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東方銀座控股  
Oriental Ginza Holdings

## **Oriental Ginza Holdings Limited**

### **東方銀座控股有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00996)

#### **DISCLOSEABLE TRANSACTION**

##### **THE DISPOSAL AGREEMENT**

The Board announces that after trading hours of the Stock Exchange on 6 January, 2012, the Company entered into the Disposal Agreement with the Purchaser in relation to the disposal of the Sale Shares and the Sale Loan at an aggregate consideration of HK\$380,000,000.

##### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

#### **INTRODUCTION**

The Board announces that after trading hours of the Stock Exchange on 6 January, 2012, the Company entered into the Disposal Agreement with the Purchaser in relation to the disposal of the Sale Shares, which represent 100% of the equity interest in the Disposal Company, and the Sale Loan. Set out below are the principal terms of the Disposal Agreement.

#### **THE DISPOSAL AGREEMENT DATED 6 JANUARY 2012**

##### **Parties**

Vendor: the Company

Purchaser: China Hua Rui International Petroleum Limited (中國華瑞國際石油有限公司), a company incorporated under the laws of the BVI

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of the Company and its connected persons.

## **Assets to be disposed of**

Pursuant to the Disposal Agreement, the assets to be disposed of comprise (i) the Sale Shares, being a total of 100 shares of US\$1.00 each in the issued share capital of the Disposal Company, representing the entire issued share capital of the Disposal Company; and (ii) the Sale Loan. The principal amount of the Sale Loan was HK\$378,544,414 as at the date of the Disposal Agreement.

The Disposal Company is the holding company of a group of companies including BVI Co., HK Co., PRC Co. 1 and PRC Co. 2. For details of the Disposal Group, please refer to the paragraph headed “Information on the Disposal Group” below.

## **Consideration and payment terms**

The aggregate consideration for the Sale Shares and the Sale Loan is HK\$380,000,000 which shall be apportioned as follows:

- (i) the consideration for the Sale Loan shall be equal to the principal amount of the Sale Loan; and
- (ii) the consideration for the Sale Shares shall be HK\$1,455,586.

The Consideration shall be paid by the Purchaser in cash in the following matter:

- (i) HK\$38,000,000 has been paid to the Company upon the signing of the Disposal Agreement as deposit; and
- (ii) HK\$342,000,000 shall be paid to the Company on Completion.

The Consideration was arrived at after arm’s length negotiations between the Company and the Purchaser with reference to the Company’s actual amount of investment in the Disposal Group, details of which are discussed in the paragraph headed “Reasons for the Disposal”.

## **Conditions precedent**

Completion of the Disposal Agreement is conditional upon the following conditions being fulfilled or waived:

- (i) the result of a due diligence exercise to be carried out by the Purchaser in the financial position, books and records and businesses of the Disposal Group being satisfactory to the Purchaser in its absolute discretion and written notice to that effect having been given to the Company; and
- (ii) the Company has obtained the legally necessary consents and approvals in connection with its execution and performance of the Disposal Agreement and compliance with the Listing Rules.

The Purchaser shall have the discretion to waive condition (i) above. If the above conditions are not fulfilled or waived (as the case may be) at 5:00 p.m. on the Long Stop Date, the Disposal Agreement shall, subject to the liability of any party to the other in respect of any antecedent breaches of the terms pursuant to the Disposal Agreement, be null and void and of no effect, provided that the Company shall forthwith repay part of the Deposit in the amount of HK\$37,000,000 to the Purchaser.

In the event that on or before Completion, any of the representations and warranties given by the Purchaser in the Disposal Agreement is incorrect or breached in any material aspect, the Company shall be entitled to forfeit the Deposit.

## Completion

Completion shall take place on the Completion Date when all conditions set out in the Disposal Agreement are fulfilled or waived.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in or to assume any liability of the Disposal Group.

## INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is an investment holding company incorporated in the BVI with limited liability and holds 51% equity interest in BVI Co. BVI Co. and its wholly-owned subsidiary, HK Co., are investment holding companies and the principal asset of HK Co. is its investment in PRC Co. 1, which in turn holds 100% equity interest in PRC Co. 2. PRC Co. 1 and PRC Co. 2 are principally engaged in the research and development, manufacturing and the sale of high clean unleaded gasoline and diesel.

The Acquisition was completed on 28 April 2011. Set out below is the unaudited pro forma consolidated financial information of the Disposal Group for the year ended 31 December 2010 and the period ended 30 November 2011, which has been prepared in accordance with the Hong Kong Financial Reporting Standards and as if the Acquisition had been completed on 1 January 2010:

	<b>For the year ended 31 December 2010</b> (unaudited) <i>HK\$'000</i>	<b>For the period ended 30 November 2011</b> (unaudited) <i>HK\$'000</i>
Turnover	—	22,698
Loss before taxation	(1,199)	(5,979)
Loss after taxation	(1,199)	(6,158)
	<b>As at 31 December 2010</b> (unaudited) <i>HK\$'000</i>	<b>As at 30 November 2011</b> (unaudited) <i>HK\$'000</i>
Total assets	132,374	574,192
Total liabilities	132,303	582,072
Net assets/(liabilities)	71	(7,880)

## INFORMATION ON THE PURCHASER

The Purchaser, being an investment holding company incorporated under the laws of the BVI, has no other business and/or investment save for the entering into of the Acquisition Agreement. The Purchaser is owned as to 90% by Mr. Zhao Xin and 10% by Ms. Zhao Lin, who is the elder sister of Mr. Zhao Xin. Mr. Zhao Xin has been involved in the processed oil business in the PRC for more than 15 years, including but not limited to the sale, storage and transportation of various kinds of processed oil in the PRC.

## REASONS FOR THE DISPOSAL

The Group is principally engaged in (i) property rental activities; (ii) property investment; (iii) retail related consultancy and management services; (iv) trading and investments business; and (v) research and management, manufacturing and sale of high clean unleaded gasoline and diesel.

The Group has been mainly engaged in property-related business and it first became engaged in the business of research and management, manufacturing and sale of high clean unleaded gasoline and diesel after it acquired the Relevant Group pursuant to the Acquisition Agreement. On 13 January 2011, the Disposal Company (as a wholly owned subsidiary and a special purpose vehicle of the Company for the purpose of the Acquisition Agreement) entered into the Acquisition Agreement with Mr. Zhao Biao in relation to the acquisition of 51% of the equity interest in BVI Co., the holding company of the Relevant Group. The Acquisition Consideration was HK\$489,600,000 (subject to adjustment), of which HK\$367,200,000 has been paid by the Disposal Company as at the date hereof. Pursuant to the Acquisition Agreement, the Disposal Company was granted with the Profit Guarantee and is entitled to withhold a sum equal to HK\$122,400,000 from the Acquisition Consideration as retention money (the “**Retention Money**”). In the event that the Profit Guarantee cannot be met, Mr. Zhao Biao shall pay to the Disposal Company an amount in cash equivalent to 4.08 times of the shortfall of the consolidated net profit after tax of the BVI Co. attributable to the shareholders of BVI Co. from HK\$120,000,000 (the “**Shortfall Money**”). The Shortfall Money shall first be set off against the Retention Money on a dollar-for-dollar basis, and where such Retention Money is not sufficient to satisfy the full amount of the Shortfall Money, Mr. Zhao Biao shall pay the shortfall to the Disposal Company in accordance with the terms of the Acquisition Agreement. Details of the Acquisition were disclosed in the announcement of the Company dated 17 January 2011 and circular of the Company dated 28 March 2011.

At the date of this announcement, the Retention Money, representing the balance of Acquisition Consideration in the amount of HK\$122,400,000, is yet payable under the terms of the Acquisition Agreement. The Disposal Company shall pay the said HK\$122,400,000 to Mr. Zhao Biao only when the payment obligation arises, and it is believed the payment obligation will not arise as it is anticipated the Profit Guarantee will not be met.

Subsequent to the completion of the Acquisition, the Company has made a shareholder’s loan in the amount of approximately HK\$11,300,000 to the Disposal Company for use by the Disposal Group. As such, the Company’s actual investment in the Disposal Group amounts to approximately HK\$378,500,000 as at the date hereof.

As stated in the Company’s interim report 2011, the production was behind schedule, which affected the performance of the business, as more time was needed for streamlining the business operations as well as taking up the management functions of this business. The delay of delivery to customers had led to the withdrawal of customers’ orders and loss of customers. Also, the switch from outsourcing to internal production by some market oil leaders greatly affected our sales strategy in the latter half of the year 2011. Although the management believed that the Profit Guarantee will not be met, the Disposal can provide a more direct and simple way to recoup the investment in this business than to claim under the Profit Guarantee. While the Group remains optimistic to the high clean unleaded gasoline and diesel business in the long run, the management time and effort required had been much more demanding than expected. On 23 September 2011, the Company entered into an agreement to acquire the entire issued share capital of Easy Linkage Development Limited, which is indirectly holding a large property development project in the PRC, details of which were disclosed in the announcement of the Company dated 6 October 2011 and circular of the Company dated 23 November 2011. With the acquisition of Easy Linkage Development Limited, in order to consolidate the Group’s existing resources and improve the profitability of the Group as a whole, the Board intends to reallocate the Group’s existing resources and focus on the development of the corresponding project accordingly.

Based on the above, the Board considers that the Disposal is in the interests of the Company and the Shareholders as a whole, the terms of the Disposal are fair and reasonable and the Disposal Agreement is on normal commercial terms.

The net proceeds from the Disposal, being the Consideration net of relevant expenses, are estimated to be approximately HK\$379,500,000. The Company intends to apply such net proceeds for the Group’s general working capital.

It is expected that, upon Completion, the Group will record a gain on disposal in the approximate amount of HK\$5,700,000.

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are above 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the entire issued share capital of BVI Co. by the Disposal Company under the Acquisition Agreement
“Acquisition Agreement”	the agreement entered into between Mr. Zhao Biao and the Disposal Company dated 13 January 2011 in relation to the acquisition of the entire issued share capital of BVI Co.
“Acquisition Consideration”	the consideration for the Acquisition in the amount of HK\$489,600,000
“BVI”	the British Virgin Islands
“BVI Co.”	Wide Merit Limited, a company incorporated in the BVI with limited liability, a non wholly-owned subsidiary of the Disposal Company
“Board”	the board of Directors
“Business Day”	means a day (other than Saturday and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“Company”	Oriental Ginza Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 996)
“Completion”	means the completion of the Disposal pursuant to the Disposal Agreement
“Completion Date”	being the 3rd Business Day after the conditions precedent of the Disposal Agreement are fulfilled or waived (or such other date as the Company and the Purchaser may agree in writing prior to Completion)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$380,000,000 for the Disposal
“Director(s)”	director(s) of the Company
“Deposit”	cash deposit in the aggregate sum of HK\$38,000,000 paid by the Purchaser to the Company upon the signing of the Disposal Agreement
“Disposal”	the proposed disposal of the Disposal Group and the assignment of the Sale Loan subject to the terms and conditions of the Disposal Agreement

“Disposal Agreement”	the agreement entered into between the Company and the Purchaser on 6 January 2012 in relation to the Disposal
“Disposal Company”	Virtue Link Investments Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company, which was the purchaser in the Acquisition Agreement
“Disposal Group”	the Disposal Company and the Relevant Group
“Mr. Zhao Xin”	Mr. Zhao Xin, a PRC citizen and is the legal and beneficial owner as to 90% of the Purchaser
“HK Co.”	China-HK Holdings Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of BVI Co.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 30 days after the date of the Disposal Agreement or such later date as the Company and the Purchaser may agree
“Mr. Zhao Biao”	Mr. Zhao Biao, the vendor in the Acquisition Agreement and the current beneficial owner of 49% shareholding interest of BVI Co.
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“PRC Co. 1”	長三角徐州石油科技有限公司 (The Yangtze River Delta Petro Technology Company Limited), a company established in the PRC with limited liability
“PRC Co. 2”	鹽城賽孚石油化工有限公司 (Yancheng Saifu Petroleum & Chemical Company Limited*), a company established in the PRC with limited liability
“Profit Guarantee”	the consolidated net profit after tax of the BVI Co. for the period of 12 months ended 31 December 2011 in the amount of not less than HK\$120,000,000 as guaranteed by Mr. Zhao Biao in the Acquisition Agreement in favour of the Disposal Company
“Purchaser”	China Hua Rui International Petroleum Limited (中國華瑞國際石油有限公司), a company incorporated in the BVI
“Relevant Group”	BVI Co., HK Co., PRC Co. 1 and PRC Co. 2
“Sale Loan”	means the unsecured and interest free debt owed by the Disposal Company to the Company in the amount of HK\$378,544,414
“Sale Shares”	a total of 100 shares of US\$1.00 each in the issued share capital of the Disposal Company, representing 100% of the equity interest in the Disposal Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.20 each in the capital of the Company



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By the Order of the Board  
**Oriental Ginza Holdings Limited**  
**Zhou Cheng Rong**  
*Chairman*

Hong Kong, 6 January 2012

*The Board, as at the date of this announcement comprises Mr. Zhou Cheng Rong, Mr. Xu Yi, Mr. Wu Hong Guang, Mr. Dai Peng and Mr. Hon Ming Sang as executive directors, Mr. Wang John Peter Ben as non-executive director and Mr. Chan Wai Yip Freeman, Mr. Ng Ka Chung Simon and Ms. Leung Po Ying Iris as independent non-executive directors.*