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ZHEJIANG UNITED INVESTMENT HOLDINGS GROUP LIMITED

浙江聯合投資控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8366)

**DISCLOSEABLE TRANSACTION —
ESTABLISHMENT OF JOINT VENTURE**

ESTABLISHMENT OF JOINT VENTURE

The Board is pleased to announce that, on 24 December 2019, the Company entered into the Cooperation Agreement with Arima Communications Corporation (華冠通訊股份有限公司), pursuant to which the Company and Arima Communications Corporation agreed to establish the Joint Venture with an initial registered capital of HK\$42 million in Hong Kong, and the Company and Arima Communications Corporation shall make capital contributions by cash of approximately HK\$33.6 million and by providing specific 5G mobile phones and other terminal technology assets respectively. The Joint Venture will primarily be engaged in the development, production and global sales of 5G mobile phones and relevant products.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) is more than 5% but less than 25%, the entering of the Cooperation Agreement by the Company constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules, and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

COOPERATION AGREEMENT

The Board is pleased to announce that, on 24 December 2019, the Company entered into the Cooperation Agreement with Arima Communications Corporation, pursuant to which the Company and Arima Communications Corporation agreed to establish the Joint Venture with an initial registered capital of HK\$42 million in Hong Kong, and the Company and Arima Communications Corporation shall make capital contributions by cash of approximately HK\$33.6 million and by providing specific 5G mobile phones and other terminal technology assets respectively. The Joint Venture will primarily be engaged in the development, production and global sales of 5G mobile phones and relevant products. The principal terms of the Cooperation Agreement are as follows:

Date

24 December 2019

Parties

- (1) the Company; and
- (2) Arima Communications Corporation

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Company and its respective ultimate beneficial owner(s) are Independent Third Party(ies) not connected with the Company and its connected person (as defined under the GEM Listing Rules).

Business Scope

The Joint Venture will primarily be engaged in the development, production and global sales of 5G mobile phones and relevant products.

Registered Capital and Capital Contributions

Pursuant to the Cooperation Agreement, the Company and Arima Communications Corporation agreed to establish the Joint Venture with a registered capital of HK\$42 million in Hong Kong, and the Company agreed to make capital contributions of approximately HK\$33.6 million to the registered capital of the Joint Venture and Arima Communications Corporation agreed to contribute to the Joint Venture by providing specific 5G mobile phones and other terminal technology assets.

Upon the completion of the said capital contributions, each of the Company and Arima Communications Corporation shall hold the equity interests in the Joint Venture as to 80.0% and 20.0% respectively.

The amount contributed by the Company was arrived at arm's length negotiations between the Parties with reference to (a) the future capital requirement by the Joint Venture and (b) the percentage of equity interests held by the Company in the Joint Venture.

Major Terms of the Cooperation Agreement

- The Company shall be responsible for mapping out the brand strategy, order marketing and financial planning for 5G and extended products in the global market, as well as responsible for the operations, product marketing and the investment and financing of required cash for the Joint Venture;
- The Parties shall agree that Arima Communications Corporation shall be responsible for entering into the development contract for platform authorization with the 5G technology authorization company. Arima Communications Corporation agreed that Arima Communications Corporation shall notify the Company and share the platform license fee paid by the third party with the Company on an equal basis if this platform is used as the authorized platform for development of products by entering into a contract with the third party;
- Based on the specific product development proposal submitted by Arima Communications Corporation and with the consent of the Company, Arima Communications Corporation shall be commissioned for development and it was agreed that the Joint Venture and Arima Communications Corporation shall sign a formal 5G product development and production contract. The details of intellectual property rights and ownerships of the products are defined in the product development contract;
- The Parties shall agree to commission Arima Communications Corporation to produce relevant products of the Joint Venture;
- The product development and design shall be carried out based on the specific product development proposal put forward according to the brand strategy and orders of the Company, and it shall accept the orders placed by the Joint Venture to produce 5G mobile phones and relevant products required by the Joint Venture through production lines of Taiwan Yingge Plant* (臺灣鶯歌廠) and Jiangsu Wujiang Plant* (江蘇吳江廠) owned by Arima Communications Corporation with total annual production capacity of approximately 10 million units; and at the same time it shall provide existing overseas market channels to assist the Company with the development of businesses;
- Arima Communications Corporation shall undertake to send senior executives to the Joint Venture whenever it requires, and actively cooperate with the internal teams of both parties to support the Joint Venture to develop its own research and development capabilities in the future;
- The Parties shall agree to boost the annual sales volumes of mobile phones of the Joint Venture to reach or exceed 5 million units within three years; and
- The Parties shall agree to provide the Joint Venture with the exclusive marketing through the most competitive capital and products in the market.

* For identification purposes only

Reasons and Benefits of Entering into the Cooperation Agreement

The Company and its subsidiaries (together with the Company, collectively referred to as the “Group”) have been engaged in undertaking slope works, foundation works and other general building works. In order to enhance the diversification of the Group’s business prospects and capture the opportunities brought by 5G, the Group has been engaged in the telecommunications industry, especially the development of 5G Communications and related services, by undertaking 5G base stations construction projects to develop 5G end products, so as to diversify the Group’s income streams and increase its profitability.

The Joint Venture is expected to assist the Group in expanding the development, production and global sales of 5G mobile phones and related products. Due to the popularity of mobile communications, the Group is optimistic about the prospects of the telecommunications industry.

The Directors (including independent non-executive Directors) are of the view that the establishment of the Joint Venture is in the interests of the Group and the Shareholders as a whole, and the terms of the Cooperation Agreement and the transactions contemplated thereunder are determined based on normal commercial terms and are fair and reasonable.

Information on the Parties to the Cooperation Agreement

Arima Communications Corporation is a listed company in Taiwan (stock code: 8101), which owns more than 120 phone-related patents across different regions including Taiwan, the PRC, America, Germany and Japan. Arima Communications Corporation has been cooperating with numerous well-known phone manufactures in the world in respect of OEM, and possesses leading-edge technology and experience in the field of phone manufacturing, and it is the second largest mobile phone manufacturer in Taiwan, which is attributable to the dedication and strong support of all staff members, our customers and strategic partners. As for the design, development, manufacturing, management and customization, Arima Communications Corporation has been moving forward and reached the first-class level in these professional fields. By optimizing the combination of resources integration and manpower deployment, it takes active initiatives in the development of 5G technology and smart phones, with expectation of fulfilling our dreams in the field of communications in the future.

Through years of dedication in communications industry, Arima Communications Corporation has become a well-known phone manufacturer. With continuous efforts in development and innovation, it witnesses the transition from monochrome handsets to multi-functional phones and smart phones. After undergoing challenges with different generations of communication technologies, it is one of the few companies which provide annual production of 20 million units, fast customized services and global logistics support solutions. Through cooperation with world-class development team and manufacturers, Arima Communications Corporation imposes stringent controls on product quality, global production capacity and lead time. It has production lines with an annual production capacity of about 10 million units in Taiwan Yingge Plant* (臺灣鶯歌廠) and Jiangsu Wujiang Plant* (江蘇吳江廠), which produce 5G mobile phones and related products.

* For identification purposes only

Financial Impact of Capital Contributions

The capital contribution of the Company will be satisfied by the internal resources of the Company.

Upon the completion of the capital contributions, the Joint Venture will be accounted for as a non-wholly owned subsidiary of the Group. Capital contributions will be accounted for as equity transactions and will not result in any recognition of gain or loss in the profit and loss statement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) is more than 5% but less than 25%, the entering of the Cooperation Agreement by the Company constitutes a discloseable transaction under Chapter 19 of the GEM Listing Rules, and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Since none of the Directors has a material interest in the establishment of the Joint Venture, no Directors are required to abstain from voting on the Board resolution approving the Cooperation Agreement and the transactions contemplated thereunder in accordance with the articles of association of the Company.

DEFINITIONS

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

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| “Board” | the board of Directors |
| “Capital Contributions” | capital contributions to the Joint Venture by the Parties pursuant to the Cooperation Agreement |
| “Company” | Zhejiang United Investment Holdings Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange |
| “connected person(s)” | as defined under the Listing Rules |
| “Cooperation Agreement” | the Cooperation Agreement dated 24 December 2019 entered into between Zhejiang United Investment Holdings Group Limited and Arima Communications Corporation in relation to the establishment of the Joint Venture |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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| “Independent Third Party(ies)” | party(ies) or company(ies) who are not connected person(s) (as defined under the GEM Listing Rules) of the Company |
| “Joint Venture ” | a limited company established in Hong Kong with registered capital of HK\$42 million as agreed by Zhejiang United Investment Holdings Group Limited and Arima Communications Corporation |
| “Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “Parties” | Zhejiang United Investment Holdings Group Limited and Arima Communications Corporation |
| “percentage ratio(s)” | as defined under the GEM Listing Rules |
| “Shareholder(s)” | the holder(s) of the shares in the issued capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “%” | per cent. |

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Zhejiang United Investment Holdings Group Limited
Zhou Ying
Chairman

Hong Kong, 24 December 2019

As at the date of this announcement, the executive Directors are Mr. Zhou Ying and Ms. Meng Ying, the independent non-executive Directors are Mr. Wong Man Hin, Raymond, Mr. Tsui Chung Ho and Ms. Lai Pik Chi Peggy.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM’s website at <http://www.hkgem.com> for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at <http://www.zjuv8366.com>.