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**1010 PRINTING GROUP LIMITED**

**匯星印刷集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1127)

**ANNOUNCEMENT**

**MAJOR TRANSACTION  
ACCEPTANCE OF OFFER LETTERS  
FOR THE ACQUISITION OF CBA DEBT**

The Board is pleased to announce that on 25 July 2014, CBA accepted in-principle the Offer Letters issued by the Purchaser, an indirect wholly-owned subsidiary of the Company, pursuant to which the Purchaser will acquire the CBA Debt at AUS\$20.88 million (equivalent to approximately HK\$151.38 million) by way of novation.

As an amount exceeding 8% under the assets ratios will be due from OPUS following the execution of the Novation Documentation, the Transactions will constitute an advance to an entity pursuant to Rule 13.13 of the Listing Rules and is thus subject to the relevant disclosure requirements under Chapter 13 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Transactions is more than 25% but less than 100%, the Transactions constitute a major transaction for the Company and are thus subject to the announcement, reporting and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, none of the Shareholders has a material interest in the Offer Letters and the Transactions, and if the Company was to convene a special general meeting for the approval of the Offer Letters and the Transactions, none of the Shareholders is required to abstain from voting.

As at the date of this announcement, a closely allied group of Shareholders directly holding approximately 50.15% of the entire issued share capital of the Company have given its written approval for the Transactions pursuant to Rule 14.44 of the Listing Rules. Accordingly, such written approval will be accepted in lieu of convening a special general meeting of the Company to approve the Offer Letters and the

Transactions as permitted under Rule 14.44.

The Company will despatch to the Shareholders a circular containing, among others, further information of the Transactions in accordance with the requirements of the Listing Rules on or before 18 August 2014.

## THE ACQUISITION

The board of directors of the Company is pleased to announce that on 25 July 2014, CBA accepted in-principle the Offer Letters issued by the Purchaser, pursuant to which the Purchaser will acquire the CBA Debt by way of novation. Formal documentation will be prepared and agreed by the Purchaser and CBA to reflect the terms of Offer Letters and other conditions suggested by CBA when giving its acceptance in-principle.

## ACCEPTANCE OF OFFER LETTERS ON 25 JULY 2014

Details of the Offer Letters are as follows:

- Date:** 25 July 2014 (after trading hours)
- Parties:**
1. the Purchaser, Bookbuilders BVI Limited, an indirect wholly-owned subsidiary of the Company
  2. Commonwealth Bank of Australia (i.e. CBA)

To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, CBA and its ultimate beneficial owners are Independent Third Parties.

**Assets to be acquired:** CBA Debt.

As at 25 July 2014, the amount of CBA Debt was approximately AUS\$51.42 million (equivalent to approximately HK\$372.80 million), AUS\$20.75 million (equivalent to approximately HK\$150.44 million) of which had been due and payable, whereas AUS\$30.67 million (equivalent to approximately HK\$222.36 million) shall be repayable by OPUS in 2016. The CBA Debt is currently secured under the CBA Security.

The interest rate of the CBA Debt ranges from 8.12% to 20% per annum.

**Effect of Transactions:** As a result of the Transactions, the Purchaser will assume the rights and obligations of CBA as lender and security holder under the CBA Facilities and the CBA Security respectively and will become OPUS Group's new senior financier and the Purchaser will provide debt facilities for OPUS on new terms to be agreed between OPUS Group and the Purchaser.

All CBA Security will also be novated to the Purchaser.

**Consideration:** AUS\$20.88 million (equivalent to approximately HK\$151.38 million).

The Consideration is lower than the actual outstanding amount of the CBA Debt and it was determined on an arm's length basis after taking into account, among others, the outstanding amount of CBA Debt, the value of the CBA Security, the recoverability of the CBA Debt and the restructuring prospect of the debts of OPUS Group and the profit potential of OPUS Group.

**Terms of Payment:** The Consideration shall be payable by way of cash to the CBA upon the execution of the Novation Documentation, which is expected to be on 30 July 2014.

The Consideration is funded by the internal resources of the Group and bank loans from commercial banks available to the Company.

**Other Major Terms:** The Purchaser agreed to take all reasonable steps to procure OPUS to pay CBA AUS\$1.9 million (equivalent to approximately HK\$13.78 million) together with interest at a rate of 6% per annum on 30 July 2015.

The Purchaser will undertake in the Novation Documentation to have the bank guarantees and/or performance bonds currently issued or provided by CBA in relation to OPUS Group, which is estimated to be of around AUS\$1 million (equivalent to approximately HK\$7.25 million), replaced within 30 days after Closing.

## **INFORMATION ON CBA**

CBA, whose shares are listed on the Australian Securities Exchange, is principally engaged in the provision of a board range of banking and financial products and services to retail, small business, corporate and institutional clients mainly in Australia, New Zealand and the Asia Pacific region.

## **INFORMATION ON OPUS GROUP**

OPUS is an Asia Pacific business services group, servicing two operational platforms being Publishing Services and Outdoor Media.

### *Publishing Services Division*

The Publishing Services Division provides digital and offset printing, and other ancillary business services including digital asset management, content management, back catalogue fulfilment, direct to consumer distribution and warehousing, variable data and intelligent mailing. This Division operates with the brands of Ligare in Sydney and Auckland, CanPrint and Union Offset in Canberra, McPherson's Printing in Victoria and C.O.S. Printers in Singapore. The Publishing Services Division is integral to the publishing cycle of professional, educational, government and trade publishers.

### *Outdoor Media Division*

The Outdoor Media Division produces and distributes outdoor advertising material and corporate signage for the outdoor advertising industry and corporate signage market. This market encompasses a wide range of "out-of-home" advertising formats to reach consumers where they live, work, play, drive, shop and commute. The Division operates a multi-brand strategy across Australasia through Cactus Imaging with operations in Australia & New Zealand and Omnigraphics New Zealand.

The majority of the work performed by the Outdoor Media Division consists of billboards and posters and requires a rapid turnaround to meet strict advertising campaign deadlines.

The OPUS Group currently suffers loss in its financial performance and its loss after tax for the six months ended 31 December 2013 was AUS\$35.26 million (equivalent to approximately HK\$255.64 million) (2012: loss after tax of AUS\$3.84 million (equivalent to approximately HK\$27.84 million)). The significant increase in loss after tax was mainly caused by the impairment of goodwill of AUS\$30.15 million (equivalent to approximately HK\$218.59 million) in 2013.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

By Acquisition, the Group will become a secured creditor of OPUS Group and therefore will be in a position to explore different possibilities with OPUS Group in restructuring the debt of OPUS Group. Given there is certain synergy between the business of the Group and OPUS Group, it is believed that becoming a creditor of OPUS Group will give certain attractive and promising opportunities for the Group to negotiate with OPUS Group, its shareholders and its potential investors which may involve converting in part or in whole the CBA Debt (as novated) into securities of OPUS.

If the Group ends up becoming a majority shareholder of OPUS, the Group may be able to further develop its businesses in Asia Pacific region. On the other hand, if the Group continues to be a creditor of OPUS and OPUS defaults on repayment of the CBA Debt (as novated), the Group may enforce the CBA Security (as novated).

Based on the results of the due diligence on CBA Security, as at 31 May 2014, the value of the CBA Security exceeded the Consideration. The Directors are of the view that the terms of the Offer Letters are fair and reasonable and in the interest of the Shareholders as a whole.

### **LISTING RULES IMPLICATION**

As an amount exceeding 8% under the assets ratios will be due from OPUS following the execution of the Novation Documentation, the Transactions will constitute an advance to an entity pursuant to Rule 13.13 of the Listing Rules and is thus subject to the relevant disclosure requirements under Chapter 13 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Transactions is more than 25% but less than 100%, the Transactions constitute a major transaction for the Company and are thus subject to the relevant announcement, reporting and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, none of the Shareholders has a material interest in the Offer Letters and the Transactions, and if the Company was to convene a special general meeting for the approval of the Offer Letters and the Transactions, none of the Shareholders is required to abstain from voting.

As at the date of this announcement, a closely allied group of Shareholders are directly interested in approximately 50.15% of the entire issued share capital of the Company:

<u>Name of shareholder</u>	<u>No. of shares held</u>	<u>Approximate Percentage shareholding in the Company</u>
LAU Chuk Kin (Note 1)	35,371,906	4.59%
ER2	8,297,391	1.08%
City Apex	258,135,326	33.52%
Cinderella	678,910	0.09%
CHEN Huangzhi (Note 2)	52,299,804	6.79%
Great Eagle (Note 3)	31,387,503	4.08%
<b>Total:</b>	<b><u>386,170,840</u></b>	<b><u>50.15%</u></b>

Note 1: LAU Chuk Kin is entitled to exercise more than one-third of the voting power in ER2, City Apex and Cinderella and they are also deemed as parties acting in concert for the purpose of the Takeovers Code.

Note 2: Together with LAU Chuk Kin, ER2, City Apex and Cinderella, CHEN Huangzhi was one of the founding Shareholders of the Group and they have been Shareholders since June 2011.

Note 3: Great Eagle is a wholly owned subsidiary of Great Eagle Holdings Limited, which indirectly held 23% of issued shares of City Apex. Each of Great Eagle Holdings Limited and Great Eagle is therefore deemed as parties acting in concert for the purpose of the Takeovers Code with LAU Chuk Kin, ER2, City Apex and Cinderella.

The aforesaid majority shareholders have given its written approval for the Transactions pursuant to Rule 14.44 of the Listing Rules. Accordingly, such written approval will be accepted in lieu of convening a special general meeting of the Company to approve the Offer Letters and the Transactions as permitted under Rule 14.44.

The Company will despatch to the Shareholders a circular containing, among others, further information of the Transactions in accordance with the requirements of the

Listing Rules on or before 18 August 2014.

## **GENERAL**

The principal businesses of the Group comprise provision of printing services, graphic design service to international book publishers, trade, professional and educational publishing conglomerates and print media companies, production and distribution of books and publications and investment holding. The Group established customer network mainly in the United States, Australia and the United Kingdom.

## **DEFINITIONS**

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

"Acquisition"	the Acquisition of the CBA Debt from the CBA pursuant to the Offer Letters
"associates"	has the meaning ascribed to it under the Listing Rules
"ASX"	The Australian Securities Exchange
"AUS\$"	Australian dollar, the lawful currency of Australia
"CBA"	Commonwealth Bank of Australia, a company incorporated in Australia, whose shares are listed on the ASX (ASX stock code: CBA)
"CBA Debt"	the outstanding debt (including charges but excluding interest) owed by OPUS to CBA under CBA Facilities as at 25 July 2014
"CBA Facilities"	various senior financing facilities provided by CBA as lender and OPUS Group as borrower, excluding the swap agreements entered into between CBA and OPUS Group
"CBA Security"	the security interest granted by OPUS Group in favour of CBA under various security documents (including but not limited to share charge, debenture, mortgage of land) securing the indebtedness under the CBA Facilities
"Cinderella"	Cinderella Media Group Limited, a company continued in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code : 550)
"City Apex"	City Apex Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company
"Closing"	the closing of the Transactions, upon which the Novation

	Documentation will be executed and the Consideration will be paid
"Closing Date"	the date of Closing, which is expected to be on or before 30 July 2014
"Company"	1010 Printing Group Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code : 1127)
"Consideration"	the amount of consideration for the sale and purchase of CBA Debts
"Director(s)"	the director(s) of the Company
"ER2"	ER2 Holdings Limited, a company incorporated in Hong Kong with limited liability
"Great Eagle"	The Great Eagle Company, Limited, a company incorporated in Hong Kong with limited liability
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) that is independent of the Group and connected persons of the Group
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Majority Shareholders"	the Shareholders named in this announcement
"Novation Documentation"	all appropriate documentations to be executed for the purpose of giving effect to the novation of the CBA Facilities and CBA Security with the Purchaser as one of the novating parties
"Offer Letters"	the offer letter issued by the Purchaser to CBA on 16 July 2014 and the supplemental offer letters issued by the Purchaser to CBA on 24 July 2014 and 25 July 2014 respectively for the Acquisition
"OPUS"	OPUS Group Limited, a company incorporated in Australia, whose shares are listed on the ASX (ASX stock code: OPG)
"OPUS Group"	OPUS and its subsidiaries

"Purchaser"	Bookbuilders BVI Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share(s)"	ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transactions"	transactions contemplated under the Offer Letters (including the novation of CBA Debt and CBA Security)

By order of the Board  
**Lau Chuk Kin**  
Executive Director

Hong Kong, 28 July 2014

*For the purpose of illustration only and unless otherwise stated, conversion of AUS\$ to HK\$ in this announcement is based on the exchange rate of AUS\$1.00 to HK\$7.25. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.*

*As at the date of this announcement, the Board comprises Mr. Yang Sze Chen, Peter, Mr. Lau Chuk Kin, Mr. Li Hoi David and Mr. Lam Wing Yip as executive directors; Mr. Yeung Ka Sing, Prof. Lee Hau Leung, Mr. Tsui King Chung, David and Dr. Ng Lai Man, Carmen as independent non-executive directors.*

\* For identification purpose only