bye-Laws is proposed for the Company upon the Listing Cancellation becoming effective. The New Bye-Laws are in a customary shorter form than the existing Bye-Laws. Shareholders should note that the New Bye-Laws do not contain pre-emption rights on the issue of new shares and are recommended to read the New Bye-Laws in full. Under the existing Bye-Laws, any amendments to the Bye-Laws require the passing of a special resolution in a general meeting of the Company.

A list of the major differences between the existing Bye-Laws and the proposed New Bye-Laws is set out in the SGM Circular. Shareholders should review these carefully together with the copy of the full text of the proposed New Bye-Laws set out in the SGM Circular for the purpose of deciding how they will vote in respect of Resolution 2.

#### *Voting on Resolution 2*

All holders of Common Shares and A Shares will be entitled to vote on Resolution 2, which will require a simple majority of not less than 75 per cent. of the total number of votes cast.

#### **Tender Offer**

The Company has today published a separate circular in relation to a Tender Offer to Qualifying Holders at 1.7 pence per share (the "**Offer Price**"). The Tender Offer to Circle Finance is conditional, inter alia, on (i) the passing of the Resolutions at the SGM, by the requisite majorities stated in this Announcement; and (ii) the satisfaction of the Listing Cancellation Condition.

The Directors note that:

- (a) the price at which the Common Shares has traded showing a decreasing trend in the six months preceding the date of the Requisition Notice of 28 September 2020;
- (b) the Offer Price under the Tender Offer represents a premium of 47.8 per cent. to the closing price of a Common Share of 1.15 pence on the 25 September 2020, being the last trading day immediately prior to the date of Requisition Notice of 28 September 2020;
- (c) a premium of approximately 47.8 per cent. over the closing price of 1.15 pence per Share as quoted on the London Stock Exchange on 28 September 2020, being the last trading day immediately prior to the publication of the Announcement;
- (d) a premium of approximately 33.9 per cent. over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 trading days up to and including 28 September 2020, being the last trading day immediately prior to the publication of the Announcements, of approximately 1.27 pence per Share;
- (e) a premium of approximately 13.3 per cent. over the offer and subscription price of 1.50 per Share in the Open Offer and Subscription of the Company in May 2020; and
- (f) the sum of business parts value of the Company mainly comprise its 52.83% equity interest in Lansen and the Hotel. The price at which shares in Lansen are currently traded on the Hong Kong Stock Exchange values Lansen at a level materially below its own net asset value reported in Lansen's interim financial statements for the six months ended 30 June 2020. If the independent professional value of the Hotel (less related hotel mortgage bank loan) as of 31 December 2019 and the book value of the remaining business parts of the Company in its interim financial statements for the six months ended 30 June 2020 are used, the sum of business parts value per Share of the Company on a fully diluted basis assuming all Convertible Instruments converted to Common Shares, is slightly less than the closing price per Share on 28 September 2020, being the last trading day immediately prior to the publication of the Announcement.

The Directors note that the Offer Price under the Tender Offer represents a 30.3 per cent discount to the "Equity Attributable to Owners of the Parent" per share of 2.44 pence ("**NAV per share**") on a fully diluted basis based on the Unaudited Consolidated Statement of Financial Position published by the Company for the six months ended 30 June 2020 (calculated as USD147,325,000 divided by 4,839,015,846 shares, assuming all Convertible Instruments converted to Common Shares, using a USD:GBP rate of 1.25).

However, the Directors note that this value does not represent a realisable sum and the apparent premium over the Offer Price under the Tender Offer may not be reflected in value achieved by shareholders through selling their shares or through distributions. There are a number of risk factors that the Directors wish to bring to the attention of shareholders:

- (a) excluding gains made on Lansen's investment in Zhejiang Starry Pharmaceutical Limited, the Group has consistently reported operating losses for several accounting periods. Although the purpose of the Group is to generate profits in future, if the Group continues to report losses, the NAV per share will reduce;
- (b) although the Group has been successful in disposing of Starry Shares at a profit, the value of Starry Shares, which are traded on the Shanghai Stock Exchange, is volatile and has reduced significantly since 30 June 2020. Therefore, the price at which the Starry Shares are disposed of or recognised in future statements of financial position may be lower and the NAV per share may be lower as a result; and
- (c) the Hotel will be revalued at the end of the current financial year and Board anticipates that the valuation will be impaired due to the impact of the COVID-19 pandemic and due to the shortening of the lease period of the Hotel on a year-on-year basis, which will further reduce the NAV per Share as in prior years.

#### **Tender Offer**

Circle Finance, being one of the Controlling Shareholders, acknowledges that not all Shareholders will be able or willing to continue to own Shares following the Listing Cancellation. Subject to the Resolutions being approved by the requisite majorities of Shareholders and the Listing Cancellation Condition being satisfied, Qualifying Holders will therefore have the opportunity to offer all or some of their Shares at the Record Date to Circle Finance pursuant to the Tender Offer. The Tender Offer is to be effected by the Company and Circle Finance, the Tender Offer Price being paid by the Company, and with Circle Finance putting the Company in funds to enable it to pay the Tender Offer Price and agreeing with the Company the terms of the Tender Offer pursuant to the Confirmatory Irrevocable.

The Tender Offer Price is fixed at 1.7 pence per Share.

The Tender Offer is open to Qualifying Holders on the Register at the Record Date.

Following the Listing Cancellation becoming effective, the prior permission of the Bermuda Monetary Authority is required for the issuance and transfer of Shares except for certain circumstances involving issuance and transfer to an existing shareholder within certain range of percentage shareholding in which case only a notification is required to be submitted to the Bermuda Monetary Authority prior to or as soon as practicable after the such issuance and transfer. Shareholders proposing to transfer their Shares after the Listing Cancellation should contact the Company to find out more details as to the requirements.

The Tender Offer to Circle Finance described in this Tender Offer Circular is conditional, inter alia, on (i) the passing of the Resolutions at the SGM, by the requisite majorities stated in the SGM Circular; and (ii) the satisfaction of the Listing Cancellation Condition.

All Qualifying Holders who are on the Register at the close of business on the Record Date are entitled, but not required, to tender all or some of their Shares for purchase by Circle Finance at the Tender Offer Price.

Qualifying Holders are not obliged to tender any Shares if they do not wish to do so. If no action is taken by Qualifying Holders, there will be no change to the number of Shares that they hold and they will receive no cash as a result of the Tender Offer. Qualifying Holders are, however, warned that in the event that the Listing Cancellation is approved and effected, the Common Shares will no longer be admitted to trading on the Main Market and this is likely to affect the liquidity of the Common Shares. Shareholders should seek their own professional advice if they have any doubts or questions relating to anything arising out of the Tender Offer Circular.

Qualifying Holders who elect not to tender their holdings pursuant to the Tender Offer will, on completion of the Listing Cancellation, hold Shares in an unquoted company. There will be no market facility for dealing in the Shares and no price will be publicly quoted for the Shares.

The attention of Qualifying Holders who are citizens or nationals of or resident in jurisdictions outside the United Kingdom and who wish to participate in the Tender Offer is drawn to Part II of the Tender Offer Circular. The Tender Offer is not being made, directly or indirectly, in or into any Restricted Jurisdiction.

The Tender Offer will open on 16 October 2020 (unless such date is altered) and Tenders must not be submitted before that date. The Tender Offer will close at 11:00 a.m. on 10 November 2020 (unless the Closing Date is extended).

Full details of the Tender Offer are set out in Part II of the Tender Offer Circular.

#### **Circumstances in which the Tender Offer may not proceed**

There can be no guarantee that the Tender Offer will take place. The Tender Offer to Circle Finance is conditional, inter alia, on (i) the passing of the Resolutions at the SGM, by the requisite majorities stated in the SGM Circular; and (ii) the satisfaction of the Listing Cancellation Condition. The Directors expect the Listing Cancellation to take effect on 3 December 2020, but Shareholders should note that the Listing Cancellation and the Listing Cancellation Condition are subject to the FCA's notification of the effective date of the cancellation of the Company's Standard Listing.

Upon the Listing Cancellation becoming effective, the prior permission of the Bermuda Monetary Authority is required for the issuance and transfer of Shares, subject to certain exceptions. Shareholders proposing to transfer their Shares after the Listing Cancellation should contact the Company to find out more details as to the requirements.

#### **Current Trading**

The company is trading in line with the expectation as described in the interim report dated 28 August 2020.

As mentioned in the Company's interim results, the loan of approximately USD50 million from a bank to the Company which is secured over Crown Plaza Hotel and Suites Landmark Shenzhen matures on June 2021. Due to the COVID-19 pandemic the hotel's performance in 2020, and future outlook in 2021, has been adversely impacted and will affect the hotel valuation. The Directors consider that it may be difficult to refinance the mortgage loan on the hotel and the Group may need to look for alternative financing in the medium to long term. The Company is currently conducting negotiations with the bank regarding refinancing and extending the hotel mortgage loan for 12 months.

#### **Effect of the Listing Cancellation**

The principal effects of the Listing Cancellation, and the factors that the Directors believe that Shareholders should take into consideration when deciding whether or not to vote in favour of the Resolutions, include the following:

##### *Trading and liquidity*

Following the Listing Cancellation, the Common Shares will no longer be traded on a public market or trading facility on any recognised investment exchange. As a result, a Shareholder will not be able to trade Common Shares on the London Stock Exchange and, consequently, the opportunity for Shareholders to realise their investment in the Company will be limited and there will be no public valuation of Common Shares held by them.

Following publication of the Circular and following Listing Cancellation, the liquidity and marketability of the Common Shares may be significantly reduced, and the value of such shares may be adversely affected as a consequence.

##### *Disclosure and reporting*

The Company will no longer be subject to the regulatory and financial reporting regime applicable to companies whose shares are admitted to the Official List and to trading on the Main Market including the Listing Rules, the Disclosure Guidance and Transparency Rules, and the Corporate Governance Code, including:

- (a) the Company will be subject to fewer operational restrictions than as a listed company, and may be subject to less stringent accounting and reporting requirements, including related party transactions;
- (b) the Listing Cancellation may have either positive or negative taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately; and
- (c) the obligation to publish inside information which directly concerns the Company, of transactions by persons discharging managerial responsibilities and their connected persons and of any dealings by shareholders who hold more than 5 per cent. of the Company's shares.

##### *Corporate Governance*

Following Listing Cancellation, the Company will no longer be required to comply with the Corporate Governance Code published by the FRC and shareholders may lose some or all of the protections afforded by the Corporate Governance Code.

##### *Relationship agreements*

The Company entered into agreements with each of Circle Finance and Mega Worldwide on 30 January 2015 as required by the relevant listing rules when the Company was then a premium listed company on the London Stock Exchange. Pursuant to the agreements each of Circle Finance and Mega Worldwide provided undertakings that:

- (a) all transactions and arrangements between each of Circle Finance and Mega Worldwide (and/or any of their respective associates) and the Company will be at arm's length and on a normal commercial basis;
- (b) each of Circle Finance and Mega Worldwide shall not (and shall procure that their respective associates shall not) take any action that would prevent the Company from complying with its obligations under the Listing Rules; and

- (c) each of Circle Finance and Mega Worldwide shall not (and shall procure that their respective associates shall not) propose or procure the proposal of any shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Each of Circle Finance, Mega Worldwide and the Company treats the Controlling Shareholder and Mr. Wu Zhen Tao as associates for the purposes of these agreements.

As stated above, the Company has entered into a deed of termination of the Relationship Agreements with the Controlling Shareholders which is conditional on the passing of Resolution 1.

### **SGM**

The SGM is to be held at 9:00 a.m. on 3 November 2020 at Suites 1203-4, 12/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong to consider the following resolutions in accordance with the Requisition Notice:

- (a) Resolution 1 is proposed as a special resolution, which shall pass if the approvals referenced above in paragraph 2 are obtained, to authorise, and direct the Board to effect, the Listing Cancellation, and to authorise, and direct the Board to (i) make, notices or announcements, for example to a Regulatory Information Service or as required by the Listing Rules or the London Stock Exchange Admission and Disclosure Standards; (ii) effect the termination of the Relationship Agreements; and (iii) to do anything else required to effect the Listing Cancellation.
- (b) Resolution 2, which is conditional on the passing of Resolution 1 and the Listing Cancellation becoming effective, is proposed as a special resolution to approve the adoption of the New Bye-Laws in substitution for and to the exclusion of the Bye-Laws.

### **Voting**

#### *Resolution 1*

The Directors note the voting requirements proposed by the Controlling Shareholders in the Requisition Notice, in particular that the Listing Cancellation Resolution be approved by the Shareholders by way of a resolution passed by:

- (a) a simple majority of the votes attaching to the Common Shares held by Minority Shareholders voted on the resolution; and
- (b) a majority of not less than 75 per cent. of the votes attaching to the Common Shares voted on the resolution.

Under the Controlling Shareholders' proposal, the votes attaching to the A Shares will not be counted in the Listing Cancellation Resolution. The proposal will effectively give the independent shareholders the power to veto the Listing Cancellation Resolution, if they wish. The Directors also noted that the two tier voting structure follows the Listing Rules requirements for the Listing Cancellation of a company with a Premium Listing on the London Stock Exchange which has a controlling shareholder.

In order to comply with the Bye-Laws, the Listing Cancellation Resolution will also require approval from the majority of not less than 75 per cent. of the total number of votes attaching to the Common Shares and A Shares voting together. As such, the Directors have determined that, for the Listing Cancellation Resolution to pass, the following will need to approve of the Listing Cancellation Resolution:

- (a) at least a simple majority of more than 50 per cent. of the total number of votes cast for and against the Listing Cancellation Resolution by the Common Shareholders, excluding the Controlling Shareholders;
- (b) at least a majority of not less than 75 per cent. of the total number of votes cast for and against the Listing Cancellation Resolution by the Common Shareholders; and
- (c) at least a majority of not less than 75 per cent. of the total number of votes cast for and against the Listing Cancellation Resolution by the Common Shareholders and the A Shareholders voting together.

#### *Resolution 2*

Resolution 2 shall require the approval of at least a majority of not less than 75 per cent. of the total number of votes cast for and against Resolution 2 by the Common Shareholders and the A Shareholders voting together.

### **Controlling Shareholder's Shares**

The Controlling Shareholders are interested in 1,373,940,837 Common Shares and 8,249,276 A Shares representing 71.89 per cent. of the Shares by number, 71.79 per cent. of the votes attaching to the Common Shares, 92.19 per cent. of the votes attaching to the A Shares, and 73.54 per cent. of the votes attaching to the Common Shares and A Shares in aggregate.

The Controlling Shareholders may give notice to the Company that they require conversion in part or in full of their Convertible Instruments, 1,787,137,527 held by Circle Finance and 1,129,118,720 held by Mega Worldwide, into Common Shares on a one-for-one basis according to the terms of the convertible instrument and subject to maintaining the appropriate number of shares in public hands. If the Convertible Instruments were to be converted in full, but before taking into account Shares acquired under the Tender Offer, the Controlling Shareholders would be interested in 4,290,197,084 Common Shares and 8,249,276 A Shares representing 88.83 per cent. of the Shares by number, 88.82 per cent. of the votes attaching to the Common Shares, 92.19 per cent. of the votes attaching to the A Shares, and 88.94 per cent. of the votes attaching to the Common Shares and A Shares in aggregate.

### **No recommendation**

#### **SGM**

The Directors have set out in this Announcement the proposals put forward by the Controlling Shareholders and the factors which Shareholders may wish to take into account when considering what action to take. Shareholders may consider other factors applicable to their own situation.

The Directors have carefully considered the Listing Cancellation and consider that there are good arguments for the Listing Cancellation to be effected but also note that the Listing Cancellation may have negative consequences for Shareholders who remain in the Company after the Listing Cancellation. The Directors are cognisant that Shareholders will have their own views of these conflicting factors and make no recommendation as to what action Shareholders should take. The Directors will act in accordance with the direction from Shareholders set out in the Listing Cancellation Resolution.

Shareholders are advised to read all of the information in the SGM Circular before deciding on the course of action they will take in respect of the Listing Cancellation and the adoption of the New Bye-Laws.

### **Tender Offer**

The Directors have carefully considered the Listing Cancellation and the terms of the Tender Offer. Qualifying Holders are referred to the section of Part I of the SGM Circular entitled "Tender Offer". The Directors make no recommendation to Qualifying Holders in relation to the Tender Offer. Whether or not Qualifying Holders decide to Tender their Shares will depend, among other things, on their individual circumstances, including their tax position, and on their view of the Company's prospects. Qualifying Holders in any doubt as to the action they should take should consult an appropriately qualified independent financial adviser authorised under FSMA.

However, the Directors would note that any Qualifying Holder who does not Tender their Shares pursuant to the Tender Offer may find it difficult to sell their Shares after the Tender Offer closes and the Listing Cancellation has taken effect, may not receive regular information from the Company, would not benefit from regulatory compliance with governance procedures (other than as required under Bermudian law), nor enjoy the protections afforded by the Listing Rules. Furthermore, there is no guarantee that Circle Finance will be willing to buy Shares after the Tender Offer has closed and, if it was, any price offered may not reflect the value of the Company's assets.

If Qualifying Holders are in any doubt about the action that they wish to take in respect of the Tender Offer, they should consult an independent financial adviser without delay.

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates given are based on the Company's current expectations and may be subject to change. If any of the times or dates below change, the Company will give notice of the change by issuing an announcement through a Regulatory Information Service. Details of the revised times and/or dates will also be available on [www.cathay-intl.com.hk](http://www.cathay-intl.com.hk).

Posting of the Circular incorporation the notice of Special General Meeting, together with Forms of Proxy and Forms of Direction	16 October 2020
Latest date for receipt of Forms of Direction (to be received no later than 72 hours before the SGM)	9:00 a.m. 29 October 2020
Latest date for receipt of Proxy Form (to be received no later than 48 hours before the SGM)	9:00 a.m. 30 October 2020
SGM	9:00 a.m. 3 November 2020
Announcement of results of SGM and announcement of the date of the expected Listing Cancellation	3 November 2020 (following SGM)
Latest time and date for receipt of Tender Forms and TTE Instructions in relation to the Tender Offer	11:00 a.m. 10 November 2020
Announcement of results of Tender Offer	4:00 p.m. 10 November 2020
Closing Date	4:00 p.m. 2 December 2020
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Shares	2 December 2020
Cheques despatched in respect of Tender Offer proceeds for certificated Shares	2 December 2020
Listing Cancellation expected to be effective, subject to FCA notifying the Company and the Company's announcement of the Listing Cancellation.	8:00 a.m. 3 December 2020

*If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.*

*All times are references to London time.*

*All events in the above timetable following the SGM are conditional, inter alia, upon the approval of the Resolutions.*

### DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

<b>"A Shares"</b>	the A shares of par value USD 0.01 each in the share capital of the Company;
<b>"Cathay Enterprises"</b>	Cathay International Enterprises Limited, a company incorporated in the British Virgin Islands which is a direct shareholder of Circle Finance and Mega Worldwide Services Limited. Mr. Wu Zhen Tao and members of his family hold the ultimate beneficial interest in Cathay Enterprises;
<b>"Circle Finance"</b>	Circle Finance Limited, a company incorporated in the British Virgin Islands which is a direct shareholder of the Company and which is itself directly owned by Cathay Enterprises. Mr. Wu Zhen Tao and members of his family hold the ultimate beneficial interest in Circle Finance;
<b>"Common Shares"</b>	the common shares of par value USD 0.01 each in the share capital of the Company and shall include Common Shares represented by Depositary Interests where the context so requires;
<b>"Controlling Shareholders"</b>	Circle Finance and Mega Worldwide Services Limited;

<b>"DI Holders"</b>	holders of Depositary Interests;
<b>"Directors"</b>	the directors of the Company excluding Mr. Wu Zhen Tao and Patrick Sung;
<b>"Lansen"</b>	Lansen Pharmaceutical Holdings Limited;
<b>"Letter of Undertaking"</b>	the letter of undertaking dated 28 September 2020 provided by Circle Finance to the Company, setting out an irrevocable commitment, subject to certain terms and conditions, to fund the payment of Shares offered to be sold by selling Shareholders;

"Listing Cancellation Condition"	the Directors determining that the Listing Cancellation is reasonably likely to occur on the next business day;
"Listing Cancellation Resolution"	resolution 1 in the Notice of SGM;
"Minority Shareholders"	Shareholders other than the Controlling Shareholders, and "Minority Shareholder" shall mean any one of them;
"Qualifying Holders"	(i) DI Holders who are entitled to participate in the Tender Offer, being DI Holders representing Common Shares on the Register at 6:00pm on 13 October 2020; and (ii) Shareholders who are entitled to participate in the Tender Offer, being Shareholders representing Common Shares on the Register at 6:00pm on 13 October 2020, in each case save for DI Holders or Shareholders located in a Restricted Jurisdiction and the Controlling Shareholders;
"Relationship Agreements"	the relationship agreements dated 30 January 2015 made between each of the Controlling Shareholders and the Company;
"Requisition Notice"	the notice of requisition of special general meeting sent by the Controlling Shareholders to the Board on 28 September 2020;
"Resolutions"	the resolutions to be considered at the SGM, being the Listing Cancellation Resolution and the resolution to adopt the New Bye-Laws, as set out in the SGM Circular; and
"Restricted Jurisdiction"	each of Australia, New Zealand, the Republic of Ireland, South Africa, the United States, Canada, Japan or any other jurisdiction where the mailing of the Tender Offer circular, or the making of the Tender Offer into such jurisdiction would constitute a violation of the laws of such jurisdiction.

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**Important Notices**

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**Forward looking statements**

*This announcement includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "projects", "should" or "will", or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this announcement reflect the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group and its operations and results of operations. Other than in accordance with its legal or regulatory obligations (including under the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the rules of the London Stock Exchange), the Company is not under any obligation and the Company expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

**Notice for US Shareholders**

*The Tender Offer relates to securities in a non-US company which is registered in the UK and is subject to the disclosure requirements, rules and practices applicable to companies listed in the UK, which differ from those of the United States in certain material respects. This announcement and the Circular have been prepared in accordance with UK style and practice for the purpose of complying with English law, and US Shareholders should read this entire announcement and the Circular, including Part II (Terms and Conditions of the Tender Offer) of the Circular. The financial information relating to the Company incorporated by reference in the Circular, which is available for review on the Company's website, has not been prepared in accordance with generally accepted accounting principles in the United States and thus may not be comparable to financial information relating to US companies.*

*The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be extended into the United States in accordance with the requirements of Regulation 14E under the US Exchange Act to the extent applicable. Certain provisions of Regulation 14E under the US Exchange Act are not applicable to the Tender Offer by virtue of Rule 14d-1(d) under the US Exchange Act. US Shareholders should note that the Ordinary Shares are not listed on a US securities exchange and the Company is not*

*subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission thereunder.*

*It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the United States and all of its officers and directors reside outside the US. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.*

*The receipt of cash pursuant to the Tender Offer by a Shareholder who is a US person may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Shareholder is urged to consult his, her or its independent professional adviser immediately regarding the tax consequences of tendering any Ordinary Shares in the Tender Offer.*

*To the extent permitted by applicable law and in accordance with normal UK practice, the Company, Shore Capital or any of their respective affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for participation, including sales and purchases of Ordinary Shares effected by Shore Capital acting as market maker in the Ordinary Shares. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e-5 under the US Exchange Act by virtue of Rule 14e-5(b)(10) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation and the relevant provisions of the US Exchange Act. Any information about such purchases will be disclosed as required in the UK and the United States and, if required, will be reported via a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).*

*While the Tender Offer is being made available to Shareholders in the United States, the right to tender Ordinary Shares is not being made available in any jurisdiction in the United States in which the making of the Tender Offer or the right to tender such Ordinary Shares would not be in compliance with the laws of such jurisdiction.*

*Neither this announcement nor the Circular has been approved, disapproved or otherwise recommended by the US Securities and Exchange Commission or any US state securities commission and such authorities have not confirmed the accuracy or determined the adequacy of this announcement or the Circular. Any representation to the contrary is an offence in the United States.*

#### **Rounding**

*Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables or forms may vary slightly and figures shown as totals in certain tables or forms may not be an arithmetic aggregation of the figures that precede them.*

#### **No forecasts of estimate**

*No statement in this announcement is intended as a profit forecast, estimate or quantified financial benefits statement for any period and no statement in this announcement should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for the Company for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, free cash flow, earnings or earnings per share for the Company.*

#### **Publication on website**

*A copy of this announcement, the SGM Circular and the Tender Offer Circular will, subject to certain restrictions relating to persons resident in restricted jurisdictions, be available on the Company's website at <http://www.cathay-intl.com.hk/newsitem/> by no later than 12 noon on the Business Day following the date of this announcement. For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.*

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