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Fujincheng Investment Holdings Co., Ltd

(Incorporated in the British Virgin Islands with limited liability)

LKS HOLDING GROUP LIMITED

樂嘉思控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1867)

JOINT ANNOUNCEMENT

**(1) SALE AND PURCHASE OF SHARES
IN LKS HOLDING GROUP LIMITED;**

**(2) UNCONDITIONAL MANDATORY CASH OFFER
BY CHINA EVERBRIGHT CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF
LKS HOLDING GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT);**

(3) CHANGES TO THE COMPOSITION OF THE BOARD;

AND

(4) RESUMPTION OF TRADING

Financial Adviser to the Offeror



光大证券
EVERBRIGHT SECURITIES

China Everbright Capital Limited

THE SALE AND PURCHASE AGREEMENT

The Company was informed that on 23 April 2021 (after trading hours), the Offeror (as purchaser), the Vendors (as vendors) and the Vendor Guarantors (as guarantors to the Vendors) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire, and the Vendors have agreed to sell, the Sale Shares.

The total consideration for the Sale Shares is HK\$177,540,000 (equivalent to HK\$0.22 per Sale Share), which was arrived at after arm's length negotiation between the Offeror and the Vendors.

Completion took place on the Completion Date, being 27 April 2021.

UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold, own, have control or direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the date of this joint announcement, the Offeror owns an aggregate of 807,000,000 Shares, representing 72.05% of the total number of issued Shares as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those owned or agreed to be acquired by the Offeror and parties acting in concert with it).

China Everbright Capital will, on behalf of the Offeror, make the Offer on the following basis:

For each Offer Share HK\$0.22 in cash

The Offer Price of HK\$0.22 per Offer Share is determined at a price equaling to the consideration per Sale Share of HK\$0.22 paid by the Offeror under the Sale and Purchase Agreement.

The Offer, when made, will be unconditional in all respects and extended to all Independent Shareholders.

Total value of the Offer

Assuming that there will be no change in the total number of issued Shares from the date of this joint announcement to the closing date of the Offer, and excluding the Sale Shares (i.e. 807,000,000 Shares) acquired by the Offeror pursuant to the Sale and Purchase Agreement, a total of 313,000,000 Shares will be subject to the Offer. Accordingly, the maximum cash consideration payable by the Offeror under the Offer will be HK\$68,860,000.

Financial resources available to the Offeror

The Offeror intends to finance the maximum amount payable to satisfy the consideration for the Offer of HK\$68,860,000 by its internal resources.

China Everbright Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds payable by the Offeror upon full acceptance of the Offer.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin, who have no direct or indirect interest in the Offer, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

A further announcement will be made after the appointment of the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer, and such appointment will be approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document (accompanied by the form of acceptance and transfer), containing, among other things, (i) the terms and conditions of the Offer; (ii) the expected timetable of the Offer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, shall be despatched to the Shareholders within twenty-one (21) days of the date of this joint announcement or such later date as the Executive may approve.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 April 2021 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 April 2021.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer, which will be included in the Composite Document to be despatched to the Shareholders.

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

THE SALE AND PURCHASE AGREEMENT

The Company was informed that on 23 April 2021 (after trading hours), the Offeror (as purchaser), the Vendors (as vendors) and the Vendor Guarantors (as guarantors to the Vendors) entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire, and the Vendors have agreed to sell, the Sale Shares. A summary of the salient terms of the Sale and Purchase Agreement is set out below:

Date: 23 April 2021 (after trading hours)

Parties:

- (i) the Offeror (as the purchaser of the Sale Shares);
- (ii) the Vendors (as the vendors of the Sale Shares), namely Heavenly White and Summer Unicorn; and
- (iii) the Vendor Guarantors (as the guarantors to the Vendors), namely Mr. Cheung and Mr. Lam

Subject matter

Pursuant to the Sale and Purchase Agreement, the Offeror agreed to acquire, and the Vendors agreed to sell, the Sale Shares, comprising (i) 387,000,000 Heavenly White Sale Shares, representing 34.55% of the total number of issued Shares as at the date of this joint announcement and (ii) 420,000,000 Summer Unicorn Sale Shares, representing 37.50% of the total number of issued Shares as at the date of this joint announcement, which aggregate to 807,000,000 Shares, representing 72.05% of the total number of issued Shares as at the date of this joint announcement.

The Sale Shares were acquired by the Offeror free from any encumbrances and third party rights (in any nature) and together with all rights attaching to them on or after the Completion Date.

Consideration

The total consideration for the Sale Shares of HK\$177,540,000 (equivalent to HK\$0.22 per Sale Share), including HK\$85,140,000 payable to Heavenly White and HK\$92,400,000 payable to Summer Unicorn, which was arrived at after arm's length negotiation between the Offeror and the Vendors, has been fully settled by the Offeror in cash upon Completion.

Guarantee

The Vendor Guarantors had guaranteed to the Offeror, among others, the Vendors' performance of their obligations under the Sale and Purchase Agreement and that the Vendors shall, subject to the terms and limitation under the Sale and Purchase Agreement, indemnify the Offeror for the losses and damages which the Offeror shall have incurred or sustained from the breach of the representations and warranties given by the Vendors under the Sale and Purchase Agreement.

Completion

Completion took place on the Completion Date, being 27 April 2021.

Shareholding structure of the Company

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately following Completion and as at the date of this joint announcement:

Shareholders	Immediately prior to Completion		Immediately following Completion and as at the date of this joint announcement	
	Number of Shares	% of issued Shares	Number of Shares	% of issued Shares
Vendors				
Heavenly White (Note 1)	387,000,000	34.55	–	–
Summer Unicorn (Note 2)	420,000,000	37.50	–	–
	<u>807,000,000</u>	<u>72.05</u>	<u>–</u>	<u>–</u>
Offeror and parties acting in concert with it				
Offeror	–	–	807,000,000	72.05
Directors (other than Ms. Wong and Mr. Lam (Notes 1 and 2))	–	–	–	–
Public Shareholders	<u>313,000,000</u>	<u>27.95</u>	<u>313,000,000</u>	<u>27.95</u>
Total	<u><u>1,120,000,000</u></u>	<u><u>100.00</u></u>	<u><u>1,120,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Heavenly White is wholly and beneficially owned by Mr. Cheung, who is the spouse of Ms. Wong (an executive Director and the chairman of the Board).
2. Summer Unicorn is wholly and beneficially owned by Mr. Lam (an executive Director and the chief executive officer of the Company).

UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold, own, have control or direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the date of this joint announcement, the Offeror owns an aggregate of 807,000,000 Shares, representing 72.05% of the total number of issued Shares as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer for all the issued Shares (other than those owned or agreed to be acquired by the Offeror and parties acting in concert with it).

China Everbright Capital will, on behalf of the Offeror, make the Offer on the following basis:

For each Offer ShareHK\$0.22 in cash

The Offer Price of HK\$0.22 per Offer Share is determined at a price equaling to the consideration per Sale Share of HK\$0.22 paid by the Offeror under the Sale and Purchase Agreement.

The Offer, when made, will be unconditional in all respects and extended to all Independent Shareholders. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of the Composite Document.

Comparisons of value

The Offer Price of HK\$0.22 per Offer Share represents:

- (i) a premium of 83.33% over the closing price of HK\$0.1200 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 73.78% over the average closing price of HK\$0.1266 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

- (iii) a premium of 82.42% over the average closing price of HK\$0.1206 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of 93.49% over the average closing price of HK\$0.1137 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a premium of 111.13% over the audited consolidated net asset value of the Company of HK\$0.1042 per Share as at 31 March 2020, being the date to which the latest audited consolidated annual results of the Group were made up; and
- (vi) a premium of 100.55% over the unaudited consolidated net asset value per Share of HK\$0.1097 per Share as at 30 September 2020, being the date to which the latest published unaudited financial results of the Group were made up.

Highest and lowest Share prices

The highest and the lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the date of this joint announcement up to and including the Last Trading Day, were HK\$0.134 per Share on 21 April 2021 and 22 April 2021, and HK\$0.084 per Share on 29 January 2021, 1 February 2021 and 2 February 2021, respectively.

Total value of the Offer

As at the date of this joint announcement, there were 1,120,000,000 Shares in issue. The Company does not have any outstanding convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue which may confer any rights to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such warrants, options, derivatives or securities which are convertible or exchangeable into Shares as at the date of this joint announcement.

Assuming that there will be no change in the total number of issued Shares from the date of this joint announcement to the closing date of the Offer, and on the basis of the Offer Price at HK\$0.22 per Share, the entire issued share capital of the Company would be valued at HK\$246,400,000.

Assuming that there will be no change in the total number of issued Shares from the date of this joint announcement to the closing date of the Offer, and excluding the Sale Shares (i.e. 807,000,000 Shares) acquired by the Offeror pursuant to the Sale and Purchase Agreement, a total of 313,000,000 Shares will be subject to the Offer. Accordingly, the maximum cash consideration payable by the Offeror under the Offer will be HK\$68,860,000.

Financial resources available to the Offeror

The Offeror intends to finance the maximum amount payable to satisfy the consideration for the Offer of HK\$68,860,000 by its internal resources.

China Everbright Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds payable by the Offeror upon full acceptance of the Offer.

Other arrangements

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

- (i) save for the Sale Shares, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns, holds or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept or reject the Offer;
- (iv) there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (v) save for the Sale and Purchase Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (vi) other than the consideration paid to the Vendors under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror, its ultimate beneficial owner or their respective concert parties to any of the Vendors or their concert parties in connection with the Acquisition;
- (vii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner 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 Offer;

- (viii) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent;
- (ix) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeover Code) between (i) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand and (ii) the Vendors and their concert parties on the other hand; and
- (x) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeover Code) between (i) the Offeror, its ultimate beneficial owner or their respective concert parties on one hand and (ii) any Shareholder on the other hand.

The Company confirms that, as at the date of this joint announcement, there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeover Code) between (i) the Company, its subsidiaries or associated companies on one hand and (ii) any Shareholder on the other hand.

Effect of accepting the Offer

As at the date of this joint announcement, the Company has not declared any dividend which remains unpaid, and the Company does not intend to declare, make or pay any dividend or other distributions prior to the close of the Offer.

By accepting the Offer, the relevant Independent Shareholder will be deemed to warrant that all Offer Shares to be sold by such person under the Offer are fully paid and free from all Encumbrances and together with all rights and benefits attaching thereto as at the date of the Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Acceptance of the Offer will be irrevocable and will not be capable of being withdrawn, except as permitted under the Takeovers Code.

Shareholders are reminded to read the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer, which will be included in the Composite Document to be despatched to the Shareholders, before making decisions as regards the Offer.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven (7) Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptances are received by or for the Offeror to render each such acceptance complete and valid. No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, and will be deducted from the amount payable by the Offeror to the relevant Independent Shareholders on acceptance of the Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

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 Offer. None of the Offeror, parties acting in concert with it, the Company, China Everbright Capital, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. The Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdictions).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Intention of the Offeror in relation to the Group

The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offer, and intends that the Group will continue to operate its existing business following the close of the Offer. Nevertheless, the Offeror will conduct a detailed review on the existing principal businesses and operations, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. As at the date of this joint announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

The Offeror has no intention to make significant changes to the continued employment of the employees of the Group as a result of the Offer (except for the changes to the Board composition and the resignations of Mr. Cheung and Mr. Lam and their relative(s) from their respective positions in other members of the Group as detailed in the sections headed "Changes to the composition of the Board" and "Other changes to the management of the subsidiaries of the Company" below) or to dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

Changes to the composition of the Board

The Board is currently made up of two executive Directors, being Ms. Wong and Mr. Lam, and three independent non-executive Directors, being Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin.

The Offeror intended that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer.

Resignation

Pursuant to the Sale and Purchase Agreement, the Vendors and the Vendor Guarantors had procured each of Mr. Lam and Ms. Wong (together, the "**Resigning Directors**") to give, and each of the Resigning Directors has given, notice to resign as executive Directors (in respect of Ms. Wong, also including her resignation as the chairman of the Board, the chairman of the nomination committee of the Board and a member of the remuneration committee of the Board), with effect from the earliest time permitted under the Takeovers Code or by the SFC. Each of the Resigning Directors has confirmed that he/she has no disagreement with the Board and there is no matter relating to his/her resignation that needs to be brought to the attention of the Shareholders.

Appointment

To facilitate the business operation, management and strategy of the Group, the Offeror had nominated (i) Mr. Liu as an executive Director and the chairman of the Board, the chairman of the nomination committee of the Board and a member of the remuneration committee of the Board, and Ms. Qin Mingyue (“**Ms. Qin**”) as an executive Director; and (ii) Ms. Qin as a director of various subsidiaries of the Company and Mr. Liu as the company secretary of various subsidiaries of the Company. The Board and the board of directors of the relevant subsidiaries of the Company had approved such nominations, and the aforesaid appointments of Mr. Liu and Ms. Qin shall take effect from the earliest time as permitted under the Takeovers Code or by the SFC. Details of Mr. Liu and Ms. Qin are as follows:

Mr. Liu Zhancheng (劉展程), aged 46, is the sole beneficial owner and sole director of the Offeror. Mr. Liu obtained a bachelor’s degree in management from Shandong College of Finance and Economics* (山東財政學院) in the PRC in 2005, and a master’s degree in engineering from Ocean University of China* (中國海洋大學) in the PRC in 2013. Since 2009, Mr. Liu has started his business ventures and had founded Shandong Fujincheng Investment Limited* (山東富金成投資有限公司) in the PRC, which is principally engaged in engineering projects involving, among others, high-voltage electricity, municipal administration and building construction, as well as petrochemical supply chain business and financial services business.

Mr. Liu has not entered into any service contract with the Company nor has he been appointed for a specified length of service period but will be subject to retirement by rotation, and eligible for re-election pursuant to the articles of association of the Company. He is entitled to a director’s fee to be determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

Ms. Qin Mingyue (秦鳴悅), aged 29, obtained a bachelor’s degree from Communication University of China* (中國傳媒大學) in the PRC in 2011. Since 2011, Ms. Qin has been a manager in the planning department of Wanna Investment (Beijing) Company Limited* (萬納投資(北京)有限公司) (“**Wanna Investment (Beijing)**”), and is mainly responsible for its external promotion and investment activities. Wanna Investment (Beijing) is owned as to 99% by Mr. Liu and 1% by Ms. Qin, and is engaged in investment management, business planning, corporate management consultancy, provision of promotion, conference and exhibition related services, and organisation of arts and cultural exchange activities.

Ms. Qin has not entered into any service contract with the Company nor has she been appointed for a specified length of service period but will be subject to retirement by rotation, and eligible for re-election pursuant to the articles of association of the Company. She is entitled to a director’s fee to be determined by the remuneration committee of the Company with reference to her duties and responsibilities in the Company and the market benchmark.

Save as disclosed above, each of Mr. Liu and Ms. Qin (i) does not hold any other position with the Company or any of its subsidiaries; (ii) has not hold any other directorship in, or direct or indirect interest in 10% or more of the issued share capital of, any other public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the date of this joint announcement; (iii) does not have any relationship with any directors, senior management or substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (iv) does not have any interest in the Shares or underlying Shares in the Company (within the meaning of Part XV of the SFO). There is no other information in relation to the appointments of Mr. Liu and Ms. Qin that is required to be disclosed nor are/were they involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Other changes to the management of the subsidiaries of the Company

The Group is principally engaged in (i) interior fitting-out and renovation services; and (ii) alteration and addition (A&A) works for residential, industrial and commercial properties in Hong Kong. Ample Construction is the Company's principal operating subsidiary for contracting businesses, which has been registered with the Building Authority of Hong Kong as a Registered General Building Contractor since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance. For the purpose of its registration as a Registered General Building Contractor, Ample Construction is required to, among others, appoint (i) a minimum of one Authorised Signatory to act for it for the purposes of the Buildings Ordinance; and (ii) a minimum of one Technical Director for the purpose of ensuring its works are carried out in accordance with the Buildings Ordinance. As at the date of this joint announcement, each of Mr. Cheung and Mr. Lam is (i) a director of Ample Construction; and (ii) a Technical Director and an Authorised Signatory of Ample Construction.

Pursuant to the Sale and Purchase Agreement, the Vendors and the Vendor Guarantors had procured Mr. Cheung, Mr. Lam and Mr. Lam's relative to resign, and they had resigned, from their respective position(s) in the subsidiaries of the Company with effect from the earliest time permitted under the Takeovers Code or by the SFC, provided that Mr. Cheung's and Mr. Lam's resignations as the directors, Technical Directors and Authorised Signatories of Ample Construction shall only take effect upon fulfilment of the relevant provisions under the Sale and Purchase Agreement, which require, among others, that their respective resignations as the Technical Directors and Authorised Signatories of Ample Construction having been notified to the Building Authority, the new Technical Director and new Authorised Signatory (as approved by the Offeror) having been appointed by Ample Construction and approved and registered by the Building Authority, and/or the required consents of the relevant clients of the Group for the change of Technical Director and Authorised Signatory of Ample Construction having been obtained. As at the date of this joint announcement, the new Technical Director and new Authorised Signatory of Ample Construction has yet to be identified, and it is currently expected that the new Technical Director and new Authorised Signatory's appointment by Ample Construction and his/her approval and registration by the Building Authority, will take up to 6 months to 1 year from the date of this joint announcement.

Public float and maintaining the listing status of the Company

Pursuant to the Listing Rules, if, after the close of the 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,

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

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer, and will take appropriate steps to ensure that sufficient public float as required under the Listing Rules exists for the Shares after the close of the Offer.

INFORMATION ON THE PARTIES

The Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange. The Company is an investment holding company, and its subsidiaries are principally engaged in (i) interior fitting-out and renovation services; and (ii) alteration and addition works for residential, industrial and commercial properties in Hong Kong.

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 March 2019 and 2020 and the unaudited consolidated financial results of the Group for the six months ended 30 September 2020:

	For the financial year ended		For the six
	31 March		months ended
	2019	2020	30 September
	HK\$'000	HK\$'000	2020
	(audited)	(audited)	(unaudited)
Revenue	251,386	295,885	138,583
Profit before tax	20,932	2,658	7,943
Profit and total comprehensive income for the year/period attributable to the owners of the Company	16,129	1,043	6,218
Net assets	115,656	116,699	122,917

The Offeror

The Offeror is incorporated in the BVI with limited liability on 8 April 2021. The Offeror is an investment holding company and its entire issued share capital is beneficially and directly held by Mr. Liu. Mr. Liu is also the sole director of the Offeror. For more details of Mr. Liu, please see the section headed “Changes to the composition of the Board – Appointment” above.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin, who have no direct or indirect interest in the Offer, has been established pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

A further announcement will be made after the appointment of the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer, and such appointment will be approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company) are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code during the offer period (as defined under the Takeovers Code).

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“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 of an offeror or the offeree company and other persons under Rule 22 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. 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 \$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.

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

Dealing and interest in the Company’s securities

By reason of being the financial adviser to the Offeror, China Everbright Capital is presumed to be acting in concert with the Offeror in relation to the Offer. Details of holdings or borrowings or lendings of, and dealings in, Shares held by or entered into by other entities in the China Everbright Capital group will be obtained as soon as possible after this joint announcement has been made, and if necessary, a further announcement will be made, in accordance with Note 1 to Rule 3.5 of the Takeovers Code.

Save for the Acquisition, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the six-month period immediately prior to the date of this joint announcement.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Board that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document (accompanied by the form of acceptance and transfer), containing, among other things, (i) the terms and conditions of the Offer; (ii) the expected timetable of the Offer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, shall be despatched to the Shareholders within twenty-one (21) days of the date of this joint announcement or such later date as the Executive may approve.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 26 April 2021 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 April 2021.

WARNING

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

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Offeror from the Vendors pursuant to the Sale and Purchase Agreement
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Ample Construction”	Ample Construction Company Limited, a subsidiary of the Company
“Authorised Signatory”	in relation to a Registered General Building Contractor, the appointed person to act for it for the purpose of the Buildings Ordinance
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Buildings Ordinance”	Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“BVI”	British Virgin Islands
“China Everbright Capital”	China Everbright Capital Limited, being the financial adviser to the Offeror in relation to the Offer, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Company”	LKS Holding Group Limited (樂嘉思控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1867)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement

“Completion Date”	the date on which Completion took place, being 27 April 2021
“Composite Document”	the composite offer and response document to be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in respect of the Offer
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Heavenly White”	Heavenly White Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Cheung
“Heavenly White Sale Shares”	the 387,000,000 Shares acquired by the Offeror from Heavenly White in accordance with the terms of the Sale and Purchase Agreement, representing 34.55% of the total number of issued Shares as at the date of this joint announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors pursuant to Rule 2.8 of the Takeovers Code, which is established by the Board to make a recommendation to the Independent Shareholders in respect of the Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee in relation to the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it

“Last Trading Day”	23 April 2021, being the date of the Sale and Purchase Agreement and the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. CHEUNG Ka Yan (張嘉欣), the sole director and sole shareholder of Heavenly White, being one of the Vendors. Mr. Cheung is also the spouse of Ms. Wong
“Mr. Lam”	Mr. LAM Shui Wah (林瑞華), an executive Director and the chief executive officer of the Company. Mr. Lam is also the sole director and sole shareholder of Summer Unicorn, being one of the Vendors
“Mr. Liu”	Mr. LIU Zhancheng (劉展程), the sole director and sole shareholder of the Offeror
“Ms. Wong”	Ms. WONG Wan Sze (黃韻詩), an executive Director and the chairman of the Board. Ms. Wong is also the spouse of Mr. Cheung
“Offer”	the unconditional mandatory cash offer to be made by China Everbright Capital for and on behalf of the Offeror to acquire all Offer Shares, on the terms and conditions to be set out in the Composite Document and in compliance with the Takeovers Code
“Offer Price”	HK\$0.22 for each Offer Share, payable by the Offeror under the Offer
“Offer Shares”	all the Shares in issue, other than those owned or agreed acquired by the Offeror and parties acting in concert with it, and each, an “Offer Share”
“Offeror”	Fujincheng Investment Holdings Co., Ltd, a company incorporated in the BVI with limited liability on 8 April 2021 and wholly-owned by Mr. Liu
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)

“Registered General Building Contractor”	a person whose name is on the register of general building contractors maintained by the Building Authority of Hong Kong under section 8A of the Buildings Ordinance from time to time
“Sale Shares”	the Heavenly White Sale Shares and the Summer Unicorn Sale Shares, which aggregate to 807,000,000 Shares, representing 72.05% of the total number of issued Shares as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 April 2021 and entered into among the Offeror (as purchaser), the Vendors (as vendors) and the Vendor Guarantors (as guarantors to the Vendors) in respect of the Acquisition
“Summer Unicorn”	Summer Unicorn Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Lam
“Summer Unicorn Sale Shares”	the 420,000,000 Shares acquired by the Offeror from Summer Unicorn in accordance with the terms of the Sale and Purchase Agreement, representing 37.50% of the total number of issued Shares as at the date of this joint announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Technical Director”	in relation to a Registered General Building Contractor which is a corporate entity, a director authorised by the board of directors of such contractor to ensure the works are carried out in accordance with the Buildings Ordinance

“Vendors”	the vendors of the Sale Shares, being Heavenly White and Summer Unicorn
“Vendor Guarantors”	Mr. Cheung and Mr. Lam
“%”	per cent.

* For identification purpose only

For and on behalf of
Fujincheng Investment Holdings Co., Ltd
Liu Zhancheng
Sole director

By order of the Board
LKS Holding Group Limited
Wong Wan Sze
Chairman and Executive Director

Hong Kong, 27 April 2021

As at the date of this joint announcement, the Board comprises Ms. Wong Wan Sze and Mr. Lam Shui Wah as executive Directors; and Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin as independent non-executive Directors.

The 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 enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) 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 statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Liu. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Company), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the 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 statement in this joint announcement misleading.