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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 SPECIFIC MANDATE  
AND  
DISCLOSURE UNDER RULES 13.17 AND 13.18**

**ISSUE OF SENIOR NOTES AND WARRANTS**

The Company wishes to announce that after trading hours on 3 August 2016, the Company, Rong De, the Ultimate Shareholders and certain Investors entered into the Note Purchase Agreement, pursuant to which the Company has conditionally agreed to issue to the Investors, and the Investors have agreed to, severally and not jointly, purchase from the Company, the Senior Notes of an aggregate principal amount of up to US\$500,000,000 (equivalent to HK\$3,900,000,000) in three tranches. The Senior Notes rank at least *pari passu* with all other present and future direct, secured, unconditional and unsubordinated obligations, issued, created or assumed by the Company.

In consideration of the purchase of the Senior Notes by the Investors and the entering into other transactions contemplated under the Transaction Documents by such Investors, the Company, pursuant to the Specific Mandate, will issue the Warrants to the Investors, representing an aggregate exercise moneys of up to US\$75,000,000 (equivalent to HK\$585,000,000). The Warrants will entitle the holders thereof to subscribe for Shares at an initial Strike Price of HK\$1.9995 per Warrant Share up to such aggregate exercise moneys.

\* For identification purpose only

The Warrant Shares will be issued under the Specific Mandate to be sought at the SGM. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares to be allotted and issued upon the exercise of the Subscription Rights.

Assuming Warrants representing exercise moneys of US\$75,000,000 (equivalent to HK\$585,000,000) are issued, the Subscription Rights attaching to the Warrants, if exercised in full, will entitle the holders thereof to subscribe for up to 292,573,143 Shares (of an aggregate nominal value of HK\$29,257,314.30) at the initial Strike Price of HK\$1.9995. Such Shares represent approximately 6.07% 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 292,573,143 Warrant Shares represent approximately 5.72% of the issued share capital as enlarged by the issue of such Warrant Shares.

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

#### **LISTING RULES IMPLICATIONS**

Pursuant to the Note Purchase Agreement, the Controlling Shareholder and the Ultimate Shareholders, each being a connected person of the Company, are 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 Ultimate Shareholders 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 fully exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules under Rule 14A.90 of the Listing Rules.

On the First Closing Date, pursuant to the Note Purchase Agreement, the Controlling Shareholder will enter into Listco Share Charge, whereby the Controlling Shareholder's interest in certain number of Shares in the Listco Shares Account will be charged, way of a first fixed charge, in favour of the Security Agent for the interest of the Noteholders. Such charge of Shares is discloseable 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 the Ultimate Shareholders, which are required to be disclosed 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 and the Ultimate Shareholders" in this announcement for further details.

## **GENERAL**

The SGM will be convened and held to consider and, if thought fit, pass the requisite resolution(s) to approve the Specific Mandate for the allotment and issue of the Warrant Shares.

A circular containing, among other things, (i) further details of the Warrants; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

After trading hours on 3 August 2016, the Company, Rong De, the Ultimate Shareholders and certain Investors entered into the Note Purchase Agreement, pursuant to which the Company has conditionally agreed to issue to the Investors, and the Investors have agreed to, severally and not jointly, purchase from the Company, the Senior Notes of an aggregate principal amount of up to US\$500,000,000 (equivalent to HK\$3,900,000,000). In consideration of the purchase of the Senior Notes by each Investor and the entering into other transactions contemplated under the Transaction Documents by such Investors, the Company, pursuant to the Specific Mandate, will issue Warrants to such Investors representing an aggregate amount of the exercise moneys of up to US\$75,000,000 (equivalent to HK\$585,000,000).

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

## **THE NOTE PURCHASE AGREEMENT**

Set out below are the major terms of the Note Purchase Agreement:

### **Date**

3 August 2016

### **Parties**

- |                               |                                                             |
|-------------------------------|-------------------------------------------------------------|
| (i) Issuer:                   | The Company                                                 |
| (ii) Controlling Shareholder: | Rong De, which is principally engaged in investment holding |

- (iii) Ultimate Shareholders:
- (1) Mr. Liao Tengjia, who is the chief executive officer of the Company and 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;
  - (2) Mr. Chu Hing Tsung, who is the chairman of the Board and an executive Director, and the beneficial owner of 34.06% equity interest in the Controlling Shareholder as at the date of the Note Purchase Agreement; and
  - (3) Mr. Chu Muk Chi, who is 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.
- (iv) Investors:
- (1) Blooming Rose and (2) Heroic Day, each in its capacity as a First Tranche Investor and Second Tranche Investor, and (3) SPDBI in its capacity as a First Tranche Investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Investors is principally engaged in investment holding and each of the Investors and its ultimate beneficial owner(s) is an Independent Third Party.

### **Subject matter**

Pursuant to the Note Purchase Agreement, the Company shall issue to the Investors: (i) the Senior Notes in the aggregate principal amount of up to US\$500,000,000 (equivalent to HK\$3,900,000,000); and (ii) the Warrants in the aggregate exercise moneys of up to US\$75,000,000 (equivalent to HK\$585,000,000). 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 Tranche Investors and the Company and are summarised as follows:

Principal amount, First Tranche Investors, Second Tranche Investors and the Third Tranche Investors:	<p>Up to US\$500,000,000 (equivalent to HK\$3,900,000,000).</p> <p>Subject to the conditions as set out in the paragraph headed “The Note Purchase Agreement — The Senior Note — Conditions precedent” below 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\$190,000,000 (equivalent to HK\$1,482,000,000) on the First Closing Date.</p> <p>Subject to, among other conditions, the First Closing being completed, the Company shall issue the Second Tranche Notes pursuant to the terms and conditions set out in the Deed of Adherence executed by the Second Tranche Investors in the aggregate amount of up to US\$220,000,000 (equivalent to HK\$1,716,000,000) to the Second Tranche Investors, on the Second Closing Date.</p> <p>Subject to, among other conditions, the First Closing and the Second Closing being completed, the Company may issue the Third Tranche Notes pursuant to the terms and conditions set out in the Deed of Adherence executed by the Third Tranche Investors in the aggregate amount of up to US\$90,000,000 (equivalent to HK\$702,000,000) to the Third Tranche Investors, on the Third Closing Date.</p>
Maturity Date:	<p>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, Set-off Event (as defined below) or redemption of the Senior Notes, in whole or in part, by the Company, in each case, pursuant to the terms and conditions attached to the Senior Notes).</p>

- Interest rate: The Company shall pay interest on the outstanding principal amount of the Senior Notes at the rate of 11% 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. The amount of interest due and payable on any Interest payment date shall be deposited into the Reserve Account at least fifteen (15) days before the relevant interest payment date.
- Ranking: The Senior Notes constitute direct, unconditional, secured, guaranteed, unsubordinated and general obligations of the Company and rank equally without any preference amongst themselves, and the payment obligations of the Company under the Senior Notes will (subject to any obligations preferred by mandatory provisions of Law) rank at least *pari passu* with all other present and future direct, unconditional, unsubordinated and secured obligations issued, created or assumed by the Company.
- Security: As security for the Senior Notes, the following security and guarantee will be created in favour of the Security Agent (for itself and on behalf of the Noteholders):
- (i) the Listco Share Charge to be executed by the Controlling Shareholder over its interest over a final balance of 2,542,000,000 Shares in the Listco Shares Account;
  - (ii) the Subsidiary Share Charges to be executed by each of the Subsidiary Chargors in respect of all the issued share capital of each of (a) Ai De; (b) Cheng Chang; (c) Profaith International; (d) Top Perfect; (e) Ever Crown; (f) East Orient; (g) Fully Wise; and (h) Vanco Investment, in each case, on or prior to the First Closing Date; and (i) Polyhero International; and (j) Top Asset, both on or prior to the Second Closing Date, held by such Subsidiary Chargor.
  - (iii) the Personal Guarantees to be executed by each of the Ultimate Shareholders (namely, Mr. Liao Tengjia, Mr. Chu Hing Tsung and Mr. Chu Muk Chi) to guarantee the performance of the obligations of the Obligors; and
  - (iv) the Corporate Guarantees to be executed by each of the Corporate Guarantors to guarantee the performance of the obligations of the Obligors.

Transfer: The Senior Notes are freely transferable in whole or in part (in multiples of US\$1,000,000) by the Noteholders to any Person subject to compliance with all applicable Law, provided that no transfer shall be made to a connected person of the Company.

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. Such events of default include:

- (i) any failure by the Company to pay the principal, and/or any interest due and payable on the Senior Notes or any other amount due and payable under the Senior Notes on their respective due dates;
- (ii) (a) any failure by the Company, for any reason, to issue Warrants on the date of the relevant Closing; or (b) any failure by the Shareholders to approve the allotment and issuance of all Warrant Shares under the Specific Mandate on or before 14 October 2016 or (c) if the Specific Mandate has been subsequently revoked;
- (iii) 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;
- (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;
- (v) the Controlling Shareholder ceasing to beneficially own at least 2,000,000,000 Shares;
- (vi) 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;
- (vii) the Company issues any notes or bonds or convertible notes or bonds or similar securities and the maturity date thereof is earlier than the Maturity Date of any Notes;

- (viii) any representation, warranty, certification or statement made by or on behalf of the Company or any other Obligor under any of the Transaction Documents being incorrect, misleading or false;
- (ix) the net asset value of the Company, as reasonably determined by the Noteholder(s) representing not less than 85% of the total principal amount of all the Notes outstanding at the relevant time, is less than HK\$2,500,000,000;
- (x) the trading in the Shares on the Stock Exchange is suspended for any reason other than pending release of announcement relating to any inside information under the Listing Rules or the SFO, any notifiable and/or connected transaction under Chapters 14 and/or 14A of the Listing Rules, and/or any announcement to be made pursuant to The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC;
- (xi) the Company submitting a notification to the Stock Exchange of its proposed cancellation of the admission of the Shares;
- (xii) the Shareholders approving a resolution to delist the Company from the Main Board of the Stock Exchange;
- (xiii) the Company ceasing to be listed on the Stock Exchange; and
- (xiv) any breach by the Company of its undertaking relating to the use of proceeds from the issue of the Senior Notes as specified in the Note Purchase Agreement.

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 occurrence of any event of default, being the aggregate of:

- (i) 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.

#### Set-off Event

Any Noteholder, who holds any Warrants and exercises any Subscription Rights attaching to such Warrants, shall have the right to set off in whole or in part the outstanding principal amount of the Senior Notes held by such Noteholder (“**Set-off Notes**”) in an amount equal to all or part of the subscription price payable for the Warrant Shares upon the exercise of the Subscription Rights attaching to such Warrants in accordance with the terms and conditions set forth in the Warrant Instrument (“**Set-off Event**”). The Set-off Notes shall be deemed to have been redeemed by the Issuer on the date on which payment is required to be made under the Warrant Instrument in relation to the exercise of such Subscription Rights. As the Set-off Event only relates to the principal amounts of the relevant Senior Notes outstanding, the Company shall be liable and pay to the Noteholder all interest accrued (but not paid) on the Set-off Notes up to and including the date on which the Set-off Notes are deemed to have been redeemed by the Issuer.

#### Voluntary Redemption

The Senior Notes may be redeemed in whole or in part by the Company at any time after six (6) months from the date of issue of the Senior Notes and from time to time prior to the Maturity Date at an aggregate redemption price equal to the principal amount of the Senior Notes to be reduced by such redemption and the interest payable, by giving not less than three (3) months’ notice to the Noteholder, provided that:

- (a) each partial redemption shall be in total principal amount of US\$10,000,000 or multiple integrals thereof;
- (b) the principal amount of the Senior Notes held by each Noteholder shall be redeemed on a pro-rata basis;

- (c) interest on the principal amount of the Senior Notes to be redeemed in the following reference periods shall become immediately due and payable on the date of such early redemption:

<b>Reference Period</b>	<b>Interest due and payable</b>
<p>any date falling within the period from the day immediately after the sixth (6th) month from the issue date of the Senior Notes up to (and including) the last day of the twelfth (12th) month from the issue date of the Senior Notes</p>	<p>an aggregate amount of:</p> <p>(a) interest at a rate of 11% per annum accruing from (and including) the last interest payment date immediately prior to the date of early redemption and ending on the date of such early redemption; and</p> <p>(b) additional interest at a rate of 11% per annum for 60 days</p>
<p>any date falling within the period from the day immediately after the twelfth (12th) month from the issue date of the Senior Notes up to (and including) the last day of the twenty-fourth (24th) month from the issue date of the Senior Notes</p>	<p>an aggregate amount of:</p> <p>(a) interest at a rate of 11% per annum accruing from (and including) the last interest payment date immediately prior to the date of early redemption and ending on the date of such early redemption; and</p> <p>(b) additional interest at a rate of 11% per annum for 30 days</p>
<p>any date falling within the period from the day immediately after the twenty-fourth (24th) month from the issue date of the Senior Notes up to but excluding the Maturity Date</p>	<p>interest at a rate of 11% per annum accruing from (and including) the last interest payment date immediately prior to the date of early redemption and ending on the date of such early redemption</p>

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 Date, which include, amongst other conditions:

- (i) the 2013 Indebtedness (including the 2013 Note Indebtedness but excluding the 2013 Warrant Indebtedness) have been repaid or settled in full and there is no outstanding amount payable by any 2013 Obligor to the registered holders of the outstanding 2013 Notes as at the date of the Note Purchase Agreement under the 2013 Notes, and the 2013 Notes have been cancelled by the Company in full;
- (ii) all obligations and liabilities of the 2013 Obligors under the 2013 Transaction Documents have been discharged, repaid, settled in full and all 2013 Transaction Documents have ceased to be effective or have otherwise been terminated (except the 2013 Warrant Instrument and 2013 Warrant Certificates, which will cease to be effective upon the full redemption of the 2013 Warrants pursuant to the 2013 Warrant Instrument);
- (iii) the Controlling Shareholder shall have deposited not less than 600,000,000 Shares in Listco Shares Account;
- (iv) the Company shall have opened the Company Account and the Reserve Account in accordance with the terms and conditions of the Note Purchase Agreement;
- (v) 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 hereof 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) and the First Tranche Investors shall have been satisfied that neither the Stock Exchange nor the SFC have indicated that it will or may qualify, object to, suspend, cancel or withdraw such listing and/or dealings in the Shares and, without prejudice to the generality of the

foregoing, no circumstances are existing based on which the SFC could exercise its powers under Section 8 of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong);

- (vi) all requirements, if any, imposed by the Stock Exchange, in connection with the contemplated transactions under the Transaction Documents (other than the issue of Warrants), shall have been complied with in full;
- (vii) the warranties of the Warrantors under the Note Purchase Agreement shall be true, correct, accurate, complete and not misleading when made and shall continue 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 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;
- (viii) the First Tranche Investors shall have been satisfied with the results of their commercial, financial and legal due diligence on the Group; and
- (ix) all conditions precedent under the Transaction Documents other than the Note Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof.

In the event that any of the conditions precedent are not fulfilled or waived on or before the First Closing Long Stop Date, save as otherwise provided in the Note Purchase Agreement, either First Tranche Investor participating in the First Closing may (without prejudice to the rights of the other First Tranche Investor), amongst other rights, terminate the Note Purchase Agreement provided that if the other First Tranche Investor proceeds with the First Closing in accordance with the terms of the Note Purchase Agreement, the Note Purchase Agreement shall not be terminated, provided that the First Tranche Investor who intends to terminate the Note Purchase Agreement shall not be forced to proceed with any Closing.

Additional conditions precedent specific to the creation and issue of the Second Tranche Notes on or before the Second Closing Date pursuant to the Note Purchase Agreement include, amongst other conditions:

- (i) the First Closing having taken place upon the terms and subject to the conditions of the Note Purchase Agreement;
- (ii) the 2014 Indebtedness (including the 2014 Note Indebtedness but excluding the 2014 Warrant Indebtedness) have been repaid or settled in full and there is no outstanding amount payable by any 2014 Obligor to the registered holders of the outstanding 2014 Notes as at the date of the Note Purchase Agreement under the 2014 Notes, and the 2014 Notes have been cancelled by the Company in full;
- (iii) all obligations and liabilities of the 2014 Obligors under the 2014 Transaction Documents (except for the warrant instrument(s) relating to the 2014 Warrants and the related warrant certificates) have been discharged, repaid, settled in full (except the 2014 Warrants Indebtedness) and all 2014 Transaction Documents (except for the said warrant instrument(s) and the said warrant certificates) have ceased to be effective or have otherwise been terminated; and
- (iv) the Controlling Shareholder shall have transferred certain additional Shares into the Listco Shares Account to the effect that Listco Shares Account shall have a final balance of at least 1,262,000,000 Shares.

In the event that any of the conditions precedent are not fulfilled or waived on or before the Second Closing Long Stop Date, save as otherwise provided in the Note Purchase Agreement, any Second Tranche Investor participating in the Second Closing may (without prejudice to the rights of the other Second Tranche Investor(s)) may elect not to proceed to the Second Closing.

Additional conditions precedent specific to the creation and issue of the Third Tranche Notes on or before the Third Closing Date pursuant to the Note Purchase Agreement include:

- (i) The First Closing, the Second Closing and the Warrant Closing in respect of each of the First Tranche Warrants and the Second Tranche Warrants shall have taken place upon the terms and subject to the conditions of this Agreement;
- (ii) the Controlling Shareholder shall have transferred additional Shares into the Listco Shares Account to the effect that Listco Shares Account shall have a final balance of at least 2,542,000,000 Shares;
- (iii) the Controlling Shareholder shall have procured that at least such number of Shares (“**Top-up Shares**”) be credited to the Listco Shares Account, to be calculated in the following manner:

$$\text{Number of Top-up Shares} = A \times 6.2$$

where:

A = the total aggregate principal amount of the Third Tranche Notes subscribed by all Third Tranche Investors as set out in the Deeds of Adherence executed by such Third Tranche Investors.

Listco Shares Account shall have a final balance of at least the aggregate of 2,542,000,000 Shares plus the Top-up Shares, and each Investor shall have received a statement of account in relation to Listco Shares Account which reflects such final balance; and

- (iv) ABCI Capital Limited shall have provided a written consent to the Company for the issue of the Third Tranche Notes.

In the event that any of the conditions precedent are not fulfilled or waived on or before the Third Closing Long Stop Date, save as otherwise provided in the Note Purchase Agreement, none of the Third Tranche Investors shall be obliged to proceed with the Third Closing.

- Specific performance obligations of the Controlling Shareholder and the Ultimate Shareholders:
- It is an event of default under the conditions of the Senior Notes, if, amongst others:
- (i) the Controlling Shareholder ceases to beneficially own at least 2,000,000,000 Shares;
  - (ii) the Controlling Shareholder ceases to (i) control the Company, or (ii) beneficially own at least 51% of the total issued share capital of the Issuer on a Fully-Diluted Basis;
  - (iii) the Ultimate Shareholders cease to (i) control the Company, or (ii) effectively and beneficially own in aggregate at least 51% of the total issued share capital of the Issuer on a fully-diluted basis;
  - (iv) the Ultimate Shareholders cease to (i) control the Controlling Shareholder, or (ii) 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 ceasing 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, the Second Tranche Notes and the Third Tranche Notes respectively shall be conducted on a date no later than three (3) Business Days after the fulfilment or waiver, by such Investor (as the case may be) of the conditions precedent as set out above.

The First Closing is scheduled to take place, subject to the satisfaction of the conditions precedent specified above, on 4 August 2016.

Listing: No application will be made for a listing of the Senior Notes on the Stock Exchange or any stock exchange.

Use of proceeds:

As stipulated in the Note Purchase Agreement, the Company shall use the proceeds from the issue of the Senior Notes in the following manner:

- (i) to use the full amount of the proceeds received from the issue of the First Tranche Notes to partially repay the principal amount of debt (to the extent such principal amount has not been set-off or settled as contemplated under the Note Purchase Agreement) payable to the 2013 Creditors in relation to the 2013 Indebtedness;
- (ii) to use US\$200,000,000 of the proceeds received from the issue of the Second Tranche Notes to repay in full the principal amount of debt (to the extent such principal amount has not been set-off or settled as contemplated under the Note Purchase Agreement) payable to 2014 Creditors in relation to the 2014 Indebtedness, such amount shall be paid to the Repayment Accounts pursuant to the Fund Payment Instruction;
- (iii) to use US\$5,000,000 of the proceeds received from the issue of the Second Tranche Notes to repay the indebtedness (other than the 2014 Note Indebtedness) owed by the Company to one of the Investors;
- (iv) to use US\$15,000,000 of the proceeds received from the issue of the Second Tranche Notes as the general working capital of the Company, and for financing the costs of the Group's construction projects, such amount shall be paid to the Company Account, provided that such Proceeds shall not be used for (i) the subscription or acquisition of any shares or securities of any company listed on any stock exchange; or (ii) the acquisition of any assets, properties or undertakings from the Controlling Shareholder and/or any of its affiliates, and
- (v) to use the full amount of the proceeds received from the issue of the Third Tranche Notes for the general working capital of the Company and for financing the costs of the Group's construction projects, such amount shall be paid to the Company Account, provided that such proceeds shall not be used for (i) the subscription or acquisition of any shares or securities of any company listed on any stock exchange; or (ii) the acquisition of any assets, properties or undertakings from the Controlling Shareholder and/or any of its affiliates.



## **The Warrants**

As part and parcel of the issue of the Senior Notes, the Warrants will be issued pursuant to the Specific Mandate to the Investors on the Warrant Closing Date representing an amount of exercise moneys as set out below:

### ***First Tranche Warrants***

Exercise moneys of US\$28,500,000 (equivalent to HK\$222,300,000) will be issued to the First Tranche Investors

### ***Second Tranche Warrants***

Exercise moneys of up to US\$33,000,000 (equivalent to HK\$257,400,000) will be issued to the Second Tranche Investors

### ***Third Tranche Warrants***

Exercise moneys of up to US\$13,500,000 (equivalent to HK\$105,300,000) will be issued to the Third Tranche Investors

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 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 Warrants 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: The initial Strike Price is HK\$1.9995 (subject to adjustment) per Warrant Share, being 150% of the average closing price of the Shares for the 20 consecutive Trading Days prior to the date of the Note Purchase Agreement.

The Warrantholders are entitled to subscribe for the Warrant Shares of up to an aggregate amount of US\$75,000,000 (equivalent to HK\$585,000,000) at the Strike Price.

The initial Strike Price of HK\$1.9995 per Warrant Share represents:

- (i) a premium of approximately 45.95% over the closing price per Share of HK\$1.37 as quoted on the Stock Exchange on 3 August 2016, being the date of the Note Purchase Agreement;
- (ii) a premium of approximately 47.02% over the average of the closing prices of the Shares as quoted on the Stock Exchange during the 5-Trading Day period ended on 2 August 2016, being HK\$1.36 per Shares; and
- (iii) a premium of approximately 49.44% over the average of the closing prices of the Shares as quoted on the Stock Exchange during the 10-Trading Day period ended on 2 August 2016, being HK\$1.338 per 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) by payment in cash to such bank account as designated by the Company as notified in writing to the Warrantholders three (3) Business Days in advance, or
- (iii) by a combination of payment in cash and by way of set-off as set forth in the foregoing (i) and (ii), or
- (iv) by such other method of payment as the Company and such Warrantholder may reasonably agree.

Assuming Warrants representing exercise moneys of US\$75,000,000 are issued and all exercise 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\$585 million, and the net proceeds of approximately HK\$583 million, in this regard.

Assuming the full exercise of the Subscription Rights, the net price to the Company of each Warrant Share, which is calculated by dividing the aggregate net proceeds from the issue of the Warrant Shares and the exercise of the Subscription Rights by the Warrantholders by the total number of the Warrant Shares, is approximately HK\$1.9927.

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 subdivision, 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 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 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 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;
- (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 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; (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) and; (iv) the issue of Shares upon the exercise of any subscription rights in relation to the 2014 Warrants.

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 4,818,312,935 Shares in issue. Assuming Warrants representing exercise moneys of US\$75,000,000 (equivalent to HK\$585,000,000) are issued, the Subscription Rights attaching to the Warrants, if exercised in full, will entitle the holders thereof to subscribe for up to 292,573,143 Shares (of an aggregate nominal value of HK\$29,257,314.30) at the initial Strike Price of HK\$1.9995. Such Shares represent approximately 6.07% 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 292,573,143 Warrant Shares represent approximately 5.72% 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.
Conditions precedent:	<p>The issue of the Warrants by the Company is subject to the fulfilment of each of the following conditions (none of which may be waived) on or before the respective long stop date for each respective Warrant Closing, being 14 October 2016, which include, amongst other conditions:</p> <ul style="list-style-type: none"> <li data-bbox="606 1384 1449 1503">(i) the relevant Note Closing having taken place upon the terms and subject to the conditions of the Note Purchase Agreement;</li> <li data-bbox="606 1559 1449 1677">(ii) the Shareholders having granted the Specific Mandate to the Board and such Specific Mandate remains valid, fully effective and has not been revoked;</li> <li data-bbox="606 1733 1449 2094">(iii) the Company having delivered to the Investors a copy certified as true by a Director or the company secretary of the Company of the resolution of the Company passed at the SGM approving the terms of the Warrant Instrument, the transactions contemplated thereunder, and the allotment and issue of all Warrant Shares issuable by the Company upon a full exercise of the Subscription Rights, and such resolution has not been subsequently amended or revoked; and</li> </ul>

- (iv) the Company shall have delivered to the Investors a certified true copy of the approval of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares (either unconditionally or subject only to the conditions to which neither the Company nor the majority Investors (i.e. Majority First Tranche Investors at any time prior to or at the First Closing, and one or more Investors who has solely or in aggregate, subscribed or agreed to subscribe for 85% or more of the principal amount of the Notes at any time after the First Closing) may reasonably object).

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.

### **SPECIFIC MANDATE TO ISSUE THE WARRANT SHARES**

The Warrant Shares will be issued under the Specific Mandate to be sought at the SGM.

### **APPLICATION FOR LISTING**

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares to be allotted and issued upon the exercise of the Subscription Rights.

### **REASONS FOR THE ISSUE OF SENIOR NOTE AND WARRANTS**

The Group is principally engaged in property development and sales, property investment and property rental and project management in the PRC.

The Board considers that the issue of Senior Notes and Warrants represent an opportunity to raise funds for the Company to repay the 2013 Indebtedness and the 2014 Indebtedness and to raise additional funds for financing the costs of the Group's construction projects and to be used as the general working capital of the Company.

## FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any 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 4,818,312,935 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 (aa) Warrants representing exercise moneys of US\$75,000,000 (equivalent to HK\$585,000,000) will be issued; (bb) there will be no further changes in the issued share capital of the Company prior to such exercise and (cc) there will be no adjustment to the Strike Price) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the Subscription Rights	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Rong De ( <i>Note</i> )	3,139,456,533	65.16	3,139,456,533	61.43
Warrantholders	—	—	292,573,143	5.72
Public Shareholders	1,678,856,402	34.84	1,678,856,402	32.85
<b>Total</b>	<b>4,818,312,935</b>	<b>100.00</b>	<b>5,110,886,078</b>	<b>100.00</b>

*Note:* Rong De is beneficially owned as to 36.00% by Mr. Liao Tengjia, 34.06% by Mr. Chu Hing Tsung 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 Ultimate Shareholders, each being a connected person of the Company, are 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 Ultimate Shareholders 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 fully exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules under Rule 14A.90 of the Listing Rules.

On the First Closing Date, pursuant to the Note Purchase Agreement, the Controlling Shareholder will enter into Listco Share Charge, whereby the Controlling Shareholder will charge by, way of a first fixed charge, a certain number of Shares, in favour of the Security Agent for the benefit 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 and the Ultimate Shareholders” in this announcement for further details.

## **GENERAL**

The SGM will be convened and held to consider and, if thought fit, pass the requisite resolution to approve the Specific Mandate for the allotment and issue of the Warrant Shares. As at the date of this announcement, to the best knowledge of the Directors, no Shareholder has any material interest in the proposed grant of the Specific Mandate and accordingly, all shareholders are entitled to vote at the SGM. Pursuant to the terms of the Note Purchase Agreement, the Controlling Shareholder has undertaken to the Investors that it will vote in favour of the resolution approving the grant of the Specific Mandate.

A circular containing, among other things, (i) further details of the Warrants; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **DEFINITIONS**

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

“2013 Creditors”	means all creditors who are entitled to any payment under 2013 Transaction Documents including the registered holders of the outstanding 2013 Notes as at the date of the Note Purchase Agreement
“2013 Indebtedness”	means all outstanding indebtedness incurred by the 2013 Obligor under the 2013 Transaction Documents (including the 2013 Note Indebtedness but excluding the 2013 Warrant Indebtedness) as at the First Closing Date



“2013 Note Indebtedness”	means all outstanding indebtedness incurred by the Company under the 2013 Notes as at the First Closing Date
“2013 Notes”	means the senior secured guaranteed notes in the principal amount of up to US\$200,000,000 due 2016 issued by the Company as constituted by the note certificates and the terms and conditions in relation thereto, further details of which are set out in the announcements of the Company dated 22 July 2013, 5 August 2013, 26 September 2013, 15 October 2013 and 16 October 2013
“2013 Obligors”	means each party to the 2013 Transaction Documents, other than the investors in the 2013 Notes, The Bank of New York Mellon, Hong Kong Branch and all other 2013 Creditors
“2013 Transaction Documents”	means all transaction documents in connection with the issue by the Company of the 2013 Notes and the 2013 Warrants
“2013 Warrant Instrument”	means the warrant instrument dated 5 August 2013 executed by way of a deed poll under seal of the Company as amended and supplemented by the supplemental instrument dated 14 July 2014 executed by way of a deed poll under seal of the Company in relation to the 2013 Warrants
“2013 Warrants”	means the warrants with an aggregate amount of exercise moneys of up to US\$40,000,000 of the Company which entitles holders thereof to subscribe for shares of the Company at the initial strike price of HK\$2.2691 as constituted by the 2013 Warrant Instrument, and warrant certificates issued to the all registered holders of the 2013 Warrants, further details of which are set out in the announcements of the Company dated 22 July 2013, 5 August 2013, 26 September 2013, 15 October 2013 and 16 October 2013
“2013 Warrants Indebtedness”	means all amounts payable, including all redemption amounts payable by the Company, to the registered holders of outstanding 2013 Warrants

“2014 Creditors”	means all creditors who are entitled to any payment under the 2014 Transaction Documents including the registered holders of the outstanding 2014 Notes as at the date of the Note Purchase Agreement
“2014 Indebtedness”	means all outstanding indebtedness incurred by the 2014 Obligors under the 2014 Transaction Documents (including the 2014 Note Indebtedness but excluding the 2014 Warrant Indebtedness) as at the Second Closing Date
“2014 Note Indebtedness”	means all outstanding indebtedness incurred by the Company under the 2014 Notes as at the Second Closing Date
“2014 Notes”	means the senior secured guaranteed notes in the principal amount of up to US\$350,000,000 due 2017 issued by the Company as constituted by the note certificates and the terms and conditions in relation thereto, further details of which are set out in the announcements of the Company dated 22 June 2014, 26 June 2014, 17 July 2014, 21 July 2014, 28 December 2014, 8 January 2015 and 13 February 2015
“2014 Obligors”	means each party to the 2014 Transaction Documents, other than the investors in the 2014 Notes, The Bank of New York Mellon, Hong Kong Branch and all other 2014 Creditors
“2014 Transaction Documents”	means all transaction documents in connection with the issue by the Company of the 2014 Notes and 2014 Warrants
“2014 Warrants”	means the warrants with an aggregate amount of exercise moneys of up to US\$70,000,000 of the Company which entitles holders thereof to subscribe for shares of the Company at the initial strike price of HK\$2.3778 as constituted by the warrant instrument dated 17 July 2014 executed by way of a deed poll under seal of the Company as amended and supplemented from time to time, and warrant certificates issued to the registered holders of the 2014 Warrants, further details of which are set out in the announcements of the Company dated 22 June 2014, 26 June 2014, 17 July 2014, 21 July 2014, 28 December 2014, 8 January 2015 and 13 February 2015

“2014 Warrants Indebtedness”	means all amounts payable, including all redemption amounts payable by the Company, to the registered holders of outstanding 2014 Warrants
“Ai De”	Ai De Investments Ltd. (靄德投資有限公司), a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“associate”	has the meaning ascribed to it under the Listing Rules
“Base Redemption Amount”	an amount equal to 100% of the principal amount stated in the certificate of the Senior Notes
“Board”	the board of Directors
“Blooming Rose”	Blooming Rose Enterprises Corp., a BVI Business Company incorporated under the laws of the BVI
“Business Day”	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
“BVI”	British Virgin Islands
“Cheng Chang”	Cheng Chang Holdings Ltd. (誠昌控股有限公司), a company incorporated in BVI and an indirect wholly-owned subsidiary of the Group
“Closing”	means either the First Closing, the Warrant Closing, the Second Closing or the Third Closing
“Company”	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
“Company Account”	means a bank account established or to be established in the name of the Company in accordance with the Note Purchase Agreement

“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder” or “Rong De”	Rong De Investments Limited, a company incorporated in BVI, being the controlling shareholder (within the meaning of the Listing Rules) of the Company
“Corporate Guarantee”	the deed of guarantee entered into between the Security Agent and each Corporate Guarantor on or prior to the First Closing Date, and “Corporate Guarantees” shall be construed accordingly
“Corporate Guarantors”	means <ul style="list-style-type: none"> <li>(i) Rong De;</li> <li>(ii) Zhuguang Group;</li> <li>(iii) South Trend;</li> <li>(iv) Cheng Chang;</li> <li>(v) Profaith International;</li> <li>(vi) Ai De;</li> <li>(vii) Top Perfect;</li> <li>(viii) Ever Crown;</li> <li>(ix) East Orient;</li> <li>(x) Fully Wise;</li> <li>(xi) Polyhero International;</li> <li>(xii) Top Asset; and</li> <li>(xiii) Vanco Investment</li> </ul> and each a “Corporate Guarantor”
“Deed of Adherence”	the deed of adherence to be executed by any Second Tranche Investor, any Third Tranche Investor and any transferee of the Senior Notes pursuant to the terms of the Transaction Documents
“De-listing Early Redemption Date”	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
“Director(s)”	the director(s) of the Company
“East Orient”	East Orient Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“EOD Redemption Amount”	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 Note due to occurrence of any event of default on the date of such redemption
“Ever Crown”	Ever Crown Corporation Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“First Closing”	the consummation of the issue and purchase of the First Tranche Notes
“First Closing Date”	means the date on which the First Closing occurs which shall be the same as the maturity date of the 2013 Notes, namely 4 August 2016 or such other date as may be agreed between the Company and the 2013 Noteholders
“First Closing Long Stop Date”	means 4 August 2016, being the latest date on which the Warrantors shall have procured fulfilment of all of the conditions precedent in relation to the First Closing in accordance with the Note Purchase Agreement
“First Tranche Investors”	means Blooming Rose, Heroic Day and SPDBI, and “First Tranche Investor” means any one of them
“First Tranche Notes”	means senior secured guaranteed notes of an aggregate principal amount of US\$190,000,000 (equivalent to HK\$1,482,000,000) to be issued by the Company to the First Tranche Investors at the First Closing
“First Tranche Warrants”	means the Warrants to be issued by the Company to the First Tranche Investors representing exercise moneys of US\$28,500,000 at the Warrant Closing in respect of the First Tranche Warrants
“First Tranche Warrant Shares”	means Warrant Shares that will be issued by the Company upon the full exercise of the subscription rights under the First Tranche Warrants

“Fund Payment Instruction”	means the written instructions to be provided by the Company to (i) each First Tranche Investor in relation to the payment of the principal amount of the respective First Tranche Notes; and (ii) each Second Tranche Investor in relation to the payment of the principal amount of the respective Second Tranche Notes
“Fully Wise”	Fully Wise Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Governmental Authority”	means any nation or government or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission, instrumentality, securities exchange, supervisory or regulatory body of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organisation
“Group”	the Company and its subsidiaries
“Heroic Day”	Heroic Day Limited, a BVI Business Company incorporated under the laws of the BVI
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and the connected persons of the Company and an “Independent Third Party” shall be construed accordingly
“Investors”	the First Tranche Investors, the Second Tranche Investors and the Third Tranche Investors, and each an “ <b>Investor</b> ”
“IRR”	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

“Law” or “Laws”	means any constitutional provision, statute or other law, rule, regulation, guidance, decisions, published official policy or published official interpretation of any Governmental Authority and any injunction, judgment, order, ruling, assessment or writ issued by any Governmental Authority
“Listco Shares Account”	means a specific cash securities trading account of the Controlling Shareholder established and operated in accordance with the Transaction Documents
“Listco Share Charge”	the share charge executed by Rong De in favour of the Security Agent (for itself and on behalf of the other Investors) in respect of initially 2,542,000,000 Shares beneficially held by Rong De
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority First Tranche Investors”	means one or more First Tranche Investors who has, solely or in aggregate, agreed to subscribe for 85% or more of the principal amount of the First Tranche Notes
“Market Price”	the average of the closing prices of one Share on the Stock Exchange in respect of dealings in board lots for the five consecutive Trading Days ending on the last Trading Day preceding the day on or as of which the Market Price is to be ascertained
“Maturity Date”	the day falling 36 months from the First Closing Date, on which the outstanding principal amount payable under the Senior Notes become due and payable
“Note Closing”	means the First Closing, the Second Closing or the Third Closing
“Noteholder(s)”	holder(s) of any amount of the Senior Notes from time to time
“Note Purchase Agreement”	means the note purchase agreement entered into by and among the Company, the Controlling Shareholder, the Ultimate Shareholders and certain Investors dated 3 August 2016 in relation to the issue of the Senior Notes and the transactions contemplated thereunder

“Obligors”	means the parties to the Transaction Documents other than the Investors and the Security Agent, and “Obligor” means any one of them
“Person”	any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity
“Personal Guarantee”	the deed of guarantee entered into between the Security Agent (for itself and on behalf of the other Investors) and each Ultimate Shareholders, and “Personal Guarantees” shall be construed accordingly
“Polyhero International”	means Polyhero International Limited (寶豪國際有限公司), a company incorporated in Hong Kong, and an indirectly wholly-owned subsidiary of the Company
“PRC”	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
“Profaiith International”	Profaiith International Holdings Ltd. (盈信國際控股有限公司), a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Repayment Accounts”	mean the bank accounts designated by the 2013 Creditors and 2014 Creditors for the purpose of settling the 2013 Indebtedness and 2014 Indebtedness in full on the First Closing Date and the Second Closing Date respectively
“Reserve Account”	means a bank account established in the name of Zhuguang Group and operated in accordance with the terms and conditions of the Note Purchase Agreement
“Second Closing”	means the consummation of the issue and purchase of the Second Tranche Notes
“Second Closing Date”	means the date on which the Second Closing occurs, which shall be the date falling within three (3) Business Days after the fulfillment of the conditions to the Second Closing



“Second Closing Long Stop Date”	means 29 September 2016, being the latest date on which the Warrantors shall have procured fulfilment of all of the conditions precedent in relation to the Second Closing in accordance with the Note Purchase Agreement
“Second Tranche Investors”	means Blooming Rose, Heroic Day and such Investors being persons who are not connected persons of the Company as identified by the Company which will purchase the Second Tranche Notes at the Second Closing, subject to the satisfaction of various conditions precedent on or before the Second Closing Long Stop Date
“Second Tranche Notes”	means the senior secured guaranteed notes of an aggregate principal amount of up to US\$220,000,000 (equivalent to HK\$1,716,000,000) to be issued by the Company to the Second Tranche Investors at the Second Closing
“Second Tranche Warrants”	means the Warrants to be issued by the Company to the Second Tranche Investors, representing exercise moneys of up to US\$33,000,000 on the Second Warrant Closing Date
“Second Warrant Closing Date”	means the date on which the consummation of the issue of the Second Tranche Warrants to each Second Tranche Investor occurs, which shall be the later of (i) the Second Closing Date; and (ii) a date falling within three (3) Business Days after the fulfillment of the conditions to the Warrant 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
“Security Documents”	(i) the Personal Guarantees; (ii) the Corporate Guarantees; (iii) the Listco Share Charge; (iv) the Subsidiary Share Charges; (v) each document required to be executed by an Obligor under or in connection with each Security Document; and (vi) any other document designated as such by the Security Agent and the Company

“Security Trust Deed”	the security trust deed to be entered into between the Company, the Ultimate Shareholders, Rong De, the Security Agent, the Investors, the Corporate Guarantors and the Subsidiary Chargors prior to the First Closing Date
“Senior Notes”	the senior secured guaranteed notes to be issued by the Company in the aggregate principal amount of US\$500,000,000
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	The special general meeting of the Company to be convened to consider, and if thought fit, to approve the grant of the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Incentive Scheme”	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)”	holder(s) of the Share(s)
“South Trend”	South Trend Holdings Ltd. (南興控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“SPDBI”	SPDB International Investment Management Limited, a company incorporated under the laws of Hong Kong
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM for the allotment and issue of the Warrant Shares upon the exercise of the Subscription Rights
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strike Price”	the price payable to subscribe for one Warrant Share upon exercise of the Subscription Rights conferred by a Warrant, which is subject to adjustments

“Subscription Rights”	the subscription rights that are attached to the Warrants to subscribe for the Warrant Shares
“Subsidiary Chargors”	means <ul style="list-style-type: none"> <li>(i) Ai De;</li> <li>(ii) Profaith International;</li> <li>(iii) South Trend;</li> <li>(iv) Cheng Chang; and</li> <li>(v) Zhuguang Group,</li> </ul> each being a wholly-owned subsidiary of the Company, and each a “Subsidiary Chargor”
“Subsidiary Share Charges”	the various share charges in favour of the Security Agent (for itself and on behalf of the other Investors) to be executed by certain subsidiaries of the Company as set out in the paragraph headed “The Note Purchase Agreement — The Senior Note — Security”
“Termination Date”	the earliest of (i) the date on which all Subscription Rights in respects of such Warrants have been exercised in full, (ii) De-listing Early Redemption Date, and (iii) the date falling 36 months from the issue date of such Warrant
“Third Closing”	means the consummation of the issue and purchase of the Third Tranche Notes
“Third Closing Date”	means the date on which the Third Closing occurs, which shall be the date falling within three (3) Business Days after the fulfillment of the conditions to the Third Closing
“Third Closing Long Stop Date”	means 31 December 2016, being the latest date on which the Warrantors shall have procured fulfilment of all of the conditions precedent in relation to the Third Closing in accordance with the Note Purchase Agreement
“Third Tranche Investors”	means such Investors being persons who are not connected persons of the Company as identified by the Company which will purchase the Third Tranche Notes at the Third Closing, subject to the satisfaction of various conditions precedent on or before the Third Closing Long Stop Date

“Third Tranche Notes”	means the senior secured guaranteed notes of an aggregate principal amount of up to US\$90,000,000 (equivalent to HK\$702,000,000) to be issued by the Company to the Third Tranche Investors at the Third Closing
“Third Tranche Warrants”	means the Warrants to be issued by the Company to the Third Tranche Investors, representing exercise moneys of up to US\$13,500,000 at the Third Closing
“Top Asset”	means Top Asset Development Limited (通利發展有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Top Perfect”	Top Perfect Development Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Trading Day”	a day on which trading is conducted on the Stock Exchange in accordance with the Trading Rules of the Stock Exchange 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
“Transaction Documents”	means (i) the Note Purchase Agreement (together with terms and condition attached to the certificates of the Senior Notes); (ii) the Warrant Instrument and the Warrant Certificates; (iii) the Security Trust Deed; (iv) the Security Documents; (v) any deeds of adherence, deeds of accession, deeds of novation, other agreements, instruments, certificates executed or entered into pursuant to or in connection with any of the foregoing
“Ultimate Shareholders”	Mr. Liao Tengjia, Mr. Chu Hing Tsung and Mr. Chu Muk Chi, each being an executive Director, who, in aggregate, hold 100% equity interest in Rong De, and each an “Ultimate Shareholder”
“US\$”	United States Dollars, the lawful currency of the United States of America

“Vanco Investment”	means Vanco Investment Limited (雅豪投資有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Warrant Certificates”	the certificates representing the Warrants together with the terms and conditions of the Warrants
“Warrant Closing”	means the consummation of the issue and purchase of the First Tranche Warrants, the Second Tranche Warrants and the Third Tranche Warrants to the First Tranche Investors, the Second Tranche Investors and the Third Tranche Investors respectively
“Warrant Closing Date”	means the date on which the relevant Warrant Closing occurs, which, in the case of the First Tranche Warrants, shall be a date falling within three (3) Business Days after the fulfilment of the conditions to the respective Warrant Closing, and in the case of the Second Tranche Warrants and the Third Tranche Warrants, shall be the later of (i) the closing date of the respective Notes; and (ii) a date falling within three (3) Business Days after the fulfilment of the conditions to the respective Warrant Closing
“Warrant Instrument”	the instrument constituting the Warrants
“Warrant Share(s)”	means the Share(s) which may be subscribed for by the holder of the Warrants pursuant to the exercise of the Subscription Rights
“Warrantholder”	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”	Warrants, including the First Tranche Warrants, the Second Tranche Warrants and the Third Tranche Warrants, in the amount of US\$75,000,000 to be issued by the Company to the Investors, which entitle the holder(s) thereof to subscribe for the Shares at the Strike Price

“Zhuguang Group”

Zhuguang Group Limited (珠光集團有限公司), a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company

“%”

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 at all.*

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

Hong Kong, 3 August 2016

*As at the date of this announcement, the Board comprises Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman), Mr. Liao Tengjia (Chief Executive Officer), Mr. Huang Jiajue (Deputy Chairman), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Ms. Ye Lixia as executive Directors and Mr. Leung Wo Ping JP, Mr. Wong Chi Keung and Dr. Feng Ke as independent non-executive Directors.*