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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)

**COMPLETION OF MAJOR TRANSACTION IN RELATION TO ACQUISITION
OF 49% OF THE TARGET
AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
PROPERTY MANAGEMENT SERVICE AGREEMENTS**

COMPLETION OF MAJOR TRANSACTION

On 25 March 2021, the Company was informed that the Second AEC Completion had taken place on 24 March 2021, following the fulfilment of the last condition precedent to be fulfilled under the Second AEC SP Agreement (i.e. the completion of the procedures in relation to the change in industry and commercial registration pursuant to the transfer of the 49% of the equity interest in the Target from the Vendor to the Purchaser). Upon the Second AEC Completion, the Target became a wholly-owned subsidiary of the Company with its financial results being consolidated into those of the Group.

** For identification purpose only*

CONTINUING CONNECTED TRANSACTIONS

On 23 January 2020, the Management Company entered into (i) the Management Agreements (consisting of eight Pre-delivery Management Agreements and eleven Post-delivery Management Agreements) with the Group, pursuant to which the Management Company agreed to provide to the Group, the Pre-delivery Management Services and the Post-delivery Management Services in respect of the Projects, further details of which are set out in the CCT Announcement; and (ii) the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement (i.e. collectively, the AEC Management Agreements) with the Target, a then independent third party which has become a wholly-owned subsidiary of the Company with effect from the Second AEC Completion Date, pursuant to which the Management Company agreed to provide to the Target, the Pre-delivery Management Services and the Post-delivery Management Services in respect of Zhuguang Financial Town One, a property project held by the Target.

The Management Company has been owned as to 90% by Ms. Zhu, who is (i) a daughter of Mr. Chu HT, an executive Director, the chairman of the Board and a 34.06% shareholder of Rong De (the controlling Shareholder); and (ii) a niece of Mr. Chu MC, an executive Director and a 29.94% shareholder of Rong De (the controlling Shareholder) since the Relevant Date. As Ms. Zhu is an associate of Mr. Chu HT and a deemed connected person of Mr. Chu MC, the Management Company became a connected person of the Company under Chapter 14A of the Listing Rules with effect from the Relevant Date. Accordingly, the CCTs contemplated under the Management Agreements became continuing connected transactions of the Company under the Listing Rules with effect from the date of the Management Agreements.

In March 2020, the Group completed the acquisition of 51% of the equity interest in the Target through its acquisition of 100% of the issued share capital of All Flourish, upon which the Target was accounted for by the Group as a joint venture using the equity accounting method under the applicable accounting standards. On 24 March 2021, the Group completed the acquisition of the remaining 49% equity interest in the Target through the Second AEC Acquisition, upon which the Target became a wholly-owned subsidiary of the Company, making the AEC CCTs continuing connected transactions of the Company under the Listing Rules with effect from the Second AEC Completion Date.

As the AEC CCTs and the CCTs are similar in nature and were entered into by the Group with the same connected person, the AEC Pre-delivery Management Agreement, the AEC Post-delivery Management Agreement and the Management Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. Taking into consideration that the AEC CCTs only became continuing connected transactions of the Company with effect from the Second AEC Completion Date, the respective Aggregated Annual Caps for the years ending 31 December 2021 and 2022 will be revised to RMB49,000,000 (equivalent to approximately HK\$58,719,000) and RMB65,000,000 (equivalent to approximately HK\$77,892,000), while no revision is made to the Annual Cap for the year ended 31 December 2020 as previously set out in the CCT Announcement. As the applicable percentage ratios for the Aggregated Annual Cap for each of the two years ending 31 December 2022 are more than 0.1% but less than 5%, the Aggregated CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to (i) the announcement of the Company dated 23 January 2020 in relation to the Management Agreements (“**CCT Announcement**”); (ii) the announcement of the Company dated 18 December 2019 in relation to the Group's acquisition of 51% of the equity interest in the Target through the acquisition of 100% of the issued share capital of All Flourish; (iii) the announcement of the Company dated 7 December 2020 in relation to the Second AEC Acquisition; and (iv) the circular of the Company dated 24 December 2020 in relation to the Second AEC Acquisition. Terms used herein shall have the same meanings as defined in the CCT Announcement unless otherwise specified.

COMPLETION OF MAJOR TRANSACTION

On 25 March 2021, the Company was informed that the Second AEC Completion had taken place on 24 March 2021, following the fulfilment of the last condition precedent to be fulfilled under the Second AEC SP Agreement (i.e. the completion of the procedures in relation to the change in industry and commercial registration pursuant to the transfer of the 49% of the equity interest in the Target from the Vendor to the Purchaser). Upon the Second AEC Completion, the Target became a wholly-owned subsidiary of the Company with its financial results being consolidated into those of the Group.

CONTINUING CONNECTED TRANSACTIONS

On 23 January 2020, the Management Company entered into (i) the Management Agreements (consisting of eight Pre-delivery Management Agreements and eleven Post-delivery Management Agreements) with the Group, pursuant to which the Management Company agreed to provide to the Group, the Pre-delivery Management Services and the Post-delivery Management Services in respect of the Projects, further details of which are set out in the CCT Announcement; and (ii) the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement (i.e. collectively, the AEC Management Agreements) with the Target, a then independent third party which has become a wholly-owned subsidiary of the Company with effect from the Second AEC Completion Date, pursuant to which the Management Company agreed to provide to the Target, the Pre-delivery Management Services and the Post-delivery Management Services in respect of Zhuguang Financial Town One, a property project held by the Target.

THE AEC MANAGEMENT AGREEMENTS AND THE MANAGEMENT AGREEMENTS

The principal terms of each of the AEC Management Agreements are set out below:

Date	23 January 2020
Parties	(i) the Management Company; and (ii) the Target, in respect of both the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement.

The Management Company is a company established in the PRC with limited liability, which is principally engaged in property management. The Management Company has been owned as to 90% by Ms. Zhu, who is (i) a daughter of Mr. Chu HT, an executive Director, the chairman of the Board and a 34.06% shareholder of Rong De (the controlling Shareholder); and (ii) a niece of Mr. Chu MC, an executive Director and a 29.94% shareholder of Rong De (the controlling Shareholder) since the Relevant Date. As Ms. Zhu is an associate of Mr. Chu HT and a deemed connected person of Mr. Chu MC, the Management Company became a connected person of the Company under Chapter 14A of the Listing Rules with effect from the Relevant Date.

The Target is a wholly-owned subsidiary of the Company, the principal activity of which is property development.

Duration

Each of the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement is for a term commencing from 23 January 2020 to 31 December 2022 (both days inclusive), which may be early terminated by the Target with one month's written notice in advance.

Subject matter

Pursuant to the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement, the Management Company has agreed to provide to the Target, the Pre-delivery Management Services and the Post-delivery Management Services in respect of Zhuguang Financial Town One.

Pricing and payment terms

Pursuant to the AEC Pre-delivery Management Agreement, the Target shall pay management fees ("**AEC Pre-delivery Management Fees**") in cash and in arrears on a monthly basis, which consist of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the AEC Pre-delivery Management Services as agreed in advance by the Target and the Management Company, and 10% thereof.

Pursuant to the AEC Post-delivery Management Agreement, the Target shall pay the following management fees ("**AEC Post-delivery Management Fees**") to the Management Company in cash and in arrears on a monthly basis:

- (a) property management fees of unsold units in Zhuguang Financial Town One, in the amounts of RMB5.8 per sq.m. (in respect of apartments) and RMB28 per sq.m. (in respect of offices), based on the GFA of the relevant unsold units and subject to adjustments (i) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (ii) mutually approved by the parties to the AEC Post-delivery Management Agreement; and
- (b) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in Zhuguang Financial Town One, based on (i) the rates of the water and electricity expenses charged by the relevant government departments; and (ii) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in Zhuguang Financial Town One.

The AEC Pre-delivery Management Fees are on normal commercial terms negotiated on an arm's length basis by the parties with reference to the prevailing management fee rates of similar services provided for comparable properties, at prices and terms (including the payment terms) offered by the Management Company to the Group not higher and no less favourable than those offered by other independent third parties to the Group.

With respect to the AEC Post-delivery Management Fees, the property management fees are set at the fee rates offered by the Management Company to the Target for Zhuguang Financial Town One after negotiations on an arm's length basis by the parties, while the utilities expenses are determined with reference to the rates of the water and electricity expenses charged by the relevant government departments for Zhuguang Financial Town One. Such AEC Post-delivery Management Fees are offered by the Management Company to the Target at prices and terms (including the payment terms) which are not higher and no less favourable than those offered by other independent third parties to the Group.

There has been no change to the principal terms of the Management Agreements as previously set out in the CCT Announcement.

INTERNAL CONTROL

The Group will undertake the following internal control measures to monitor the Aggregated CCTs:

- (a) the relevant personnel from the finance department and management of the Group will conduct checks on a regular basis to review and assess whether the Aggregated CCTs are conducted in accordance with the terms of the Management Agreements and the AEC Management Agreements;
- (b) the relevant personnel from the finance department and management of the Group will monitor the prices and terms in the Management Agreements and the AEC Management Agreements from time to time to ensure that the Aggregated CCTs are conducted on normal commercial terms and at prices and terms no less favourable than those offered by other independent third parties to the Group;
- (c) the relevant personnel from the finance department of the Group will monitor the monthly transaction amounts between the Group and the Management Company under the Management Agreements and the AEC Management Agreements and report to the management of the Group to ensure that the Aggregated Annual Caps will not be exceeded;
- (d) the independent non-executive Directors will review the Aggregated CCTs every year and confirm that the transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the Management Agreements and the AEC Management Agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (e) the Company will engage its auditors to report on the Aggregated CCTs every year. The auditors of the Company will review and confirm in the annual report of the Company whether the Aggregated CCTs (i) have been approved by the Board; (ii) were entered into, in all material respects, in accordance with the Management Agreements and the AEC Management Agreements; and (iii) have not exceeded the relevant Aggregated Annual Caps.

HISTORICAL FIGURES

The aggregate annual amounts paid by the Group and the Target to the Management Company for the Property Management Services in respect of the Projects and Zhuguang Financial Town One for the years ended 31 December 2017, 2018, 2019 and 2020 (on an aggregate basis) were approximately RMB20,504,000 (equivalent to approximately HK\$24,571,000) (but no fees had been incurred for Project Tian Ying with respect to the Pre-delivery Management Services, and none had been incurred for Project Tian Ying, Yujing Yayuan, Pearl Yunling Lake, Xincheng Yujing, Meizhou Chaotang Project and Zhuguang Financial Town One with respect to the Post-delivery Management Services for 2017), RMB18,341,000 (equivalent to approximately HK\$21,979,000) (but no fees had been incurred for Project Tian Ying, Yujing Yayuan, Nansha Scenic, Meizhou Chaotang Project and Zhuguang Financial Town One with respect to the Post-delivery Management Services for 2018), RMB19,131,000 (equivalent to approximately HK\$22,925,000) (but no fees had been incurred for Project Tian Ying, Yujing Yayuan, Nansha Scenic, Meizhou Chaotang Project and Zhuguang Financial Town One with respect to the Post-delivery Management Services for 2019) and RMB18,526,000 (equivalent to approximately HK\$22,200,000) (but no fees had been incurred for Yujing Yayuan, Meizhou Chaotang Project and Zhuguang Financial Town One with respect to the Post-delivery Management Services for 2020), respectively.

AGGREGATED ANNUAL CAPS AND THE BASIS FOR DETERMINATION

As the Management Agreements and the AEC Management Agreements are similar in nature and were entered into by the Group and the Target (which became a wholly-owned subsidiary of the Company with effect from the Second AEC Completion Date) with the same connected person, the Management Agreements and the AEC Management Agreements are aggregated in accordance with Rule 14A.81 of the Listing Rules. Taking into consideration that the AEC CCTs only became continuing connected transactions of the Company with effect from the Second AEC Completion Date, the respective Aggregated Annual Caps for the years ending 31 December 2021 and 2022 will be revised to RMB49,000,000 (equivalent to approximately HK\$58,719,000) and RMB65,000,000 (equivalent to approximately HK\$77,892,000), while no revision is made to the Annual Cap for the year ended 31 December 2020 as previously set out in the CCT Announcement. The Aggregated Annual Caps for the two years ending 31 December 2022 are as follows:

	Aggregated Annual Cap for the year ending 31 December	
	2021	2022
Total service fees	RMB49,000,000 (equivalent to approximately HK\$58,719,000)	RMB65,000,000 (equivalent to approximately HK\$77,892,000)

The Aggregated Annual Caps are determined by the Directors with reference to (i) the estimated total costs and expenses incurred by the Management Company in rendering the Pre-delivery Management Services, after considering the historical trends of the fees incurred by the Group and the Target for the Pre-delivery Management Services in relation to the Projects and Zhuguang Financial Town One; (ii) the estimated unit price of the human resources costs in respect of the Pre-delivery Management Services in relation to the relevant Projects and Zhuguang Financial Town One; (iii) the aggregate GFA of the unsold units in the relevant Projects as at 31 December 2020; (iv) the estimated aggregate GFA of the unsold units in Zhuguang Financial Town One as at 30 April 2022 (on the assumption that the development of the first phase of Zhuguang Financial Town One will take place in April 2022 as expected); (v) the estimated aggregate GFA available for delivery in relation to the relevant Projects in each of the years ending 31 December 2021 and 2022; (vi) the estimated aggregate GFA available for delivery in relation to Zhuguang Financial Town One in the year ending 31 December 2022; (vii) the assumption that the aggregate GFA in relation to the relevant Projects under items (iii) and (v) will remain unsold during the years ending 31 December 2021 and 2022; (viii) the assumption that the aggregate GFA in relation to Zhuguang Financial Town One under items (iv) and (vi) will remain unsold during the year ending 31 December 2022; (ix) the estimated usage of water and electricity by the unsold units in the relevant Projects and Zhuguang Financial Town One, taking into consideration the historical trends of their utilities usage in the relevant Projects and Zhuguang Financial Town One; and (x) the estimated utilities rates charged by the relevant government departments in relation to the relevant Projects and Zhuguang Financial Town One.

REASONS FOR AND BENEFITS OF THE AEC MANAGEMENT AGREEMENTS

The Group is principally engaged in property development, property investment, project management and other property development related services in the PRC.

The Directors are of the view that it is in the interests of the Group to outsource property management services to the Management Company, which has ample experience in property management, in order to better manage the property projects of the Group and save the Group's management time and resources. In addition, the Management Company has been providing property management services to the Target since 2019 and it has maintained the stability and consistency of the Property Management Services provided to the Target in respect of Zhuguang Financial Town One.

The Directors (including the independent non-executive Directors) are of the view that the terms of the AEC Management Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Shareholders and the Company as a whole. The Directors (including the independent non-executive Directors) also confirm that the Aggregated Annual Caps for the for the two years ending 31 December 2022 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Chu HT and Mr. Chu MC (both being executive Directors) have abstained from voting on the relevant Board resolutions approving the matters in relation to the Management Agreements and the AEC Management Agreements (including the Aggregated Annual Caps) since they have a material interest in the Management Agreements and the AEC Management Agreements. Save as disclosed above, none of the other Directors has a material interest in the Management Agreements and the AEC Management Agreements and therefore, no other Director has abstained from voting on the relevant Board resolutions approving the matters in relation to the Management Agreements and the AEC Management Agreements (including the Aggregated Annual Caps).

IMPLICATIONS UNDER THE LISTING RULES

Prior to the Second AEC Completion Date, the AEC CCTs were continuing transactions between the Management Company, a connected person of the Company, and the Target, a then joint venture of the Group, in which the Company held 51% equity interest. Following the Second AEC Completion Date on which the Group completed the acquisition of the remaining 49% equity in the Target, the Target became a wholly-owned subsidiary of the Company, making the AEC CCTs continuing connected transactions of the Company with effect from the Second AEC Completion Date.

As the AEC CCTs and the CCTs are similar in nature and were entered into by the Group with the same connected person, the AEC Pre-delivery Management Agreement, the AEC Post-delivery Management Agreement and the Management Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. Taking into consideration that the AEC CCTs only became continuing connected transactions of the Company with effect from the Second AEC Completion Date, the respective Aggregated Annual Caps for the years ending 31 December 2021 and 2022 will be revised to RMB49,000,000 (equivalent to approximately HK\$58,719,000) and RMB65,000,000 (equivalent to approximately HK\$77,892,000), while no revision is made to the Annual Cap for the year ended 31 December 2020 as previously set out in the CCT Announcement. As the applicable percentage ratios for the Aggregated Annual Cap for each of the two years ending 31 December 2022 are more than 0.1% but less than 5%, the Aggregated CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“AEC CCTs”	the transactions contemplated under the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement
“AEC Management Agreements”	collectively, the AEC Pre-delivery Management Agreement and the AEC Post-delivery Management Agreement
“AEC Post-delivery Management Agreement”	the post-delivery property management service agreement dated 23 January 2020 and entered into between the Target and the Management Company in respect of the provision of Post-delivery Management Services in Zhuguang Financial Town One
“AEC Pre-delivery Management Agreement”	the pre-delivery property management service agreement dated 23 January 2020 and entered into between the Target and the Management Company in respect of the provision of Pre-delivery Management Services in Zhuguang Financial Town One
“Aggregated Annual Caps”	collectively, the maximum aggregate annual transaction values in respect of the Aggregated CCTs for each of the two years ending 31 December 2022, and each an “Aggregated Annual Cap”
“Aggregated CCTs”	collectively, the CCTs and the AEC CCTs
“All Flourish”	All Flourish Investments Limited (通興投資有限公司), a company incorporated in the British Virgin Islands with limited liability
“Management Company”	廣州珠光物業管理有限公司 (Guangzhou Zhuguang Property Management Company Limited*), a company established in the PRC with limited liability, which is owned as to 90% by Ms. Zhu and 10% by Mr. Zhu Gexiong* (朱各雄) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is an independent third party

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“Purchaser”	Pacific Win Investments Limited (保鋒投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Relevant Date”	26 December 2019, the date on which the Management Company became a connected person of the Company under Chapter 14A of the Listing Rules
“Second AEC Acquisition”	the acquisition of 49% of the equity interest in the Target
“Second AEC Completion”	completion of the Second AEC Acquisition
“Second AEC Completion Date”	the date on which the Second AEC Completion took place
“Second AEC SP Agreement”	the agreement dated 7 December 2020 and entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, as purchaser, and the Vendor, an independent third party, as vendor, in relation to the Second AEC Acquisition
“Target”	廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*), a company established in the PRC with limited liability, which has become a wholly-owned subsidiary of the Company with effect from the Second AEC Completion Date
“Vendor”	廣東珠光集團有限公司 (Guangdong Zhuguang Group Company Limited*), a company established in the PRC with limited liability, the ultimate beneficial owners of which are Mr. Xie Bingzhao* (謝炳釗) and Mr. Zhu Gelang* (朱各亮)
“Zhuguang Financial Town One”	珠光金融城壹號 (Zhuguang Financial Town One*), a property project held by the Target which is located at Huangpu Road East, Tianhe District, Guangzhou City, Guangdong Province, the PRC

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For the purpose of illustration only, the amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB1:HK\$1.19834. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

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

25 March 2021

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