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**G-Resources Group Limited**

**國際資源集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1051)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF ENTIRE EQUITY INTERESTS OF THE TARGET**

### **THE ACQUISITION**

The Board wishes to announce that on 20 July 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Company being the Purchaser's guarantor, the Vendor and the Vendor's Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, which represent the entire equity interests in the Target at the Consideration of HK\$348,665,101.

Following the completion of the Acquisition, the Target will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Acquisition are more than 5%, but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As completion of the Acquisition is subject to the terms and conditions under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board wishes to announce that on 20 July 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Company being the Purchaser's guarantor, the Vendor and the Vendor's Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, which represent the entire equity interests in the Target at the Consideration of HK\$348,665,101.

## **THE SALE AND PURCHASE AGREEMENT**

Summarised below are the principal terms of the Sale and Purchase Agreement:

Date: 20 July 2018 (after trading hours)

Parties: (a) the Vendor;  
(b) the Purchaser;  
(c) the Vendor's Guarantor; and  
(d) the Company being the Purchaser's guarantor.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of the Sale and Purchase Agreement, the Vendor, the Vendor's Guarantor and their respective ultimate beneficial owner are Independent Third Parties of the Company and its respective connected persons.

### **Nature of the transaction and assets to be acquired**

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, which represent the entire equity interests in the Target. Upon completion of the Acquisition, (a) the Purchaser will own the entire equity interests in the Target; and (b) the Target will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

### **Consideration**

Subject to the terms and conditions of the Sale and Purchase Agreement, the Consideration is HK\$348,665,101, which shall be settled in accordance with the following manners and conditions:

1. HK\$44,000,000 paid by the Purchaser to the Vendor upon signing of the Sale and Purchase Agreement as refundable deposit (in the event if Vendor breaches any obligations under the Sale and Purchase Agreement) (the "**Deposit**") under the Sale and Purchase Agreement and as part payment of the Consideration; and

2. the balance of the Consideration of HK\$304,665,101 shall be paid by the Purchaser to the Vendor upon Completion.

### **Basis of Consideration**

The Consideration was determined through arm's length negotiations between the Purchaser and the Vendor on a commercial basis with reference to the net asset value of the Target Group on 31 March 2018 with a level of premium which takes into account (i) the premium of other comparable and recent completed transactions in the market; and (ii) the well-established technological infrastructure and broad client base of the Target Group.

Based on the foregoing, the Directors are of the view that the Consideration is fair and reasonable. The Consideration shall be funded by the Group's internal resources.

### **Conditions precedent**

Completion is conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (i) all the requisite consents and approvals by SFC under the SFO to the Acquisition and/or as a result thereof, including without limitation, to the change (a) in the ultimate substantial shareholder of the Target Group, and (b) to the Purchaser and its beneficial owners in becoming the ultimate substantial shareholder of certain members of the Target Group, having been obtained;
- (ii) if necessary, the approval by the shareholders of the Vendor's Guarantor and Lippo Limited, both being the controlling shareholders of the Vendor, as required under the Listing Rules, with respect to the Sale and Purchase Agreement and transactions contemplated under other relevant transaction documents having been obtained;
- (iii) the Purchaser and the Company shall purchase directors and officers liabilities insurance, to the satisfaction of the Vendor, for and on behalf of the directors of the Target Group; and
- (iv) as at the date when the conditions set out in (i), (ii) and (iii) above have been satisfied, the warranties given by (a) the Purchaser, and (b) the Vendor, in the Sale and Purchase Agreement remaining true and accurate in all material respects and no event which has a material adverse impact on the Target Group having occurred.

The Parties to the Sale and Purchase Agreement shall use their reasonable endeavours to procure the fulfilment of the conditions above. Save for the conditions as set out in (i) and (ii) above, conditions as set out in (iii) and (iv)(a) above can be waived by the Vendor, and condition as set out in (iv)(b) above can be waived by the Purchaser.

If any of the conditions set out above shall not have been fulfilled (or waived, as the case may be) on or before 31 December 2018 or such other later date as the Parties may agree in writing, the Vendor shall forthwith return the Deposit in its entirety to the Purchaser (only in the event of breach by the Vendor) and the Sale and Purchase Agreement shall cease to have effect forthwith (save and except certain clauses as specified in the Sale and Purchase Agreement which will continue to have full force and effect), and the Parties to the Sale and Purchase Agreement shall not have any rights with regards to claims thereunder save for any accrued rights and obligations of the Parties prior to the termination.

## **Completion**

Subject to the satisfaction or, where applicable, waiver of any of the conditions precedent to the Completion, the Completion shall take place on the Completion Date, being the third Business Day following the date on which the Completion notice was delivered to the other Party notifying such Party that the last condition precedent to the Completion has been fulfilled or waived, or such other date as the Parties may agree in writing.

Upon Completion, the Target will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

## **The Vendor's Guarantor's and the Company's guarantee**

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor's Guarantor irrevocably and unconditionally guarantees the Purchaser the due and punctual performance by the Vendor of all the obligations assumed by it under the Sale and Purchase Agreement and undertakes to indemnify and keep effectively indemnified the Purchaser against all liabilities, losses, damages, costs and expenses stipulated under the Sale and Purchase Agreement or otherwise which the Purchaser may suffer or incur in connection with any default or delay on the part of the Vendor in the performance of such obligations, subject to the limitation of total indemnified amount being not more than 33% of the Consideration and the aggregate claim amount for claims in relation to penalties, fines or related amounts arising from litigations or court proceedings from SFC investigations, should not be more than HK\$5,000,000.

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Company irrevocably and unconditionally guarantees the Vendor the due and punctual performance by the Purchaser of all the obligations assumed by it under the Sale and Purchase Agreement and undertakes to indemnify and keep effectively indemnified the Vendor against all amounts and fees stipulated under the Sale and Purchase Agreement which the Vendor may suffer or incur in connection with any default or delay on the part of the Purchaser in the performance of such obligations, subject to the limitation of total indemnified amount being not more than 150% of the Consideration.

## INFORMATION OF THE TARGET GROUP

The Target is a company incorporated in Hong Kong with limited liability. The Target, through its subsidiaries, is principally engaged in securities and commodities brokerage, fund management and money lending, and through certain of its subsidiaries, holds licenses to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

The Target directly or indirectly wholly owns Lippo Securities (Nominees) Limited, Lippo Securities Nominees (BVI) Limited, L.S. Finance Limited, Lippo Asset Management (HK) Limited, Lippo Securities Limited and Lippo Futures Limited.

### Financial information of the Target Group

Set below are the financial information of the Target Group as extracted from its audited consolidated financial statements for the years ended 31 March 2017 and 31 March 2018:

	For the years ended 31 March			
	2018		2017	
	<i>US\$'000</i>	<i>HK\$'000 equivalent</i>	<i>US\$'000</i>	<i>HK\$'000 equivalent</i>
Revenue	<b>2,326</b>	<b>18,143</b>	2,128	16,598
Losses before taxation	<b>1,339</b>	<b>10,444</b>	1,295	10,101
Losses after taxation	<b>1,339</b>	<b>10,444</b>	1,295	10,101

The audited consolidated net asset value of the Target Group as at 31 March 2018 was approximately US\$26 million (equivalent to approximately HK\$203 million).

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

The Target Group is involved in the provision of licensed financial services, which principally include underwriting, securities and future brokerage, corporate finance, investment advisory and other related financial services in Hong Kong and other countries. Considering the experienced management team, well-established technological infrastructure and broad client base of the Target Group, the Directors believe that the Acquisition will complement the Group's existing businesses in the financial services industry. The Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, which are fair and reasonable and entering of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE COMPANY AND THE PARTIES**

The Company, being the Purchaser's guarantor, is an investment holding company and its subsidiaries are principally engaged in principal investment, money lending, financial services and real property businesses.

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Vendor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Vendor's Guarantor. It is principally engaged in investment holding and its subsidiaries are principally engaged in securities and commodities brokerage, fund management and money lending businesses.

The Vendor's Guarantor is a company incorporated in the Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange. It is principally engaged in investment holding.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Acquisition are more than 5%, but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As completion of the Acquisition is subject to the terms and conditions under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares as contemplated under the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Day(s)”	a day (other than a Saturday and Sunday) on which commercial banks in Hong Kong and the PRC are open for general business;
“BVI”	the British Virgin Islands;
“Company”	G-Resources Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is also the Purchaser’s guarantor pursuant to the Sale and Purchase Agreement;
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement;
“Completion Date”	being the third Business Day following the date on which the Completion notice was delivered to the other Party notifying such Party that the last condition precedent to the Completion has been fulfilled or waived, or such other date as the Parties may agree in writing;
“Consideration”	HK\$348,665,101, being the consideration of the Acquisition;
“Director(s)”	the director(s) of the Company;
“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 PRC;



“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company;
“Lippo Limited”	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which excludes Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Party(ies)”	collectively the Purchaser, the Company, the Vendor’s Guarantor and the Vendor;
“Purchaser”	Empire Glaze Limited, a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 July 2018 and entered into among the Vendor, the Purchaser, the Company and the Vendor’s Guarantor in relation to the Acquisition;
“Sale Shares”	23,000,000 ordinary shares of the Target, representing the entire issued share capital of the Target;
“SFC”	Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target”	Lippo Securities Holdings Limited 力寶證券控股有限公司, a company incorporated in Hong Kong with limited liability;
“Target Group”	the Target and its subsidiaries;



“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Norfyork International Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Vendor’s Guarantor;
“Vendor’s Guarantor”	Hongkong Chinese Limited (香港華人有限公司*), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange; and
“%”	percent.

By Order of the Board  
**G-Resources Group Limited**  
**Leung Oi Kin**  
*Executive Director and Company Secretary*

Hong Kong, 20 July 2018

*In this announcement, for the purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of HK\$7.80 per US\$1.00. 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.*

*As at the date of this announcement, the Board comprises:*

- (i) Mr. Leung Oi Kin and Mr. Leung Wai Yiu, Malcolm as executive Directors; and*
- (ii) Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive Directors.*

*\* For identification purpose only.*