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VESTATE GROUP HOLDINGS LIMITED

國投集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1386)

**ANNOUNCEMENT PURSUANT TO
RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES AND
INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF
THE SECURITIES AND FUTURES ORDINANCE
AND
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING

On 29 October 2017, the Company was informed by the Potential Seller that the Potential Seller had entered into the MOU with the Potential Purchaser, who is an Independent Third Party, regarding the Possible Sale. The MOU sets forth certain preliminary understandings in relation to the Possible Sale. The price of the Sale Shares is subject to due diligence review of the Group and the Sale and Purchase Agreement.

If the Possible Sale is materialised, the Potential Purchaser and any parties acting in concert with it may be obligated to make a mandatory unconditional general offer for all the Shares (other than those already owned or agreed to be acquired by them) under the Takeovers Code and to make an appropriate offer to the holders of any convertible securities (if any). Following completion of the Possible Sale, the Potential Seller may cease to be the controlling shareholder of the Company and the Potential Purchaser may become a controlling shareholder of the Company.

The discussions in respect of the Possible Sale are still in progress and no legally binding agreement in respect of the Possible Sale has been entered into as at the date of this announcement.

Sale and Purchase Agreement

The Potential Seller and the Potential Purchaser shall negotiate in good faith towards the other in ensuring that the Sale and Purchase Agreement be entered into as soon as possible and before 31 December 2017 (or such later date as the Potential Seller and the Potential Purchaser may agree in writing).

Due diligence on the Group

The Potential Seller shall provide such assistance as the Potential Purchaser, its consultants and agents may require to conduct the due diligence review of the Group including but not limited to the financial and business of the Group.

Exclusivity

The Potential Seller will not, from the date of the MOU and up to 31 December 2017, initiate negotiations or discussions or enter into any agreement or arrangement with any person other than the Potential Purchaser in respect of the Sale Shares (or any part thereof) or any proposal, arrangement or transaction relating to the participation in the securities of the Company.

The Potential Purchaser will not, from the date of the MOU and up to 31 December 2017, initiate negotiations or discussions or enter into any agreement or arrangement with any person other than the Potential Seller in respect of the acquisition of controlling stake of a company listed on the Stock Exchange.

Deposit

The Potential Purchaser shall pay a deposit in the amount of RMB18,000,000 within three Business Days from the date of the MOU. The Potential Seller shall return the deposit to the Potential Purchaser in full if the Parties fail to enter into the Sale and Purchase Agreement (the failure of which is not caused by the Potential Purchaser).

Non-legally binding effect of the MOU

The MOU does not create any legally binding effect on the Parties in relation to the Possible Sale but is legally binding as to such terms relating to due diligence on the Group, deposit, exclusivity, confidentiality, costs and governing law and jurisdiction in the MOU.

SECURITIES OF THE COMPANY

The relevant securities of the Company in issue as at the date of this announcement comprise of (i) 716,190,000 Shares; (ii) convertible bonds issued on 5 July 2016 in the principal amount of HK\$30,000,000, which is convertible into 16,574,585 Shares at the initial conversion price of HK\$1.81 per conversion share; (iii) convertible bonds issued on 24 August 2016 in the principal amount of HK\$150,000,000, which is convertible into 81,300,813 at the initial conversion price of HK\$1.845 per conversion share; and (iv) 40,000,000 outstanding options, which may be exercised into 40,000,000 Shares at a price of HK\$1.45 per option share by the holders of the options. Save as aforementioned, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 30 October 2017.

The associates (as defined in the Takeovers Code) of the Company and the Potential Purchaser (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Potential Purchaser) are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In compliance with Rule 3.7 of the Takeovers Code, the Directors will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until an announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the possible general offer in compliance with the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on 30 October 2017 pending release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 October 2017.

Warning:

Shareholders and potential investors of the Company should be aware that the terms of the Possible Sale are subject to further negotiations between the Potential Seller and the Potential Purchaser, and the completion of the Possible Sale is subject to the Sale and Purchase Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The Possible Sale may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

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

“associates”	as defined in the Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities
“Business Day(s)”	any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
“Company”	Vestate Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code : 1386)
“connected person”	as defined in the Listing Rules
“controlling shareholder”	as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 28 October 2017 and entered into between the Potential Seller and the Potential Purchaser in relation to the Possible Sale
“Parties”	the Potential Seller and the Potential Purchaser
“Possible Sale”	the possible sale of the Sale Shares to the Potential Purchaser pursuant to the MOU
“Potential Purchaser”	a potential purchaser, who is an independent third party, in the MOU
“Potential Seller”	Mr. Zhu Xiaojun, an executive Director and chairman of the Board and is interested in 513,300,002 Shares, representing approximately 71.67% of the entire issued share capital of the Company as at the date of this announcement
“Sale and Purchase Agreement”	the sale and purchase agreement, which may or may not be entered into between the Potential Seller and the Potential Purchaser, in relation to the Possible Sale
“Sale Shares”	the Shares which may be sold by the Potential Seller to the Potential Purchaser and the number of which will be stipulated in the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	share(s) of HK\$0.1 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“%”	per cent.

By order of the Board
Vestate Group Holdings Limited
ZHU Xiaojun
Chairman

Hong Kong, 30 October 2017

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. ZHU Xiaojun
Mr. KANG Jianming
Ms. CAI Jiaying
Mr. YIN Wansun

Independent Non-executive Directors:

Ms. ZHAO Hong
Mr. CHAU Wai Hing
Mr. LEUNG Man Ho

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.