



ERNEST BOREL HOLDINGS LIMITED
依波路控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1856)

Board of Directors:

Executive Directors:

Mr. Sit Yau Chiu (*Chairman & Chief Executive Officer*)
Mr. Xiong Wei

Non-executive Director:

Ms. Lou Liuqing

Independent Non-executive Directors:

Mr. Lui Wai Ming
Mr. To Chun Kei
Ms. Chan Lai Wa

Registered Office:

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2340 Le Noirmont
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*Principal Place of Business
in Hong Kong:*

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Grand Century Place
193 Prince Edward Road West
Mongkok, Kowloon
Hong Kong

5 October 2018

To the Independent Shareholders and the CB Holder,

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
CCB INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF VGB LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN ERNEST BOREL HOLDINGS LIMITED (OTHER
THAN THOSE ALREADY OWNED OR AGREED TO
BE ACQUIRED BY VGB LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND
TO ACQUIRE ALL THE OUTSTANDING
CONVERTIBLE BONDS OF ERNEST BOREL HOLDINGS LIMITED**

INTRODUCTION

On 12 September 2018 (after trading hours), the Offeror (as purchaser), Top One Global (as vendor) and Mr. Sit (as vendor guarantor) entered into the Top One Global Agreement pursuant to which Top One Global conditionally agreed to sell and the Offeror conditionally agreed to purchase 102,520,000 Shares, representing approximately 29.51% of the issued share capital of the Company immediately prior to Top One Global Completion, at a price of HK\$1.85 per Share. Top One Global Completion took place on 18 September 2018.

On 12 September 2018 (after trading hours), the Offeror (as purchaser) and Sino Wisdom (as vendor) entered into the Sino Wisdom Agreement pursuant to which Sino Wisdom conditionally agreed to sell and the Offeror conditionally agreed to purchase 99,755,000 Shares, representing approximately 28.71% of the issued share capital of the Company immediately prior to Sino Wisdom Completion, at a price of HK\$1.85 per Share. Sino Wisdom Completion took place on 18 September 2018.

Prior to Top One Global Completion and Sino Wisdom Completion, the Offeror and parties acting in concert with it did not hold any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, other than the interest in the Sale Shares under the Agreements. Immediately following Top One Global Completion and Sino Wisdom Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 202,275,000 Shares, representing approximately 58.22% of the issued share capital of the Company. The Company has become a direct non-wholly owned subsidiary of the Offeror and an indirect non-wholly owned subsidiary of Citychamp.

The Offeror is required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory cash offer for all of the issued Shares not already owned and/or agreed to be acquired by it and/or parties acting in concert with it.

As at the Latest Practicable Date, the Company has outstanding Convertible Bonds with an aggregate principal amount of HK\$100,000,000 convertible into 50,000,000 new Shares. The CB Holder holds the Convertible Bonds in the principal amount of HK\$100,000,000. Immediately following Top One Global Completion and Sino Wisdom Completion, the Offeror is also required to make an unconditional mandatory cash offer for all the outstanding Convertible Bonds pursuant to Rule 13.1 of the Takeovers Code.

As set out in the “Letter from CCBI”, CCBI is making the Offers for and on behalf of the Offeror.

The Independent Board Committee comprising Ms. Lou Liuqing, Mr. Lui Wai Ming, Mr. To Chun Kei and Ms. Chan Lai Wa (each of them has confirmed that he or she has no direct or indirect interest in the Offers) has been established pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Shareholders and CB Holder as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Astrum has been appointed by the Company and approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers. The full text of the letter from Astrum to the Independent Board Committee is set out in this Composite Document.

Further terms and the procedures for acceptance of the Offers are set out in the “Letter from CCBI” and Appendix I to this Composite Document. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offers as well as to set out (i) the “Letter from the Independent Board Committee” containing its recommendation to the Independent Shareholders and CB Holder, and (ii) the “Letter from the Independent Financial Adviser” containing the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offers.

THE OFFERS

As set out in the “Letter from CCBI” contained in this Composite Document, CCBI is making the Offers for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$1.85 in cash

The Share Offer Price of HK\$1.85 for each Share under the Share Offer is equal to the price for each of the Sale Shares acquired by the Offeror pursuant to the Agreements. The Share Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The CB Offer

For each outstanding HK\$1 of face value of
the Convertible Bonds HK\$0.925 in cash

Based on the “Letter from CCBI”, the offer price under the CB Offer is HK\$0.925 for each outstanding HK\$1.00 of face value of the Convertible Bonds based on the Share Offer Price of HK\$1.85 per Share divided by the initial conversion price of the Convertible Bonds of HK\$2.00 per Share (subject to adjustment).

As at the Latest Practicable Date, the CB Holder holds the Convertible Bonds in the principal amount of HK\$100,000,000.

The CB Offer will not apply to any Convertible Bonds which are or have been converted into Shares prior to the date on which the Offers close.

FURTHER INFORMATION ON THE OFFERS

Please refer to the “Letter from CCBI” contained in this Composite Document and Appendix I to this Composite Document for further information in relation to the Offers, the making of the Offers to the overseas Independent Shareholders and the CB Holder, taxation and acceptance and settlement procedures of the Offers.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Group is principally engaged in the design, production, marketing and sale of mechanical and quartz premium watches.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from CCBI” contained in this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed “Intention of the Offeror regarding the Group” in the “Letter from CCBI” for detailed information on the Offeror’s intention on the business and management of the Group. The Board is aware of the intentions of the Offeror in respect of the Group, and is willing to render reasonable cooperation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) with the Offeror about any injection of any asset or business into the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from CCBI”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange after the close of the Offers. In the event that, at the close of the Offers, the public float of the Company falls below 25%, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange on terms required under the Listing Rules to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or

- that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

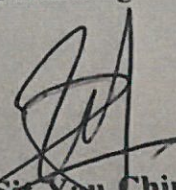
RECOMMENDATION

Independent Shareholders and the CB Holder are advised to read the recommendation of the Independent Board Committee set out on pages 23 to 24 of this Composite Document and the advice of the Independent Financial Adviser set out on pages 25 to 47 of this Composite Document before deciding on the actions to be taken on the Offers.

ADDITIONAL INFORMATION

Your attention is also drawn to the "Letter from CCBI" and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,
By Order of the Board
Ernest Borel Holdings Limited



Mr. Sit Yau Chiu
Chairman