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## **ZHUHAI HOLDINGS INVESTMENT GROUP LIMITED**

### **珠海控股投資集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00908)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **SUBSIDY AGREEMENT**

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On 21 July 2020, ZJ Sports entered into the Subsidy Agreement with ZJ Development, pursuant to which ZJ Development, as Subsidy provider, shall provide the Subsidy to ZJ Sports for the period commencing from 1 August 2020 to 31 December 2022 to support ZJ Sports in continuing to operate the Golf Course under the name of the Lakewood Club.

#### **LISTING RULES IMPLICATIONS**

ZJ Development is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. ZJ Sports is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. Since ZJ Holdings is the controlling Shareholder and has 10% or more of the equity interest in each of ZJ Development and ZJ Sports, each of ZJ Development and ZJ Sports is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Therefore, each of payment of the Subsidy and receipt of the Subsidy pursuant to the Subsidy Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap for the Subsidy payable under the Subsidy Agreement is greater than 0.1% but less than 5%, the entering into of the Subsidy Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

ZJ Sports, a connected subsidiary company of the Company, is principally engaged in the organisation of sports competitions and activities, and the operation of golf courses and the related clubs, including the Lakewood Club.

ZJ Development, also a connected subsidiary of the Company, is principally engaged in the construction of office buildings, domestic and composite buildings, and sports and leisure facilities in Zhuhai, the PRC, including the Project.

Due to the long term development of the Project, parts of the Golf Course had to be reconstructed. Moreover, there has been a delay in the construction progress of the Project which have brought an impact on the reconstruction of the Golf Course. These have affected the normal operation of the Lakewood Club and the experience of the members of the Lakewood Club in using the Golf Course. As such, ZJ Sports did not charge the members of the Lakewood Club any Membership Fees from 2014 to 2019, and would temporarily charge such members only part of the Membership Fees starting from 2020 onwards.

On 21 July 2020, ZJ Sports entered into the Subsidy Agreement with ZJ Development, pursuant to which ZJ Development, as Subsidy provider, shall provide the Subsidy to ZJ Sports for the period commencing from 1 August 2020 to 31 December 2022 to support ZJ Sports in continuing to operate the Golf Course under the name of the Lakewood Club.

## **THE SUBSIDY AGREEMENT**

Principal terms of the Subsidy Agreement are as follows:

Date:	21 July 2020
Parties:	1. ZJ Sports, as Subsidy recipient 2. ZJ Development, as Subsidy provider
Duration:	Commencing from 1 August 2020 and ending on 31 December 2022
Subject Matter:	ZJ Development is to provide the Subsidy to ZJ Sports in order to support ZJ Sports in continuing to operate the Golf Course.

Pricing basis  
and payment term:

The Subsidy is to be determined based on the difference between the amount of annual Membership Fees collectable in each of FY 2020, FY 2021 and FY 2022 and the amount which ZJ Sports has actually collected in the respective FY.

ZJ Sports shall calculate the amount of Subsidy on 31 December of each year and provide to ZJ Development financial information of the Membership Fees for such year for checking.

ZJ Development shall have the right to request for supporting documents to verify the calculation of the annual Membership Fees, and ZJ Sports shall cooperate, failing which ZJ Development shall have the right to refuse payment.

ZJ Development shall raise any objection to the calculation of the annual Membership Fees within a period of 10 days from the date of receipt of the financial information, failing which the calculation shall be deemed to be approved by ZJ Development.

After the above period has expired, ZJ Sports shall issue an invoice to ZJ Development and ZJ Development shall settle the amount within 10 working days after receiving such invoice.

The amount of Subsidy payable for each of FY 2020, FY 2021 and FY 2022 shall not exceed RMB10 million.

#### **ANNUAL CAPS AND BASIS OF DETERMINATION OF THE ANNUAL CAPS**

The Board has determined to set the Annual Caps in relation to the Subsidy for each of FY 2020, FY 2021 and FY 2022 as RMB10 million.

In arriving at the Annual Caps, the Company has taken into account:

- (a) the number of registered members for each type of membership of the Lakewood Club and the standard annual fee for each type of membership; and
- (b) measures which ZJ Sports have taken to prepare for resuming collection of the Membership Fees, including:
  - (i) classifying all members of the Lakewood Club and examining the justifications for collecting Membership Fees;
  - (ii) seeking support from the members for the collection of Membership Fees; and
  - (iii) notifying the members that the collection of Membership Fees will be resumed in 2020.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSIDY AGREEMENT**

The parcel of land for the Project is embedded in the Golf Course. The unique landscape of the Golf Course and the quality services delivered by the Lakewood Club have strongly promoted sales performance of the Project. Nevertheless, due to the development of the Project, parts of the Golf Course had to be reconstructed. At the same time, the delay in the progress of the Project has affected the reconstruction progress of the Golf Course. As the whole of the Golf Course is surrounded by construction projects, consumers have a lower level of satisfaction in using the Golf Course while the Project is being under construction and the normal operation of the Lakewood Club is therefore hampered. In order to retain customers, ZJ Sports suspended the charging of Membership Fees to registered members of the Lakewood Club from 2014 to 2019 and would temporarily charge only part of the Membership Fees starting from 2020 onwards.

By providing the Subsidy to ZJ Sports, ZJ Development can provide the support to ZJ Sports in operating the Golf Course on an ongoing basis and maintaining cash flow for normal operation, which will in turn promote sales of the Project in the manner as explained above. As such, the Board considers that the Subsidy Agreement and the transactions contemplated thereunder would allow ZJ Sports and ZJ Development (each of which is a subsidiary of the Company) to achieve a win-win situation.

Having reviewed the terms of the Subsidy Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subsidy Agreement and the Annual Caps are fair and reasonable, that the Subsidy Agreement is on normal commercial terms or better to the Company and that the entering into of the Subsidy Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Since Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong (all being executive Directors) and Mr. Zou Chaoyong (being a non-executive Director) are also directors of ZJ Holdings, they abstained from voting on the relevant board resolutions approving the Subsidy Agreement. Mr. Li Wenjun (being an executive Director) is also a deputy general manager of ZJ Holdings and also abstained from voting on the aforesaid board resolutions. Save as disclosed above, none of the Directors has a material interest in the Subsidy Agreement or should abstain from voting in respect of the relevant board resolutions.

## **INFORMATION ON THE PARTIES**

The Company is an investment holding company, and both ZJ Sports and ZJ Development are non-wholly subsidiaries of the Company. The principal activities of the Group consist of investment holding, the provision of port facilities in Zhuhai, the provision of ferry services between Zhuhai on the one part and Hong Kong and Shekou on the other part, the management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club, the provision of financial information services and internet financial information intermediary services and the trading and distribution of fuel oil, to form three major business segments, namely (1) 九洲藍色幹線 (Jiuzhou Blue Sea Jet\*, maritime transportation) and 藍色海洋旅遊 (Blue Marine Tourism\*); (2) green leisure tourism and composite real estate; and (3) public utilities and financial investments.

## LISTING RULES IMPLICATIONS

ZJ Development is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. ZJ Sports is indirectly owned as to 60% by the Company and 40% by ZJ Holdings. Since ZJ Holdings is the controlling Shareholder and has 10% or more of the equity interest in each of ZJ Development and ZJ Sports, each of ZJ Development and ZJ Sports is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Therefore, each of payment of the Subsidy and receipt of the Subsidy pursuant to the Subsidy Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap for the Subsidy payable under the Subsidy Agreement is greater than 0.1% but less than 5%, the entering into of the Subsidy Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Annual Caps”	the annual caps for the Subsidy
“Board”	the board of Directors
“Company”	Zhuhai Holdings Investment Group Limited, a company incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“FY”	a financial year of the Company ending 31 December
“Golf Course”	the golf course owned and operated by ZJ Sports under the name of the Lakewood Club
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lakewood Club”	Zhuhai Lakewood Golf Club operated by ZJ Sports
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Macau”	the Macau Special Administrative Region of the PRC
“Membership Fees”	the membership fees for members of the Lakewood Club
“PRC”	for the purpose of this announcement, the People’s Republic of China (other than the regions of Hong Kong, Macau and Taiwan)
“Project”	九洲•綠城–翠湖香山項目 (Jiuzhou • Greentown – Cuihu Xiangshan Project*), which is a high-end tourism property development project in Zhuhai, the PRC undertaken by ZJ Development
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidy”	the subsidy for loss of Membership Fees payable by ZJ Development to ZJ Sports pursuant to the Subsidy Agreement
“Subsidy Agreement”	the subsidy agreement dated 21 July 2020 entered into between ZJ Sports and ZJ Development in relation to the subsidy for loss of Membership Fees for the period commencing from 1 August 2020 and ending on 31 December 2022
“ZJ Development”	珠海九控房地產有限公司 (Zhuhai Jiuzhou Holdings Property Development Co., Ltd.*), a sino-foreign co-operative joint venture company established under the laws of the PRC and a non-wholly owned subsidiary of the Company
“ZJ Holdings”	珠海九洲控股集團有限公司 (Zhuhai Jiuzhou Holdings Group Co., Ltd.*), a State-owned enterprise established in the PRC and the controlling Shareholder
“ZJ Sports”	珠海市九控體育管理有限公司 (Zhuhai Lakewood Sports Management Co., Ltd.*), a sino-foreign co-operative joint venture company established under the laws of the PRC and a non-wholly owned subsidiary of the Company
“%”	per cent

In this announcement, the terms “connected person”, “connected subsidiary”, “controlling shareholder”, “percentage ratios” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By Order of the Board  
**Zhuhai Holdings Investment Group Limited**  
**Zeng Jianping**  
*Chairman*

Hong Kong, 21 July 2020

*As at the date of this announcement, the Board comprises Mr. Zeng Jianping, Mr. Jin Tao, Mr. Ye Yuhong and Mr. Li Wenjun as executive Directors; Mr. Zou Chaoyong as non-executive Director; and Mr. Hui Chiu Chung, Mr. Chu Yu Lin, David, Mr. Albert Ho and Mr. Wang Yijiang as independent non-executive Directors.*

\* *The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*