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ZHI CHENG HOLDINGS LIMITED

智城控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

DISCLOSEABLE TRANSACTION IN RESPECT OF POSSIBLE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF BWC SECURITIES LIMITED

THE AGREEMENT

On 29 January 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose the Sale Shares, representing the entire issued share capital of the Target at a consideration of HK\$11,685,000 (subject to adjustment, if any, and a maximum cap of such adjustment of HK\$15,000,000).

GENERAL

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

Reference is made to the announcement of the Company dated 29 November 2013 in relation to, among other things, the Acquisition. Pursuant to the Offer Letter dated 29 November 2013, the Company and the Vendor will proceed to the negotiation for a legally-binding formal agreement on or before 30 January 2014 (or such later date to be agreed by the parties thereto).

On 29 January 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor. Details of the Agreement are set out as follows:

THE AGREEMENT

Date: 29 January 2014

Parties: (1) Purchaser: Cheer Union Limited, a wholly-owned subsidiary of the Company; and
(2) Vendor: BWC Holdings Limited.

The Vendor together with its principal subsidiaries are principally engaged in the provisions of various financial services in Hong Kong. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Vendor, its ultimate beneficial owner, and their respective associates is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose the Sale Shares, representing the entire issued share capital of the Target.

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of the Target.

Consideration

The consideration of HK\$11,685,000 (subject to adjustment, if any, and a maximum cap of such adjustment of HK\$15,000,000), which will be satisfied by the Purchaser in the following manner:

- (a) a refundable deposit (the “**Deposit**”) in the sum of HK\$500,000 has been paid by the Purchaser in cash to the Vendor’s solicitors to be held in escrow upon entering into of the Offer Letter; and
- (b) the balance of HK\$11,185,000 shall be paid by the Purchaser in cash to the Vendor or its nominees upon or before Completion.

The consideration for the Sale Shares was determined with reference to (i) the unaudited net assets value of the Target in the amount of approximately HK\$9,185,000 as at 31 December 2013; (ii) various reasons for the proposed Acquisition as elaborated further under the paragraph headed “Reasons for the Acquisition” below; and (iii) the future prospect of the principal business of the Target in the provision of Type 1 (Dealing in securities) regulated activity under the SFO. The Directors consider the terms and conditions of the Acquisition have been arrived at after arm’s length negotiations between the Purchaser and the Vendor and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors consider the terms and conditions of the Acquisition to be on normal commercial terms.

The Group intends to finance the consideration by internal resources of the Group and possible fund raising activities.

Adjustment to the Consideration

As soon as practicable, but in any event no later than 5 Business Days after the date of the Completion, the Vendor shall prepare and deliver to the Purchaser the Completion Accounts, including a calculation of the Completion Net Asset Value of the Target. The Purchaser shall provide all reasonable assistance and access to the Target's books and accounts for the Vendor to complete the Completion Accounts. In case, there is any dispute in relation to the component(s) in the calculation of the Completion Net Asset Value, the parties agree that it shall be determined by an independent firm of certified public accountants to be appointed jointly by the parties, the costs of which appointment shall be borne by the parties in equal shares.

Upon the determination of the Completion New Asset Value, if the Completion Net Asset Value varies from the Management Accounts Net Asset Value, the Consideration shall be adjusted dollar for dollar as follows:

- (i) if the Completion Net Asset Value exceeds the Management Accounts Net Asset Value, the Consideration shall be increased by the amount of such excess and the Purchaser shall pay over such amount to the Vendor, provided that the total amount payable for the Sale Shares shall be capped at HK\$15,000,000; or
- (ii) if the Completion Net Asset Value is less than the Management Accounts Net Asset Value, the Consideration shall be reduced by the amount of such deficit and the Vendor shall pay over such amount back to the Purchaser.

The payment of any adjustment to the Consideration shall be made within 7 Business Days after determination of the Completion Net Asset Value.

The maximum cap of HK\$15,000,000 represents the estimated maximum amount of HK\$3,000,000 that may be necessary for the Target to carry on of its business in the ordinary and usual course of business prior to the Completion. The Directors, after taking into account of the above, consider that the maximum cap is fair and reasonable.

Conditions precedent

The Completion is conditional upon the fulfillment of the following conditions precedent:

- (a) all necessary consents, licenses and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendor and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (b) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (c) there being no material breach of any of the warranties on Completion; and
- (d) the approval from the SFC in relation to the change of substantial shareholder (as defined in the SFO) of the Company having been obtained.

The Vendor shall use its best endeavours to procure the fulfillment of the conditions numbered (a) and (c) above. The Purchaser shall use its best endeavours to procure the fulfillment of the conditions numbered (b) and (d) above. If the conditions have not been satisfied on or before 12:00 noon of 31 July 2014, or such later date as the Vendor and the Purchaser may agree (the “**Long Stop Date**”), the Agreement shall cease and determine (save and except certain clauses under the Agreement which will continue to have full force and effect) and thereafter neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof, and under such circumstances, the Vendor shall within 14 Business Days return the Deposit (without interest) in full unconditionally to the Purchaser.

If Completion does not take place on time as a result of the sole default of the Purchaser, the Vendor may forthwith determine this Agreement by giving notice of termination in writing to the Purchaser to such effect, in which event, the Vendor shall return the Deposit (without interest) in full unconditionally to the Purchaser within 14 Business Days and neither party shall have any obligations and liabilities hereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches by the Purchaser of the terms hereof.

If Completion does not take place on time as a result of the default of the Vendor, the Purchaser may forthwith determine this Agreement by giving notice of termination in writing to the Vendor to such effect, in which event, the Vendor shall return the Deposit (without interest) in full unconditionally to the Purchaser within 14 Business Days without prejudice to the Purchaser’s right to claim for damages or to enforce specific performance of the Agreement.

If Completion does not take place as a result of lapse of the Long Stop Date or otherwise than the default of the Purchaser or the Vendor, this Agreement shall be terminated and the Vendor shall return the Deposit (without interest) in full unconditionally to the Purchaser within 14 Business Days and neither party shall have any obligations and liabilities hereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms hereof.

Completion

Completion shall take place on the date falling on the third Business Day after the fulfilment (or waiver) of all the conditions or such later date as the Vendor and the Purchaser may agree.

Upon Completion, the Target will become wholly-owned subsidiary of the Company.

INFORMATION ON THE TARGET

The Target is a company incorporated in Hong Kong on 16 February 2009 with limited liability and is wholly and beneficially owned by the Vendor. The Target is principally engaged in the provision of Type 1 (Dealing in securities) regulated activity under the SFO.

Set out below is a summary of the key financial data of the Target based on the audited financial statements of the Target for the years ended 30 June 2013 and 30 June 2012 and the unaudited management accounts of the Target for the period from 1 July 2013 to 31 December 2013 as provided by the Vendor which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 30 June 2012 HK\$'000 (audited)	For the year ended 30 June 2013 HK\$'000 (audited)	For the period from 1 July 2013 to 31 December 2013 HK\$'000 (unaudited)
Revenue	792	522	351
Loss before and after taxation	6,116	4,503	2,425

The audited net assets value of the Target as at 30 June 2013 and 30 June 2012 were approximately HK\$11,609,000 and HK\$16,112,000 respectively and the unaudited net assets value of the Target as at 31 December 2013 was approximately HK\$9,185,000.

REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of medical information digitalisation system, property investment, provision of consultancy services and advertising and media related services and provision of project management services.

The Directors consider that the Acquisition would enable the Company to broaden its portfolio of services offered under the financial services business segment through direct investment in and hands-on management and operation of the Target. If the Acquisition is completed, the Group is expected to take advantage of the future exponential growth in renminbi capital markets and continuous products development, especially in the Greater China region, by diversifying its business into the financial services sector in Hong Kong and to broaden the Group's revenue base.

Taking into account of the above, the Board believes that the Acquisition will diversify the business of the Group into the financial services sector and will broaden the Group's revenue base. The Board considers that the terms of the Acquisition are fair and reasonable and in the interests of the Company and Shareholders as a whole.

GEM LISTING RULES IMPLICATION

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition by the Purchaser of the Sale Shares from the Vendor subject to and upon the terms and conditions of the Agreement
“Agreement”	the conditional sale and purchase agreement dated 29 January 2014 and entered into between the Purchaser and the Vendor relating to the sale and purchase of the Sale Shares
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	board of the Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout their normal working hours
“Company”	Zhi Cheng Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Accounts”	the unaudited balance sheet of the Target as at the date of the Completion and the unaudited profit and loss account of the Target (for the period from 1 January 2014 and ending on the date of the Completion), which shall be prepared in accordance with the Hong Kong Financial Reporting Standards and accounting principles generally accepted in Hong Kong
“Completion Net Asset Value”	the difference between the value of the total assets and the value of total liabilities of the Target as set forth in the balance sheet of the Completion Accounts (for the avoidance of doubt, the value will be a positive figure if the value of assets exceeds that of liabilities and the value will be a negative figure if the value of liabilities exceeds that of assets)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Management Accounts”	the unaudited management accounts of the Target comprising the unaudited balance sheets as at 31 December 2013 and the unaudited profit and loss account for the period beginning on 1 July 2013 and ended on 31 December 2013, which have prepared in accordance with the Hong Kong Financial Reporting Standards and accounting principles generally accepted in Hong Kong
“Management Accounts Net Asset Value”	the difference between the value of the total assets and the value of total liabilities of the Target as set forth in the balance sheet of the Management Accounts (for the avoidance of doubt, the value will be a positive figure if the value of assets exceeds that of liabilities and the value will be a negative figure if the value of liabilities exceeds that of assets)
“Offer Letter”	the non-legally binding offer letter dated 29 November 2013 entered into between the Company and the Vendor setting out the preliminary understanding in relation to the Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Cheer Union Limited, a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company and the purchaser to the Agreement
“Sale Shares”	32,000,000 shares of HK\$1.00 each in the issued share capital of the Target, being the entire issued share capital of the Target as at the date of the Agreement which are legally and beneficially owned by the Vendor
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	BWC Securities Limited, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is wholly and beneficially owned by the Vendor
“Vendor”	BWC Holdings Limited, the sole beneficial shareholder of the Target prior to the Completion and the vendor to the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Zhi Cheng Holdings Limited
Lien Wai Hung
Chairman

Hong Kong, 29 January 2014

As of the date of this announcement, the executive Directors are Mr. Lien Wai Hung, Mr. Lui Wing Fong, Alexander and Mr. Wei Shu Jun; the independent non-executive Directors are Mr. Ho Chun Ki, Frederick, Mr. Lai Miao Yuan, Mr. Chong Yiu Kan, Sherman and Mr. Tam Kin Yip.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.zhicheng-holdings.com.

* For identification purposes only