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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 DISPOSAL OF ENTIRE EQUITY INTERESTS OF THREE SUBSIDIARIES OF THE GROUP

THE DISPOSAL

The Board wishes to announce that on 11 September 2018 (after trading hours), the Purchaser and the Vendor, being a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share, which represent the entire equity interests in the Target Subsidiaries, namely, Adair, Golden Avenue and Westfield, and (ii) the respective shareholders' loans for each Target Subsidiary will be assigned by the Vendor to the Purchaser, at the Consideration of US\$33,150,000 (equivalent to approximately HK\$260.23 million) which shall be satisfied in cash upon completion of the Sale and Purchase Agreement.

Upon Completion, the Target Subsidiaries ceased to be subsidiaries of the Company and their financial results will not be consolidated into the Group's financial statements.

The Completion took place immediately upon signing of the Sale and Purchase Agreement and in accordance with the terms and provisions of the Sale and Purchase Agreement.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

The Board wishes to announce that on 11 September 2018 (after trading hours), the Purchaser and the Vendor, being a direct wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share, which represent the entire equity interests in the Target Subsidiaries, namely, Adair, Golden Avenue and Westfield, and (ii) the respective shareholders' loans for each Target Subsidiary will be assigned by the Vendor to the Purchaser, at the Consideration of US\$33,150,000 (equivalent to approximately HK\$260.23 million) which shall be satisfied in cash upon completion of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

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

Date: 11 September 2018 (after trading hours)

Parties: (a) the Vendor; and
(b) the Purchaser.

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 Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Nature of the transaction and assets to be disposed

Pursuant to the Sale and Purchase Agreement, (i) the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Share, which represent the entire equity interests in the Target Subsidiaries, namely, Adair, Golden Avenue and Westfield, and (ii) the respective shareholders' loans for each Target Subsidiary will be assigned by the Vendor to the Purchaser. The aggregate amount of shareholders' loan to be assigned from the Vendor to the Purchaser is approximately US\$22,888,000.

Summarised below is the amount of shareholders' loan for each Target Subsidiary which are being assigned to the Purchaser pursuant to the Sale and Purchase Agreement and the respective Deeds of Assignments of the shareholder's loan which will be signed between the Vendor and the Purchaser for each respective Target Subsidiary:

Target Subsidiary	Shareholders' Loan Amount US\$'000
Adair	3,619
Golden Avenue	8,163
Westfield	11,106
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Total	22,888
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Upon Completion, (a) the Purchaser will own the entire equity interests in the Target Subsidiaries; and (b) the Target Subsidiaries will cease to be indirect wholly-owned subsidiaries of the Company.

Consideration

Subject to the terms and conditions of the Sale and Purchase Agreement, the Consideration is US\$33,150,000 (equivalent to approximately HK\$260.23 million), which shall be settled in cash by the Purchaser upon Completion.

Basis of Consideration

The Consideration was determined through arm's length negotiations between the Vendor and the Purchaser on a commercial basis with reference to the net asset value of the Target Subsidiaries on 31 August 2018 and the liquidity of the assets of those companies.

Based on the foregoing, the Directors are of the view that the Consideration is fair and reasonable.

Completion

Completion is not conditional upon any conditions and the Completion took place on the Completion Date, being immediately upon signing of the Sale and Purchase Agreement.

Upon Completion, the Target Subsidiaries ceased to be subsidiaries of the Company and their financial results will not be consolidated into the Group's financial statements.

INFORMATION ABOUT THE COMPANY AND THE PARTIES

The Company is principally engaged in principal investment business, money lending business, provision of financial services and real property business.

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

The Purchaser is a company incorporated in the BVI and is an indirect wholly-owned subsidiary of CST Group Limited, a listed company whose shares are listed on the main board of the Stock Exchange. It is principally engaged in investment holding. CST Group Limited was the substantial Shareholder of the Group since 2009, but has ceased to be the substantial Shareholder of the Group on 21 May 2018.

INFORMATION OF THE TARGET SUBSIDIARIES

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

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

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

Financial information of the Target Subsidiaries

Set below is the financial information of the Target Subsidiaries as extracted from the Group's consolidated financial statements for the year ended 31 December 2016 and 2017, respectively, and condensed consolidated financial statements for the six months ended 30 June 2018:

	For the		For the
	year ended 31 December		six months
	2017	2016	ended 30 June
	(audited)	(audited)	2018
	US\$'000	US\$'000	(unaudited)
			US\$'000
Revenue	1,115	1,179	321
Net profits/(losses) before taxation	1,055	1,083	(918)
Net profits/(losses) after taxation	1,055	1,083	(918)

The audited consolidated total net asset value of the Target Subsidiaries as at 31 December 2017 was approximately US\$36.7 million.

Upon Completion, the Target Subsidiaries ceased to be subsidiaries of the Company and their financial results will not be consolidated into the Group's financial statements.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL

The Disposal offers the Group an opportunity to increase its cash reserve so that the Group can get hold of any new investment opportunities that can offer faster and higher return for the Group when the same arise. The Directors believe 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.

FINANCIAL EFFECT OF THE DISPOSAL

The Directors estimated that the Company will record a loss from the Disposal of approximately US\$3.7 million, which represents the difference between the proceeds from the Disposal and the carrying value of approximately US\$36.8 million as at 31 August 2018. The cost of investments as at 31 August 2018 was approximately US\$27.2 million.

USE OF PROCEEDS

The Directors expect that the gross proceeds from the Disposal of approximately US\$33.14 million will be used for general working capital of the Group.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“Adair”	Adair Ventures Limited, a company incorporated in the BVI and is an indirect wholly-owned subsidiary of the Company before the Disposal;
“Board”	the board of Directors;
“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;
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement, which is immediately upon signing of the Sale and Purchase Agreement;
“Completion Date”	immediately upon signing of the Sale and Purchase Agreement;
“Consideration”	US\$33,150,000 (equivalent to approximately HK\$260.23 million), being the aggregate consideration of the Disposal;
“Deeds of Assignments”	deeds of assignments entered into on the date of the Sale and Purchase Agreement between the Vendor and the Purchaser in relation to the assignment of shareholders’ loans of each of the respective Target Subsidiaries;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Share and the assignment of the respective shareholders’ loans for each Target Subsidiary as contemplated under the Sale and Purchase Agreement and the Deeds of Assignments;
“Golden Avenue”	Golden Avenue Investments Limited, a company incorporated in the BVI and is an indirect wholly-owned subsidiary of the Company before the Disposal;
“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;
“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 and the Vendor;
“Purchaser”	Happy Jumbo Limited, a company incorporated in the BVI and is an indirect wholly-owned subsidiary of CST Group Limited, a listed company whose shares are listed on the main board of the Stock Exchange;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 September 2018 and entered into between the Vendor and the Purchaser in relation to the Disposal;
“Sale Share”	1 ordinary share of US\$1.00 each of Adair, 1 ordinary share of US\$1.00 each of Golden Avenue and 1 ordinary share of US\$1.00 each of Westfield, representing the entire issued share capital of each of the respective Target Subsidiaries;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Subsidiary(ies)”	Adair, Golden Avenue and Westfield;
“Vendor”	Shiny Fortune International Limited, a company incorporated in the BVI and is a direct wholly-owned subsidiary of the Company;
“Westfield”	Westfield Global Investments Limited, a company incorporated in the BVI and is an indirect wholly-owned subsidiary of the Company before the Disposal;
“US\$”	the United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in US\$ have been converted into HK\$ at the rate of HK\$7.85 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 amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 11 September 2018

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*