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珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

珠光控股集團有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 1176)

**ISSUE OF SENIOR NOTES AND WARRANTS UNDER GENERAL MANDATE
AND
DISCLOSURE PURSUANT TO RULES 13.17 AND 13.18
OF THE LISTING RULES**

Placing Agent



This announcement is made by the Company pursuant to Rule 13.09(2)(a), Rule 13.17 and Rule 13.18 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

ISSUE OF SENIOR NOTES AND WARRANTS

The Company wishes to announce that after trading hours on 20 June 2014, the Company, the Controlling Shareholder, the Ultimate Shareholders, Blooming Rose, Design Time and Wise Sharp entered into a conditional Note Purchase Agreement, pursuant to which the Company has agreed to issue to the Investors under two tranches, the Senior Notes of an aggregate principal amount of up to US\$350,000,000 (equivalent to HK\$2,730,000,000). The Senior Notes will at least rank pari passu with all other present and future direct, unconditional, unsubordinated and secured obligations of the Company.

* For identification purposes only

In consideration of the purchase of the Senior Notes by the Investors and the entering into of other transactions contemplated under the relevant transaction documents by such Investors, the Company, pursuant to the General Mandate, will issue Warrants to such Investors under two tranches, representing an aggregate amount of the exercise moneys of up to US\$70,000,000 (equivalent to HK\$546,000,000). The Warrants will entitle the holders thereof to subscribe for Shares at an initial Strike Price of HK\$2.3778 per Warrant Share up to the aggregate amount of the exercise moneys.

A summary of the principal terms and conditions of the Senior Notes and the Warrants are set out in this announcement below.

The Warrants and the Warrant Shares will be issued pursuant to the General Mandate. The maximum number of new Shares which can be issued under the General Mandate is 847,573,680 Shares. As at the date of this announcement, save for the proposed issue of the Warrant Shares upon exercise of the Subscription Rights, the Company has not utilised the General Mandate.

As such, the creation and issue of the Warrants and the issue of the Warrant Shares upon the exercise of the Subscription Rights will not be subject to any additional Shareholders' approval.

LISTING RULES IMPLICATIONS

Pursuant to the Note Purchase Agreement, the Controlling Shareholder and the Personal Guarantors, is a connected person of the Company, is required to provide collateral security for the issue of the Senior Notes and the continuing terms of the Senior Notes, the provision of such collateral security (and thus financial assistance) by such connected persons of the Company constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that no security over the assets of the Group is granted to the Controlling Shareholder and the Personal Guarantors in respect of the grant of the financial assistance by them to secure the Company's obligations under the Note Purchase Agreement and such grant of financial assistance is for the benefit of the Company on normal commercial terms (or better to the Company), such grant of financial assistance is exempt from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules under Rule 14A.65 of the Listing Rules.

On or before the First Closing Date and Second Closing Date, pursuant to the Note Purchase Agreement the Controlling Shareholder will enter into Listco Share Charge 1 and Listco Share Charge 2, whereby the Controlling Shareholder will charge by, way of a first charge, a certain number of Shares respectively, in favour of the Security Agent for the interest of the Noteholders. The charge of Shares requires disclosure pursuant to Rule 13.17 of the Listing Rules. Please refer to the paragraph headed "The Note Purchase Agreement — The Senior Notes — Security" in this announcement for further details.

The conditions of the Notes also contain certain specific performance obligations on the Controlling Shareholder and Ultimate Shareholders, which require disclosure pursuant to Rule 13.18 of the Listing Rules. Please refer to the paragraph headed "The Note Purchase Agreement — The Senior Notes — Specific Performance Obligations of the Controlling Shareholder" in this announcement for further details.

After trading hours on 20 June 2014, the Company, the Controlling Shareholder, the Ultimate Shareholders and Blooming Rose, Design Time and Wise Sharp entered into the Note Purchase Agreement, pursuant to which the Company has agreed, conditionally, to issue to the Investors under two tranches, the Senior Notes of an aggregate principal amount of up to US\$350,000,000 (equivalent to HK\$2,730,000,000). In consideration of the purchase of the Senior Notes by the Investors and the entering into other transactions contemplated under the relevant transaction documents by such Investors, the Company, pursuant to the General Mandate, will issue Warrants to such Investors under two tranches, representing an aggregate amount of the exercise moneys of up to US\$70,000,000 (equivalent to HK\$546,000,000).

Details of the Senior Notes and the Warrants are set out below:

THE NOTE PURCHASE AGREEMENT

Date

20 June 2014

Parties

- (i) Issuer : The Company
- (ii) Controlling Shareholder : Rong De, which is principally engaged in investment holding.
- (iii) Investors : Blooming Rose, Design Time and Wise Sharp

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Investors under the Note Purchase Agreement and its ultimate beneficial owners are Independent Third Parties and are principally engaged in investment holdings.

- (iv) Ultimate Shareholders :
 - (1) Mr. Chu Hing Tsung, the chairman of the Board, an executive Director, the chief executive officer, and the beneficial owner of 34.06% equity interest in the Controlling Shareholder as at the date of the Note Purchase Agreement
 - (2) Mr. Liao Tengjia, an executive Director and the beneficial owner of 36.00% equity interest in the Controlling Shareholder as at the date of the Note Purchase Agreement
 - (3) Mr. Chu Muk Chi, an executive Director and the beneficial owner of 29.94% equity interest in the Controlling Shareholder as at the date of the Note Purchase Agreement

Subject matter

Pursuant to the Note Purchase Agreement, the Company shall issue to the Investors under two tranches: (i) the Senior Notes in the aggregate principal amount of up to US\$350,000,000 (equivalent to HK\$2,730,000,000); and (ii) the Warrants in the aggregate exercise moneys of up to US\$70,000,000 (equivalent to HK\$546,000,000). The Investors' obligations to purchase the Senior Notes are several.

The Senior Notes

The principal terms of the Senior Notes are arrived at after arm's length negotiations between the First Investors and the Company, and are summarised as follows:

- Principal amount, First Tranche Investors and Second Tranche Investors : Up to US\$350,000,000 (equivalent to HK\$2,730,000,000).
- The Company shall issue to the First Tranche Investors, and the First Tranche Investors shall purchase the First Tranche Notes in the aggregate amount of US\$100,000,000 (equivalent to HK\$780,000,000) on the First Closing Date.
- Subject to the First Closing being completed, the Company may issue the Second Tranche Notes in the aggregate amount of up to US\$250,000,000 (equivalent to HK\$1,950,000,000) to the Second Tranche Investors, on the Second Closing Date.
- The consummation of the issue and purchase of the Senior Notes and issue of the Warrants to the Investors shall be conducted by the exchange of signed copies of relevant documents on a date no later than five (5) Business Days after the fulfilment or waiver of the conditions to each Closing.
- Maturity Date : The day falling 36 months after the issue date of the Senior Notes, on which the outstanding principal amount payable under the Senior Notes becomes due and payable (subject to early repayment in the event of an occurrence of an event of default).
- Interest Rate : The Company shall pay interest on the outstanding principal amount of the Senior Notes at the rate of 11.8% per annum, in cash, on the last day of (i) the three-month period commencing on (and including) the issue date of the Senior Notes, and (ii) each successive three-month period with the last three-month period ending on (and including) the Maturity Date.
- Ranking : The Senior Notes constitute direct, unconditional, unsubordinated, secured and guaranteed obligations of the Company and rank equally without any preference amongst themselves; the payment obligations of the Company under the Senior Notes will rank at least pari passu with all other present and future direct, unconditional, unsubordinated and secured obligations of the Company.
- Security : As security for the Senior Notes, the following security will be created in favour of the Security Agent (on behalf of the Noteholders):
- (i) the Listco Share Charge 1 to be executed at First Closing by the Controlling Shareholder, in respect of a certain number of Shares beneficially owned by the Controlling Shareholder;

- (ii) the Listco Share Charge 2 to be executed at Second Closing by the Controlling Shareholder, in respect of a certain number of Shares beneficially owned by the Controlling Shareholder;
- (iii) the Subsidiary Share Charge 1 and the Subsidiary Share Charge 3 to be executed at the First Closing by South Trend in respect of one-hundred percent (100%) of the issued ordinary shares held in Polyhero, and fifty percent (50%) of the issued ordinary shares held in Joygain;
- (iv) the Subsidiary Share Charge 2 to be executed at the Second Closing by Li Yang in respect of one-hundred percent (100%) of the issued ordinary shares held in Sino Mark;
- (v) the Replacement Subsidiary Share Charge 3 to be executed at the Second Closing by Joygain in respect of one-hundred percent (100%) of the entire issued share capital of Ocean Leader;
- (vi) the Personal Guarantees to be executed by each of the Personal Guarantors to guarantee the performance of the obligations of the Obligor; and
- (vii) the Corporate Guarantees to be executed by each of the Corporate Guarantors to guarantee the performance of the obligations of the Obligor.

Transfer : The Senior Notes are freely transferrable (in whole or in part) by the Noteholders to any Person subject to compliance with all applicable Law, and any transfer of the Notes may be in respect of the whole or any part (in multiples of US\$1,000,000) of the outstanding principal amount of the Senior Notes. No consent of the Issuer is required for any transfer of the Senior Notes to any Person, provided that no transfer shall be made to a connected person of the Issuer.

Events of Default : Each Noteholder is entitled to require the Senior Notes registered in its name to be redeemed at the EOD Redemption Amount referred to below upon occurrence of any event of default. The events of default shall include but are not limited to:

- (i) any failure by the Company to pay the principal, and/or any interest due and payable on any Senior Notes or any other amount due and payable under any Senior Notes on its due date;
- (ii) the Ultimate Shareholders ceasing to (a) control the Company; or (b) effectively and beneficially own in aggregate at least 51% of the total issued share capital of the Company on a fully-diluted basis;

- (iii) the Ultimate Shareholders ceasing to (a) control the Controlling Shareholder; or (b) legally and beneficially own in aggregate at least 70% of the total issued share capital of the Controlling Shareholder on a fully diluted basis;
- (iv) the Controlling Shareholder ceasing to beneficially own at least 2,000,000,000 Shares;
- (v) the Controlling Shareholder ceasing to (a) control the Company; or (b) beneficially own at least 51% of the total issued share capital of the Company on a fully-diluted basis;
- (vi) any representation, warranty, certification or statement made by or on behalf of the Company or any other Warrantor under any of the transaction documents being incorrect, misleading or false;
- (vii) the Company ceasing to be listed on the Stock Exchange;
- (viii) any of the Ultimate Shareholders ceasing to be a Director;
- (ix) the Company's failure to acquire one-hundred percent (100%) of the outstanding share capital in Li Yang from Mr. Chu Hing Tsung and Mr. Chu Muk Chi, which is directly or indirectly entitled to seventy-five percent (75%) of the distributable interests in a real estate development project known as Project Huaxi located in the Guangdong Province, PRC;
- (x) the relevant Subsidiary Chargor's failure to execute the Subsidiary Share Charge 2 immediately after the completion of the acquisition described in paragraph (ix) above ; and
- (xi) the Company's failure to complete the New Issuance and/or the Controlling Shareholder's failure to execute Listco Share Charge 2 on or before the Second Closing Long-Stop Date.

EOD Redemption Amount : The amount payable by the Company to the Noteholder in respect of the outstanding principal amount of the Senior Notes on the date of such early redemption due to the occurrence of any event of default, being the aggregate of:

- (i) the Base Redemption Amount;
- (ii) interest accrued and outstanding;

- (iii) an amount equal to an IRR of 25% per annum on the Base Redemption Amount, calculated from the issue date of the Senior Notes to the date of such redemption, taking into account:
 - (a) all interest paid on the Senior Notes prior to or on the date of such redemption; and
 - (b) any warrants return (which is calculated in accordance with a formula specified in the terms and conditions of the Senior Notes) with respect to the Warrants exercised by such Noteholder prior to or on the date of such redemption; and
- (iv) any other payment accrued and outstanding to the Noteholder.

Conditions Precedent : The creation and issue of the First Tranche Notes are conditional upon the satisfaction of various conditions precedent on or before the First Closing Long-Stop Date, which include, amongst other conditions:

- (i) the First Tranche Investors being satisfied that the Company has obtained all necessary consent or waiver in writing from the 2013 Investors as required under the 2013 Investment Documents in respect of the Company entering into the Note Purchase Agreement and the performance of the transactions contemplated under the Note Purchase Agreement;
- (ii) the Company having delivered to each of the First Tranche Investors a certified true copy of the approval of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares;
- (iii) the current listing of the Shares on the Stock Exchange shall not have been cancelled or withdrawn, the Shares shall have continued to be traded on the Stock Exchange at all times from the date of the Note Purchase Agreement to and including the First Closing Date (save for any temporary suspension for not more than three (3) consecutive Business Days or pending clearance of any announcement(s) to be published by the Company under the Listing Rules regarding the transactions contemplated by the transaction documents);
- (iv) all requirements, if imposed by the Stock Exchange, in connection with the contemplated transactions under the Note Purchase Agreement and other transaction documents, having been complied with in full;

- (v) the warranties of the Warrantors being true, correct, accurate, complete and not misleading when made, and continuing to be true, correct, accurate, complete and not misleading up to the First Closing Date with the same force and effect as if they had been repeated throughout the period between the signing hereof of the Note Purchase Agreement and the First Closing Date and on and as of the First Closing Date, or as of another date if any representations and warranties are made with respect to such other date;
- (vi) the First Tranche Investors having been satisfied with the results of its commercial, financial and legal due diligence on the Group;
- (vii) all conditions precedent under the other transaction documents having been complied with in full; and
- (viii) the Controlling Shareholder having duly executed Listco Share Charge 1 and delivered to the Security Agent any documents required under Listco Share Charge 1.

In the event that the conditions precedent are not fulfilled or waived on or before the First Closing Long-Stop Date (or such other date as agreed by the Company and the First Tranche Investors), the First Tranche Investors may, amongst other rights, terminate the Note Purchase Agreement.

Additional conditions precedent specifically in relation to the creation and issue of the Second Tranche Notes on or before the Second Closing Long-Stop Date include:

- (i) the Company's acquisition of Project Huaxi;
- (ii) the relevant Subsidiary Chargors having duly executed the Subsidiary Share Charge 2 and delivered to the Security Agent any documents required under the Subsidiary Share Charge 2;
- (iii) the Company having completed the New Issuance;
- (iv) the Controlling Shareholder having duly executed the Listco Share Charge 2 and delivered to the Security Agent any documents required under Listco Share Charge 2;
- (v) the acquisition by South Trend of the other fifty percent (50%) outstanding issued share capital in Joygain not currently held by it on or before the earlier of 31 December 2014 and the Second Closing;

- (vi) the execution of (i) the Corporate Guarantee between Ocean Leader and the Security Agent; and (ii) the Replacement Subsidiary Share Charge 3 between Joygain and the Security Agent; and
- (vii) the First Closing having taken place.

- Specific Performance Obligations of the Controlling Shareholder and Ultimate Shareholders :
- It is an event of default under the conditions of the Notes, if, among others:
 - (i) the Controlling Shareholder ceases to beneficially own at least 2,000,000,000 Shares;
 - (ii) the Controlling Shareholder ceases to (a) control the Company; or (b) beneficially own at least 51% of the total issued share capital of the Company on a fully diluted basis;
 - (iii) the Ultimate Shareholders ceasing to (a) control the Company; or (b) beneficially own in aggregate at least 51% of the total issued share capital of the Company on a fully diluted basis;
 - (iv) the Ultimate Shareholders ceasing to (a) control the Controlling Shareholder; or (b) legally and beneficially own in aggregate at least 70% of the total issued share capital of the Controlling Shareholder on a fully diluted basis; and
 - (v) any of the Ultimate Shareholders ceases to be a Director.

Upon the occurrence of an event of default, the Senior Notes shall become immediately due and repayable in accordance with the conditions of the Senior Notes.

- Closing :
- The consummation of the issue and purchase of the First Tranche Notes and Second Tranche Notes respectively shall be conducted on a date no later than five (5) Business Days after the fulfilment or waiver, by such Investor (as the case may be) of the relevant conditions precedents as set out above.

- Use of Proceeds :
- As stipulated in the Note Purchase Agreement, the Company shall use the proceeds from the issue of the Senior Notes for funding real estate development projects acquisition and development by the Group including, paying construction costs of the following projects: (i) Yujing Scenic Garden; (ii) Central Park; (iii) Zhukong International Centre; and (iv) Pearl Yuling Lake and possible acquisitions within Guangdong Province, PRC, and the remaining for general working capital of the Group.

The Warrants

As part and parcel of the issue of the Senior Notes, the Warrants will be issued to the Investors at the Closing representing an amount of exercise moneys as set out below:

First Closing

Investors	Amount of exercise moneys
First Tranche Investors:	US\$20,000,000 (equivalent to HK\$156,000,000)
(i) Blooming Rose;	
(ii) Design Time; and	
(iii) Wise Sharp	

Second Closing

Investors	Amount of exercise moneys
Second Tranche Investors:	up to US\$50,000,000 (equivalent to HK\$390,000,000)

At the Second Closing, subject to the First Closing having taken place, the Company may: (a) sell the Second Tranche Notes in an aggregate amount of up to US\$250,000,000 (equivalent to HK\$1,950,000,000); and (b) issue the Second Tranche Warrants representing an aggregate amount of exercise moneys of up to US\$50,000,000 (equivalent to HK\$390,000,000) to the Second Tranche Investors, subject to the satisfaction of various conditions precedent on or before the Second Closing Long-Stop Date.

No additional monetary consideration is required to be paid by the Investors to the Company for the issue of the Warrants.

The principal terms of the Warrants were arrived at after arm's length negotiations between the First Tranche Investors and the Company, and are summarised as follows:

Exercise Period	:	The period commencing on the date of the issue of the Warrants and ending at 5:00 p.m. (Hong Kong time) on the Termination Date.
Termination Date	:	The earliest of (i) the date on which all Subscription Rights in respect of such Warrant have been exercised in full; (ii) the De-listing Early Redemption Date; and (iii) the date falling 36 months from the issue date of such Warrant.
Strike Price	:	HK\$2.3778 (subject to adjustment) per Warrant Share, being 110% of the weighted average closing price of the Shares for the 20 consecutive Trading Days prior to the date of the issue of the Warrants.

The Warrantholders are entitled to subscribe for the Warrant Shares of up to an aggregate amount of US\$70,000,000 (equivalent to HK\$546,000,000) at the Strike Price.

The initial Strike Price of HK\$2.3778 per Warrant Share represents:

- (i) a premium of approximately 17.13% over the closing price per Share of HK\$2.030 as quoted on the Stock Exchange on 20 June 2014, being the date of the Note Purchase Agreement;
- (ii) a premium of approximately 13.01% over the average of the closing prices of the Shares as quoted on the Stock Exchange during the 5-Trading Day period ended on 20 June 2014, being HK\$2.104 per Shares; and
- (iii) a premium of approximately 8.48% over the average of the closing prices of the Shares as quoted on the Stock Exchange during the 10-Trading Day period ended on 20 June 2014, being HK\$2.192 per Share.

The net issue price, after deduction of the relevant expenses, is approximately HK\$2.3778 per Warrant Share.

Proceeds : The subscription money payable by a Warrantholder, upon the exercise of the Subscription Rights, may be satisfied in the following manner at the Warrantholder's election:

- (i) by setting off the outstanding principal amount of any Senior Notes held by such Warrantholder in its capacity as Noteholder against the exercise moneys equal to the aggregate subscription price, or
- (ii) (to the extent that the total outstanding principal amount of any Senior Notes held by such Warrantholder is less than the amount required to be set off against the exercise moneys equal to the aggregate subscription price) by setting off against the due and unpaid interest accrued and outstanding to such Warrantholder in its capacity as Noteholder, or
- (iii) by payment in cash to such bank account as designated by the Company as notified in writing to the warrantholder (3) Business Days in advance, or
- (iv) by a combination of payment in cash and by way of set-off as set forth in the foregoing (i) and (ii), or
- (v) by such other method of payment as the Company and such Warrantholder may reasonably agree.

Assuming all subscription moneys of the Subscription Rights will be settled by the Warrantholders to the Company in cash, the Company will receive gross proceeds of approximately HK\$546 million in this regard. In case the Company receives any additional proceeds from the Warrantholders upon the exercise of the Warrants, such proceeds will be applied towards the general working capital of the Company.

- Adjustment to Strike Price : The Strike Price shall be adjusted as set out in the terms and conditions of the Warrants if and whenever:
- (i) the Shares, by reason of any consolidation or sub-division, become of a different nominal amount;
 - (ii) the Company issues any Shares credited as fully paid by way of capitalisation of profits or reserves;
 - (iii) the Company makes any distributions in cash or specie to Shareholders (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (iv) the Company offers to Shareholders new Shares for subscription by way of rights, or grants to Shareholders any rights to subscribe for new Shares, at a price per new Share which is less than ninety-five percent (95%) of the Market Price at the date of the announcement of the terms of the offer or grant;
 - (v) the Company or any other company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights to acquire or subscribe for new Shares and the total effective consideration per new Share initially receivable for such securities is less than ninety-five percent (95%) of the Market Price at the date of the announcement of the terms of issue of such securities;
 - (vi) the Company issues wholly for cash any new Shares (other than pursuant to a rights issue) at a price per Share which is less than ninety-five percent (95%) of the Market Price at the date of the announcement of the terms of such issue;
 - (vii) the Company purchases any Shares or securities convertible into Shares or any rights to acquire Shares and the Directors cancel such Shares, securities convertible into Shares or rights to acquire Shares; and

(viii) the Company issues any Shares for the acquisition of any asset at the total effective consideration (i.e. consideration being paid for such new Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof) per new Share which is less than ninety-five percent (95%) of the Market Price at the date of the announcement of the terms of such issue.

No adjustment to the Strike Price shall be made to (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into or exchangeable for Shares or upon exercise of any rights to acquire or subscribe for Shares provided that an adjustment has been made in respect of the issue of such securities or granting of such rights (as the case may be); (ii) any issue of Shares pursuant to the exercise of the Subscription Rights; and (iii) the grant of any option or Shares under the Share Incentive Scheme or an issue of Shares pursuant to the exercise of the said option(s).

No adjustment to the Strike Price shall be made if such adjustment will result in issuing a Warrant Share at a discount to the then par value of a Share and the adjusted Strike Price shall then be set at the then par value of a Share.

- Warrant Shares : As at the date of this announcement, the Company has a total of 4,237,868,402 Shares in issue. Assuming Warrants representing exercise moneys of US\$70,000,000 (equivalent to HK\$546,000,000) are issued, the Subscription Rights attaching to the Warrants, if exercised in full, will entitle the holders thereof to subscribe up to 229,624,022 Shares (if an aggregate nominal value of HK\$22,962,402) at the initial Strike Price of HK\$2.3778 per Warrant Share. Such Shares represent approximately 5.42% of the Shares in issue as at the date of this announcement. Assuming there is no change in the issued share capital of the Company from the date of this announcement to the exercise of the Subscription Rights in full, such 229,624,022 Warrant Shares represent approximately 5.14% of the issued share capital as enlarged by the issue of such Warrant Shares.
- Ranking : The Warrant Shares, when allotted and issued, will rank pari passu with the existing issued Shares as at the date of allotment.
- Listing : The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares. No application for the listing of the Warrants has been or will be made.

Transfer : The Warrants are freely transferable to any Person in whole or in part (in multiples of US\$1,000,000) of the total exercise moneys, and no consent of the Company is required for any transfer of the Warrants to any Person, provided that no transfers shall be made to a connected person of the Company.

The Strike Price set out above was determined based on the arm's length negotiations between the Company and the First Tranche Investors, taking into account the recent trading prices of the Shares. The Directors consider that the terms of the Senior Notes and the Warrants (including the Strike Price (and the mechanism for determining the Strike Price)) are on normal commercial terms and are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

GENERAL MANDATE TO ISSUE THE WARRANT SHARES

The Warrant Shares will be issued pursuant to the General Mandate. The maximum number of new Shares which can be issued under the General Mandate is 847,573,680 Shares. As at the date of this announcement, save for the proposed issue of the Warrant Shares upon exercise of the Subscription Rights, the Company has not utilised the General Mandate.

As such, the creation and issue of the Warrants and the issue of the Warrant Shares upon the exercise of the Subscription Rights will not be subject to any additional Shareholders' approval.

REASONS FOR THE ISSUE OF SENIOR NOTES AND WARRANTS

The Group is principally engaged in property development, property investment and property rental activities in the PRC.

The Board considers that the issue of Senior Notes and Warrants represents an opportunity to raise additional funds for (i) the Company's general working capital; and (ii) for the acquisition and development of real estate development projects by the Group in the PRC.

INFORMATION ON THE GROUP

The Group focuses on property development and sales business, and property investments business in the PRC, and has been continuously enhancing its presence in Guangzhou and in other nearby cities. During the year ended 31 December 2013, the Group's total contracted sales in relation to the property development and sales segment amounted to approximately HK\$1,599,587,000 and contracted gross floor area amounted to approximately 125,526 square metres. In relation to the property investments segment, the Group will continue to maintain a certain portion of investment properties in order to keep a steady income stream to the Group.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Pursuant to the note purchase agreement dated 22 July 2013, the Company issued to the 2013 Investors senior notes of an aggregate principal amount of up to US\$200,000,000. In consideration of the purchase of the senior notes by the 2013 Investors and the entering into the 2013 Investment Documents, the Company issued to the 2013 Investors warrants representing an aggregate amount of the exercise moneys of up to US\$40,000,000, which entitled the warrant holders to subscribe for Shares at an initial strike price of HK\$2.2691 per warrant share up to the aggregate amount of the exercise moneys.

Other than as disclosed above, the Company has not conducted any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 4,237,868,402 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the Subscription Rights (assuming that (a) Warrants representing exercise moneys of US\$70,000,000 (equivalent to HK\$546,000,000) will be issued; (b) there will be no further changes in the issued share capital of the Company prior to such exercise and (c) there will be no adjustment to the Strike Price) are as follows:

	As at		Immediately after the full exercise of	
	the date of this announcement		the Subscription Rights assuming	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Rong De (<i>Note</i>)	2,470,018,000	56.76	2,470,018,000	53.92
Warrantholders	113,437,046	2.61	343,061,068	7.49
Public Shareholders	1,767,850,402	40.63	1,767,850,402	38.59
Total	<u>4,351,305,448</u>	<u>100</u>	<u>4,580,929,470</u>	<u>100</u>

Note: Rong De is beneficially owned as to 34.06% by Mr. Chu Hing Tsung, 36.00% by Mr. Liao Tengjia and 29.94% by Mr. Chu Muk Chi, each being an executive Director.

LISTING RULES IMPLICATIONS

Pursuant to the Note Purchase Agreement, the Controlling Shareholder and the Personal Guarantors, is a connected person of the Company, is required to provide collateral security for the issue of the Senior Notes and the continuing terms of the Senior Notes, the provision of such collateral security (and thus financial assistance) by such connected persons of the Company constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that no security over the assets of the Group is granted to the Controlling Shareholder and the Personal Guarantors in respect of the grant of the financial assistance by them to secure the Company's obligations under the Note Purchase Agreement and such grant of financial assistance is for the benefit of the Company on normal commercial terms (or better to the Company), such grant of financial assistance is exempt from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules under Rule 14A.65 of the Listing Rules.

On or before the First Closing Date and Second Closing Date, the Controlling Shareholder will, pursuant to the Note Purchase Agreement, enter into Listco Share Charge 1 and Listco Share Charge 2, whereby the Controlling Shareholder will charge by way of a first charge, a certain number of Shares respectively, in favour of the Security Agent for the interest of the Noteholders. The charge of Shares by the Controlling Shareholder as stated above requires disclosure pursuant to Rule 13.17 of the Listing Rules. Please refer to the paragraph headed “The Note Purchase Agreement — The Senior Notes — Security” in this announcement for further details.

The conditions of the Notes also contain certain specific performance obligations on the Controlling Shareholder and Ultimate Shareholders, which requires disclosure pursuant to Rule 13.18 of the Listing Rules. Please refer to the paragraph headed “The Note Purchase Agreement — The Senior Notes — Specific Performance Obligations of the Controlling Shareholder” in this announcement for further details.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2013 Investment Documents”	means the note purchase agreement dated 22 July 2013 (as amended from time to time) entered into between the Company, the Controlling Shareholder, the Ultimate Shareholders, Design Time Limited, Mile Rise Holdings Limited and Bright Creation Investment Ltd. and other transaction documents entered into in relation thereto
“2013 Investors”	means the investors that currently hold notes issued by the Company pursuant to the 2013 Investment Documents.
“Base Redemption Amount”	means an amount equal to 100% of the principal amount stated in the certificate of the Senior Notes
“Blooming Rose”	means Blooming Rose Enterprises Corp., a company incorporated in BVI, being one of the First Tranche Investors
“Board”	means the board of Directors
“Business Day”	means a day on which commercial banks in Hong Kong are generally open for business other than Saturday and Sunday or a public holiday, or a day on which commercial banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong
“Closing”	means either the First Closing or the Second Closing
“Closing Date”	means either the First Closing Date or the Second Closing Date

“Company” or “Issuer”	refers to Zhuguang Holdings Group Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder” or “Rong De”	means to Rong De Investments Limited, a company incorporated in BVI, being the controlling shareholder of the Company
“Corporate Guarantee”	means the deed of guarantee to be entered into between the Security Agent (for itself and on behalf of the other Investors) and each Corporate Guarantor, and “ Corporate Guarantees ” shall be construed accordingly
“Corporate Guarantors”	means: <ul style="list-style-type: none"> (i) Rong De; (ii) South Trend; (iii) Polyhero; (iv) Sino Mark; and (v) Ocean Leader, and each a “ Corporate Guarantor ”
“De-listing Early Redemption Date”	means the date on which all the outstanding Senior Notes are redeemed from the Noteholders pursuant to the terms and conditions of the Senior Notes upon the occurrence of any of the event of default
“Design Time”	means Design Time Limited, a company incorporated in BVI, being one of the First Tranche Investors
“Director(s)”	means the director(s) of the Company
“EOD Redemption Amount”	means the amounts payable by the Company to the Noteholder in respect of the outstanding principal amount of the Senior Notes on the date of such redemption upon early redemption of the Senior Notes due to occurrence of any event of default on the date of such redemption
“First Closing”	means the consummation of the issue and purchase of the First Tranche Notes and the issue of the First Tranche Warrants to each Investor
“First Closing Date”	means the date on which the First Closing occurs
“First Closing Long-Stop Date”	means 31 July 2014, being the latest date on which the Warrantors shall have fulfilled all of the conditions precedent in relation to the First Closing in accordance with the Note Purchase Agreement

“First Tranche Investors”	means Blooming Rose, Design Time and Wise Sharp, and “ First Tranche Investor ” means any of them
“First Tranche Notes”	means senior secured guaranteed notes of an aggregate amount of US\$100,000,000 (equivalent to HK\$780,000,000) to be issued by the Company to the Investors at the First Closing
“First Tranche Warrants”	means Warrants to be issued by the Company to the Investors representing exercise moneys of US\$20,000,000 (equivalent to HK\$156,000,000) at the First Closing
“General Mandate”	means the general mandate granted to the Directors by the Shareholders at its special general meeting held on 7 March 2014 in the terms of the ordinary resolution set out in the notice of special general meeting of the Company dated 18 February 2014
“Group”	means to the Company and each of its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	means third parties independent of the Company and connected persons of the Company and an “Independent Third Party” shall be construed accordingly
“IRR”	means an annual compounded, cumulative internal rate of return that produces a net present value of all cash flows (positive and negative) from an investment equal to zero
“Investors”	means the First Tranche Investors and Second Tranche Investors, and each an “ Investor ”
“Joygain”	means Joygain Holdings Limited (樂得控股有限公司), a company incorporated in the BVI and a subsidiary of the Company
“Listco Share Charges”	means Listco Share Charge 1 and Listco Share Charge 2
“Listco Share Charge 1”	means the share charge (by way of first fixed charge) to be entered into between the Controlling Shareholder and the Security Agent on or before the First Closing Date, in respect of a certain number of Shares which shall be inserted at signing and shall be such number of Shares representing a valuation of US\$100 million x 1.5 divided by the average closing price of the Shares for the last 10 trading days before the signing date of the share charge

“Listco Share Charge 2”	means the share charge (by way of first fixed charge) to be entered into between the Controlling Shareholder and the Security Agent on or before the Second Closing Date, in respect of a certain number of Shares which shall be inserted at signing and shall be such number of Shares representing all the share issued as consideration for the acquisition of Project Huaxi provided such number of shares shall not be less than a valuation of the Second Tranche Notes Subscription Amount x 1.5 divided by the average closing price of the Shares for the last 10 trading days before the signing date of the share charge
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Li Yang”	means Li Yang Investments Limited (立揚投資有限公司), a company incorporated in the BVI
“Maturity Date”	means the day falling 36 months after the issue date of the Senior Notes, on which the outstanding principal amount payable under the Senior Notes become due and payable
“New Issuance”	means the issue of new Shares to the Controlling Shareholder as consideration for Mr. Chu Hing Tsung and Mr. Chu Muk Chi for transferring one hundred percent (100%) of the outstanding share capital in Li Yang to the Company
“Note Purchase Agreement”	means the note purchase agreement entered into between the Company, the Ultimate Shareholders and the Investors on 20 June 2014, pursuant to which the Company has conditionally agreed to issue to the Investors the Senior Notes in the aggregate principal amount of up to US\$350,000,000 (equivalent to HK\$2,730,000,000)
“Noteholder(s)”	means the holder of any amount of the Senior Notes from time to time
“Obligors”	means (i) the Company; (ii) the Controlling Shareholder; (iii) the Ultimate Shareholders; and (iv) the Subsidiary Chargors, and “Obligor” means any one of them
“Ocean Leader”	means Ocean Leader Investments Limited (海樂投資有限公司), a company incorporated in Hong Kong and a subsidiary of the Company and a wholly-owned subsidiary of Joygain
“Person”	means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity
“Personal Guarantee”	means the deed of guarantee entered into between the Security Agent (for itself and on behalf of the other Investors) and each Ultimate Shareholder, and “ Personal Guarantees ” shall be construed accordingly

“Personal Guarantors”	means collectively, Mr. Liao Tengjia, Mr. Chu Hing Tsung, and Mr. Chu Muk Chi, and each a “ Personal Guarantor ”
“Polyhero”	means Polyhero International Limited (寶豪國際有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“PRC”	means the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Project Huaxi”	means the Company’s acquisition from Chu Hing Tsung and Chu Muk Chi, each an Ultimate Shareholder, of 100% of the shares of Li Yang Investments Limited, which is directly or indirectly entitled to 75% of the distributable interests in a real estate development project located at Huangsha Main Road, Li Wan District, Guangzhou City, Guangdong Province, PRC, as contemplated in the announcements of the Company dated 2 April 2014, 18 October 2013, 23 August 2013 and 23 February 2013.
“Replacement Subsidiary Share Charge 3”	means the share charge to be entered into between Joygain and the Security Agent on or prior to the Second Closing Date in respect of the entire issued share capital of Ocean Leader
“Second Closing”	means the consummation of the issue and purchase of the Second Tranche Notes and the issue of the Second Tranche Warrants to each Investor
“Second Closing Date”	means the date on which the Second Closing occurs
“Second Closing Long-Stop Date”	means 31 December 2014, being the latest date on which the Warrantors shall have fulfilled all of the conditions precedent in relation to the Second Closing in accordance with the Note Purchase Agreement
“Second Tranche Investors”	means such Investors being persons who are not connected persons of the Company (as defined under the Listing Rules) as identified by the Company which will purchase the Second Tranche Notes of the Company at the Second Tranche Closing, subject to satisfaction of various conditions precedent on or before the Second Closing Long-Stop Date
“Second Tranche Notes”	means senior secured guaranteed notes of an aggregate amount of US\$250,000,000 (equivalent to HK\$1,950,000,000) to be issued by the Company to the Second Tranche Investors at the Second Closing
“Second Tranche Warrants”	means Warrants to be issued by the Company to the Second Tranche Investors representing exercise moneys of US\$50,000,000 (equivalent to HK\$390,000,000) at the Second Closing

“Security Agent”	means The Bank of New York Mellon, Hong Kong Branch, or its successor as appointed from time to time by the Investors in accordance with the terms of the transaction documents
“Senior Notes”	means the senior secured guaranteed notes to be issued by the Company in the aggregate principal amount of up to US\$350,000,000 (equivalent to HK\$2,730,000,000)
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time
“Share(s)”	means ordinary share of HK\$0.10 each in the issued share capital of the Company
“Share Incentive Scheme”	means any scheme approved in general meeting(s) by the Shareholders for the issue or grant to such eligible participants or their personal representatives of Shares or options to subscribe for Shares in accordance with the requirements of the Stock Exchange and the Listing Rules
“Shareholder(s)”	means holder(s) of the share(s) in the share capital of the Company
“Sino Mark”	means Sino Mark Investments Limited (華貿投資有限公司), a company incorporated in Hong Kong
“South Trend”	means South Trend Holdings Ltd. (南興控股有限公司), a company incorporated in the BVI
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Strike Price”	means the price payable for one Warrant Share upon exercise of the Subscription Rights conferred by a Warrant, which, subject to any adjustments, shall be HK\$2.3778
“Subscription Rights”	means the rights of the Warrantheolders represented by the Warrants to subscribe for Warrant Shares, and in relation to each Warrant, means the right of the relevant Warrantheolder to subscribe for Warrant Shares
“Subsidiary Share Charge 1”	means the share charge to be entered into between South Trend and the Security Agent on or prior to the First Closing Date in respect of all the ordinary shares held by South Trend in Polyhero
“Subsidiary Share Charge 2”	means the share charge to be entered into between Li Yang and the Security Agent on or prior to the Second Closing Date in respect of all of the ordinary shares held by Li Yang in Sino Mark

“Subsidiary Share Charge 3”	means the share charge to be entered into between South Trend and the Security Agent on or prior to the First Closing Date in respect of fifty percent (50%) of the entire issued share capital of Joygain
“Subsidiary Share Charges”	means the Subsidiary Share Charge 1, Subsidiary Share Charge 2, and Subsidiary Share Charge 3, and “ Subsidiary Share Charge ” means any of them
“Subsidiary Chargors”	means (i) South Trend Holdings Ltd; and (ii) Li Yang Investments Limited, each being a “ Subsidiary Chargor ”
“Termination Date”	means, with respect to each Warrant, the earliest of (i) the date on which all Subscription Rights in respect of such Warrant have been exercised in full; (ii) the De-listing Early Redemption Date; and (iii) the date falling 36 months from the issue date of such Warrant
“Trading Day”	means a day on which trading is conducted on the Stock Exchange in accordance with the Trading Rules of The Stock Exchange of Hong Kong Limited other than a day on which both the morning and the afternoon trading sessions or either of them is cancelled owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong
“Ultimate Shareholders”	means Mr. Chu Hing Tsung, Mr. Liao Tengjia and Mr. Chu Muk Chi, each being an executive Director, who, in aggregate, hold 100% equity interest in Rong De
“US\$”	means United States Dollars, the lawful currency of the United States of America
“Warrant Certificates”	means the certificates representing the Warrants together with the terms and conditions of the Warrants
“Warrant Instrument”	means the instrument constituting warrants to subscribe for Shares to be executed by the Company on or prior to the First Closing Date
“Warrant Shares”	means the shares of the Company issuable to the Warrantholders upon exercise of the Subscription Rights attaching to the Warrants
“Warrantholder”	means the person in whose name the Warrants are registered from time to time
“Warrantors”	means (i) the Company; (ii) Rong De; and (iii) the Ultimate Shareholders

“Warrants”	means the warrants to be created and issued by the Company to the Investors at the relevant Closings in accordance with the terms of the Note Purchase Agreement, the Warrant Instrument and other transaction documents
“Wise Sharp”	means Wise Sharp Investments Limited, a company incorporated in BVI, being one of the First Tranche Investors
“%”	means 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\$7.80 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 any amounts were or may have been exchanged at this or any other rates or all.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 22 June 2014

As at the date of this announcement, the Board comprises Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman and Chief Executive Officer), Mr. Chu Muk Chi (alias Mr. Zhu La Yi), Mr. Liao Tengjia and Mr. Huang Jia Jue as executive Directors, and Mr. Leung Wo Ping JP, Mr. Law Shu Sang Joseph and Mr. Wong Chi Keung as independent non-executive Directors.

The English name of the PRC entities mentioned in this announcement and marked with “” are translation from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*