

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 PURCHASE OF PREFERRED SHARES**

#### **THE TRANSACTION**

The Board is pleased to announce that on 12 November 2019 (after trading hours), the Purchaser, being an indirect wholly-owned subsidiary of the Company, the Target, the Special Shareholder and the Seller entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, which represent 100% of the issued Preferred Shares at the consideration of US\$33,920,639 (equivalent to approximately HK\$266 million).

Prior to the Closing, the Purchaser is the sole owner of the Ordinary Shares, the Seller is the sole owner of the Preferred Shares and the Special Shareholder is the sole owner of the Special Shares. Following the Closing, the Purchaser will become the sole owner of all of the issued Ordinary Shares and Preferred Shares, and the Special Shareholder will remain as the sole owner of the Special Shares and the only shareholder who is responsible for the management of the Target.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Transaction is more than 5%, but all applicable percentage ratios are less than 25%, the Transaction 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.

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

## **INTRODUCTION**

The Board is pleased to announce that on 12 November 2019 (after trading hours), the Purchaser, being an indirect wholly-owned subsidiary of the Company, the Target, the Special Shareholder and the Seller entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, which represent 100% of the issued Preferred Shares at the consideration of US\$33,920,639 (equivalent to approximately HK\$266 million).

## **THE SHARE PURCHASE AGREEMENT**

Summarised below are the principal terms of the Share Purchase Agreement:

### **Date**

12 November 2019 (after trading hours)

### **Parties**

- (i) the Seller
- (ii) the Special Shareholder
- (iii) the Target
- (iv) the Purchaser

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, as at the date of the Share Purchase Agreement, the Seller, the Special Shareholder and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **Nature of the Transaction**

Pursuant to the Share Purchase Agreement, the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, which represent 100% of the issued Preferred Shares.

### **Consideration**

Subject to the terms and conditions of the Share Purchase Agreement, the consideration is US\$33,920,639 (equivalent to approximately HK\$266 million), which shall be paid by the Purchaser to the Seller's designated bank account upon Closing. The Consideration shall be funded by the Group's internal resources.

## **Basis of Consideration**

The Consideration was determined (i) with reference to the valuation of the Sale Shares as at 31 October 2019 appraised by an independent valuer (the “**Valuation**”); and (ii) after arm’s length negotiations between the Purchaser and the Seller on a commercial terms.

The Company obtained the Valuation for the Sale Shares as appraised by the independent valuer to obtain an initial reference point for the determination of the Consideration. The Valuation as appraised by the independent valuer was US\$34,251,000 in respect of the Sale Shares. In appraising the Valuation, the independent valuer adopted the market approach and equity allocation method to appraise the Sale Shares.

Upon considering the Valuation and after arm’s length negotiations between the Purchaser and the Seller on normal commercial terms, the Directors consider that the Consideration arrived at in respect of the Sale Shares is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **Conditions Precedent**

Closing shall be subject to and conditional upon the satisfaction or waiver (as the case may be) of certain conditions precedent, including, inter alia, the following conditions precedent:

- (i) the collective warranties made by the Seller, the Target and the Special Shareholder being true, accurate and complete in all respects and not misleading;
- (ii) all consents from, approvals of, notices to and filings or registrations with any Governmental Authority or any other person required pursuant to any applicable law or regulation of any Governmental Authority, or pursuant to any contract binding on the Seller, the Target, the Special Shareholder or the Investment HoldCo, in connection with the consummation of the Transaction, having been duly obtained or made; and
- (iii) there being no Material Adverse Effect between signing of the Share Purchase Agreement and Closing.

## **Closing**

Subject to the terms of the Share Purchase Agreement and the satisfaction or, where applicable, waiver of any of the conditions precedent to the Closing, the Closing shall take place on a date as the Purchaser may designate in writing, provided however, in no event shall such date be later than the Long Stop Date.

Prior to the Closing, the Purchaser is the sole owner of the Ordinary Shares, the Seller is the sole owner of the Preferred Shares and the Special Shareholder is the sole owner of the Special Shares. Following the Closing, the Purchaser will become the sole owner of all of the issued Ordinary Shares and Preferred Shares, and the Special Shareholder will remain as the sole owner of the Special Shares and the only shareholder who is responsible for the management of the Target. Given that the Group has no control over the Target (including management and the board composition of the Target), the Target will not be treated as (i) a subsidiary of the Group and its financial results will not be consolidated into the consolidated financial statements of the Group in accordance with HKFRS 10 Consolidated Financial Statements, or (ii) a subsidiary undertaking (as defined in schedule 1 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company. As such, the Company will recognise the investment in the Target as financial assets in the Company's financial statements under the applicable accounting standards.

## **INFORMATION OF THE TARGET**

The Target is an investment holding company incorporated in the Cayman Islands. As at the date of the Share Purchase Agreement, the total issued share capital of the Target consists of 50,000 Special Shares, 30,000 Ordinary Shares and 34,000 Preferred Shares and as at the date of this announcement, the Target has not conducted any business other than investment holding. The Target owns 19.6% interests of the Investment HoldCo, which is a holding company holding investment interests in medical device business.

### **Financial Information of the Target**

Based on the information available to the Company, the Target had net losses (both before and after taxation) of approximately US\$3,699,000 (unaudited) and approximately US\$3,839,000 (unaudited) for the years ended 31 December 2017 and 31 December 2018 respectively, which was mainly due to the Annual Preferred Return paid to the shareholders of Preferred Shares as well as the annual management fee paid to the Special Shareholder. The Annual Preferred Return attributable to the Preferred Shares were US\$2,720,000 and US\$2,720,000 for the years ended 31 December 2017 and 31 December 2018, respectively.

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

The Group intends to ride on our proven track record and experience in our well-maintained investment portfolio under our principal investment segment to formulate fund products such as private equity funds to our high-net-worth clients, which are mainly from our financial services business.

The Group has been exploring different fixed income investment portfolios as part of its assets allocation plan, including the selection of fixed income assets and the vehicles the Group uses to access them.

The Group has also been and will be seeking for other suitable investment opportunities in projects with strong growth outlooks, recognised catalysts for development and attractive valuations to further strengthen its investment portfolios. With the rising geriatric population and the growing prevalence of chronic conditions, along with growth in surgical procedures and complex surgeries, the Group is dedicated to tapping quality investment projects in the technology, media and telecommunications, healthcare, banking, insurance, financial service and education industries, in order to elevate the Group's overall profitability and returns. It has a positive outlook of the healthcare industry, especially the booming of the medical devices market. The entry into the Share Purchase Agreement provides an investment opportunity to further expand into the healthcare sector as part of the Group's investment strategies.

We believe that our achievement in investment portfolios and continually accumulated experience in investment management are setting a solid foundation for our asset management business development and better leveraging our subsidiaries licensed by the Securities and Futures Commission which are eligible to carry out asset management business, and enhancing the investment portfolios available to our potential asset management clients (including our high-net-worth clients).

Based on the foregoing, the Directors consider that the terms and conditions of the Share Purchase Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company, which are fair and reasonable and the entering of the Share Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

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

### **The Company and the Purchaser**

The Company 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 British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### **The Seller**

The Seller is an investment holding vehicle and is principally engaged in investment holding business.

## **The Special Shareholder**

The Special Shareholder is a special purpose entity whose principal business is to act as the special shareholder of the Target and participate in the management of the Target including the Target's investment in the Investment HoldCo.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Transaction is more than 5%, but all applicable percentage ratios are less than 25%, the Transaction 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.

**As Closing is subject to the terms and conditions under the Share Purchase Agreement, the Transaction 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:

“Annual Preferred Return”	an annual preferred return payable by the Target to the shareholder of Preferred Shares (which is equivalent to 8% of the subscription price of US\$34,000,000, or US\$2,720,000) at any time when the Target has received any distribution from the Investment Holdco;
“Board”	the board of Directors;
“Closing”	completion of the Transaction in accordance with the terms and conditions of the Share Purchase Agreement;
“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;
“Consideration”	US\$33,920,639 (equivalent to approximately HK\$266 million), being the consideration of the Transaction;

“Director(s)”	the director(s) of the Company;
“Governmental Authority”	means any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof, including any entity or enterprise owned or controlled by a government; any public international organisation; any court or arbitral tribunal; and the governing body of any securities exchange or other self-regulating organisation;
“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;
“Investment HoldCo”	SSC Holdco Limited, an exempt company with limited liability organised under the laws of the Cayman Islands;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	29 November 2019, or such other date as the Parties may agree in writing;
“Material Adverse Effect”	any change, effect, occurrence, state of facts or development that has or has had or would have a material adverse effect on the condition (financial or otherwise), business, assets, liabilities, prospects or results of operations of the Target;
“Ordinary Shares”	the ordinary shares of the Target with par value of US\$0.10 each;
“Party(ies)”	collectively the Purchaser, the Seller, the Special Shareholder and the Target;

“Preferred Shares”	the preferred shares of the Target with par value of US\$0.10 each;
“Purchaser”	Top Concept Global Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Sale Shares”	all of the issued Preferred Shares as of the date of the Share Purchase Agreement;
“Seller”	Edge Venture Partners L.P., an exempted limited partnership under the laws of the Cayman Islands;
“Shareholders”	shareholders of the Company;
“Share Purchase Agreement”	the share purchase agreement dated 12 November 2019 and entered into by and among the Seller, the Special Shareholder, the Target and the Purchaser in relation to the Transaction;
“Special Shareholder”	ZQ Capital Services Limited, a limited liability company organised under the laws of the Cayman Islands;
“Special Shares”	the special shares of the Target with par value of US\$0.10 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target”	Edge Special Opportunity Limited, a limited liability company organised under the laws of the Cayman Islands;
“Transaction”	the sale and purchase of the Sale Shares as contemplated under the Share Purchase Agreement;
“US\$”	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\$7.83 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 Order of the Board**  
**G-Resources Group Limited**  
**Leung Oi Kin**  
*Executive Director and Company Secretary*

Hong Kong, 12 November 2019

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

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

*\* For identification purpose only.*