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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 — ACQUISITION OF ALL THE ISSUED SHARES OF GAIN LINK ENTERPRISES LIMITED INVOLVING ISSUANCE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

On 17 January 2018 (after trading hours), the Company entered into the Agreement with the Vendor, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire, the Sale Shares at the Consideration. The Consideration is partly satisfied by cash and partly satisfied by allotment and issue of the Consideration Shares. The Consideration Shares will be allotted and issued pursuant to the General Mandate.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in the GEM Listing Rules.

As the Acquisition is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed, the Shareholders and investors are reminded to exercise caution when dealing in the Shares.

THE ACQUISITION

On 17 January 2018 (after trading hours), the Company entered into the Agreement with the Vendor and the Vendor Guarantors with respect to the Acquisition. Pursuant to the Agreement, the Vendor Guarantors will jointly and severally guarantee the performance by the Vendor of the terms and conditions under the Agreement.

The principal terms of the Agreement are set out below.

Assets to be acquired

The Sale Shares represent the entire issued and paid-up share capital of the Target Company. The Vendor shall procure completion of the Restructuring prior to Completion. The information on the Target Group is set out in the section headed “Information on the Target Group” of this announcement.

Consideration

The Consideration is HK\$150,000,000 and shall be satisfied by the Company in the following manner:

- (a) an amount of HK\$45,000,000 representing 30% of the Consideration has been paid by the Company to the Vendor in cash as deposit (the “**Deposit**”); and
- (b) the balance of the Consideration of HK\$105,000,000 shall be settled by the issue of the Consideration Shares by the Company to the Vendor upon Completion.

Upon Completion, the Deposit shall be credited towards the Consideration. In the event that Completion does not occur as a result of default on the part of the Company, the Deposit shall be forfeited and the Vendor shall be under no obligation to refund the Deposit or any interest accrued thereon. In the event that Completion does not occur for any other reason, the Vendor shall within five Business Days (as defined in the Agreement) refund the Deposit without deduction, withholding or interest to the Company.

The Consideration was determined by the parties after arm’s length negotiations with reference to, among other factors, (i) the unaudited net assets value of the Project Company which amounted to RMB10,538,000 as of 30 November 2017; (ii) the customer base and the business prospects of the Target Group; and (iii) the benefits of the Acquisition to the Group as detailed in the section headed “Reasons for and benefits of the Acquisition” in this announcement.

The Group intends to fund the cash consideration of the Acquisition by its internal financial resources.

Consideration Shares

The Consideration Shares will be issued at HK\$0.53 each which represents:

- (a) a discount of approximately 15% of the average closing price of HK\$0.62 per Share as quoted on the Stock Exchange in the last 30 consecutive trading days immediately prior to the date of the Agreement;
- (b) a discount of approximately 26% of the closing price of HK\$0.72 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 17% of the average closing price of approximately HK\$0.64 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the Last Trading Day.

The Issue Price and the number of the Consideration Shares were arrived at after arm's length negotiations between the parties to the Agreement with reference to the prevailing trading prices of the Shares. Accordingly, the Board is of the view that the number of the Consideration Shares and the Issue Price are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The total number of the Consideration Shares represents approximately 14% of the issued share capital of the Company as at the date of this announcement and represents approximately 12% of the Company's issued share capital as enlarged by the issue of the Consideration Shares.

The Consideration Shares will be allotted and issued under the General Mandate subject to the limit of 288,000,000 Shares (representing 20% of the issued share capital of the Company on the grant of the General Mandate). The Consideration Shares when allotted and issued, will utilise approximately 69% of the General Mandate. As at the date of this announcement, the General Mandate has not been previously utilized. The issue of the Consideration Shares falls within the limit of the General Mandate and is not subject to any approval by the Shareholders.

An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued upon Completion, will rank pari passu in all respects with the existing Shares in issue.

Conditions Precedent

Completion is conditional upon the satisfaction or waiver of the following conditions:

- (a) all approvals and consents required to be obtained by the Company from any government authority or other third party in respect of the Agreement and/or the transactions contemplated thereunder, being obtained unconditionally and irrevocably, including but not limited to the approval of the Stock Exchange for the listing of the Consideration Shares;

- (b) the Company being satisfied with the results of such enquiries, investigations and due diligence reviews of the legal, business, affairs, operations and financial position of the Target Group, by the Company or any of its officers, employees, agents, professional advisers or other agents, as the Company in its discretion deems necessary, desirable or appropriate to undertake;
- (c) the representations, warranties and undertakings made by the Vendor and the Vendor Guarantors on a joint and several basis remaining true and accurate in all material respects and not misleading in any respect as of the Completion Date;
- (d) the representations, warranties and undertakings made by the Company remaining true and accurate in all material respects and not misleading in any respect as of the Completion Date;
- (e) the Vendor and each of the Vendor Guarantors having performed all their obligations under the Agreement at or prior to the Completion Date including but not limited to the delivery to the Company of the Call Option Agreement, the Proxy and the Assignment of Dividends Agreement duly executed by the parties thereto;
- (f) the Company having performed its obligations under the Agreement at or prior to the Completion Date;
- (g) there having occurred no material adverse effect with respect of any member of the Target Group and there having been promulgated, put into effect, commenced, granted or issued and subsisting or pending as at the Completion Date, no statute, regulation, proceeding, or order pertaining to the Target Group which would or could reasonably be expected to prohibit or restrict the consummation of the transactions contemplated under the Agreement;
- (h) as of the Completion Date, (1) the approvals and consents required to be obtained by the Company pursuant to condition (a) above not having been revoked or withdrawn or amended in any manner or as to any part thereof and (2) no further such approvals and consents being required to be obtained by them; and
- (i) the Restructuring having been completed pursuant to the Agreement to the satisfaction of the Company and evidence thereof to the satisfaction of the Company having been delivered to the Company.

The Company may, in its absolute discretion, waive the conditions set out in (b), (c), (e) or (i) above at any time by specific notice in writing to such effect to the Vendor. The Vendor may, in its absolute discretion, waive the conditions set out in (d) or (f) above at any time by specific notice in writing to such effect to the Vendor. The Company has no current intention to waive any of the conditions precedent.

If the conditions set out in (a) and (b) above shall not have been fulfilled by the Long Stop Date or waived by the Company, or the conditions set out in (c), (e), (g), (h) and (i) above shall not have been fulfilled or waived by the Company, or the conditions set out in (d) and (f) above shall not have been fulfilled or waived by the Vendor, the Agreement shall become null and void and of no effect, except for certain surviving provisions and any antecedent breach of the Agreement.

COMPLETION

Subject to satisfaction or waiver of the foregoing conditions precedent, Completion shall take place on the Completion Date. Upon Completion, the Target Company, the HK Subsidiary, the PRC Subsidiary and the Project Company will become subsidiaries of the Company and the financial results of the Target Group will be consolidated with the accounts of the Group.

INFORMATION ON THE VENDOR AND THE VENDOR GUARANTORS

The Vendor is principally engaged in investment holding.

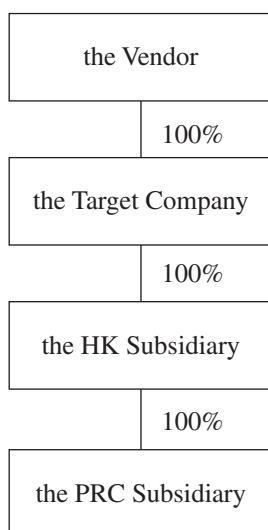
The Vendor Guarantors are individuals who reside in the PRC. As at the date of this announcement, the Vendor Guarantors together hold all the issued shares of the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor Guarantors and the Vendor are Independent Third Parties.

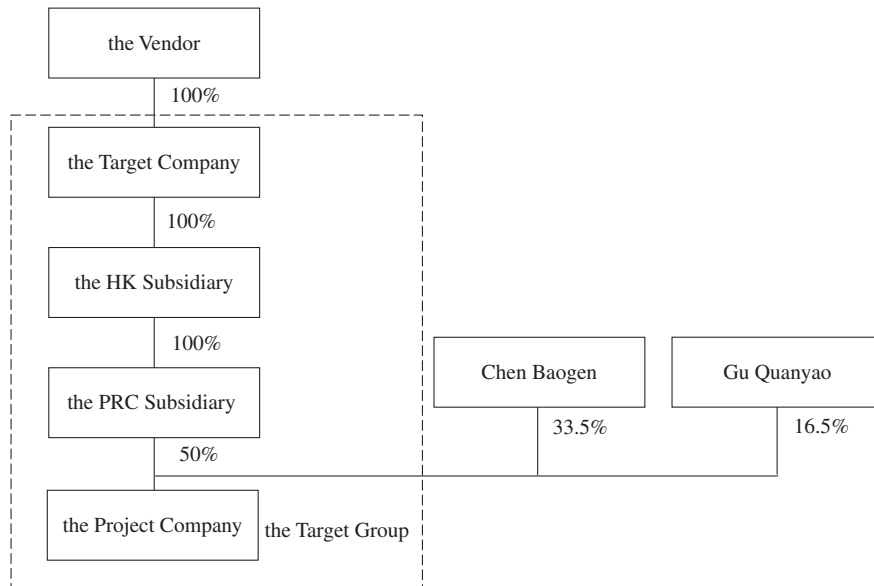
INFORMATION ON THE TARGET GROUP

As at the date of this announcement, the Target Group is undergoing the Restructuring. The following diagrams illustrate the shareholding structures of the Target Group (i) as at the date of this announcement, (ii) immediately after the Restructuring but prior to Completion, and (iii) immediately after Completion:

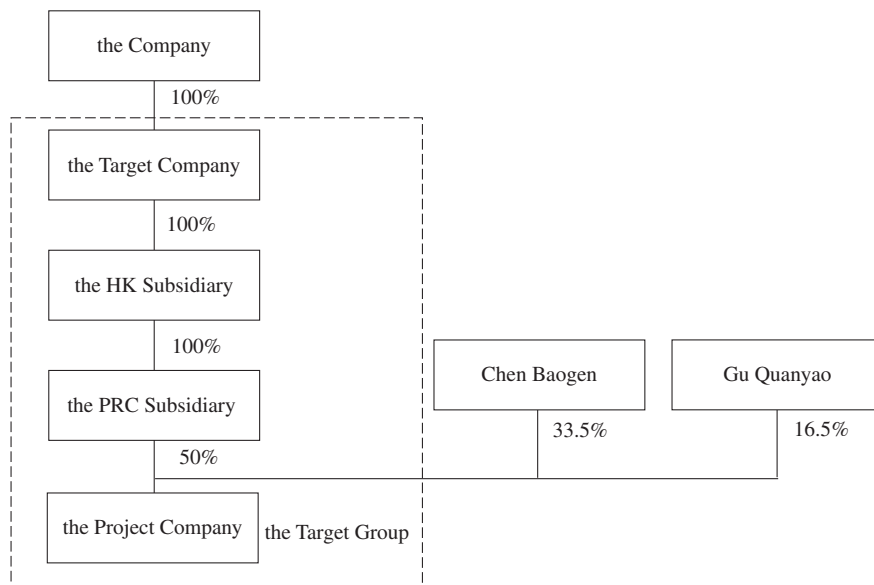
Shareholding structure of the Target Group as at the date of this announcement



Shareholding structure of the Target Group immediately after the Restructuring but prior to Completion



Shareholding structure of the Target Group immediately after Completion



(a) The Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Vendor holds all the issued shares of the Target Company and the Target Company does not have any assets.

(b) The HK Subsidiary

The HK Subsidiary is an investment holding company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Target Company holds all the issued shares of the HK Subsidiary and the HK Subsidiary does not have any assets.

(c) The PRC Subsidiary

The PRC Subsidiary is an investment holding company established in the PRC with limited liability. As at the date of this announcement, the HK Subsidiary holds the entire equity interest in the PRC Subsidiary and the PRC Subsidiary does not have any assets.

(d) The Project Company

The Project Company was established in the PRC with limited liability, and is principally engaged in the business of construction, decoration and engineering. As at the date of this announcement, the Vendor Guarantors together hold the entire equity interest of the Project Company. After completion of the Restructuring but prior to Completion, the Project Company will be indirectly owned as to 50% by the Vendor and directly owned as to 50% by the Vendor Guarantors. After Completion, the Project Company will be indirectly owned as to 50% by the Company and directly owned as to 50% by the Vendor Guarantors.

FINANCIAL INFORMATION OF THE TARGET GROUP

The Target Company, the HK Subsidiary and the PRC Subsidiary are principally engaged in investment holding. As at the date of this announcement, each of the Target Company, the HK Subsidiary and the PRC Subsidiary does not have any other assets.

According to the financial statements of the Project Company which are prepared on a basis consistent with the PRC accounting standards, its consolidated financial results for the two years ended 31 December 2016 and for the eleven months ended 30 November 2017 are as follows:

	For the year ended		For the eleven
	31 December		months ended
	2015	2016	2017
	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before tax	—	27	327
Net profit after tax	—	27	297
Net assets	35	241	10,538

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following Completion and the allotment and issuance of the Consideration Shares:

Shareholder	As at the date of this announcement		Immediately following Completion and the allotment and issuance of the Consideration Shares	
	<i>Number of Shares held</i>	<i>Approximate %</i>	<i>Number of Shares held</i>	<i>Approximate %</i>
United Financial Holdings Group Limited	1,080,000,000	75	1,080,000,000	66
The Vendor	<u>Nil</u>	<u>Nil</u>	<u>198,113,208</u>	<u>12</u>
Sub-total	1,080,000,000	75	1,278,113,208	78
Public shareholders	<u>360,000,000</u>	<u>25</u>	<u>360,000,000</u>	<u>22</u>
Total	<u>1,440,000,000</u>	<u>100</u>	<u>1,638,113,208</u>	<u>100</u>

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in undertaking slope works, foundation works and other general building works in Hong Kong.

The Group has been actively seeking new investment opportunities in order to broaden its income source. The Board considers that the Acquisition enables the Group to expand into the PRC market given the Project Company mainly operates its construction projects in the PRC, and thus provides an opportunity to the Group to increase its profitability.

Based on the factors as disclosed above, the Directors (including the independent non-executive Directors) are of the view that the Consideration and the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in the GEM Listing Rules.

As the Acquisition is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed, the Shareholders and investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company
“Agreement”	the agreement dated 17 January 2018 entered into by and among the Company, the Vendor and the Vendor Guarantors in relation to the Acquisition
“Assignment of Dividends Agreement”	an agreement to be entered into between the Vendor Guarantors and the PRC Subsidiary in relation to an assignment by the Vendor Guarantors of the dividends attributable to the 50% interest in the Project Company held by the Vendor Guarantors in favour of the PRC Subsidiary for all financial periods after the Completion Date
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Call Option Agreement”	an option agreement to be entered into among the Vendor Guarantors, the PRC Subsidiary and the Project Company pursuant to which a call option will be granted from the Vendor Guarantors in favour of the PRC Subsidiary for the transfer of the 50% interest in the Project Company held by the Vendor Guarantors to the PRC Subsidiary at any time after Completion at nominal consideration of RMB1
“Company”	Zhejiang United Investment Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM (stock code: 8366)
“Completion”	completion of the Acquisition
“Completion Date”	(a) a Business Day (as defined in the Agreement) notified by the Company to the Vendor in writing being not later than 5 Business Days following the date on which the conditions (a) and (i) as set out in the section headed “Conditions Precedent” in this announcement have been satisfied, or (b) such other Business Day (as defined in the Agreement) as the parties may agree in writing, or (c) such deferred date for Completion as is determined by the Vendor or the Company under the Agreement (as the case may be)
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration”	consideration for the Acquisition
“Consideration Shares”	198,113,208 new Shares credited as fully paid up to be allotted and issued by the Company at the Issue Price
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company convened and held on 5 September 2017
“Group”	the Company and its subsidiaries
“HK Subsidiary”	Mega Lions Construction Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) which is/are not connected person(s) (as defined under the GEM Listing Rules) of the Company and is/are independent of the Company and its connected persons
“Issue Price”	HK\$0.53, being the issue price per each Consideration Share
“Last Trading Day”	17 January 2018, being the last trading day for the Shares prior to the publication of this announcement
“Long Stop Date”	5:00 p.m. on 30 June 2018 or such later time or date as the parties to the Agreement may agree in writing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Subsidiary”	杭州晨鑫企業管理服務有限公司 (Hangzhou Chenxin Enterprise Management Service Company Limited*), a company established in the PRC with limited liability
“Project Company”	浙江千祥建設有限公司 (Zhejiang Qian Xiang Construction Company Limited*), a company established in the PRC with limited liability

“Proxy”	a proxy to be given by the Vendor Guarantors in favour of the PRC Subsidiary, pursuant to which the PRC Subsidiary is entitled to exercise the voting right attached to the 50% interest in the Project Company held by the Vendor Guarantors or sign on behalf of the Vendor Guarantors written shareholders resolutions in such manner in its sole discretion
“Restructuring”	the restructuring contemplated by the parties to the Agreement in respect of the Target Company, the HK Subsidiary, the PRC Subsidiary and the Project Company such that the shareholding structure of the Target Group, upon completion of the Restructuring, will be conforming to the structure set out in the section headed “Shareholding structure of the Target Group immediately after the Restructuring but prior to Completion” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	50,000 ordinary issued shares of the Target Company
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Gain Link Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Mega Lions Construction Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor Guarantors”	Mr. Chen Baogen (陳寶根) and Mr. Gu Quanyao (顧銓堯), who are Independent Third Parties
“%”	per cent.

* *for identification purposes only*

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

Hong Kong, 17 January 2018

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. Zheng Xuchen, Mr. Wong Man Hin, Raymond and Mr. Tang Yiu Wing.

This announcement, for which the Directors of the Company 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement herein or this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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