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**Ngai Shun Holdings Limited**  
**毅信控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01246)**

**(1) SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE**  
**(2) MAJOR TRANSACTION**  
**(3) POSSIBLE CONNECTED TRANSACTIONS**  
**PURSUANT TO RULE 14A.60 OF THE LISTING RULES**

**THE SUBSCRIPTION AGREEMENT**

On 30 September 2016 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, on the Subscription Completion Date, in aggregate 2,600,000,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share for an aggregate amount of HK\$520 million.

The Subscription Shares to be allotted and issued under the Subscription represent (i) approximately 40.16% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 28.65% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

The net cash proceeds from the issue of the Subscription Shares pursuant to the Subscription Agreement, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$517 million. The Company intends to apply the net proceeds of the Subscription for the purpose of settling part of the consideration of the Acquisition.

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **THE SALE AND PURCHASE AGREEMENT**

On 30 September 2016 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to dispose of, the Sale Shares together with assignment of the Assigned Shareholder's Loan from the Vendor to the Purchaser at cash consideration of HK\$1,100,000,000. The Target Company is an investment holding company. Its wholly owned subsidiary, the PRC Subsidiary, collectively owns, manages and operates the Property which is based in Songjiang District in Shanghai, PRC. Upon the Acquisition Completion, the Target Company will become a non-wholly-owned subsidiary of the Company.

## **POSSIBLE CONNECTED TRANSACTIONS**

### **Shenbiao Construction Loan**

Before the Acquisition and the Subscription, the PRC Subsidiary and Shenbiao Construction had entered into the 2016 Extension Loan Agreement in relation to the Shenbiao Construction Loan, under which the PRC Subsidiary provided a loan in the amount of RMB280.28 million to Shenbiao Construction for a term of 12 months at the interest rate of 12% per annum.

### **Boill Holding Group Guarantee**

In connection with the Shenbiao Construction Loan, the Boill Holding Group entered into the Boill Holding Group Guarantee in favour of the PRC Subsidiary, under which the Boill Holding Group guaranteed the due performance of the obligations of Shenbiao Construction in accordance with the 2016 Extension Loan Agreement.

### **The Unassigned Shareholder's Loan**

Upon the Acquisition Completion and Subscription Completion, the Unassigned Shareholder's Loan owed by the Target Company to the Vendor shall remain in full force.

## **LISTING RULES IMPLICATIONS**

### **Acquisition and Subscription**

As the applicable percentage ratios in respect of the Acquisition as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 100%, the Acquisition (together with the Subscription) constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best knowledge of the Directors, the Subscriber and the Vendor are third parties independent of the Company and its connected persons, and no Shareholders or any of their respective associates have any material interest in the Acquisition and the Subscription.

An EGM will be convened and held for the Shareholders to approve, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Subscription Shares under the Specific Mandate and (ii) the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder is involved in or interested in the Acquisition and/or the Subscription who is required to abstain from voting on the relevant resolution(s) to approve the transactions pursuant to the Sale and Purchase Agreement and Subscription Agreement at the EGM.

### **Shenbiao Construction Loan**

Upon the Acquisition Completion and Subscription Completion, (i) Mr. Qiu Dongfang, the ultimate beneficial owner of the Subscriber, will become a substantial shareholder of the Company and therefore a connected person of the Company; (ii) Mr. Qiu Donghong, the brother of Mr. Qiu Dongfang, will become an associate of Mr. Qiu Dongfang; and (iii) Shenbiao Construction will become a majority-controlled company held by Mr. Qiu Donghong, and therefore an associate of Mr. Qiu Dongfang.

In this connection, Shenbiao Construction will become a connected person of the Company upon the Acquisition Completion and Subscription Completion and therefore, the Shenbiao Construction Loan will amount to provision of financial assistance from a subsidiary of the Company to a connected person and will constitute a connected transaction of the Company under the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the Loan Agreements. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Loan Agreements.

### **Boill Holding Group Guarantee and the Unassigned Shareholder's Loan**

As Mr. Qiu Dongfang (i) will become a substantial shareholder of the Company; and (ii) holds an indirect interest of 97.63% in the Boill Holding Group, Boill Holding Group will become an associate of Mr. Qiu Dongfang upon the Acquisition Completion and the Subscription Completion, and therefore a connected person of the Company.

Further, as Mr. Qiu Dongfang (i) will become a substantial shareholder of the Company; and (ii) holds an indirect interest of 97.63% in the Vendor, the Vendor will become an associate of Mr. Qiu Dongfang and therefore a connected person of the Company.

While the Boill Holding Group Guarantee and Unassigned Shareholder's Loan will constitute provision of financial assistance from a connected person to a subsidiary of the Company, they will be fully exempt connected transactions pursuant to Rule 14A.90 of the Listing Rules, and thus be fully exempt from all disclosure, annual review and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Board shall further advise the Shareholders on, among others, (i) the Acquisition and the Subscription pursuant to the Subscription Agreement and the Sale and Purchase Agreement, and the transactions contemplated thereunder; and (ii) the Specific Mandate. A circular containing, among other things, (i) further details of the Acquisition and the Subscription; (ii) the accountant's report on the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the valuation report of the Property; and (v) other information as required under the Listing Rules together with a notice of the EGM and a form of proxy will be despatched to the Shareholders on or before 31 October 2016, which is more than 15 business days after the publication of this announcement as the Company requires additional time to prepare the information to be included in the circular.

Shareholders and potential investors of the Company should note that the Acquisition Completion and the Subscription Completion are inter-conditional on each other, and are subject to the fulfillment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement and the Subscription Agreement, respectively. **The Acquisition and the Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.**

## **SUBSCRIPTION AGREEMENT**

On 30 September 2016, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue 2,600,000,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share for an aggregate amount of HK\$520 million.

Major terms of the Subscription Agreement are set out below:

### **Date**

30 September 2016

### **Parties Involved**

- (i) the Company; and
- (ii) the Subscriber.

### **Subscription Price**

The Subscription Price of HK\$0.20 per Subscription Shares represents:

- (i) a premium of approximately 6.95% over the closing price of approximately HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 5.82% over the average closing price of approximately HK\$0.189 per Share as quoted on the Stock Exchange for the last 5 trading days immediately before the Last Trading Day.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.199 per Subscription Share.

The aggregate Subscription Price of HK\$520 million will be remitted into a bank account designated by the Company upon the Subscription Completion.

The Subscription Price was agreed after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares.

### **Number of Subscription Shares**

The Subscription Shares in the amount of 2,600,000,000 Shares represent approximately 40.16% of the Company's existing issued share capital and approximately 28.65% of its issued share capital as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares is HK\$65,000,000.

### **Ranking of Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of allotment and issue of the Subscription Shares.

### **Conditions of the Subscription Agreement**

The Subscription Completion is conditional upon, among other things:

- (i) The Shareholders at the EGM to be held for approving the transactions pursuant to the Sale and Purchase Agreement and the Subscription Agreement, including the approval of the allotment and issuance of the Subscription Shares to the Subscriber;
- (ii) The Stock Exchange authorizing or agreeing to authorise the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange (limited to the issuance of the Subscription Shares and its associated matters);
- (iii) There are no material adverse changes, or any development or potential circumstances which will lead to material adverse changes in the business, operation and performance or such general matters of the Company (whether from a financial perspective or otherwise);
- (iv) All conditions under the Sale and Purchase Agreement have been satisfied or waived accordingly (if applicable);
- (v) No orders, decrees, rulings or decisions have been proposed, formulated or adopted by any government department or regulatory authority in any jurisdiction, which may restrict, prohibit or invalidate the transaction contemplated under the Subscription Agreement;
- (vi) No third parties have initiated or threatened to initiate any litigation or legal proceedings that are pending before any court or government agencies in any jurisdiction, which seek (a) to restrict or prohibit the transaction under the Subscription Agreement; or (b) to declare that such transaction is illegal; or (c) material compensation for damages with respect to such transaction;
- (vii) The Company has obtained all consents and approvals necessary for the transaction contemplated under the Subscription Agreement, and has at all times been in full compliance with all relevant laws and regulations. All such consents and approvals remain

valid as of the Subscription Completion Date, and no competent governmental authorities have imposed any rules or regulations which prohibit or substantially delay the performance and completion of the Subscription Agreement;

- (viii) There are no material adverse changes, or any development or potential circumstances which will lead to material adverse changes in the business, operation and performance or such general matters of the Company and its subsidiaries (whether from a financial perspective or otherwise);
- (ix) The warranties made by the Company are true, accurate and not misleading as of the date of the Subscription Agreement, and remain true, accurate and not misleading as of the Subscription Completion Date, as if they were made on such date with reference to the prevailing facts and circumstances under different circumstances; and
- (x) The warranties made by the Subscriber are true, accurate and not misleading as of the date of the Subscription Agreement, and remain true, accurate and not misleading as of the Subscription Completion Date, as if they were made on such date with reference to the prevailing facts and circumstances under different circumstances.

The Subscriber may at its absolute discretion at any time waive the conditions set out in paragraphs (iii) and (v) to (ix) above, whereas the Company may at its absolute discretion at any time waive the condition set out in paragraph (x) above. Each of the Company and the Subscriber may upon their agreement, at any time waive the condition set out in paragraph (iv) above. Neither the Company nor the Subscriber may waive any of the conditions set out in paragraphs (i) and (ii) above. In the event that any of the conditions to the Subscription Agreement are (a) not fulfilled or waived (as the case may be) on or before the Subscription Long Stop Date; or (b) impossible to be fulfilled or waived under circumstances which are not within the control of the Company and the Subscriber, on or before the Subscription Long Stop Date, in respect of the circumstances in sub-paragraph (a), the Subscriber is entitled to terminate the Subscription Agreement upon serving a notice to the Company, whereas each of the Subscriber and the Company may terminate the Subscription Agreement in respect of the circumstances in sub-paragraph (b), upon serving a notice to the other party.

### **Subscription Completion**

Subscription Completion shall take place at the office of the Subscriber or other place as the parties to the Subscription Agreement may agree, on the Subscription Completion Date, provided that such date shall in no event be later than the Subscription Long Stop Date (or such other date as may be agreed between the parties to the Subscription Agreement).

### **Specific Mandate**

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

### **Application for Listing of the Subscription Shares**

Application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## EFFECTS ON SHAREHOLDING STRUCTURE

The following table illustrates (by reference to the public information as at the date of this announcement) the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after allotment and issuance of the Subscription Shares, on the assumption that there is no other change in the number of issued Shares after the date of this announcement and before the Subscription Completion.

Shareholders	As of the date of this announcement		Immediately after the allotment and issuance of the Subscription Shares	
	<i>Number of Shares</i>	<i>Approximate shareholding %</i>	<i>Number of Shares</i>	<i>Approximate shareholding %</i>
Public	6,474,000,000	100.00%	6,474,000,000	71.35%
Subscriber	—	—	<u>2,600,000,000</u>	<u>28.65%</u>
Total	<u>6,474,000,000</u>	<u>100.00%</u>	<u>9,074,000,000</u>	<u>100.00%</u>

## FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fundraising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
24 March 2016	Rights issue of 5,478,000,000 Rights Shares at a subscription price of HK\$0.165 per rights share	HK\$879.87 million	(i) As to approximately HK\$420 million for repayment of the debt of the Group; and  (ii) The remaining balance of approximately HK\$460 million for the Proposed Acquisition.	(i) As to approximately HK\$401.5 million has been used to settle and repay the debt of the Group;  (ii) As to approximately HK\$109.2 million for the business development of the Group; and  (iii) The remaining shall be used to finance the Acquisition if it is completed.

Save as disclosed above, the Company had not conducted any other fundraising activities during the past 12 months immediately preceding the date of this announcement.

## **INTENDED USE OF PROCEEDS FROM THE SUBSCRIPTION**

The gross proceeds arising from the Subscription will amount to HK\$520 million, and the net cash proceeds, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$517 million. The Company intends to apply the net proceeds of the Subscription for the purpose of settling part of the consideration of the Acquisition.

## **THE SALE AND PURCHASE AGREEMENT**

### **Date**

30 September 2016

### **Parties Involved**

- (i) the Vendor; and
- (ii) the Purchaser.

### **Assets to be acquired**

The Sale Shares comprise 68 issued shares held by the Vendor representing 68% of the entire issued share capital of the Target Company. The Assigned Shareholder's Loan represents 68% of the Shareholder's Loan owed by the Target Company to the Vendor as at the date of the Sale and Purchase Agreement. As at the date of this announcement, the Target Company is wholly owned by the Vendor. Further information on the Target Group and the Property is set out in the section headed "Information on the Target Group and the Property" below.

### **Consideration and Basis for Determination**

The consideration for the Acquisition shall be HK\$1,100 million. The consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to the unaudited consolidated management account of the Target Company for the nine months ended 30 September 2016, under which the Target Group recorded net liabilities of approximately HK\$57.24 million as at 30 September 2016 with Shareholder's Loan of approximately HK\$781.38 million, before taking into account the revaluation surplus of approximately HK\$901.41 million based on the valuation of the Property by reference to market approach of approximately RMB1,398 million (equivalent to approximately HK\$1,623.69 million) as at 30 September 2016 as appraised by the Valuer, and a deferred tax assets of approximately HK\$5.9 million.

After excluding the Shareholder's Loan, the Target Group would have adjusted net assets of approximately HK\$1,619.65 million as at 30 September 2016. The consideration of HK\$1,100 million represents a discount of approximately 0.12% to 68% of the adjusted net assets of the Target Group as at 30 September 2016.

### **Payment Terms**

The total consideration will be payable in cash upon the Acquisition Completion.

The Company intends to fund the Acquisition by utilizing its internal resources and the proceeds from the Subscription.



## Conditions precedent

The Acquisition Completion shall be conditional upon the satisfaction of the following conditions:

- (i) The Shareholders at the EGM to be held for approving the transactions pursuant to the Sale and Purchase Agreement and the Subscription Agreement, including the approval of the Acquisition and the Subscription;
- (ii) All conditions under the Subscription Agreement have been satisfied or waived accordingly (if applicable);
- (iii) No orders, decrees, rulings or decisions have been proposed, formulated or adopted by any government department or regulatory authority in any jurisdiction, which may restrict, prohibit or invalidate the transaction contemplated under the Sale and Purchase Agreement;
- (iv) No third parties have initiated or threatened to initiate any litigation or legal proceedings that are pending before any court or government agencies in any jurisdiction, which seek (a) to restrict or prohibit the transaction under the Sale and Purchase Agreement; or (b) to declare that such transaction is illegal; or (c) material compensation for damages with respect to such transaction;
- (v) The Purchaser has obtained all consents and approvals necessary for the transaction contemplated under the Sale and Purchase Agreement, and has at all times been in full compliance with all relevant laws and regulations. All such consents and approvals remain valid as of the Acquisition Completion Date, and no competent governmental authorities have imposed any rules or regulations which prohibit or substantially delay the performance and completion of the Acquisition Agreement;
- (vi) The Vendor has obtained all consents and approvals necessary for the transaction contemplated under the Sale and Purchase Agreement, and has at all times been in full compliance with all relevant laws and regulations. All such consents and approvals remain valid as of the Acquisition Completion Date, and no competent governmental authorities have imposed any rules or regulations which prohibit or substantially delay the performance and completion of the Sale and Purchase Agreement;
- (vii) Representations and warranties made by the Vendor are true, accurate and not misleading as of the date of the Sale and Purchase Agreement, and remain true, accurate and not misleading as of the Acquisition Completion Date, as if they were made on such date with reference to the prevailing facts and circumstances under different circumstances;
- (viii) The Vendor has obtained a written confirmation from Huarong, the contents of which are to the satisfaction of the Purchaser, pursuant to which Huarong agrees that the transactions under the Sale and Purchase Agreement and the Subscription Agreement between the Purchaser and the Vendor shall not be restricted by any Huarong Bond Documents;
- (ix) The Purchaser obtaining a duly executed letter of undertakings from Boill Holding Group (as the warrantor), the contents of which are to the satisfaction of the Purchaser, which unconditionally, independently and irrevocably undertakes to assume indemnification

obligations in respect of all penalties, fines and losses arising out of any non-compliance of the Target Company and the PRC Subsidiary prior to the Acquisition Completion Date; and

- (x) The Purchaser has completed the full due diligence work on the Vendor and the Target Group, and the results of such due diligence are satisfactory to the Purchaser.

The Purchaser may at its absolute discretion at any time waive the conditions set out in paragraph (iii) (to the extent of involving the Vendor), paragraph (iv) (to the extent of involving the Vendor) and paragraphs (vi) to (x), whereas the Vendor may at its absolute discretion at any time waive the conditions set out in paragraph (iii) (to the extent of involving the Purchaser), paragraph (iv) (to the extent of involving the Purchaser) and paragraph (v). Each of the Purchaser and the Vendor may upon their agreement, at any time waive the conditions set out in paragraph (ii) above. Neither the Purchaser nor the Vendor may waive the condition set out in paragraph (i) above. In the event that any of the conditions to the Sale and Purchase Agreement are not fulfilled or waived (as the case may be) on or before the Acquisition Long Stop Date, the Purchaser or the Vendor is entitled to terminate the Sale and Purchase Agreement upon serving a notice to the other party.

### **Completion**

Acquisition Completion shall take place on the Acquisition Completion Date, provided that such date shall in no event be later than the Acquisition Long Stop Date (or such other date as may be agreed amongst the Purchaser and the Vendor).

Upon Completion, the Company will, through the Purchaser, hold 68% of the issued share capital of the Target Company and the Target Group will be consolidated into the financial statement of the Company.

### **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Qiu Dongfang, an indirect controlling shareholder and a director of Boill Holding Group. According to information provided by the Subscriber, Boill Holding Group is a property developer based in the Yangtze River Delta and has a wide variety of property development projects including residential, commercial, industrial and geriatric properties with broad geographical coverage including Shanghai, Zhejiang Province, Jiangxi Province, Tianjin and Shandong Province. It has also received various awards including the “China Top 100 Real Estate Developers (中國房地產開發企業百強)” for seven consecutive years since 2010 until present.

To the best of the Directors’ knowledge, the Subscriber and its ultimate beneficial owner(s) are independent from the Company and its connected persons as of the date of this announcement.

### **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in Hong Kong with limited liability and is a non-wholly-owned subsidiary of Boill Holding Group. To the best of the Directors’ knowledge, the Vendor is an investment holding company and it and its ultimate beneficial owner(s) are independent from the Company and its connected persons as of the date of this announcement.

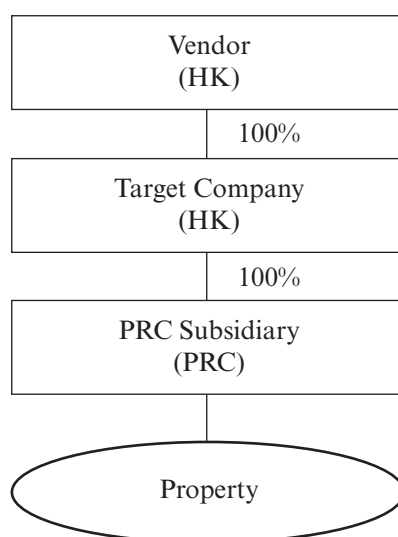
## INFORMATION ON THE PURCHASER

The Purchaser, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, is principally engaged in investment holding.

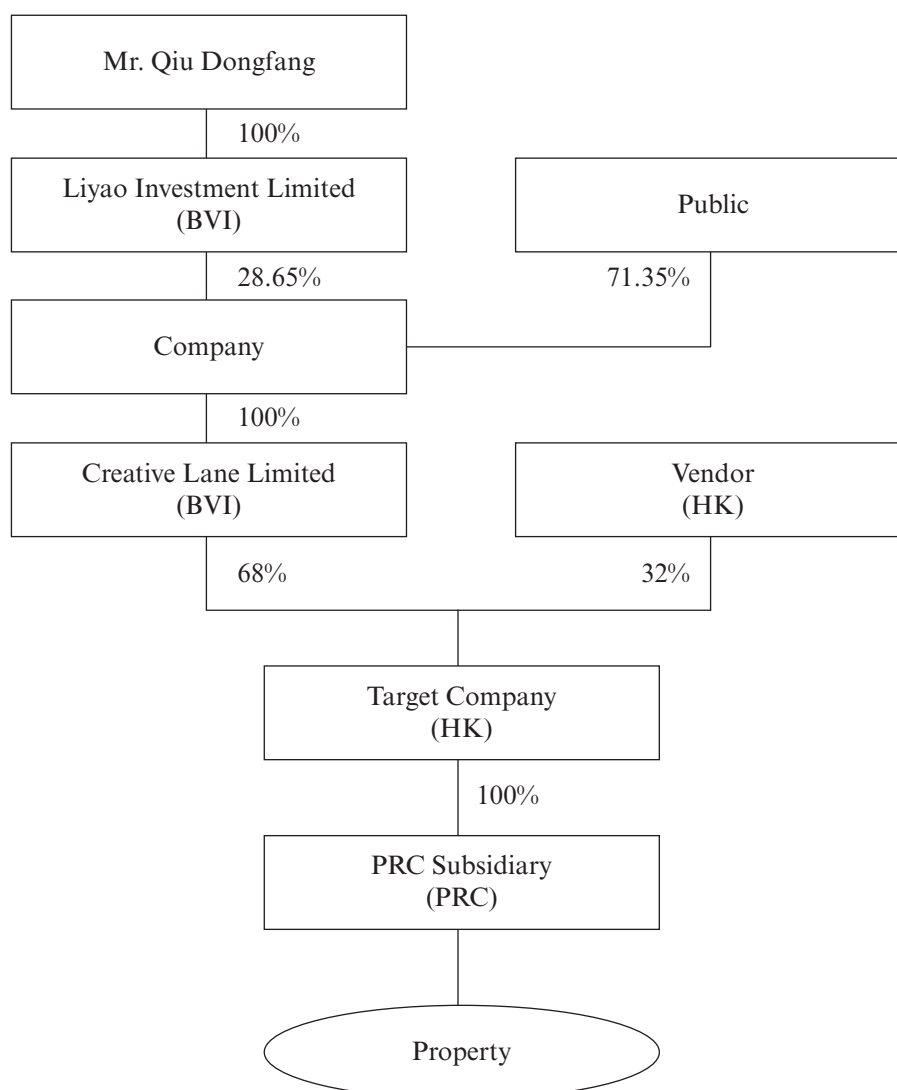
## INFORMATION ON THE TARGET GROUP AND THE PROPERTY

### The Target Group

The Target Company is a company incorporated in Hong Kong with limited liability and is an investment holding company, which is a direct wholly-owned subsidiary of the Vendor. Through the PRC Subsidiary, a direct wholly-owned subsidiary of the Target Company, the Target Company owns, operates and manages the Property. The ownership structure of the Target Group prior to the Acquisition Completion is set out as follows:



The ownership structure of the Target Group immediately after the Subscription Completion and the Acquisition Completion is set out as follows:



Set out below are the key details of the Property:

Registered Owner:	PRC Subsidiary
Area of the Land:	150,602 square meters
Location:	No. 1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai, PRC
Terms of the Land Use Right:	40 years commencing from 14 March 2008
Type of Land Usage:	Lodging, food and beverage use
Planned gross floor area of development:	79,413.98 square meters

As at the date of this announcement, the PRC Subsidiary has a loan in the amount of approximately RMB280,000,000 outstanding with Shanghai Aijian Trust Company Limited<sup>#</sup> (上海愛建信託有限責任公司) as the lender, in connection with the development of the Property. The loan is secured by a mortgage on the Property and a charge over the entire

equity interest of the PRC Subsidiary in favour of Shanghai Aijian Trust Company Limited. The loan has a term of 30 months from the date of the first drawdown of the loan. The said loan, mortgage and share charge will survive the Acquisition Completion.

To the best of the Directors' knowledge, Shanghai Aijian Trust Company Limited and its ultimate beneficial owner(s) are independent from the Company and its connected persons as of the date of this announcement.

### **Financial Information of the Target Group**

The unaudited consolidated financial information of the Target Group for the two years ended 31 December 2015 is set out as follows:

	<b>For the year ended 31 December 2014 (HK\$)</b>	<b>For the year ended 31 December 2015 (HK\$)</b>
Net losses (both before and after taxation and extraordinary items)	(1,761,119.59)	(4,452,529.69)

As at the date of this announcement, the Property is still under development.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE SUBSCRIPTION**

The Company, through its subsidiaries, is principally engaged in the foundation business, property development and securities investment.

Subsequent to the acquisition of the property project located in a parcel of land situated on the western shore of 南湖 (Nanhu Lake<sup>#</sup>), Yueyang, Hunan province, the PRC (which was completed on 24 November 2015), the Company keeps looking for potential acquisition opportunities to develop and strengthen its core businesses of property development in order to enhance the prospects of the Group.

The Directors have been continuously evaluating the current business strategies of the Group with an aim to streamline its businesses, increase its overall performance and prospects, and its attractiveness to investors in the market. Considering the decrease in turnover of the Group's foundation business (with Pearl Swirls Limited as the key operating subsidiary) and the fact that the Directors generally do not foresee any strong or high growth potential in the foundation industry, this translated into concerns as to the Company's limited option and ability for future fundraising and a need for the Group to streamline the principal businesses with an aim to optimise the Group's prospects. Accordingly, the Company proposed the disposal of 49% of the Pearl Swirls Group on 25 July 2016 and the said disposal has been completed as at the date of this announcement.

Given that (i) the Proposed Acquisition has lapsed and the imminent need to identify other appropriate acquisition opportunities which are in line with the core business of the Group; (ii) the Group incurred significant losses in the amount of approximately HK\$193 million for the year ended 31 March 2016 and the need to identify business opportunities that can quickly improve the Group's financial condition intensifies; and (iii) the Group's pressing needs to broaden its revenue streams and generate additional cashflow to support a continuous and

sustainable development, the Group considered the Acquisition as an excellent opportunity to strengthen the property development business of the Group and it is in line with the core business of the Group.

In recent years, the PRC is facing social problems resulting from an ageing population, and the Company believes that geriatric property development (養老地產) has promising growth potential. The Target Group will develop the Property as clubhouse, apartments and underground areas for lodging, food and beverage uses, tailoring the needs of customers within the geriatric property sector in Shanghai and derive rental income from these premises.

Having considered the prospects and financial conditions of the Target Group and the location, market value and underlying cost of the Property, the Directors are of the view that the Acquisition will benefit the Group in the following ways:

- (i) Strengthen the asset base of the Group as the Group will acquire a valuable piece of land in the tier one city of Shanghai and good location for geriatric property development;
- (ii) Continue to expand and drive the Group's property development business which is in line with the core business and focus of the Group;
- (iii) Through the Subscription, the Group will tap into more business opportunities by cooperating with Boill Holding Group, a prominent property developer in the PRC as described in the section titled "Information of the Subscriber" in this announcement; and
- (iv) Based on current estimate and development status of the Property, the Target Group is expected to start generating revenue at the commencement of the next financial year which would create a new revenue stream for the Group and improve its current financial condition.

In view of the above, the Directors believe the consideration for the Acquisition and the other terms of the Sale and Purchase Agreement as well as the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **POSSIBLE CONNECTED TRANSACTIONS**

### **Shenbiao Construction Loan**

#### *Background*

Before the Acquisition and the Subscription, the PRC Subsidiary and Shenbiao Construction had entered into the 2016 Extension Loan Agreement in relation to the Shenbiao Construction Loan. Upon the Acquisition Completion and Subscription Completion, (i) Mr. Qiu Dongfang, the ultimate beneficial owner of the Subscriber, will become a substantial shareholder of the Company and therefore a connected person of the Company; (ii) Mr. Qiu Donghong, the brother of Mr. Qiu Dongfang, will become an associate of Mr. Qiu Dongfang; and (iii) Shenbiao Construction will become a majority-controlled company held by Mr. Qiu Donghong, and therefore an associate of Mr. Qiu Dongfang.

In this connection, Shenbiao Construction will become a connected person of the Company upon the Acquisition Completion and the Subscription Completion and therefore, the Shenbiao Construction Loan will amount to provision of financial assistance from a subsidiary of the Company to a connected person and will constitute a connected transaction of the Company under the Listing Rules.

Details of the 2016 Extension Loan Agreement are summarized as follows:

Parties:	<i>Borrower:</i> Shenbiao Construction
	<i>Lender:</i> PRC Subsidiary
Date:	21 September 2016
Term:	12 months from 23 September 2016 to 22 September 2017
Amount of the loan:	RMB280.28 million
Key terms:	The key terms of the loan are as follows: <ul style="list-style-type: none"><li>(i) the purpose of the loan is to finance Shenbiao Construction's expenses in respect of its construction materials and employees' salaries;</li><li>(ii) interest rate is at 12% per annum; and</li><li>(iii) repayment of the principal and interests shall be made in one lump sum.</li></ul>

#### **Reasons for and Benefits of the Shenbiao Construction Loan**

Upon the Acquisition Completion, the PRC Subsidiary will become an indirect non-wholly-owned subsidiary of the Company. Having considered the terms and conditions of each of the Loan Agreements, the Directors understand that:

- (i) the interest rate of 12% per annum of the Loan Agreements is better than the terms of the existing borrowing cost of 11% of the PRC Subsidiary;
- (ii) the terms and conditions of the Loan Agreements are on normal commercial terms, fair and reasonable to the PRC Subsidiary;
- (iii) the loan is derived from idle cash of the PRC Subsidiary not being required to settle the construction costs according to its schedule; and
- (iv) the due performance Shenbiao Construction's obligations under the 2016 Extension Loan Agreement is secured by the Boill Holding Group Guarantee in favour of the PRC Subsidiary.

#### **Information on Shenbiao Construction**

Shenbiao Construction is a company incorporated in the PRC and its principal business activity is to act as a building contractor for real estate development projects.

#### **Boill Holding Group Guarantee**

In connection with the Shenbiao Construction Loan, the Boill Holding Group entered into the Boill Holding Group Guarantee in favour of the PRC Subsidiary, under which the Boill Holding Group guarantees the due performance of the obligations of Shenbiao Construction

in accordance with the 2016 Extension Loan Agreement. As Mr. Qiu Dongfang (i) will become a substantial shareholder of the Company; and (ii) holds an indirect interest of 97.63% in the Boill Holding Group, Boill Holding Group will become an associate of Mr. Qiu Dongfang upon the Acquisition Completion and the Subscription Completion, and therefore a connected person of the Company.

### **The Unassigned Shareholder's Loan**

Upon the Acquisition Completion and Subscription Completion, the Unassigned Shareholder's Loan owed by the Target Company to the Vendor shall remain in full force. As Mr. Qiu Dongfang (i) will become a substantial shareholder of the Company; and (ii) holds an indirect interest of 97.63% in the Vendor, the Vendor will become an associate of Mr. Qiu Dongfang and therefore a connected person of the Company.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios in respect of the Acquisition as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 100%, the Acquisition (together with the Subscription) constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Vendor, the Subscriber and their ultimate beneficial owner is a third party independent of the Company and its connected persons as of the date of this announcement.

In connection with the Shenbiao Construction Loan, pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the Loan Agreements. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Loan Agreements.

On the other hand, while the Boill Holding Group Guarantee and Unassigned Shareholder's Loan will constitute provision of financial assistance from a connected person to a subsidiary of the Company, they will be fully exempt connected transactions pursuant to Rule 14A.90 of the Listing Rules, and thus be fully exempt from all disclosure, annual review and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An EGM will be convened and held for the Shareholders to approve, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder including the allotment and issue of the Subscription Shares under the Specific Mandate, and (ii) the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best knowledge, information and belief of the Directors and having made reasonable enquiries, no Shareholder is involved in or interested in the Acquisition and/or the Subscription who is required to abstain from voting on the relevant resolution(s) to approve the transactions pursuant to the Sale and Purchase Agreement and Subscription Agreement at the EGM.

### **GENERAL**

The Board shall further advise the Shareholders on, among others, (i) the Acquisition and the Subscription pursuant to the Subscription Agreement and the Sale and Purchase Agreement, and the transactions contemplated thereunder; and (ii) the Specific Mandate. A circular



containing, among other things, (i) further details of the Acquisition and the Subscription; (ii) the accountant's report on the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the valuation report of the Property; and (v) other information as required under the Listing Rules together with a notice of the EGM and a form of proxy will be despatched to the Shareholders on or before 31 October 2016, which is more than 15 business days after the publication of this announcement as the Company requires additional time to prepare the information to be included in the circular.

Shareholders and potential investors of the Company should note that the Acquisition Completion and the Subscription Completion are inter-conditional on each other, and are subject to the fulfillment (or, as the case may be, waiver) of the conditions precedent under the Sale and Purchase Agreement and the Subscription Agreement, respectively. **The Acquisition and the Subscription may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“2014 Loan Agreement”	the loan agreement dated 22 September 2014 between the PRC Subsidiary (as lender) and Shenbiao Construction (as borrower), under which the PRC Subsidiary advanced a loan to Shenbiao Construction for a term of twelve months
“2015 Extension Loan Agreement”	the extension loan agreement dated 22 September 2015 between the PRC Subsidiary and Shenbiao Construction, extending the term of the 2014 Loan Agreement for twelve months to 22 September 2016
“2016 Extension Loan Agreement”	the extension loan agreement dated 21 September 2016 between the PRC Subsidiary and Shenbiao Construction with respect to the Shenbio Construction Loan, further extending the term of the 2014 Loan Agreement for twelve months to 22 September 2017
“Acquisition”	the acquisition of the Sale Shares and the assignment of the Assigned Shareholder's Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Completion”	completion of the Acquisition pursuant to the terms of the Sale and Purchase Agreement
“Acquisition Completion Date”	the date on which Acquisition Completion takes place, which shall be 15 December 2016, or the fifth Business Day after satisfaction and/or fulfilment of all the conditions precedent (or any other time agreed between the Purchaser and the Vendor) pursuant to the Sale and Purchase Agreement
“Acquisition Long Stop Date”	30 June 2017, or any later date as agreed between the Purchaser and the Vendor
“Assigned Shareholder's Loan”	represents 68% of the Shareholder's Loan being assigned by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Boill Holding Group”	Boill Holding Group Company Limited <sup>#</sup> (保集控股集團有限公司), a company incorporated in the PRC with limited liabilities, which is owned as to 76.88% by Shanghai Jiafu Investment Company Limited <sup>#</sup> (上海佳富投資有限公司), as to 10.95% by Mr. Qiu Dongfang, as to 10.95% by Shanghai Tuorong Marketing and Planning Company Limited <sup>#</sup> (上海拓榮行銷策劃有限公司) and as to 1.22% by Ms. Huang Jian
“Boill Holding Group Guarantee”	a letter of guarantee dated 30 September 2016 provided by Boill Holding Group to the PRC Subsidiary, which guarantees the due performance of the obligations of Shenbiao Construction in accordance with the 2016 Extension Loan Agreement
“Business Day(s)”	means a day other than a Saturday, Sunday or public holiday in Hong Kong
“Company”	Ngai Shun Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering, among other things, approving the issue of the Subscription Shares under the Specific Mandate as contemplated under the Subscription Agreement, and the transaction as contemplated under the Sale and Purchase Agreement
“Enlarged Group”	the Group as enlarged by the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong”	Huarong (HK) International Holdings Limited, a company incorporated in Hong Kong with limited liability

“Huarong Bond Documents”	the bond subscription agreement dated 12 December 2013 entered into among others, the Vendor and Huarong; the supplemental agreement dated 19 December 2013 entered into among others, the Vendor, Huarong, the Target Company and the PRC Subsidiary; and the bond subscription agreement dated 10 August 2014 entered into among others, the Vendor, Huarong and the PRC Subsidiary, together with any other documents executed in connection with the above
“Last Trading Day”	30 September 2016, being the last trading day of the Shares immediately before the date of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	the 2014 Loan Agreement, 2015 Extension Loan Agreement and 2016 Extension Loan Agreement
“majority-controlled company”	has the meaning ascribed thereto in the Listing Rules
“PRC”	the People’s Republic of China
“PRC Subsidiary”	Shanghai Jinshenlong Land Company Limited <sup>#</sup> (上海金盛隆置地有限公司), a company incorporated in the PRC with limited liabilities, a wholly owned subsidiary of the Target Company immediately before the Acquisition Completion
“Property”	the property located at No. 1 Sheyuan Road, Sheshan Town, Songjiang District, Shanghai City, PRC, details of which are set out in the sub-section headed “Information on the Target Group and the Property” in this announcement
“Proposed Acquisition”	the proposed indirect acquisition of certain equity interest in Guilin Guangwei Wenhua Tourism and Culture Industry Company Limited <sup>#</sup> (桂林廣維文華旅遊文化產業有限公司)
“Purchaser”	Creative Lane Limited (創途有限公司), a company incorporated in the British Virgin Islands with limited liability, which is directly wholly-owned by the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 30 September 2016 entered into between the Vendor and the Purchaser in relation to the acquisition of the Sale Shares by the Purchaser and assignment of the Assigned Shareholder’s Loan from the Vendor to the Purchaser
“Sale Shares”	68 ordinary shares of the Target Company, representing 68% of the issued share capital of the Target Company held by the Vendor immediately before the Acquisition Completion
“Share(s)”	share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares

“Shareholder’s Loan”	a shareholder’s loan in the amount of approximately HK\$781.38 million owed by the Target Company to the Vendor as at the date of the Sale and Purchase Agreement, subject to further adjustment (if any) at the Acquisition Completion Date
“Shenbiao Construction”	Shanghai Shenbiao Building Construction Company Limited <sup>#</sup> (上海申標建築工程有限公司), which is owned as to 85% by Mr. Qiu Donghong and as to 15% by Mr. Zhu Wang, and will become a connected person of the Company after the Subscription Completion and Acquisition Completion
“Shenbiao Construction Loan”	a loan of approximately RMB280.28 million from the PRC Subsidiary to Shenbiao Construction pursuant to the terms and conditions under the 2016 Extension Loan Agreement
“Specific Mandate”	the specific mandate proposed to be granted to the Directors to allot, issue and deal with the Subscription Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Subscriber”	Liyao Investment Limited (立耀投資有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Qiu Dongfang
“Subscription”	the subscription of the Subscription Shares by the Subscriber
“Subscription Agreement”	the subscription agreement dated 30 September 2016 entered into between the Company and the Subscriber
“Subscription Completion”	completion of the Subscription and transactions contemplated under the Subscription Agreement in accordance with its terms
“Subscription Completion Date”	the date on which Subscription Completion takes place, which shall be 15 December 2016 or the fifth Business Day after satisfaction and/or fulfilment of all the conditions precedent (or any other time agreed between the Subscriber and the Company) pursuant to the Subscription Agreement
“Subscription Long Stop Date”	30 June 2017, or any later date as agreed between the Subscriber and the Company
“Subscription Price”	HK\$0.20 per Share
“Subscription Shares”	2,600,000,000 Shares
“Target Company”	Anway Real Estate Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Vendor as at the date of this announcement

“Target Group”	the Target Company and the PRC Subsidiary
“Unassigned Shareholder’s Loan”	represents 32% of the Shareholder’s Loan
“Valuer”	Avista Valuation Advisory Limited, an independent valuer
“Vendor”	Boill International Co., Limited, a company incorporated in Hong Kong with limited liability, which is a non-wholly-owned subsidiary of the Boill Holding Group
“%”	per cent

# *The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only.*

By order of the Board  
**Ngai Shun Holdings Limited**  
**Mock Wai Yin**  
*Executive Director and Chairman*

Hong Kong, 2 October 2016

*As at the date of this announcement, the Company has (i) two executive Directors, namely Mr. Mock Wai Yin and Dr. Wong Yun Kuen; (ii) one non-executive Director, namely Mr. Chui Kwong Kau, and (iii) four independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying, Ms. Thadani Jyoti Ramesh and Mr. Eric Todd.*

*For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of HK\$1: RMB0.861. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*