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珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

珠光控股集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1176)

**MAJOR TRANSACTION:
ACQUISITION OF 100% EQUITY INTEREST
OF THE TARGET**

The Board is pleased to announce that, after trading hours on 23 June 2017, South Trend, a wholly-owned subsidiary of the Company, the Vendor and the Guarantor entered into the SP Agreement in relation to the Acquisition.

THE SP AGREEMENT

Pursuant to the SP Agreement, South Trend has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent 100% of the issued share capital of the Target. Subject to the adjustment mechanism stipulated under the SP Agreement, the consideration for the Acquisition is RMB3.5 billion (equivalent to approximately HK\$3.95 billion).

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

The SGM will be convened for the purposes of, among other matters, considering and, if thought fit, approving the SP Agreement and the transactions contemplated thereunder.

* For identification purpose only

A circular containing, among other things, (i) details of the SP Agreement and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) notice to convene the SGM, will be despatched to the Shareholders on or before 31 October 2017 as more time is required to prepare such circular.

Reference is made to the announcement of the Company dated 25 November 2016 in respect of the signing of a memorandum of understanding in relation to the Acquisition. The Board is pleased to announce that, after trading hours on 23 June 2017, South Trend, a wholly-owned subsidiary of the Company, the Vendor and the Guarantor entered into the SP Agreement in relation to the Acquisition.

THE SP AGREEMENT

Major terms of the SP Agreement are set out below:

Date:

23 June 2017

Parties:

- (i) the Vendor as the vendor;
- (ii) the Guarantor as the guarantor; and
- (iii) South Trend as the purchaser.

The Vendor is a company incorporated in the BVI with limited liability and is an investment holding company. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner (being the Guarantor) are Independent Third Parties.

Assets to be acquired

South Trend has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent 100% of the issued share capital of the Target.

Consideration

Subject to the adjustment mechanism as set out in the paragraphs headed “Adjustment to Consideration” below, the Consideration shall be RMB3.5 billion (equivalent to approximately HK\$3.95 billion).

The Consideration shall be payable in the following manner:

- (i) as to RMB500 million (equivalent to approximately HK\$565 million) in cash by South Trend as deposit (“**Deposit**”) on the signing date of the SP Agreement;
- (ii) as part payment of the Consideration, upon Completion, South Trend shall assume all the Vendor’s liabilities and obligations in relation to the Vendor’s Net Outstanding Debt, including but not limited to repaying all the Vendor’s Net Outstanding Debt to the PRC Subsidiary; and
- (iii) subject to the adjustment mechanism, the remaining balance of the Consideration after deducting the Deposit and the Vendor’s Net Outstanding Debt (“**Balance of Consideration**”) shall be payable by South Trend to the Vendor in cash on the Second Completion Date.

The exchange rate used in calculation of the Consideration is fixed as RMB1.00 to HK\$1.1293.

Adjustment to Consideration

The Purchaser shall procure the Target Group to pay the relevant land premium as specified in the New Land Use Right Contract (“**Final Land Premium**”) after the Completion. As at the date of the SP Agreement, it is estimated that the land premium will be RMB1.5 billion (equivalent to approximately HK\$1.7 billion) (“**Estimated Land Premium**”). If the Final Land Premium exceeds the Estimated Land Premium, the exceeded amount shall be borne by the Vendor and a sum equivalent to the exceeded amount shall be deducted from the Balance of Consideration payable by South Trend.

For the avoidance of doubt, if the Final Land Premium is lower than the Estimated Land Premium, no adjustment will be made to the Consideration.

Basis of Consideration

The Consideration was determined after arm’s length negotiations between the Vendor and South Trend on normal commercial terms after taking into account (i) the preliminary valuation of the Land (as a land for commercial use) as at 31 May 2017 of approximately RMB6 billion (equivalent to approximately HK\$6.8 billion) as assessed by an independent qualified valuer; (ii) the unaudited consolidated net liabilities of the Target as at 30 April 2017 in the amount of approximately RMB1 billion (equivalent to approximately HK\$1.1 billion); and (iii) the Estimated Land Premium of RMB1.5 billion (equivalent to approximately HK\$1.7 billion) which will be payable by the Target Group after Completion.

Conditions precedent to Completion

Completion is conditional upon and subject to:

- (a) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Acquisition in accordance with the Listing Rules;

- (b) South Trend having obtained all necessary acknowledgement, consents and approvals in respect of the transactions contemplated under the SP Agreement, and such acknowledgement, consents and approvals having remained in full force and effect on the Completion Date;
- (c) the Vendor having obtained all necessary acknowledgement, consents and approvals in respect of the transactions contemplated under the SP Agreement, and such acknowledgement, consents and approvals having remained in full force and effect on the Completion Date;
- (d) South Trend having been satisfied with the results of the due diligence review on the Target Group;
- (e) South Trend having obtained and been satisfied with (both in form and content) a valuation report issued by an independent qualified valuer confirming that the Land, as a land for commercial use, has a value of not less than RMB6 billion (equivalent to approximately HK\$6.8 billion) on a reference date as specified by South Trend;
- (f) the obtaining of a PRC legal opinion in respect of the PRC Subsidiary (with which South Trend is satisfied both in form and content) issued by a PRC law firm as recognised by South Trend; and
- (g) the PRC Subsidiary having signed the New Land Use Right Contract in which the Final Land Premium specified shall not exceed RMB3 billion (equivalent to approximately HK\$3.4 billion);
- (h) the representations, warranties and undertakings made by the Vendor and the Guarantor under the SP Agreement being true, accurate and not misleading in all respects.

South Trend may at any time waive in writing Condition (h) above, subject to any additional conditions which may be imposed by South Trend. Apart from Condition (h), none of the Conditions is capable of being waived by South Trend or the Vendor.

If any of the Conditions is not fulfilled or waived on or before the Long Stop Date, the SP Agreement shall cease to have effect forthwith (save and except certain clauses as specified in the SP Agreement which shall continue to have full force and effect), and neither party to the SP Agreement shall have any rights and obligations thereunder save for any accrued rights and obligations of the parties prior to the termination.

Completion

Subject to the fulfillment or waiver (as the case may be) of the Conditions, Completion shall take place on the Completion Date.

Immediately after Completion, the Company will own 100% equity interest in the Target through South Trend. The Target will become an indirect wholly-owned subsidiary of the Company.

Guarantee by the Guarantor

The Guarantor is joined as a party to the SP Agreement to guarantee the performance by the Vendor of its obligations under the SP Agreement.

INFORMATION ABOUT THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Target holds 100% of the equity interests of the HK Subsidiary, an investment holding company incorporated in Hong Kong with limited liability, which in turn holds 100% of the equity interests of the PRC Subsidiary.

The PRC Subsidiary is a company established in the PRC and its principal business activity is property development. The Land is one of the principal assets of the PRC Subsidiary and the current use of the Land is industrial. Subject to the completion of the Land Use Change, the permitted use of the Land shall be changed from industrial use to commercial use. The Land is planned to be developed into a commercial complex which comprises, without limitation, shopping malls, office premises and high-end residential buildings.

Set out below is a summary of certain unaudited consolidated financial information of the Target:

| | For the year ended 31 December 2015 (unaudited) <i>HK\$'000</i> (approximately) | For the year ended 31 December 2016 (unaudited) <i>HK\$'000</i> (approximately) |
|---|--|--|
| Net profit/(loss) (before and after taxation) | 20,349 | (229,437) |

The unaudited consolidated total asset value and net liabilities of the Target as at 30 April 2017 were approximately HK\$1.7 billion and HK\$1.1 billion respectively.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SP AGREEMENT

The Group is principally engaged in property development, property investment, provision of project management, and other property development related services in the PRC.

The Group always keeps an eye on opportunities relating to investment and development of lands in the PRC in order to seek satisfactory return. By acquiring the Land (through the Acquisition), which is currently planned for commercial development after the Land Use Change, the Group will be able to further develop and expand its property development business in Guangzhou City, the PRC.

As such, the Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules.

The SGM will be convened for the purposes of, among other matters, considering and, if thought fit, approving the SP Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the SP Agreement and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the Listing Rules; and (iii) a notice to convene the SGM, will be despatched to the Shareholders on or before 31 October 2017 as more time is required to prepare the circular.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

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| “Acquisition” | the acquisition of the Sale Shares by South Trend pursuant to the SP Agreement |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (excluding Saturday, Sunday, public holiday) on which licensed banks in Hong Kong are open for business |
| “BVI” | British Virgin Islands |
| “Company” | Zhuguang Holdings Group Company Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange |

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| “Completion” | completion of the Acquisition |
| “Completion Date” | the fifth Business Day following the date of fulfillment or waiver of all Conditions under the SP Agreement (or such other date as the Vendor and the Purchaser may agree) on which Completion is to take place |
| “Condition(s)” | the conditions precedent to which Completion is subject to as set out in the paragraphs headed “Conditions precedent to Completion” under the section headed “The SP Agreement” in this announcement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | the consideration of RMB3.5 billion (equivalent to approximately HK\$3.95 billion), subject to the adjustment mechanism as mentioned in the paragraphs headed “Adjustment to Consideration” under the section headed “The SP Agreement” in this announcement, payable by South Trend to the Vendor pursuant to the SP Agreement for the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Guarantor” | Cheung Fong Wing |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HK Subsidiary” | Pacific Win Investments Limited (保鋒投資有限公司), a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Parties” | parties who are third parties independent of the Company and its connected persons and their respective associates |
| “Land” | a piece of land located at Huangpu Road East, Tianhe District, Guangzhou City, the PRC with a gross area of approximately 107,400 square metres |

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| “Land Use Change” | the proposed change of land use of the Land from industrial use to commercial use and the issuance by the relevant government authorities in the PRC of a new land use right certificate for the Land |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31 March 2018 (or such later date as South Trend and the Vendor may agree in writing) |
| “New Land Use Right Contract” | an amendment agreement to the existing land use right contract or a new land use right contract to be signed by the PRC Subsidiary in relation to the proposed change of land use of the Land from industrial use to commercial use |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “PRC Subsidiary” | 廣州發展汽車城有限公司 (in English, for identification purpose, Guangzhou Development Automobile City Co., Ltd.), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the HK Subsidiary |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale Shares” | 1,000 shares of par value of US\$1.00 each in the share capital of the Target, representing 100% of the issued share capital of the Target |
| “Second Completion Date” | the fifth Business Day following the date on which the PRC Subsidiary obtains the new land use right certificate of the Land as a land for commercial use |
| “SGM” | the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the SP Agreement and the transactions contemplated thereunder |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |

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| “South Trend” | South Trend Holdings Limited (南興控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company |
| “SP Agreement” | the agreement dated 23 June 2017 and entered into between South Trend, the Vendor and the Guarantor in relation to the Acquisition |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target” | All Flourish Investments Limited (通興投資有限公司), a company incorporated in the BVI with limited liability |
| “Target Group” | the group of companies consisting of the Target, the HK Subsidiary and the PRC Subsidiary |
| “Vendor” | Quan Xing Holdings Limited (荃興控股有限公司), a company incorporated in the BVI with limited liability |
| “Vendor’s Net Outstanding Debt” | being the net amount which is owed by the Vendor to the PRC Subsidiary at Completion after setting off against all the debts owed by the PRC Subsidiary to the Vendor at Completion (if any). As at the date of this announcement, the Vendor’s Net Outstanding Debt amounts to approximately RMB1.5 billion (equivalent to approximately HK\$1.7 billion) |

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1293. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 23 June 2017

As at the date of this announcement, the Board comprises (i) six executive Directors, namely Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman), Mr. Liu Jie (Chief Executive Officer), Mr. Liao Tengjia (Deputy Chairman), Mr. Huang Jiajue (Deputy Chairman), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Ms. Ye Lixia, and (ii) three independent non-executive Directors, namely, Mr. Leung Wo Ping JP, Mr. Wong Chi Keung and Dr. Feng Ke.