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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)

**MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF 49% OF THE EQUITY INTEREST IN
ASCENT PRIDE INVESTMENTS LIMITED
AND
RESUMPTION OF TRADING**

THE DISPOSAL

The Board is pleased to announce that on 2 July 2018, the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing 49% of the issued share capital of the Target Company at the Consideration of HK\$50,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 25% but are below 75%, the Disposal constitutes a major transaction on the part of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal Agreement and the transactions contemplated thereunder. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting of the Company, a written shareholder's approval for the Disposal Agreement and the transactions contemplated thereunder has been obtained from China Consume Elderly Care Holdings Limited, a controlling Shareholder directly holding 513,300,002 Shares, representing approximately 71.67% of the issued share capital of the Company as at the date of this announcement.

GENERAL

A circular of the Company containing, among other matters, further details of the Disposal and any other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 27 July 2018 for information purposes only.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 3 July 2018 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 9 July 2018.

THE DISPOSAL

The Board is pleased to announce that on 2 July 2018, the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing 49% of the issued share capital of the Target Company at the Consideration of HK\$50,000,000. Further details of the Disposal Agreement are set out below.

THE DISPOSAL AGREEMENT

Date: 2 July 2018

Parties: (1) Genius Earn Investments Limited, as vendor; and
(2) Golden Way Enterprise Limited, as purchaser.

The Vendor is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company principally engaged in investment holding.

The Purchaser is a company incorporated in the BVI with limited liability and an investment holding company. The ultimate beneficial owner of the Purchaser is principally engaged in shoes manufacturing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK\$50,000,000.

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) HK\$8,000,000, being the Deposit and part payment of the Consideration, shall be payable by the Purchaser to the Vendor in cash on or before 31 July 2018;
- (b) HK\$22,000,000, being part of the Consideration, shall be payable by the Purchaser to the Vendor in cash within 10 days after the Completion; and
- (c) HK\$20,000,000, being the balance of the Consideration, shall be payable by the Purchaser to the Vendor in cash within 10 days after the completion of novation of trade payables and other payables of the Target Company to the Vendor pursuant to the Deed of Novation.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms by taking into account (i) the net asset value of the Target Group as at 31 March 2018 (as if the Reorganisation having been completed); (ii) the estimated net effect of the Assignment Deed and Deed of Novation as at 31 March 2018.

Having considered the above factors, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon and subject to the following conditions:

- (1) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the sale and purchase of the Sale Shares having been obtained;
- (2) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the sale and purchase of the Sale Shares having been obtained;
- (3) the passing of the requisite resolution(s) by the Shareholder(s) either at a general meeting or by way of written resolution(s) approving the Disposal Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;
- (4) there being no matters, facts or circumstances which constitute or will constitute breach of the warranties given by the Vendor contained in the Disposal Agreement;
- (5) there being no matters, facts or circumstances which constitute or will constitute breach of the warranties given by the Purchaser contained in the Disposal Agreement;
- (6) the entering into of the Assignment Deed and Deed of Novation; and
- (7) the Reorganisation having been completed.

The Vendor shall use its best endeavours to procure the fulfillment of the conditions set out in (1), (3), (4), (6) and (7) above. The Purchaser shall use its best endeavours to procure the fulfillment of the conditions set out in (2) and (5) above. The Vendor may in its absolute discretion at any time waive the condition set out in (5) above. The Purchaser may in their absolute discretion at any time waive the condition set out in (4) above. None of the other conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Disposal Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place within three Business Days after the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company will remain as a subsidiary of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding. As at the date of this announcement, the Target company owns the entire equity interest in Citiward Limited (“**Citiward**”), an investment holding Company and Citiward owns the entire equity interest in 廣州盈瑋貿易有限公司 (for transliteration purpose only, Guangzhou Yinghui Trading Company Limited), a company established in the PRC with limited liability and is principally engaged in operating of franchised stores in the PRC. Upon completion of the Reorganisation, the Target Company will also own the entire equity interest in Trunari Enterprises Company Limited (“**Trunari Enterprises**”), Senet International Limited (“**Senet International**”), and Walker Group China Company Limited (“**Walker Group China**”), all are companies incorporated in Hong Kong with limited liability. Each of Trunari Enterprises, Senet International and Walker Group China is principally engaged in investment holding. Walker Group China owns the entire equity interest in 奧吉斯貿易(北京)有限公司 (Smarter trading (Beijing) Company Limited), 逸盈國際貿易(上海)有限公司 (Billion International Trading (Shanghai) Company Limited) and 傲豐貿易(深圳)有限公司 (Smart Trend Trading (Shenzhen) Company Limited), all are companies established in the PRC with limited liability and are principally engaged in development and retailing of footwear products in the PRC.

Set out below is a summary of the key financial data of the Target Group (as if the Reorganisation having been completed) extracted from the audited consolidated financial statements of the Group for the years ended 31 March 2017 and 2018:

	For the year ended 31 March 2017 HK\$'000	For the year ended 31 March 2018 HK\$'000
Revenue	434,382	250,569
Net loss before tax	(106,760)	(65,654)
Net loss after tax	(106,877)	(65,067)

As at 31 March 2018, the unaudited combined net asset value of the Target Group (as if the Reorganisation having been completed) based on the unaudited financial statements of the Target Group (as if the Reorganisation having been completed) prepared in accordance with the generally accepted accounting principles in Hong Kong was approximately HK\$86,903,000.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Group will remain to have 51% interests in the Target Group, and the financial results of the Target Group will continue to be consolidated in the financial statements of the Group following Completion.

GAIN OR LOSS ATTRIBUTABLE TO THE DISPOSAL

Based on the preliminary assessment on the unaudited combined financial information of the Target Group (as if the Reorganisation having been completed) as at 31 March 2018, and taken into account the estimated net effect of the Assignment Deed and Deed of Novation, the adjusted NAV of the Target Group was approximately HK\$99,731,000, and it is estimated to record a gain of approximately HK\$1.1 million as a result of the Disposal. The actual gain or loss to be recorded by the Group is subject to final audit to be performed by the auditors of the Company. The proceeds from the Disposal will be used as general working capital for daily operations of the Group.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the retailing of footwear in Hong Kong, the PRC and Taiwan and e-Commerce and e-Payment business.

The Group has been making significant effort with attempt to enhance the operation efficiency in the retail business which requires considerable amounts of capital expenditure. The Target Group, however being a relatively small-scale operator in the PRC market, has been facing great challenges in competing with other market players with larger scale which benefit from economies of scale and higher cost efficiency in the retail business.

Positioned in the highly competitive retail market which is directly affected by the macroeconomic cycle and change in consumer favor in the PRC, the Target Group has demonstrated in the past years its effort to adjust its business strategies from time to time in response to the intense competitive market environment.

However, despite the continuing efforts made by the Target Group in pursuing the effectiveness of new business strategies for the retail business, the Group has been experiencing deteriorating consumer appetite that is making a negative impact to the Group's operating healthiness.

As a result of the rise of e-Commerce and intensified competition, the retail market is expected to face increasing challenges in the PRC market that would lead to increasing uncertainties in the future prospect. After exploring available means to improve operating effectiveness of the retail business in the course of evaluating the overall business plan of the Group, the Company considered that the Disposal can enhance the cash flow of the Group and improve its financial strength. The Group can also better utilise its resources to its existing business.

The Purchaser has been engaged in shoes manufacturing for a long period of time, the knowledge, network and resources brought to the Target Group by the Purchaser is expected to make a material contribution and strong synergy for the Target Group.

Accordingly, the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

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

“Assignment Deed”	the deed of assignment to be entered into between the Vendor and the Target Company upon Completion to assign bank balances, trade receivables and other receivables of the Target Company to the Vendor
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which the licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Vestate Group Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$50,000,000 payable by the Purchaser to the Vendor for the sale and purchase of the Sale Shares under the Disposal Agreement
“Deed of Novation”	the deed of novation to be entered into between the Vendor and the Target Company upon Completion to novate trade payables and other payables of the Target Company to the Vendor
“Deposit”	a sum of HK\$8,000,000, being the deposit and part payment of the Consideration to be made by the Purchaser to the Vendor pursuant to the terms of the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Disposal Agreement

“Disposal Agreement”	the conditional sale and purchase agreement dated 2 July 2018 and entered into between the Purchaser and the Vendor in relation to the Disposal
“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase or sale and leaseback arrangement whatsoever nature and includes any agreement for any of the same
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling six months after the date of the Disposal Agreement, or such later date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Golden Way Enterprise Limited, a company incorporated in the BVI with limited liability and is principally engaged in investment holding
“Reorganisation”	the reorganisation to be made by the Vendor and upon completion of which the Target Company will own, in addition to the entire equity interest in Citiward and 廣州盈瑋貿易有限公司 (for transliteration purpose only, Guangzhou Yinghui Trading Company Limited), the entire equity interest in Trunari Enterprises, Senet International, Walker Group China, 奧吉斯貿易(北京)有限公司 (Smarter trading (Beijing) Company Limited), 逸盈國際貿易(上海)有限公司 (Billion International Trading (Shanghai) Company Limited) and 傲豐貿易(深圳)有限公司 (Smart Trend Trading (Shenzhen) Company Limited)
“Sale Shares”	4,900 shares of US\$1.00 each of the Target Company, representing 49% of the issued share capital of the Target Company

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ascent Pride Investments Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries upon completion of the Reorganisation
“Vendor”	Genius Earn Investments Limited, a company incorporated in the BVI with limited liability and the vendor under the Disposal Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 6 July 2018

As at the date of this announcement, the directors of the Company are:

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