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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:
DISPOSAL OF 100% EQUITY INTEREST IN AND LOAN DUE FROM A
WHOLLY-OWNED SUBSIDIARY**

THE DISPOSAL

The Board is pleased to announce that on 12 November 2020, after trading hours, the Vendors, each a wholly-owned subsidiary of the Company, the Purchaser and the Target Company entered into the Transfer Agreement pursuant to which (i) Vendor A has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Equity Interest; and (ii) Vendor B has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Loan, at the Total Consideration of RMB2,983 million (equivalent to approximately HK\$3,395 million), upon and subject to the terms and conditions of the Transfer Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company under the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting in the event the Company were to convene a general meeting for the approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

* For identification purpose only

So far as the Company is aware having made all reasonable enquiries, as no Shareholder has a material interest in the Disposal, no Shareholder (including Rong De) is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. The Company has obtained an approval in writing from Rong De, which holds 4,825,791,289 Shares, representing approximately 67.08% of the total issued Shares as at the date of this announcement, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Disposal and information required to be disclosed under the Listing Rules will be despatched to the Shareholders on or before 3 December 2020.

The Board is pleased to announce that on 12 November 2020, after trading hours, the Vendors, each a wholly-owned subsidiary of the Company, the Purchaser and the Target Company entered into the Transfer Agreement pursuant to which (i) Vendor A has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Equity Interest; and (ii) Vendor B has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Loan, at the Total Consideration of RMB2,983 million (equivalent to approximately HK\$3,395 million), upon and subject to the terms and conditions of the Transfer Agreement.

Set out below are the major terms of the Transfer Agreement:

THE TRANSFER AGREEMENT

Date

12 November 2020

Parties

- (a) Vendor A: World Charter Investments Limited (偉澤投資有限公司), a wholly-owned subsidiary of the Company;
- (b) Vendor B: Guangzhou Shunji Industry Company Limited* (廣州舜吉實業有限公司), a wholly-owned subsidiary of the Company;
- (c) Purchaser: Guangzhou City Cheng Xing Trading Company Limited* (廣州市城興貿易有限公司), an Independent Third Party; and
- (d) Target Company: Guangzhou Yujia Investments Company Limited* (廣州御嘉投資有限公司), the entire equity interest of which is owned by Vendor A as at the date of this announcement.

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The Purchaser is a company established in the PRC with limited liability and is principally engaged in trading. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner, which is the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal Government of the PRC, are Independent Third Parties.

Assets to be disposed of

Pursuant to the Transfer Agreement, (i) Vendor A has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Equity Interest; and (ii) Vendor B has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Loan.

Consideration

The Total Consideration for the Sale Equity Interest and the Sale Loan is RMB2,983 million (equivalent to approximately HK\$3,395 million), out of which the consideration for the Sale Equity Interest ("**Sale Equity Interest Consideration**") is approximately RMB1,129 million (equivalent to approximately HK\$1,285 million) and the consideration for the Sale Loan ("**Sale Loan Consideration**") is approximately RMB1,854 million (equivalent to approximately HK\$2,110 million). As at the date of this announcement, the amount of the Sale Loan is approximately RMB1,854 million (equivalent to approximately HK\$2,110 million).

As at 16 September 2020, the Purchaser provided the New Loans in the aggregate principal amount of RMB2,500 million (equivalent to approximately HK\$2,845 million) to the Vendors. The purpose of the New Loans was to facilitate the Group to obtain release of the charge ("**Bank Charge**") over the Target Building, which was pledged to the Guangzhou Rural Commercial Bank, Hua Xia Branch ("**Bank**"), as security for loans ("**Bank Loans**") in the aggregate principal amount of approximately RMB1,700 million (equivalent to approximately HK\$1,935 million) provided by the Bank to the Group. After the Bank Loans were repaid by the Group and the Bank Charge was released by the Bank, the Target Building was pledged to the Purchaser as security for the New Loans in September 2020.

Given that the New Loans in the aggregate principal amount of RMB2,500 million (equivalent to approximately HK\$2,845 million) owed by the Vendors to the Purchaser are still outstanding as at the date of the Transfer Agreement, the parties to the Transfer Agreement agreed that RMB2,500 million (equivalent to approximately HK\$2,845 million) out of the Total Consideration of RMB2,983 million (equivalent to approximately HK\$3,395 million) will be applied as the Vendors' repayments of the New Loans to the Purchaser. As such, the Purchaser shall need to pay the net balance between RMB483 million (equivalent to approximately HK\$550 million) and the withholding tax to be borne by Vendor A in relation to its sale of the Sale Equity Interest, to the Vendors (or other person(s) as designated in writing by the Vendors) within ten working days after the payment of such withholding tax to the relevant government body in the PRC, to fully settle the Sale Equity Interest Consideration and the Sale Loan Consideration, while the Purchaser and the person(s) authorised by Vendor A shall handle the settlement of the withholding tax within seven working days after the Completion Date.

Basis of the consideration

The Total Consideration for the Disposal was determined after arm's length negotiations between the Vendors and the Purchaser with reference to (i) the preliminary valuation of the Target Properties of RMB2,985 million (equivalent to approximately HK\$3,397 million) as at 30 September 2020 conducted by an independent professional valuer (“**Valuation**”); (ii) the unaudited net asset value of the Target Company of approximately RMB1,217 million (equivalent to approximately HK\$1,385 million) as at 30 September 2020 (having been adjusted with reference to the Valuation); and (iii) the amount of the Sale Loan.

Conditions Precedent

Completion shall be conditional upon the following:

- (a) the Company having obtained the approval of the Shareholders in relation to the Transfer Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (b) the Company having obtained all necessary acknowledgement, consents and approvals in relation to the Transfer Agreement and the transactions contemplated thereunder (including but not limited to the requirements stipulated under all laws, regulations and the Listing Rules), and such acknowledgement, consents and approvals having remained in full force and effect as at the Completion Date; and
- (c) the Purchaser having complied with the disclosure requirements of the relevant authorities (including the supervising departments of the Purchaser) and having obtained the approval of such authorities in relation to the Transfer Agreement and the transactions contemplated thereunder.

None of the above Conditions Precedent set out above can be waived. If any of the Conditions Precedent set out above is not fulfilled on or before 31 December 2021 (or any later date agreed in writing by the parties to the Transfer Agreement), the Transfer Agreement shall cease and terminate (except for certain miscellaneous clauses), and no party to the Transfer Agreement shall have any obligations and liabilities towards the others, save for any prior breaches of the terms of the Transfer Agreement.

Completion

Within five working days after all the Conditions Precedent have been fulfilled, Vendor A and the Purchaser shall commence the transfer of the Sale Equity Interest and complete the change in industrial and commercial registration in respect of such transfer, including signing all necessary documents required by the change in industrial and commercial registration in respect of such transfer.

Immediately after Completion, the Target Company will cease to be a wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Company will no longer be consolidated into the results of the Group thereafter.

INFORMATION ABOUT THE TARGET COMPANY AND THE TARGET PROPERTIES

The Target Company is a company established in the PRC with limited liability, which is principally engaged in investment holding, and its principal assets are the Target Properties, being the Target Building (i.e. a block of office and commercial building with a total gross floor area of approximately 48,528 sq.m.) and 285 car parks thereon situated in the Development. The Development, which is known as Hua Cheng Yujing Garden* (花城御景花園), is a composite property development (residential/commercial) comprising of 13 blocks of residential and commercial buildings, with ancillary facilities and car parks thereon, located at Zhujiang Xincheng, Tianhe District, Guangzhou City, Guangdong Province, the PRC. As at the date of this announcement, (i) the Target Building is subject to the Charge, which was executed by the Target Company in favour of the Purchaser as security for the New Loans; and (ii) the Target Company is wholly-owned by Vendor A and has a registered capital of RMB 10 million (equivalent to approximately HK\$11 million), none of which has been paid up as at the date of the Transfer Agreement. Pursuant to the Transfer Agreement, the Purchaser shall pay up the registered capital of the Target Company by 31 December 2050, i.e. the last day on which the registered capital of the Target Company shall be paid up, in accordance with the articles of association of the Target Company.

The unaudited total asset value and the unaudited net liabilities of the Target Company as at 30 September 2020 were approximately RMB1,854 million (equivalent to approximately HK\$2,110 million) and RMB829 (equivalent to approximately HK\$943), respectively. As the Target Company was established on 13 November 2019, the financial information in relation to the net loss of the Target Company available as at the date of this announcement is the following, which covers the period from 13 November 2019 to 31 December 2019:

	Period from 13 November 2019 to 31 December 2019 <i>(unaudited)</i>
Net loss before taxation	RMB1,000
Net loss after taxation	RMB1,000

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

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The Group expects to recognise an unaudited gain of approximately HK\$262 million from the Disposal, which is calculated with reference to the difference between (i) the Total Consideration; and (ii) the aggregate of (aa) the estimated unaudited net liabilities of the Target Company as recorded in the Group's unaudited financial statements at Completion; (bb) the Sale Loan; and (cc) the estimated costs, expenses and taxes to be incurred in connection with the Disposal. The actual amount of the gain or loss as a result of the Disposal to be recorded by the Group is subject to the audit to be performed by the Company's auditors.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto and the taxes, and setting off against the New Loans, will be approximately RMB374 million (equivalent to approximately HK\$426 million), which will be used as general working capital of the Group. The Development is one of the property development projects owned by the Group and the Group has been holding the Target Properties for sale and investment purposes. The Directors consider that the Disposal reached upon the discussion with the Purchaser which involves the sale of the Target Properties by the Group by way of the disposal of the Sale Equity Interest held by Vendor A in the Target Company, allows the Group to sell the Target Properties in a cost-effective and efficient way.

The Directors are of the view that the terms of the Transfer 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

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So far as the Company is aware having made all reasonable enquiries, as no Shareholder has a material interest in the Disposal, no Shareholder (including Rong De) is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. The Company has obtained an approval in writing from Rong De, which holds 4,825,791,289 Shares, representing approximately 67.08% of the total issued Shares as at the date of this announcement, in lieu of an approval from the Shareholders at the general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Disposal and information required to be disclosed under the Listing Rules will be despatched to the Shareholders on or before 3 December 2020.

DEFINITIONS

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

“Board”	the board of Directors
“Charge”	the mortgage created over the Target Building and executed by the Target Company in favour of the Purchaser as security for the New Loans
“Company”	Zhuguang Holdings Group Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal, with (i) the Sale Equity Interest having been legally and beneficially registered under the name of the Purchaser by the relevant PRC authority; and (ii) the Sale Loan having been legally and beneficially transferred to the Purchaser
“Completion Date”	the date of completion of the Disposal
“Conditions Precedent”	conditions precedent to the Completion as set out in the paragraph headed “Conditions Precedent” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Development”	the property development known as Hua Cheng Yujing Garden* (花城御景花園) located at Zhujiang Xincheng, Tianhe District, Guangzhou City, Guangdong Province, the PRC
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity Interest and the Sale Loan by the Vendors to the Purchaser pursuant to the Transfer Agreement
“Group”	the Company and its subsidiaries

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Loans”	the loans in the aggregate principal amount of RMB2,500 million (equivalent to approximately HK\$2,845 million), which were provided by the Purchaser to the Vendors and secured by the Target Building under the Charge
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Guangzhou City Cheng Xing Trading Company Limited* (廣州市城興貿易有限公司), a company established in the PRC with limited liability and wholly-owned by the State-owned Assets Supervision and Administration Commission of the Guangzhou Municipal Government of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Rong De”	Rong De Investments Limited (融德投資有限公司), a company incorporated in the British Virgin Islands with limited liability, being the controlling shareholder (within the meaning of the Listing Rules) of the Company
“Sale Equity Interest”	100% of the equity interest in the Target Company
“Sale Loan”	the loan in the amount of approximately RMB1,854 million (equivalent to approximately HK\$2,110 million) owed by the Target Company to Vendor B
“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)
“sq.m.”	square metres

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Building”	a block of office and commercial building with a total gross floor area of approximately 48,528 sq.m. situated in the Development
“Target Company”	Guangzhou Yujia Investments Company Limited* (廣州御嘉投資有限公司), a company established in the PRC with limited liability and wholly-owned by Vendor A as at the date of this announcement
“Target Properties”	the Target Building and 285 car parks thereon situated in the Development
“Total Consideration”	RMB2,983 million (equivalent to approximately HK\$3,395 million), being the aggregate consideration for the Disposal
“Transfer Agreement”	the transfer agreement dated 12 November 2020 and entered into between the Vendors, the Purchaser and the Target Company in relation to the Disposal
“Vendor A”	World Charter Investments Limited (偉澤投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Vendor B”	Guangzhou Shunji Industry Company Limited* (廣州舜吉實業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Vendors”	Vendor A and Vendor B
“%”	per cent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1 to RMB0.87872. 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, 12 November 2020

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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.

This announcement is published on the website of the Company (www.zhuguang.com.hk) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).