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## **JUDA INTERNATIONAL HOLDINGS LIMITED**

**鉅大國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1329)**

### **ANNOUNCEMENT**

#### **VERY SUBSTANTIAL DISPOSAL OF CHEMICAL BUSINESS**

In 3 December 2014, Shengfa Limited (as the vendor), a wholly-owned subsidiary of the Company, and Leadwin Asia Group Limited (as the purchaser) entered into the Sale and Purchase Agreement for the sale of the Sale Shares and Shareholder's Loan for a total consideration of HK\$182,000,000.

Upon Completion, the Company will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

#### **IMPLICATIONS OF THE DISPOSAL FOR THE COMPANY UNDER THE LISTING RULES**

The Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules as the applicable percentage ratio is over 75% for the Company. Therefore, the Disposal is subject to Shareholders' approval at the EGM.

A Circular containing, among other matters, further details of the Disposal, the financial information of the Target Group and the notice for EGM is expected to be despatched to the Shareholders on or around 24 December 2014.

#### **WARNING**

**The Disposal is subject to a number of conditions, including completion of the Reverse Takeover in accordance with the terms and conditions set out in the Joint Announcement and the Listing Circular and the approval by the Shareholders of the Disposal at the EGM and the other conditions as set out in this announcement, which may or may not be fulfilled. In the event that the Reverse Takeover is not completed for any reason or the approval from the Shareholders at the EGM for the Disposal is not obtained, the Disposal will not proceed.**

**THE SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING IN DEALING IN THE SHARES OR ANY OTHER SECURITIES OF THE COMPANY.**

## **INTRODUCTION**

The Board is pleased to announce that on 3 December 2014, Shengfa Limited (as the vendor), a wholly-owned subsidiary of the Company, and Leadwin Asia Group Limited (as the purchaser) entered into the Sale and Purchase Agreement for the sale of the Sale Shares and Shareholder's Loan from the Vendor to the Purchaser, subject to the conditions set out in the Sale and Purchase Agreement. The Target Company is an investment holding company, which has two wholly-owned subsidiaries, Great Top and Nice World Chemical Industry (Xiamen) Co., Ltd.. Great Top is an investment holding company, while Nice World Chemical Industry (Xiamen) Co., Ltd engages in the production of phthalic anhydride (PA) and fumaric acid, which are intermediate chemicals mainly used in the industrial production of plasticisers and polyester resins.

## **THE DISPOSAL**

### **The Sale and Purchase Agreement**

#### *Date*

3 December 2014

#### *Parties*

Shengfa Limited (as the vendor) and Leadwin Asia Group Limited (as the purchaser)

To the best of the Directors' knowledge, the Purchaser is an independent third party and no Shareholder has a material interest in the Disposal and, accordingly, no Shareholder is required to abstain from voting in the EGM.

#### *Subject Matter*

The Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares (representing the entire issued shares of the Target Company) and the Shareholder's Loan.

#### *Consideration*

The Consideration for the Disposal is HK\$182,000,000, which shall be settled by the Purchaser at Completion.

### ***Conditions precedent under the Sale and Purchase Agreement***

Completion of the Disposal is conditional upon the satisfaction (or, if applicable, the waiver, save and except for conditions (a) and (e)) of the following conditions precedent:

- (a) the approval having been obtained at the EGM of the Company from the Shareholders for the Disposal in accordance with the Listing Rules;
- (b) completion of the Reverse Takeover in accordance with the terms and conditions detailed in the Joint Announcement;
- (c) the Purchaser being reasonably satisfied as to its due diligence findings of the Target Group;
- (d) the warranties given by the Vendor under the Sale and Purchase Agreement shall remain true and accurate in all material respects and not misleading in any material respect on and as at the date of Completion; and
- (e) all consents, licenses, registrations, or declarations of, or filings with, any Competent Authority in any such jurisdictions required to be obtained or made by the Vendor and the Company prior to Completion (including but not limited to any Regulatory Approval required to be obtained in relation to the Disposal) shall have been obtained or made and no objection having been received by the Vendor or the Company on or before date of Completion from the Stock Exchange or the Securities and Futures Commission in respect of the Disposal.

### ***Basis of the Consideration***

The consideration for the Disposal was determined after arm's length negotiations taking into account the net asset value of the Target Group of approximately HK\$170.7 million based on the unaudited financial statements of the Target Group as at 30 September 2014 and the amount of the Shareholder's Loan of approximately HK\$20.3 million.

The Consideration represents a discount of approximately 4.7% of the sum of the unaudited net asset value of the Target Group and the Shareholder's Loan. Nonetheless, for reasons detailed under the paragraphs headed "Reasons for and benefits of the Disposal" and "Financial impact of the Disposal and intended use of proceeds", the Directors consider that the Disposal is in the interests of the Company.

The Directors of the Company are of the view that the terms of the Sale and Purchase Agreement, which have been reached after arm's length negotiations amongst the parties, are normal commercial terms, fair and reasonable and in the interests of Company and its Shareholders as a whole.

## **COMPLETION OF THE DISPOSAL**

Completion is expected to take place on the first Business Day immediately after the date on which the last of the conditions precedent is fulfilled or waived or such other date as agreed between the parties. The parties currently expect that Completion shall take place on or before 31 March 2015.

If any of the conditions has not been fulfilled or waived by then, the Sale and Purchase Agreement shall terminate and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof.

At Completion, the Company will also enter into a trade mark license agreement with Great Top, pursuant to which Great Top will grant the Company a non-exclusive license to use the trade mark logo of the Company, for twelve months for a nominal license fee.

After Completion, the Company and its subsidiaries will no longer engage in the chemical business of the production of phthalic anhydride (PA) and fumaric acid. The Company will expand into the real estate industry in the PRC and develop outlets-backed integrated property projects (which are commercial and residential integrated property projects featuring a cluster of outlet shops, usually offering branded merchandises) and commercial property projects in certain selected cities in the PRC. As at the date of this announcement, the Company has no other plan for and is not in negotiation in respect of any other acquisition or disposal.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Despite the Company is expected to incur a loss due to the Disposal, the Directors are of the opinion that it is in the interest of the Company to dispose the Target Group and focus on its real estate business. The Group's existing business is in the production of phthalic anhydride (PA) and fumaric acid, which are intermediate chemicals mainly used in the industrial production of plasticisers and polyester resins. For the financial year ended 31 March 2014, the Group recorded a profit after tax of approximately HK\$3.1 million only, representing a substantial decrease of approximately 69.0% as compared to that of the corresponding year ended 31 March 2013. According to the interim results announcement of the Company dated 14 November 2014, the Group recorded a loss of approximately HK\$13.6 million for the six months ended 30 September 2014. Reference is made to the Joint Announcement and the Listing Circular in respect of the Reverse Takeover pursuant to which the Company conditionally agreed to acquire 100% equity interest in Xi'an Capital Xin Kai Real Estate Ltd. from BCL. The Disposal is subject to the completion of the Reverse Takeover, which in turn is subject to *inter alia*, the approval by the independent

shareholders of the Company in extraordinary general meeting, and therefore, the Disposal will not proceed should such approval from the independent shareholders not be obtained.

As the Target Group has experienced a material deterioration of its financial performance as evidenced by the Company's interim results announcement for the six months ended 30 September 2014 published on 14 November 2014 and the annual report for the year ended 31 March 2014 published on 22 May 2014 and the existing chemical business of the Target Company is not expected to be a meaningful driver of or contributor to the operating results of the Company going forward, the Company considers it timely to dispose of the existing chemical business to focus on developing its real estate business. The Disposal is timely to match the strategies of the Company to expand into the real estate industry sector, in particular, on the development of outlets-backed integrated property projects and commercial property projects in selected cities in the PRC, thereby enhancing the growth potentials of the Company.

#### **INFORMATION ON THE GROUP**

The Company was incorporated in the Cayman Island and the Shares are listed on the Main Board of the Stock Exchange. As at the date of this announcement, the Group is principally engaged in the production of phthalic anhydride (PA) and fumaric acid, which are intermediate chemicals mainly used in the industrial production of plasticisers and polyester resins.

#### **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in the British Virgin Islands. It is a wholly-owned subsidiary of the Company which engages in investment holding.

#### **INFORMATION ON THE TARGET COMPANY**

The Target Company is incorporated in the British Virgin Islands as a company with limited liability and is a wholly-owned subsidiary of the Company. The Target Company is an investment holding company.

As at 30 September 2014, the Target Group had an unaudited net asset value of approximately HK\$170.7 million.

The unaudited profit before and after tax of the Target Group for the respective periods were as follows:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 March</b>		<b>six months</b>
	<b>2013</b>	<b>2014</b>	<b>ended</b>
	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<b>30 September</b>
			<b>2014</b>
			<i>(HK\$ '000)</i>
Profit before tax	26,082	19,804	(7,140)
Profit after tax	18,645	14,646	(7,140)

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in the Republic of Seychelles and is an investment holding company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner, Mr. Wang Chiu-Yuan, are third parties independent of and not connected with the Company and its connected persons and not a connected persons of the Company.

### **FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

Upon Completion, the Target Company will cease to be a subsidiary of the Company. The estimated loss on the disposal of the Target Group was approximately HK\$9 million, which is calculated based on the gross proceeds from the Disposal of HK\$182.0 million as compared to the aggregate amount of the net assets value of the Target Group of approximately HK\$170.7 million and the Shareholder's Loan of approximately HK\$20.3 million as at 30 September 2014. Shareholders should note that the financial effect is shown for reference only and the amount of the Disposal loss eventually to be recognized in the consolidated accounts of the Company depends on the financial position of the Target Group as at Completion. The estimated loss on the Disposal is merely approximately 4.7% of the sum of the unaudited net asset value of the Target Group and the Shareholder's Loan. Taking into considerations that (i) the financial performance of the chemical business of the Target Group has experienced a material deterioration; (ii) the production of chemicals is not expected to be the main revenue driver of the Group in the future; (iii) the combined effect of the decrease in average selling price of phthalic anhydride and an increase in purchase costs of a major raw material has led to the narrowing of profit margin, the Directors believe that the Disposal is in the interest of the Company and the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

The Company intends to use the proceeds from the Disposal for the general working capital of the Company.

## **IMPLICATIONS OF THE DISPOSAL UNDER THE LISTING RULES FOR THE COMPANY**

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios are over 75%. Therefore, the Disposal is subject to the approval of Shareholders at the EGM.

The EGM will be proposed for the Shareholders to consider and, if thought fit, pass the requisite resolutions to approve the Disposal. Any person who has a material interest in the Disposal is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

## **DESPATCH OF CIRCULARS**

There will be a Circular containing, among other matters, further details of the Disposal, the financial information of the Target Company and the notice for EGM. The Circular is expected to be despatched on or around 24 December 2014. The Shareholders of the Company and potential investors should refer to the Circular to be despatched by the Company for further details of the Disposal.

## **WARNING**

**The Disposal is subject to a number of conditions, including completion of the Reverse Takeover in accordance with the terms and conditions set out in the Joint Announcement and the Listing Circular and the approval by the Shareholders of the Disposal at the EGM and the other conditions as set out in this announcement, which may or may not be fulfilled. In the event that the Reverse Takeover is not completed for any reason or the approval from the Shareholders at the EGM for the Disposal is not obtained, the Disposal will not proceed.**

**THE SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING OR CONTEMPLATING IN DEALING IN THE SHARES OR ANY OTHER SECURITIES OF THE COMPANY.**

## DEFINITIONS

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

“BCL”	Beijing Capital Land Ltd., a joint stock company incorporated in the PRC with limited liability on 5 December 2002, whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 2868), a controlling shareholder (as defined under the Listing Rules) of the Company
“Circular”	the circular of the Company to be sent to Shareholders in relation to the EGM, containing <i>inter alia</i> , details of the Disposal
“Company”	Juda International Holdings Limited (鉅大國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1329)
“Competent Authority”	any competent government authority or subdivision thereof having competent jurisdiction, any competent government department, agency or instrumentality or subdivision thereof having competent jurisdiction, any court or arbitral tribunal having competent jurisdiction, the governing body of any securities exchange (including the Stock Exchange and the Securities and Futures Commission)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	a sum of HK\$182,000,000
“Directors”	directors of the Company
“Disposal”	the sale of the Sale Shares of the Target Company and Shareholder’s Loan by the Company as contemplated under the Sale and Purchase Agreement



“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Disposal
“Great Top”	Great Top Investment Limited, a company incorporated in Hong Kong with limited liability on 1 April 1993 and a directly wholly-owned subsidiary of the Target Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region
“Joint Announcement”	the announcement dated 15 August 2014 jointly issued by the Company and BCL in respect of <i>inter alia</i> , the Reverse Takeover
“Law”	any applicable law or regulation (including the Listing Rules and the Takeovers Code), any order, judgment, decree, notice, requirement or directive of any Competent Authority, and any other rule or principle having legal force
“Listing Circular”	the listing circular dated 26 November 2014 issued by the Company in respect of <i>inter alia</i> , the Reverse Takeover
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“percentage ratio”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“Purchaser”	Leadwin Asia Group Limited, a company incorporated in the Republic of Seychelles and wholly and beneficially owned by Mr. Wang Chiu-Yuan, who is independent of and not connected with the Company and its connected persons and not a connected person of the Company

“Regulatory Approval”	any approval, permission, permit, license, authorization, consent or notification required from any Competent Authority in accordance with the Law
“Reverse Takeover”	the acquisition of 100% equity interest in Xi’an Capital Xin Kai Real Estate Ltd. by the Company (through Far Reaching Company Limited, an indirect wholly-owned subsidiary of the Company) from BCL (through Asian Expert Limited, a wholly-owned subsidiary of BCL) in accordance with the terms and conditions as detailed in the Joint Announcement and Listing Circular
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 December 2014 entered into between Leadwin Asia Group Limited and Shengfa Limited for the sale and purchase of the Sale Shares and Shareholder’s Loan
“Sale Shares”	all the issued shares of the Target Company
“Shareholders”	the holders of the Company’s Shares
“Shareholder’s Loan”	the non-interest bearing shareholder’s loan outstanding and owed by the Target Company to the Vendor immediately prior to the Completion which is expected to be in the amount of HK\$20,295,596.47
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Cheng Wang Limited, a company incorporated in the British Virgin Islands with limited liability on 5 July 2010 and an indirectly wholly-owned subsidiary of the Company
“Target Group”	collectively, the Target Company and its subsidiaries, being Great Top and Nice World Chemical Industry (Xiamen) Co., Ltd.
“Vendor”	Shengfa Limited, a company incorporated in the British Virgin Islands with limited liability on 5 July 2010

“%”

Per cent

By order of the board of directors of  
**Juda International Holdings Limited**

**Tang Jun**

*Chairman and Executive Director*

Hong Kong, 3 December 2014

*As at the date of this joint announcement, the board of the Company comprises Mr. Tang Jun (Chairman) and Mr. Zhong Beichen (Chief Executive Officer) as executive directors; Mr. Liu Xiaoguang and Mr. Wang Hao as non-executive directors; and Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive directors.*