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**STATE ENERGY HK LIMITED**  
**國能香港有限公司**  
*(Incorporated in Hong Kong with limited liability)*

**LC GROUP HOLDINGS LIMITED**  
**良斯集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 1683)**

**JOINT ANNOUNCEMENT**

- (1) SALE AND PURCHASE OF SHARES OF LC GROUP HOLDINGS LIMITED;  
(2) MANDATORY UNCONDITIONAL CASH OFFER FOR SHARES  
BY HUARONG INTERNATIONAL SECURITIES LIMITED  
FOR AND ON BEHALF OF STATE ENERGY HK LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
OF LC GROUP HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE  
ACQUIRED BY STATE ENERGY HK LIMITED AND PARTIES ACTING IN  
CONCERT WITH IT);  
AND  
(3) RESUMPTION OF TRADING**

Joint financial advisers to State Energy HK Limited



Financial adviser to LC Group Holdings Limited



## **THE SALE AND PURCHASE AGREEMENT**

Pursuant to the Sale and Purchase Agreement entered into between the Vendor, the Offeror and the Guarantor on 20 December 2016, the Vendor agreed to sell and the Offeror agreed to purchase, 375,000,000 Shares, representing 75.00% of the entire issued share capital of the Company as at the date of this joint announcement, for an aggregate consideration of HK\$648,000,000, equivalent to HK\$1.728 per Sale Share.

Before the signing of the Sale and Purchase Agreement, a sum of HK\$40,000,000 had been paid by the Offeror to the Vendor as earnest money which had been fully applied towards payment of part of the consideration upon Completion. The balance of the consideration in an aggregate sum of HK\$608,000,000 had been paid by the Offeror to the Vendor in cash on Completion.

Completion took place on 20 December 2016 immediately after signing of the Sale and Purchase Agreement. Immediately upon Completion and as at the date of this joint announcement, the Vendor ceased to be a Shareholder.

## **MANDATORY UNCONDITIONAL CASH OFFER FOR SHARES**

Immediately before Completion, the Offeror and parties acting in concert with it did not hold any Shares or voting rights of the Company. Immediately after Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it own in aggregate 375,000,000 Shares, representing 75.00% 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 Offer Shares.

As at the date of this joint announcement, the Company has 500,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and the Company 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 date of this joint announcement.

Huarong International Securities will, for and on behalf of the Offeror, make the Share Offer to acquire all of the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

**For each Offer Share ..... HK\$1.728 in cash**

The Offer Price of HK\$1.728 per Offer Share is equal to the price of HK\$1.728 per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Share Offer will be unconditional in all respects. Principal terms of the Share Offer are set out in the section headed “Mandatory Unconditional Cash Offer” below.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Share Offer. The Offeror has paid the consideration under the Sale and Purchase Agreement from its own resources. The Offeror intends to fund the consideration payable under the Share Offer from a loan facility granted by Huarong International Securities to the Offeror pursuant to a facility agreement. Huarong International Capital and Goldin Financial have been appointed as the joint financial advisers to the Offeror in respect of the Share Offer and are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptance of the Share Offer. Each of the Offeror and the proposed new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Share Offer to ensure that sufficient public float exists in the Shares.

**INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Tang Hamilton Ty, Mr. Lee Frank King-ting and Mr. Ho Hin Yip, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Qualifying Shareholders in relation to 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.

VMS Securities has been appointed, with the approval of the Independent Board Committee, as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the Share Offer.

## **DESPATCH OF THE COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company that the Share Offer document from the Offeror and the offeree board circular from the Company be combined in a Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things, (i) details of the Share Offer (including the expected timetable and terms and conditions of the Share Offer); (ii) a letter of recommendation from the Independent Board Committee to the Qualifying Shareholders in relation to the Share Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Share Offer, together with the relevant form of acceptance and transfer of Shares in respect of the Share Offer, will be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may approve.

**The Qualifying Shareholders are encouraged to read the Composite Document carefully, including but not limited to the letter of recommendation of the Independent Board Committee and the letter of advice of the Independent Financial Adviser, as to whether the terms of the Share Offer are fair and reasonable so far as the Qualifying Shareholders are concerned and its acceptance before deciding whether or not to accept the Share Offer.**

## **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 11:08 a.m. on 20 December 2016 pending the publication of this joint announcement. 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 28 December 2016.

## **WARNING**

**Shareholders and potential investors should exercise caution when dealing in the Shares during the Offer Period. If the Shareholders and potential investors are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **THE SALE AND PURCHASE AGREEMENT**

Set out below are the principal terms of the Sale and Purchase Agreement.

### **Date**

20 December 2016

### **Parties**

- (i) the Vendor (as the vendor of the Sale Shares);
- (ii) the Offeror (as the purchaser of the Sale Shares); and
- (iii) the Guarantor (as the guarantor to the Vendor).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Offeror and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Subject matter of the Sale and Purchase Agreement**

Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 375,000,000 Shares, representing 75.00% of the entire issued share capital of the Company as at the date of this joint announcement.

The Sale Shares have been sold free from all Encumbrances and third party rights and together with all rights attaching to them, including all rights attached to the Sale Shares as at Completion, including the right to all dividends and distributions which may be declared, made or paid on or after the Completion Date.

### **Consideration for the Sale Shares**

The consideration for the Sale Shares is HK\$648,000,000, equivalent to HK\$1.728 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations taking into account of, among others, (i) the performance of the Group; and (ii) the prevailing market prices of the Shares. The consideration was settled in the following manners:

- (a) before the signing of the Sale and Purchase Agreement, a sum of HK\$40,000,000 had been paid by the Offeror to the Vendor as earnest monies upon entering into of a memorandum of understanding dated 14 October 2016 between the Vendor, the Offeror and the Guarantor which had been fully applied to satisfy payment of part of the consideration for the Sale Shares on Completion; and
- (b) the remaining balance of the consideration for the Sale Shares, being HK\$608,000,000, had been paid by the Offeror to the Vendor in cash on Completion.

## **Representations, warranties and undertakings**

Each of the Vendor and the Guarantor represents, warrants and undertakes that as at the Completion Date, among others:

- (a) the cash at bank and cash on hand of the Company (on non-consolidated basis) are not less than HK\$150,000,000;
- (b) the net asset value of the Company (on non-consolidated basis and without taking into account any inter-Group liabilities) is not less than HK\$150,000,000;
- (c) the Company does not have any outstanding guarantee, indemnity or guarantee or indemnity agreement for any indebtedness or liability (including but not limited to inter-Group guarantee or indemnity but other than the indemnity given pursuant to the underwriting agreements relating to the public offer and/or placing of shares of the Company as disclosed in the prospectus of the Company dated 21 August 2015);
- (d) the liabilities (whether actual or contingent) of the Group do not exceed HK\$40,000,000; and
- (e) the net asset value of the Group is not less than HK\$135,000,000.

## **Completion**

Completion took place on 20 December 2016 immediately after signing of the Sale and Purchase Agreement.

## Shareholding structure of the Company

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 date of this joint announcement:

	Immediately prior to Completion		Immediately upon Completion and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>Percentage of shareholding (approximately) (%)</i>	<i>Number of Shares</i>	<i>Percentage of shareholding (approximately) (%)</i>
The Vendor ( <i>Note</i> )	375,000,000	75.0	–	–
The Offeror	–	–	375,000,000	75.0
Public Shareholders	125,000,000	25.0	125,000,000	25.0
<b>Total</b>	<b><u>500,000,000</u></b>	<b><u>100.0</u></b>	<b><u>500,000,000</u></b>	<b><u>100.0</u></b>

*Note:* The Vendor is owned as to 75% by the Guarantor and as to 25% by Ms. Chew Christina Mooi Chong, the chief executive officer of the Company and an executive Director.

## MANDATORY UNCONDITIONAL CASH OFFER

Immediately before Completion, none of the Offeror and parties acting in concert with it owned any Shares, options, derivatives, warrants, convertible securities or voting rights of the Company. Immediately following Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it own in aggregate 375,000,000 Shares, representing 75.00% 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 Offer Shares.

### Principal terms of the Share Offer

Huarong International Securities will, for and on behalf of the Offeror, make the Share Offer to acquire all of the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

### Consideration of the Share Offer

**For each Offer Share ..... HK\$1.728 in cash**

The Share Offer will be unconditional in all respects.

## **Comparisons of value**

The Offer Price of HK\$1.728 per Offer Share is the same as the purchase price of HK\$1.728 per Sale Share under the Sale and Purchase Agreement, which was arrived after arm's length negotiations between the Offeror and the Vendor and represents:

- (i) a premium of approximately 2.25% over the closing price of HK\$1.69 per Share as quoted on the Stock Exchange on 19 December 2016, being the Last Trading Day;
- (ii) a premium of approximately 2.98% over the average closing price of HK\$1.678 per Share for the last 5 consecutive trading days immediately up to and including the Last Trading Day;
- (iii) a premium of approximately 2.86% over the average closing price of HK\$1.68 per Share for the last 10 consecutive trading days immediately up to and including the Last Trading Day;
- (iv) a premium of approximately 3.41% over the average closing price of approximately HK\$1.671 per Share for the last 30 consecutive trading days immediately up to and including the Last Trading Day; and
- (v) a premium of approximately 452.08% over the net asset value per Share of approximately HK\$0.313, calculated based on the audited consolidated net asset value attributable to the Shareholders as at 30 September 2016, divided by the number of issued Shares as at the date of this joint announcement.

## **Highest and lowest Share prices**

During the six-month period prior to the commencement of the Offer Period on 23 December 2016, being the date of this joint announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.72 on 24 November 2016 and 25 November 2016 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.96 on 3 August 2016.

## **Dealings in securities in the Company**

Save for the acquisition of the Sale Shares, the Offeror and parties acting in concert with it have not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the six-month period immediately prior to 23 December 2016 (being the date of commencement of the Offer Period and the date of this joint announcement).



## **VALUE OF THE SHARE OFFER**

As at the date of this joint announcement, the Company has 500,000,000 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 date of this joint announcement.

Excluding 375,000,000 Shares held by the Offeror and parties acting in concert with it, the number of Offer Shares is 125,000,000. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$1.728 per Offer Share for 125,000,000 Offer Shares, the Share Offer would be valued at approximately HK\$216,000,000.

## **CONFIRMATION OF FINANCIAL RESOURCES**

The Offeror has paid the consideration under the Sale and Purchase Agreement from its own resources. The Offeror intends to finance and satisfy the consideration payable by the Offeror under the Share Offer by a loan facility granted by Huarong International Securities to the Offeror pursuant to a facility agreement.

Huarong International Capital and Goldin Financial, have been appointed as the joint financial advisers to the Offeror in respect of the Share Offer, and are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptance of the Share Offer.

## **FURTHER TERMS OF THE SHARE OFFER**

### **Acceptance of the Share Offer**

By validly accepting the Share Offer, the Qualifying Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, being the date of the Composite Document. Acceptance of the Share Offer shall be irrevocable and shall not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

## **Payment**

Settlement of the consideration in respect of acceptance of the Share Offer will be made as soon as possible but in any event within seven (7) Business Days of the date of receipt of duly completed and valid acceptance of the Offer Shares. Relevant documents evidencing title in respect of such acceptance 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 will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

## **Stamp duty in Hong Kong**

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the relevant Qualifying Shareholders 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 acceptance of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Qualifying Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Qualifying Shareholders accepting the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty at a rate of 0.1% of the amount payable in respect of the relevant acceptances of the Share Offer or if higher, the market value of the Shares and will be responsible to account to stamp duty payable for the sale and purchase of the Shares which are validly tendered Shares for acceptance under the Share Offer in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## **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 the Offeror, the Company, Huarong International Securities, Huarong International Capital, Goldin Financial and Lego Corporate Finance Limited and their respective ultimate beneficial owners, directors, officers, advisers, 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.

## **Overseas Shareholders**

The Offeror intends to make the Share Offer available to all Qualifying Shareholders, including those who are not resident in Hong Kong. The availability of the Share Offer to Qualifying Shareholders who are not resident in Hong Kong may be subject to, or limited by, the laws and regulations of their respective jurisdictions. Any such Qualifying Shareholders who are not resident in Hong Kong should observe any applicable legal or regulatory requirements and restrictions in their own jurisdictions, and where necessary, seek independent legal advice in respect of the Share Offer.

It is the sole responsibility of such Qualifying Shareholders who have registered addresses outside Hong Kong and wish to accept the Share Offer to satisfy themselves as to the full observance of the applicable laws and regulations of the relevant non-Hong Kong jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes payable by such Qualifying Shareholders in respect of such jurisdictions).

If the receipt of the Composite Document by overseas Qualifying Shareholders is prohibited by any applicable laws and regulations and may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

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

## **Further agreements or arrangements**

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

- (i) the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has not received any irrevocable commitment to accept the Share Offer;
- (ii) save and except for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them do not hold, have control or have direction over any voting rights or rights over Shares, convertible securities, warrants or options in the Company;
- (iii) save and except for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, the Offeror and parties acting in concert with it have not acquired any voting rights in or otherwise dealt for value in the Shares or rights over the Shares during the six-month period immediately prior to the date of this joint announcement (being the date of the commencement of the Offer Period);
- (iv) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them;
- (v) there is no outstanding options, warrants, derivatives or securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares;
- (vi) save and except for the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) (as referred to in Note 8 to Rule 22 of the Takeovers Code) in relation to the shares of the Offeror or the Company and which might be material to the Share Offer;
- (vii) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer; and
- (viii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them has borrowed or lent.

## **INFORMATION OF THE OFFEROR**

The Offeror is a company incorporated in Hong Kong on 16 November 2011 with limited liability and is principally engaged in trading of bulk commodities including non-ferrous metal, chemicals and electronic products. The Offeror is wholly owned by National Business. Ms. Niu Fang is the sole director of the Offeror.

National Business is a company established under the laws of the PRC on 8 March 2011 with limited liability and its group of companies is principally engaged in trading of bulk energy and resource commodities and related investment. It has cooperated with a number of oil and gas companies in the PRC to establish its energy and petrochemical business. National Business is owned as to approximately 66.67% by Shanghai Guoming and as to approximately 33.33% by Shanghai Zhongshe. Ms. Niu Fang is the sole director of National Business.

Shanghai Guoming is an investment holding company established under the laws of the PRC on 27 November 2012 with limited liability. Shanghai Guoming is owned as to 70% by Mr. Liu Quanhui and 30% by Ms. Niu Fang. Ms. Niu Fang is the sole director of Shanghai Guoming.

Shanghai Zhongshe is an investment holding company established under the laws of the PRC on 12 June 2015 with limited liability. Shanghai Zhongshe is owned as to 20% by Mr. Liu Quanhui and 80% by Ms. Niu Fang. Ms. Niu Fang is the sole director of Shanghai Zhongshe.

Brief background of each of Ms. Niu Fang and Mr. Liu Quanhui is set out below:

Ms. Niu Fang, aged 42, has more than 10 years of experience in corporate management and business investment. She took part in the establishment of National Business, and has been National Business's general manager since 2011, and is principally responsible for its strategic planning and business development. She obtained a bachelor's degree in economics from Hebei University in the PRC in 1997, and qualified as a mid-level accountant in the PRC in 2004.

Mr. Liu Quanhui, aged 57, has more than 30 years of experience in working in the bulk energy and resource commodities industry. He has been engaged in managerial roles in different oil and gas companies in the PRC since 1983 principally responsible for the business development and investment strategies. He obtained a master's degree in economics and finance management from Beijing Jiaotong University in the PRC.

Save and except their respective shareholding in Shanghai Guoming and Shanghai Zhongshe, there is no other business or financial relationships between Ms. Niu Fang and Mr. Liu Quanhui.

## **INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP**

Following the close of the Share Offer, it is the intention of the Offeror that the Group will continue to focus on the development of its existing business, namely, one-stop integrated interior design solutions including design, fit out and decoration as well as overall project management, and the Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after Completion and the Share Offer. The Offeror will regularly review the operations and business activities of the Group to formulate a suitable business strategy for the Group and will explore other business opportunities and consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for changes in the composition of the board of directors of the Group) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror has no plan on any injection of any assets or businesses into the Group as at the date of this joint announcement.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror will use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than the minimum prescribed percentage applicable to the Company, being 25% of the entire issued share capital in the Company be held by the public in compliance with the Listing Rules. The sole director of the Offeror and the proposed Director(s) to be appointed after the issue of the Composite Document will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Share Offer to ensure that such number of Shares as may be required by the Stock Exchange are held by the public within the prescribed time frame.

**According to the Listing Rules, if, upon the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued 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, then the Stock Exchange may exercise its discretion to suspend trading in the Shares.**

## **PROPOSED CHANGE OF BOARD COMPOSITION**

It is intended that save for the Guarantor and Ms. Chew Christina Mooi Chong, all the remaining four members of the existing Board, including (i) one executive Directors, namely Mr. Shih Steven Chun Ning and (ii) three independent non-executive Directors, namely Mr. Tang Hamilton Ty, Mr. Lee Frank King-ting and Mr. Ho Hin Yip, will resign as Directors with effect from the earliest time permitted under the Listing Rules, Takeovers Code and the applicable laws and regulations (the “**Earliest Permitted Time**”). In place of the above resigning Directors, the Offeror intends to nominate two to four executive Directors and/or non-executive Directors and three independent non-executive Directors to the Board and such appointment will not take effect earlier than

the Earliest Permitted Time. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made accordingly.

## INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands and is an investment holding company. The Company and its subsidiaries are principally engaged in one-stop integrated interior design solutions including design, fit out and decoration as well as overall project management. The Company was listed on the Stock Exchange on 8 September 2015.

Set out below is a summary of the audited consolidated results of the Group for each of the two financial years ended 30 September 2015 and 2016, as extracted from the Company's results announcement for the financial year ended 30 September 2016:

	<b>For the year ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2016</b>
	<b>(audited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	159,527	116,021
Profit before taxation	25,053	28,279
Profit and total comprehensive income	20,950	24,181
	<b>As at 30 September</b>	
	<b>2015</b>	<b>2016</b>
	<b>(audited)</b>	<b>(audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Total assets	164,209	173,073
Total liabilities	31,777	16,460
Net assets	132,432	156,613

## DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons who own or control 5% or more of any class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code)) of the Company or the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

For this purpose, 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 and other persons under Rule 22 of the Takeovers Code 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 of the Takeovers Code. 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.*

*Intermediates 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 intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **GENERAL**

### **Independent Board Committee and Independent Financial Adviser**

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Tang Hamilton Ty, Mr. Lee Frank King-ting and Mr. Ho Hin Yip has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Qualifying Shareholders in relation to 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.

VMS Securities has been appointed, with the approval of the Independent Board Committee, as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in connection with the Share Offer.

## **DESPATCH OF THE COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined in a Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to dispatch the Composite Document containing, among other things, (i) details of the Share Offer (including the expected timetable and terms and conditions of the Share Offer); (ii) a letter of recommendation from the Independent Board Committee to the Qualifying Shareholders in relation to the Share Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to



the Share Offer, together with the relevant form of acceptance and transfer of the Shares in respect of the Share Offer, to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. Further announcement will be made when the Composite Document together with the form of acceptance in respect of the Share Offer are despatched.

**The Qualifying Shareholders are encouraged to read the Composite Document carefully, including but not limited to the letter of recommendation of the Independent Board Committee and the letter of advice of the Independent Financial Adviser, as to whether the terms of the Share Offer are fair and reasonable so far as the Qualifying Shareholders are concerned and its acceptance before deciding whether or not to accept the Share Offer.**

### **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 11:08 a.m. on 20 December 2016 pending the publication of this joint announcement. 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 28 December 2016.

### **WARNING**

**Shareholders and potential investors should exercise caution when dealing in the Shares during the Offer Period. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

### **DEFINITIONS**

In this joint announcement, the following terms and expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code
“associate(s)”	has the meaning given to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	has the meaning given to it in the Takeovers Code
“Company”	LC Group Holdings Limited (良斯集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1683)

“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Completion Date”	the date on which Completion took place, being 20 December 2016, the day of execution of the Sale and Purchase Agreement
“Composite Document”	the composite offer document proposed to be jointly issued by the Offeror and the Company to the Shareholders in connection with the Share Offer in accordance with the Takeovers Code containing, among other things, terms and conditions of the Share Offer, the form of acceptance and transfer of the Shares in respect of the Share Offer, the letter of recommendation of the Independent Board Committee and the letter of advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Share Offer
“connected person(s)”	has the same meaning given to it under the Listing Rules and the term “connected” shall be construed accordingly
“Director(s)”	director(s) of the Company
“Encumbrance(s)”	any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, claim, counterclaim, trust arrangement or other security, any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) or other adverse rights and interests of all kinds and descriptions
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“Goldin Financial”	Goldin Financial Limited, one of the joint financial advisers to the Offeror in respect of the Share Offer, and is a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity for the purposes of the SFO
“Group”	the Company and its subsidiaries

“Guarantor”	Mr. Leong Hing Loong Rudoff, the chairman and executive Director of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong International Capital”	Huarong International Capital Limited, one of the joint financial advisers to the Offeror in respect of the Share Offer, and is a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO
“Huarong International Securities”	Huarong International Securities Limited, a fellow subsidiary of Huarong International Capital, and is a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Tang Hamilton Ty, Mr. Lee Frank King-ting and Mr. Ho Hin Yip, established by the Company to make recommendation to the Qualifying Shareholders in relation to the Share Offer
“Last Trading Day”	19 December 2016, being the last full trading day for the Shares immediately prior to suspension of trading in the Shares pending the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu Quanhui”	Mr. Liu Quanhui* (劉全輝)
“Ms. Niu Fang”	Ms. Niu Fang* (牛芳)
“National Business”	National Business Holdings Group Co. Limited* (國能商業集團有限公司), a company established under the laws of the PRC on 8 March 2011 with limited liability and is owned as to approximately 66.67% by Shanghai Guoming and as to approximately 33.33% by Shanghai Zhongshe

“Offer Period”	the period commenced since 23 December 2016, being the date of this joint announcement and ending on the date of the close of the Share Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Share Offer will be made, being HK\$1.728 per Offer Share
“Offer Share(s)”	all the issued Share(s) other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	State Energy HK Limited (國能香港有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by National Business
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qualifying Shareholders”	the Shareholders, other than the Offeror and parties acting in concert with it
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 December 2016 entered into among the Vendor, the Guarantor and the Offeror in respect of the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 375,000,000 Shares legally and beneficially owned by the Vendor as at the date of the Sale and Purchase Agreement and immediately prior to the Completion, representing 75.00% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shanghai Guoming”	Shanghai Guoming Equity Investment Fund Management Co. Limited* (上海國明股權投資基金管理有限公司), a company established under the laws of the PRC on 27 November 2012 with limited liability and is owned as to 70% by Mr. Liu Quanhui and as to 30% by Ms. Niu Fang
“Shanghai Zhongshe”	Shanghai Zhongshe Equity Investment Fund Co. Limited* (上海中社股權投資基金有限公司), a company established under the laws of the PRC on 12 June 2015 with limited liability and is owned as to 20% by Mr. Liu Quanhui and as to 80% by Ms. Niu Fang
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer to be made by Huarong International Securities for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the Takeovers Code
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified from time to time, and administrated by the Executive
“Vendor”	vendor of the Sale Shares under the Sale and Purchase Agreement, namely Starcross Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 75% by the Guarantor and as to 25% by Ms. Chew Christina Mooi Chong, the chief executive officer of the Company and an executive Director

“VMS Securities” or “Independent Financial Adviser”	VMS Securities Limited, the independent financial adviser to the Independent Board Committee in respect of the Share Offer and is a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purposes of the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the sole director of  
**State Energy HK Limited**  
**NIU Fang**  
*Director*

By order of the Board of  
**LC Group Holdings Limited**  
**LEONG Hing Loong Rudoff**  
*Chairman and Executive Director*

Hong Kong, 23 December 2016

*As at the date of this joint announcement, the Board comprises Mr. LEONG Hing Loong Rudoff, Ms. CHEW Christina Mooi Chong and Mr. SHIH Steven Chun Ning as executive Directors; and Mr. TANG Hamilton Ty, Mr. LEE Frank King-ting and Mr. HO Hin Yip as independent non-executive Directors.*

*All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) 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 statements contained in this joint announcement misleading.*

*As at the date of this joint announcement, (a) the sole director of the Offeror, National Business, Shanghai Guoming and Shanghai Zhongshe, is Ms. Niu Fang; and (b) the Offeror is controlled by Ms. Niu Fang and Mr. Liu Quanhui. The sole director of the Offeror, National Business, Shanghai Guoming and Shanghai Zhongshe and the persons who control the Offeror, namely Ms. Niu Fang and Mr. Liu Quanhui, jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, the Vendor and their respective 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 statements contained in this joint announcement misleading.*

*\* for identification purpose only*