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## FAQs on Hontex's proposed share repurchase

6 Aug 2012

The Securities and Futures Commission has published a set of [Frequently-Asked-Questions](#) (FAQs) to assist the investing public in understanding the proposed share repurchase by Hontex International Holdings Company Limited (Hontex) following a number of public enquiries.

Investors holding Hontex shares are encouraged to carefully read the Circular issued by Hontex dated 27 July 2012 ([http://ir.hontex.cn/html/ir\\_announce.php](http://ir.hontex.cn/html/ir_announce.php)) and on HKExnews' website (<http://www.hkexnews.hk/index.htm>) relating to the proposed share repurchase and to seek independent legal or other professional advice if needed.

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## **FAQs relating to the proposed share repurchase by Hontex International Holdings Company Limited**

### **Important Note**

**The answers to the FAQs (Answers) are general statements and do not consider your particular circumstances. They should not be regarded as a substitute for obtaining professional legal advice. You should seek independent legal or other professional advice before taking action on matters to which the Answers may be relevant.**

Investors holding Hontex shares are strongly encouraged to carefully read the Circular issued by Hontex dated 27 July 2012

([http://ir.hontex.cn/html/ir\\_announce.php](http://ir.hontex.cn/html/ir_announce.php)) and on HKExnews' website (<http://www.hkexnews.hk/index.htm>) relating to the proposed share repurchase.

### **1. What is the Circular issued by Hontex International Holdings Company Limited (Hontex) on 27 July 2012 about?**

The Circular is about a proposed shares repurchase of up to 500,000,000 shares for HK\$2.06 per share and includes a notice of an extraordinary general meeting ("EGM") being held to consider and pass a resolution to approve the share repurchase.

If the resolution is passed, Hontex will make a share repurchase offer to Qualifying Shareholders (defined in the Circular) which will be financed by the sum of HK\$1.03 billion that Hontex has paid into court.

If the resolution is not passed, Hontex will not make the share repurchase offer to shareholders and you will not receive any money.

### **2. I thought SFC had got a Court Order requiring Hontex to repurchase shares from its shareholders, why is there an EGM?**

The Court Order compelled Hontex to hold a meeting for Independent Shareholders (defined in the Circular) to vote on whether they want the share repurchase to go ahead. As a result of the Court Order, Hontex

issued the Circular and the notice of EGM. If the Independent Shareholders do not pass the resolution to approve the proposed share repurchase in the EGM, the sum of HK\$1.03 billion that Hontex paid into court may be returned to Hontex and not paid out to Qualifying Shareholders (defined in the Circular).

### **3. I am holding Hontex shares. What should I do now?**

You should read the meeting documents relating to the proposed share repurchase that have been sent to shareholders and posted on the websites of Hontex ([http://ir.hontex.cn/html/ir\\_announce.php](http://ir.hontex.cn/html/ir_announce.php)) and HKExnews (<http://www.hkexnews.hk/index.htm>) to understand how to vote. If you need it, seek independent financial and/or legal advice.

Independent Shareholders (defined in the Circular) can vote at the EGM on whether they want the share repurchase to go ahead.

If you hold shares in your own names and your name appear on Hontex's register of members as at 4:30 p.m. on 10 August 2012, you can attend and vote at the EGM.

If you hold your shares via your broker, bank or CCASS/HKSCC Nominees Limited, you are not eligible to attend and vote at the EGM but you can instruct your broker, bank or CCASS/HKSCC Nominees Limited to vote on your behalf.

### **4. When and where is the EGM?**

The meeting will take place at 9:00am on 20 August 2012 at Grand Ballroom, 1/F., Harbour Grand Kowloon, 20 Tak Fung Street, Whampoa Garden, Hunghom, Kowloon, Hong Kong.

### **5. Do I have to vote in the EGM?**

You are not obliged to vote. However, if the resolution is not passed, the share repurchase will not go ahead and you will receive no money. Only Independent Shareholders, as described in the Circular can vote.

**6. I don't have time to attend the meeting, if I don't vote will I still get my money back?**

Only if the resolution is passed. If it is not passed, the share repurchase will not go ahead and you will not receive any money. You should read the documents relating to the proposed share repurchase.

**7. I can't attend the meeting, can I still vote?**

If you hold shares in your own name and you cannot go to the meeting, you can appoint a person, called a "proxy", to vote for you and you can instruct them how to vote. The Notice of EGM and accompanying material Hontex sent to you and that is also on Hontex's website

([http://ir.hontex.cn/html/ir\\_announce.php](http://ir.hontex.cn/html/ir_announce.php)) or HKExnews' website

(<http://www.hkexnews.hk/index.htm>) explains how to do this.

**8. I hold my shares via my broker, bank or CCASS/HKSCC Nominee Limited, how do I vote?**

You have to tell your broker, bank or CCASS/HKSCC Nominees Limited that you wish to vote and instruct them how you wish to vote because the voting rights to your shares legally belong to CCASS/HKSCC Nominees Limited, being the registered shareholder of your shares. If you instruct it, a representative of CCASS/HKSCC Nominees Limited will attend the EGM and vote on your behalf.

If you do not instruct your broker, bank or CCASS/HKSCC Nominees Limited on how you wish to vote, CCASS/HKSCC Nominees Limited will not vote on your behalf.

**9. When will I get my money?**

You will only get money from the share repurchase if the Independent Shareholders (defined in the Circular) pass the resolution approving the share repurchase at the EGM. The SFC and the court-appointed Administrators will agree a timetable for the offer, acceptance of the offer and payment of money to Qualifying Shareholders who accept the offer. If

the resolution is passed, you will shortly afterwards be sent another circular and offer document describing the offer and timetable.

**10. Can I sell my shares before the share repurchase?**

That is up to you. But, trading in the shares of Hontex on the SEHK is currently suspended and any sale would have to be off the stock exchange. If you sell to someone who is not a Qualifying Shareholder (defined in the Circular) they are not eligible to participate in the share repurchase offer.

**11. What happens if the resolution is passed but I do not accept the Offer to buy back my shares?**

You will remain as a shareholder of Hontex and Hontex's future will be decided by the directors and majority owners. You should be aware that the shares of Hontex are suspended and trading can only resume if the Stock Exchange and SFC consent and that such consent may not be given. If other Qualifying Shareholders accept the share repurchase offer, there will be less than 25% of Hontex's issued share in the hands of the public. As a result, Hontex will not be able to comply with the minimum public float requirement under Rule 8.08 of the Listing Rules of the SEHK. If Hontex loses its listing status, you will not receive the benefit of the protections in the SFC Codes on Takeovers and Mergers and Share Repurchases or the Stock Exchange Listing Rules.

**12. Should I accept the share repurchase offer?**

The SFC cannot advise you on this. You should read the meeting documents that have been sent to you and appear on Hontex's website ([http://ir.hontex.cn/html/ir\\_announce.php](http://ir.hontex.cn/html/ir_announce.php)) or HKExnews' website (<http://www.hkexnews.hk/index.htm>). If you need it, seek independent financial and/or legal advice.

**13. What happens if Hontex's major shareholders stop the resolution being passed?**

Hontex's major shareholders are not eligible for the share repurchase offer and have given undertakings not to participate in the voting on the

resolution. If they do vote and that causes the resolution not to be passed, the SFC can continue with its court action and seek final orders.

**14. Who should I contact if I have further questions?**

You may contact Hontex at (86) 591 8529 6867.

If you hold Hontex shares via your broker or bank, you may also contact your broker or bank for information about how to give them your voting instruction.