

Hontex issues repurchase offer to shareholders

24 Sep 2012

Hontex International Holdings Company Limited (Hontex) today issued an offer document for the repurchase of its shares (Repurchase Offer) following orders made by the Court of First Instance in legal proceedings brought by the Securities and Futures Commission (SFC) (Note 1).

The Repurchase Offer is made to all shareholders holding Hontex shares on 20 June 2012, being the date of the Court of First Instance's order, who subscribed for or bought Hontex shares and still hold them.

The Repurchase Offer, which is not available to Hontex's controlling shareholders, is the result of legal proceedings brought by the SFC against Hontex in relation to false and misleading statements in its IPO prospectus.

If all shareholders accept the Repurchase Offer, Hontex will pay out a total of \$1.03 billion to approximately 7,700 shareholders.

The Repurchase Offer is being administered by court-appointed Administrators and will remain open for acceptance for 35 days until 4:00 pm on 29 October 2012 (Note 2).

Investors holding Hontex shares are encouraged to carefully read the offer document issued by Hontex dated 24 September 2012 (http://ir.hontex.cn/html/ir_announce.php) and on HKExnews' website (<http://www.hkexnews.hk/index.htm>) relating to the Repurchase Offer and to seek independent legal or other professional advice, if needed.

The SFC has published a set of [Frequently-Asked-Questions](#) (FAQs) to assist the investing public in understanding the Repurchase Offer by Hontex.

End

Notes:

1. The orders were made under section 213 of the Securities and Futures Ordinance following admissions made by Hontex after 12 days of trial in the Court of First Instance. Hontex agreed that the amounts stated in its IPO prospectus in respect of its turnover for the years ended 31 December 2006, 2007 and 2008 were materially false and misleading, as was its profit before tax. Hontex also agreed that the value of its cash and cash equivalents for the years ended 31 December 2007, 2008 and 30 June 2009 were materially false and misleading and the number of franchise stores disclosed in the IPO prospectus, as at 31 December 2008 and 8 December 2009, was also false and misleading. Please see SFC's press release dated [20 June 2012](#).
2. The Administrators are Mr Stephen Liu Yiu Keung, Mr David Yen Ching Wai and Ms Koo Chi Sum of Ernst & Young. Their fees will be paid by Hontex. The Repurchase Offer will remain open for 35 days until 4:00 pm on 29 October 2012. If the level of acceptance of the Repurchase Offer is less than 50% as at 4:00 pm on 29 October 2012, Hontex will, at the direction of the SFC and the Administrators, extend the offer period for another 28 days until 26 November 2012.

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FAQs relating to the Share Repurchase Offer 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 Offer Document about the Share Repurchase issued by Hontex dated 24 September 2012.

1. Who is eligible to participate in the Repurchase Offer?

Shareholders of Hontex as at 4:30pm on 20 June 2012 who also remain as Shareholders as at the date of the offer document are eligible to participate in the Repurchase Offer (**Qualifying Shareholders**).

If your shares are registered in Hontex's register of members in your own name, you can accept the Repurchase Offer by completing the Form of Acceptance in your own name.

If your shares are held via a securities broker, bank, CCASS or other custodian, nominee or trustee, you must either: (a) instruct that entity to accept the Repurchase Offer on your behalf or (b) have your shares currently held in the name of that entity re-registered in your own name in time to accept the Repurchase Offer in your own name. If you chose (a), you will receive the money from the Share Repurchase via that entity. If you chose (b), you can receive the money from the Administrators directly.

2. When is the deadline for accepting the Repurchase Offer?

The deadline for accepting the Repurchase Offer is 4:00 p.m. on 29 October 2012.

Securities brokers, banks, CCASS and other custodians, nominees or trustees which hold Hontex shares for their clients will set an earlier deadline for clients to give them instructions to accept the Repurchase Offer on their clients' behalf. Therefore, if you hold Hontex shares via a securities broker, bank, CCASS, or another custodian, nominee or trustee you should check with your securities broker, bank, CCASS or other custodian or nominee the deadline set by it.

If the level of acceptance of the Repurchase Offer is less than 50% at 4:00 p.m. on 29 October 2012, Hontex will, at the direction of the SFC and the Administrators, extend the Offer Period by 28 days until 26 November 2012. However, if the level of acceptance of the Repurchase Offer reaches 50% or more on or before 4:00pm on 29 October 2012, there will be no extension of the Offer Period. Therefore, Qualifying Shareholders who want to accept the Repurchase Offer should complete the acceptance procedure set out in the Offer Document before 4:00 p.m. on 29 October 2012 to be sure that their Acceptances will be valid.

3. I am a Qualifying Shareholder and own a physical share certificate which is registered in my own name. What should I do to accept the Repurchase Offer?

If you are a Qualifying Shareholder and own a physical share certificate of Hontex shares which is registered in your own name, you are a Registered Qualifying Shareholder. You should submit to Hontex's Share Registrar (**Registrar**) a duly completed Form of Acceptance, accompanied by the Title Document(s), no later than 4:00 p.m. on 29 October 2012.

You should read the Offer Document, its Appendix and the Form of Acceptance carefully. These documents set out the terms and conditions of the Repurchase Offer and the procedures for acceptance of the Repurchase Offer.

4. I am a Qualifying Shareholder and I hold my Hontex shares via a securities broker, bank, CCASS or other custodian, nominee or trustee. What should I do to accept the Repurchase Offer?

If you are a Qualifying Shareholder and hold Hontex shares via a securities broker, bank, CCASS, or other custodian, nominee or trustee, your shares are not registered in your name. You are a Non-Registered Qualifying Shareholder. You should read the Offer Document and its Appendix carefully, in particular the paragraph headed "Nominee holdings" in the Appendix to the Offer Document and the section headed "Important Notice" in the Offer Document.

Your shares are registered in the name of a nominee such as your securities broker, bank, CCASS/HKSCC Nominees or some other custodian, nominee or trustee. To accept the Repurchase Offer, you can either:

- (a) instruct your securities broker, bank, custodian, nominee or trustee to authorize CCASS/HKSCC Nominees to accept the Repurchase Offer on your behalf; or
- (b) arrange for your shares to be registered in your own name through the Registrar and then accept the Repurchase Offer in your own name. (Please also see the answer to question 3 above relating to acceptance procedures for Registered Qualifying Shareholders).

Your securities broker/bank needs sufficient time to complete the acceptance procedure on your behalf. You should check with your securities broker/bank as soon as possible the period of time required to process your instruction and submit such instruction to your securities broker, bank, custodian, nominee or trustee before the deadline set by it.

If you choose to arrange for your shares to be registered in your own name, you should instruct your securities broker/bank to withdraw the physical share certificate of Hontex shares from CCASS and complete the registration procedure through the Registrar as soon as possible so that you can accept the Repurchase Offer in your own name before 4:00 p.m. on 29 October 2012.

If your shares are lodged with your Investor Participation Account with CCASS, you should give your instructions to CCASS via CCASS Phone System or CCASS Internet System on or before the deadline set by CCASS/HKSCC Nominees.

5. I only received the Offer Document but not the Form of Acceptance. Why?

The Offer Document is intended to be despatched to all Qualifying Shareholders (both Registered and Non-Registered) while the Form of Acceptance is intended to be despatched only to Registered Qualifying Shareholders whose names appear on the Company's register of members.

Refer to the answer to question 4 above on what to do if you are a Non-Registered Qualifying Shareholder.

6. When will I get my money?

The Administrators will send you the amount due under the Repurchase Offer in respect of valid acceptance within 7 business days of the date of receipt of the duly completed Form of Acceptance accompanied by the Title Document(s) in accordance with the instructions in this Offer Document and printed on the Form of Acceptance. The latest date for the despatch of cheques to the Registered Qualifying Shareholders is 6 November 2012. However, if the Offer Period is extended (refer to the answer to question 2 above), the latest date for the despatch of cheques to the Registered Qualifying Shareholders will be extended accordingly.

If you hold your shares via a securities broker, bank, CCASS or other custodian, nominee or trustee, they will receive the cheque not you. So, there may be some extra time taken for this entity to provide the money to you. You should ask that entity how long crediting the money to you will usually take.

7. Should I accept the share repurchase offer?

The SFC cannot advise you on this. However, Qualifying Shareholders who decide to retain their investments in the Shares are reminded of the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Repurchase Offer. Qualifying Shareholders are recommended to seek independent professional advice if they have any doubts in relation to the Shares Repurchase and the Repurchase Offer.

8. I haven't received the Offer Document, where can I get a copy?

Extra prints of the Offer Document are available to the Qualifying Shareholders and the Form of Acceptance are available to the Registered Qualifying Shareholders only for collection at the office of the Registrar, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, or the office of the Administrators at 62/F., One Island East, 18 Westlands Road, Hong Kong during office hours from 9:00 a.m. to 4:30 p.m. between 24 September 2012 to the Latest Acceptance Time (both days inclusive). This Offer Document and the Form of Acceptance are also available at the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://ir.hontex.cn>).

9. I still have other questions. What should I do?

If you are a Registered Qualifying Shareholder, you may register to attend one of the guiding sessions organized by Hontex and the Administrators which will explain how to participate in the Repurchase Offer (please refer to the notice despatched to the Registered Qualifying Shareholders accompanying the offer document).

Alternatively, as a Qualifying Shareholder (Registered and Non-Registered), you may contact the Registrar at (852) 2980 1333 and the Administrators at their hotlines at (852) 2846 9649/(852) 2846 9851/(852) 2846 9029 during the period from the date of the Offer Document to the Latest Acceptance Time (both days inclusive) between 10:00 a.m. and 5:00 p.m. on each business day.