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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)

**CONNECTED TRANSACTION
ACQUISITION OF FURTHER EQUITY INTERESTS IN THE TARGET**

THE ACQUISITION

The Board is pleased to announce that on 10 May 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Vendor and the Vendor's Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, which represent 25% of the entire equity interests in the Target at the Consideration of HK\$42 million.

Upon Completion, the shareholding of the Purchaser in the Target will increase from 75% to 100% and the Target will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is a substantial shareholder of the Target and the Target is a non-wholly owned subsidiary of the Company, the Vendor is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements under the Listing Rules, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A 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 10 May 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, 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 25% of the entire equity interests in the Target at the Consideration of HK\$42 million.

THE SALE AND PURCHASE AGREEMENT

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

Date: 10 May 2019 (after trading hours)

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

As at the date of this announcement, the Vendor is the substantial shareholder of the Target and the Target is a non-wholly owned subsidiary of the Company, the Vendor is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

Nature of the Acquisition 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 25% of the entire equity interests in the Target. Upon Completion, (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.

The Vendor's original acquisition cost of the 25% equity interests of the Target Group was approximately HK\$50 million.

Consideration

Subject to the terms and conditions of the Sale and Purchase Agreement, the Consideration is HK\$42 million, which shall be settled in full on the date of 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 financial condition of the Target Group as at 28 February 2019.

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 subject to the following conditions precedent:

- (a) the completion and fulfilment of internal approval procedures by the Target, including obtaining approvals from the shareholders of the Target at the shareholders' meeting for the Sale and Purchase Agreement and the Acquisition contemplated thereunder;
- (b) all licences and consents granted by SFC and under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to the Target's subsidiaries for regulated activities in Hong Kong, respectively have not been revoked, terminated or suspended, and the Target has not been notified or threatened of such revocation, termination or suspension;
- (c) all necessary consents, confirmations, permits, approvals, licences and authorisations having been granted by any relevant governmental departments and/or regulatory authorities in Hong Kong with respect to and/or in connection with the Acquisition as well as the implementation of the Sale and Purchase Agreement (the "**Necessary Approvals**") which Necessary Approvals shall remain valid and effective up to and including the time immediately prior to Completion;
- (d) the Target and/or its subsidiaries not having been disciplined or threatened with any disciplinary action, and not having been subject to any investigation by the SFC, other relevant governmental departments and/or regulatory authorities in Hong Kong up to Completion; and
- (e) the warranties pursuant to the Sale and Purchase Agreement have not been breached in any material respect and remain true, accurate and not misleading in all respects at any time from the day of the execution of the Sale and Purchase Agreement up to and including the date of Completion.

The Purchaser may in its absolute discretion waive the above conditions at any time by notice in writing to the Vendor.

Completion

Completion will take place on the date when the above conditions are satisfied. If Completion does not take place by 10 November 2019, which is six (6) months from the date of the Sale and Purchase Agreement or such other date as the Parties may agree in writing, or otherwise than the default of the Purchaser or the Vendor, the Sale and Purchase Agreement shall be terminated.

Upon Completion, the shareholding of the Purchaser in the Target will increase from 75% to 100% and the Target will become an indirect wholly-owned subsidiary of the Company.

The Vendor's Guarantor's guarantee

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor's Guarantor unconditionally and irrevocably guarantee the due and punctual performance and observance by the Vendor of all its obligations and undertakings under the Sale and Purchase Agreement; and undertakes to the Purchaser and agree that they will indemnify and keep indemnified the Purchaser in respect of all losses, costs and expenses suffered or incurred by the Purchaser by reason or in consequence of any default by the Vendor in respect of any of the obligations, undertakings, representations and warranties of the Vendor.

INFORMATION OF THE TARGET GROUP

The Target is a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company. The businesses of the Target, through its subsidiaries, are securities and futures contracts brokerage, placing and underwriting services, margin financing, advisory, asset management and money lending services, and the Target, through certain of its subsidiaries, holds licences to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

Financial information of the Target Group

Set below are the financial information of the Target Group as extracted from its unaudited consolidated financial statements for the year ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December	
	2018	2017
	US\$'000	US\$'000
Profit before taxation	581	4,028
Profit after taxation	485	3,654

The unaudited consolidated net asset value of the Target Group as at 28 February 2019 was approximately US\$21 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors, consider that the Acquisition is a key long term strategic investment and will facilitate its financial services segment.

The Directors (including all independent non-executive Directors) are of the view that the terms of the Sale and 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 Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Acquisition and none of them has abstained from voting on the resolution passed by the Board in respect of the Acquisition.

INFORMATION ABOUT THE COMPANY AND THE PARTIES

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 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 the BVI with limited liability. It is principally engaged in investment holding.

The Vendor's Guarantor is Ms. Ip Yeuk Ping Gloria, who is a director of the Vendor.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is the substantial shareholder of the Target and the Target is a non-wholly owned subsidiary of the Company, the Vendor is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are less than 5%, the Acquisition is subject to the reporting and announcement requirements under the Listing Rules, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A 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”	means the sale and purchase of 25% equity interest in the Target by the Purchaser from the Vendor in accordance with the Sale and Purchase Agreement;
“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 main board of the Stock Exchange;
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement;
“connected person”	has the meaning ascribed to this term under the Listing Rules;
“Consideration”	HK\$42 million, 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;
“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 Vendor’s Guarantor and the Vendor;
“Purchaser”	G-Financial Services Group Holding Ltd., 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 10 May 2019 and entered into among the Vendor, the Purchaser and the Vendor’s Guarantor in relation to the Acquisition;
“Sale Shares”	45,000,000 ordinary shares of the Target, representing 25% of the entire issued share capital in 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”	Enhanced Financial Services Group Limited, a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company;
“Target Group”	the Target and its subsidiaries;
“US\$”	United States dollars, the lawful currency of the United States of America;
“Vendor”	Enhanced Group Holdings Limited, a company incorporated in the BVI;
“Vendor’s Guarantor”	Ms. Ip Yeuk Ping Gloria, a director of the Vendor; and
“%”	per cent.

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

Hong Kong, 10 May 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 purposes only.*