惠 理 集 團
Value Partners Group

VALUE PARTNERS GROUP LIMITED
惠理集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 806)

DISCLOSEABLE TRANSACTION
DISPOSAL OF 50% OF THE ISSUED SHARE CAPITAL IN A SUBSIDIARY

The Board announces that on 24 November 2017 (after morning trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, representing 50% of the entire issued share capital of the Target Company at the consideration of HK$1. Upon Completion, the Purchaser will (i) provide an interest free shareholder's loan in the amount of JPY2,749,848,740 (approximately HK$189 million) to the Target Company to repay the corresponding amount of shareholder's loan owing by the Target Company to the Vendor, the effect of which is to ensure that the shareholders' loans of the Purchaser and the Vendor will be pro rata to their shareholding, and (ii) appoint a wholly-owned subsidiary of the Company (that acts the investment manager of the Group's new real estate private equity business) to provide investment management services in respect of the Properties to the Purchaser for a management fee.

Upon Completion, the Target Company will be owned 50:50 by the Vendor and the Purchaser, and their relationship will be regulated by the Shareholders Agreement. Accordingly, the Target Company will cease to be a subsidiary of the Company and its financial results will cease to be consolidated with the results of the Group.

As the applicable percentage ratios (as defined under the Listing Rules) in respect the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that, on 24 November 2017 (after morning trading hours), the Vendor and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal.

THE SALE AND PURCHASE AGREEMENT

Date: 24 November 2017

Parties:
1. The Vendor
2. The Purchaser

The Purchaser is a company incorporated in Hong Kong and is engaged in the business of property investment. The Purchaser is a wholly-owned subsidiary of Liu Chong Hing Investment Limited ("LCH"), a company whose shares are listed on the Stock Exchange. LCH was founded in 1970 and is engaged in the investment and development of residential and commercial buildings both in Hong Kong and China. Its business also includes investment holding, property management, treasury investment, trading and manufacturing business.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Purchaser, LCH and LCH's substantial shareholders is an Independent Third Party.

Assets to be sold

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share (representing 50% of the entire issued share capital of the Target Company). Immediately before the entering into the Sale and Purchase Agreement, the Company indirectly wholly-owns the Target Company, which in turn through a wholly-owned subsidiary holds 100% of the trust beneficial interests in the Properties.

As at the date of this announcement, there is outstanding shareholder's loan of JPY5,499,697,480 owing from the Target Company to the Vendor. Upon Completion, the Purchaser will provide a shareholder's loan of approximately JPY2,749,848,740 to repay the corresponding amount of shareholder's loan owing by the Target Company to the Vendor, such that the shareholders' loans of the Purchaser and the Vendor will be pro rata to their shareholding in the Target Company.

Consideration

The consideration for the Sale Share is HK$1 which is to be settled in cash by the Purchaser at Completion.

The aggregate amount of consideration for the Sale Share and the shareholder's loan to be provided by the Purchaser (being JPY2,749,848,740 (approximately HK$189 million) in aggregate) was determined after arm's length negotiations between the Vendor and the Purchaser having taken into account the market value of the Properties (which has generated stable income since the Group's acquisition), which is the underlying asset of the Target Company, and the Purchaser is the first investor in the Group's real estate portfolio.

Completion

Completion is expected to take place on 24 November 2017, or such other date as may be agreed between the Vendor and the Purchaser.

Upon Completion, the Target Company will be owned 50:50 by the Vendor. The Target Company will cease to be a subsidiary of the Company and its financial results will not be consolidated with the results of the Group.

Shareholders Agreement

On Completion, the Vendor, the Purchaser and the Target Company will enter into the Shareholders Agreement to govern their relationship with respect to the Target Company. Principal terms of the Shareholders Agreement shall include:

Business scope

The business of the Target Company and its subsidiary is to acquire, hold and finance 100% interest in the Properties.

Board of directors

The board of the Target Company will consist of 4 directors. Each of the Vendor and the Purchaser is entitled to designate 2 directors to the board of the Target Company. The quorum for the meetings and the adoption of the resolution of the board of the Target Company is two directors. The chairman of the board will be a director designated by the Vendor, who will have a casting vote save for the reserved matters (see below).

The Purchaser is entitled to designate one director on the board of the Target Company's wholly-owned subsidiary.

Shareholders' Meeting

The quorum for any shareholders' meeting and adjourned meeting is shareholder(s) holding more than two/thirds and 50% of shares in issue respectively. The passing of any resolution require affirmative vote of shareholder(s) holding not less than 50% of shares in issue.

Reserved matters

Certain matters relating to, among other things, approval and change of annual business plan and budget, change or discontinuance of the existing business, change in share capital or rights attached to shares, issue or grant of right to acquire equity securities, liquidation or winding up, amendment or alteration of constitutional documents, creation of encumbrance over assets, incurrence of indebtedness other than pursuant to approved annual business plan or budget, acquisition or disposal of material assets with a value in excess of US$1 million, capitalisation or change of terms of shareholders loan, declaration of dividend of the Target Company or its subsidiary(ies), entering into material contracts with value exceeding US$1 million requires the unanimous approval of all shareholders of the Target Company.

Future financing

Additional financing requirement in excess of the amount provided in annual budget or approved business plan will require unanimous approval from shareholders. Any further capital contribution (whether by debt or equity) required from the shareholders will be provided pro rata to shareholding. If undertakings or guarantees are required from the shareholders in respect of any third party financing, the obligations of each shareholder as between themselves is to be on a pro rata basis, irrespective of whether or not they are liable as co-sureties or liable jointly and/or severally.

Restrictions on share transfers

Any transfer of shares in the Target Company by a shareholder to a third party will be subject to the pre-emptive and tag-along rights of the other shareholders.

Investment Management

At Completion, the Purchaser will appoint Value Partners Private Equity Limited, a wholly-owned subsidiary of the Company (that acts as the investment manager for the Group's new real estate private equity investments) to provide investment management services in respect of the Properties to the Purchaser for a management fee.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTIES

The Target Company is a company incorporated under the laws of Hong Kong on 27 October 2011. As disclosed in the Company's announcement dated 27 July 2017, the Group has set up a limited partnership to engage in real estate private equity business. The Target Company is an investment holding company indirectly holding the trust beneficial interests in the Properties which is part of the assets of the real estate private equity business.

The Target Company has not carried out any business operation since its incorporation until the Target Group's acquisition of the trust beneficial interests in the Properties on 3 August 2017. Set out below is the summary of the unaudited financial information of the Target Group for the period from 3 August 2017 to 30 September 2017 as extracted from its unaudited management accounts prepared in accordance with the generally accepted accounting principles of Hong Kong:

	From 3 August 2017 up to 30 September 2017
Turnover	HK$8,814,233
Net profit before taxation	HK$1,093,606
Net profit after taxation	HK$914,056

As at 30 September 2017, the Target Company had unaudited consolidated net asset value of HK$914,056.

The principal asset of the Target Company is its indirect holding of the trust beneficial interests in the Properties. Set out below are the particulars of the Properties:

	Kakegawa Property	**Higashi Matsuyama Property**
Location:	102, Shobugaike, Kakegawa City, Shizuoka Prefecture, Japan	296-1, 294-1, 301-2, 301-1, 300-1, 299-1, 302-1, 295-1, Shingo, Ooaza, Higashimatsuyama City, Saitama Prefecture, Japan
Gross floor area:	42,449 square meters	17,987 square meters
Property age (since completion):	2 years	9 years
Use:	Logistics centre	Logistics centre
Occupancy rate:	100%	100%

Rental income from the Properties for the two years ended 31 December 2015 and 31 December 2016 and the ten months ended 31 October 2017 were JPY 224,871,994, JPY 772,153,376 and JPY660,002,980 respectively.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will lose the control and exercise joint control over the Target Group and the financial results and financial positions of the Target Group will not be consolidated with the financial statements of the Company. The Directors expect that immediately upon Completion, the Disposal will have no significant effect on the earnings, and value of total assets and total liabilities of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in provision of investment management services to investment funds and managed accounts.

The Disposal enables the Group to bring in strategic investor in the Group's real estate private equity platform and make available funds from the proceeds of the Disposal that the Group's real estate partnership can deploy towards building its portfolio through the acquisition of other stablished income assets in Asia Pacific as and when appropriate opportunities arise. The Board considers that the terms of the Disposal and the Shareholders Agreement are on normal commercial terms, fair and reasonable and the Disposal and the transactions contemplated thereunder are in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, such disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS

Reference is made to the announcement of the Company dated 22 May 2017, 22 June 2017, 21 July 2017, 21 August 2017, 21 September 2017, 20 October 2017 and 20 November 2017 pursuant to Rule 3.7 of the Takeovers Code. For the purpose of Rule 4 of the Takeovers Code, having obtained written consent from the Potential Offeror (as defined in the announcement dated 22 May 2017) in connection with possible transaction involving an acquisition of interests in the Company by the Potential Offeror, the Company has applied for, and the Executive has granted a waiver from the general requirement to obtain shareholders' approval under Rule 4 of the Takeovers Code.

DEFINITIONS

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

"Board"	the board of Directors
"Company"	Value Partners Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Share by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
"Higashi Matsuyama Property"	the logistic centre located in 296-1, 294-1, 301-2, 301-1, 300-1, 299-1, 302-1, 295-1, Shingo, Ooaza, Higashi Matsuyama City, Saitama Prefecture, Japan
"JPY"	Japanese yen, the lawful currency of Japan
"Kakegawa Property"	the logistic centre located in 102, Shobugaike, Kakegawa City, Shizuoka Prefecture, Japan
"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 People's Republic of China

"Independent Third Party"	third party independent of the Company and its connected persons (as defined under the Listing Rules)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Properties"	Higashi Matsuyama Property and Kakegawa Property
"Purchaser"	Supreme Stone Investments Limited, a company incorporated in Hong Kong and an Independent Third Party
"Sale and Purchase Agreement"	the sale and purchase agreement dated 24 November 2017 entered into between the Vendor and the Purchaser in relation to the Disposal
"Sale Share"	1 share in the issued share capital of the Target Company
"Shareholders Agreement"	the shareholders agreement to be entered into between the Vendor, the Purchaser and the Target Company to govern their relationship with respect to the Target Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Target Company"	Value Investing Group Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company immediately before the entering into the Sale and Purchase Agreement
"Target Group"	the Target Company and its subsidiaries
"Vendor"	Value Partners Asia Pacific Real Estate Limited, a wholly-owned subsidiary of the Company

In this announcement, for the purpose of illustration only, amounts quoted in JPY have been converted into HK$ at the rate of JPY1,000 to HK$69. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the board of
Value Partners Group Limited
CHEUNG Kwong Chi, Aaron
Company Secretary

Hong Kong, 24 November 2017

As of the date of this Announcement, our Directors are Dato' Seri Cheah Cheng Hye, Mr. So Chun Ki Louis, Dr. Au King Lun and Ms. Hung Yeuk Yan Renee as Executive Directors and Dr. Chen Shih Ta Michael, Mr. Lee Siang Chin and Mr. Nobuo Oyama as Independent Non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.