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**The Quaypoint Corporation Limited**

**紀翰集團有限公司\***

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

(Stock code: 2330)

**DISCLOSEABLE TRANSACTION:**

**DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF**

**HILL LIGHT INVESTMENTS LIMITED**

**Financial adviser to The Quaypoint Corporation Limited**



**THE SALE AND PURCHASE AGREEMENT**

On 3 December 2009 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company has agreed to dispose of and the Purchaser has agreed to acquire for the Sale Shares, being the entire issued share capital of Hill Light, at a total consideration of HK\$126 million (or its equivalent in RMB).

The Target Company is a wholly-owned subsidiary of Hill Light and was acquired by Hill Light in August 2009 at the consideration of RMB69.3 million (equivalent to approximately HK\$78.75 million). Details of the Previous Acquisition were set out in the Previous Circular.

Upon Completion, all members of the Target Group will cease to be subsidiaries of the Company.

The Company intends to apply the net proceeds from the Disposal of approximately HK\$125 million as general working capital for the Remaining Group and/or for repayment of the existing outstanding liabilities of the Remaining Group and/or for future investment if and when the right opportunity arises.

## **IMPLICATION UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 3 December 2009 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Company has agreed to dispose of and the Purchaser has agreed to acquire for the Sale Shares, being the entire issued share capital of Hill Light, at a total consideration of HK\$126 million (or its equivalent in RMB).

The Target Company is a wholly-owned subsidiary of Hill Light and was acquired by Hill Light in August 2009 at the consideration of RMB69.3 million (equivalent to approximately HK\$78.75 million). Details of the Previous Acquisition were set out in the Previous Circular.

## **THE SALE AND PURCHASE AGREEMENT**

Set out below are the principal terms of the Sale and Purchase Agreement:

### **Date:**

3 December 2009 (after trading hours)

### **Parties involved:**

#### **Vendor**

The Company

#### **Purchaser**

Mr. Wu ZhiQin (吳志勤先生)

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

There were no prior transactions between the Group and, the Purchaser and his associates in the past 12 months prior to the date of the Sale and Purchase Agreement which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

### **Assets to be disposed of:**

Pursuant to the Sale and Purchase Agreement, the Company has agreed to dispose of and the Purchaser has agreed to acquire for the Sale Shares at the Consideration.

### *The Target Group*

Hill Light is an investment holding company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The Target Company is an investment holding company incorporated in Hong Kong with limited liability and is wholly-owned by Hill Light. The PRC Company is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Target Company. As at the date of this announcement, the PRC Company holds 60% equity interest in the Project Company, which is established in the PRC with limited liability. The remaining equity interest in the Project Company is held by an Independent Third Party. The only major asset of the Project Company is the Project Land. In addition, save for the Project Land, the Target Group has no other major asset as at the date of this announcement.

Upon Completion, all members of the Target Group will cease to be subsidiaries of the Company.

### **The Consideration:**

The Consideration of HK\$126 million (or its equivalent in RMB) is payable by the Purchaser to the Company or the person(s) designated by the Company on the Completion Date.

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

The Consideration was determined between the Company and the Purchaser after arm's length negotiations and on normal commercial terms, taking into account the followings:

- (i) the Valuation on the Project Land of approximately RMB115.5 million as at 31 March 2009 by an independent valuer, 60% of which is approximately RMB69.3 million (equivalent to approximately HK\$78.75 million). Details of the Valuation were set out in the Previous Circular; and
- (ii) the cost of acquisition of the Target Company by Hill Light of approximately RMB69.3 million (equivalent to approximately HK\$78.75 million) in August 2009.

Given that the Consideration is higher than both of (i) the proportionate Valuation on 60% of the Project Land; and (ii) the cost of acquisition of the Target Company by Hill Light of approximately RMB69.3 million (equivalent to approximately HK\$78.75 million) in August 2009, the Directors consider that the Consideration is in the interests of the Company and the Shareholders as a whole.

### **Completion:**

Completion shall take place at the office of Hill Light in Hong Kong (or such other place as the parties to the Sale and Purchase Agreement may agree in writing) on the Completion Date (or such other dates agreed by parties to the Sale and Purchase Agreement in writing).

In the event that the Purchaser fails to complete the Sale and Purchase Agreement in the manner provided therein, the Company shall, without prejudice to its other rights including the right to sue for specific performance and/or damages and/or other rights which the Company may have in respect of such breach, be entitled to terminate the Sale and Purchase Agreement by notice in writing to the Purchaser.

## INFORMATION ON THE TARGET GROUP

### *Financial information on the Target Group*

Set out below is a summary of the unaudited financial information on Hill Light (of which the accounts of the Target Company, the PRC Company and the Project Company have been consolidated) for the period from 17 April 2009 (date of its incorporation) up to 30 September 2009 prepared in accordance with the Hong Kong Financial Reporting Standards:

**For the period from 17 April 2009 (date of its  
incorporation) up to 30 September 2009**

*HK\$'000*

#### **Consolidated Income Statement**

Revenue	-
Net loss before taxation	(1,407)
Net loss after taxation	(1,407)

**As at 30 September 2009**

*HK\$'000*

#### **Consolidated Balance Sheet**

Total assets	168,674
Total liabilities	(162,897)
Net assets	5,777

Set out below is a summary of the audited financial information on the Target Company (of which the accounts of the PRC Company and the Project Company have been consolidated) for the period from 28 September 2007 (date of its incorporation) to 31 December 2007, the year ended 31 December 2008 and for the three months ended 31 March 2009 prepared in accordance with the Hong Kong Financial Reporting Standards, as extracted from the Previous Circular:

**For the period from  
28 September 2007**

**(date of its  
incorporation) to  
31 December 2007**

*RMB'000*

**For the year  
ended 31  
December 2008**

*RMB'000*

**For the three  
months ended  
31 March 2009**

*RMB'000*

#### **Consolidated Income Statement**

Revenue	-	-	-
Net loss before taxation	(579)	(3,116)	(798)
Net loss after taxation	(579)	(6,324)	(798)

**As at  
31 December  
2007**

*RMB'000*

**As at  
31 December  
2008**

*RMB'000*

**As at  
31 March  
2009**

*RMB'000*

#### **Consolidated Balance Sheet**

Total assets	139,729	130,896	130,900
Total liabilities	(126,786)	(117,148)	(117,950)
Net asset value	12,943	13,748	12,950

Set out below is a summary of the audited financial information on the Project Company for the two years ended 31 December 2008 and the three months ended 31 March 2009 prepared in accordance with the Hong Kong Financial Reporting Standards, as extracted from the Previous Circular:

	<b>For the year ended 31 December 2007</b>	<b>For the year ended 31 December 2008</b>	<b>For the three months Ended 31 March 2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Income Statement</b>			
Revenue	-	-	-
Net loss before taxation	(314)	(486)	(140)
Net loss after taxation	(19,593)	(3,694)	(140)
	<b>As at 31 December 2007</b>	<b>As at 31 December 2008</b>	<b>As at 31 March 2009</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Balance Sheet</b>			
Total assets	52,174	45,205	45,209
Total liabilities	(72,294)	(51,196)	(51,340)
Net liabilities	(20,120)	(5,991)	(6,131)

#### *Information on the Project Land*

The only major asset of the Project Company is the Project Land. The Project Land is situated at South of Yuehai West Road, Gongbei, Zhuhai City, Guangdong Province, the PRC and occupies approximately 11,878.40 square meters with a planned gross floor area of 36,375.96 square meters as disclosed in the Previous Circular. The Project Land is in the process of development into a residential and commercial complex with car parking spaces and the Directors expected that any possible profits or losses from the sale of the residential and/or commercial units of the Project Land will not be distributed to its shareholders, including the Company, in the short run. Moreover, as at the date of this announcement, the Company had not yet made any capital investment on the development of the Project Land.

According to the Real Estate Ownership Certificate (房地產權證) (No.: Yue Fang Di Zheng Zi. No. C6561410) registered on 31 October 2008, the Project Company has the right to use the Project Land for terms expiring on 10 July 2077 and 10 July 2047 for residential and commercial purposes respectively.

#### **POSSIBLE FINANCIAL EFFECTS AND USE OF PROCEEDS**

Based on the existing information available to the Company, the Directors estimate that the expected gain to be recorded in the Group's consolidated financial statements arising from the Disposal is approximately RMB104.9 million (equivalent to approximately HK\$119.2 million), being the difference between the Consideration of approximately HK\$126 million (or its equivalent in RMB) and the sum of (i) the consolidated unaudited net assets of the Target Group of approximately RMB5.09 million (equivalent to approximately HK\$5.78 million) based on the management accounts of the Target Company as at 30 September 2009; and (ii) the estimated expenses in relation to the Disposal of approximately HK1.0 million. The Directors consider that the asset position of the Remaining Group will improve as a result of the Disposal and the Disposal will not have any material

adverse effect on the turnover, profitability and the business operation of the Remaining Group. The Company intends to apply the net proceeds from the Disposal of approximately HK\$125 million as general working capital for the Remaining Group and/or for repayment of the existing outstanding liabilities of the Remaining Group and/or for future investment if and when the right opportunity arises.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the Remaining Group will be upon Completion.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in (i) provision of technical and consultancy services including the provision of automation products on a project basis; (ii) trading of natural resources, automation products and electronic components; and (iii) property investment in the PRC and in Hong Kong.

As aforementioned, the Consideration is higher than both of (i) the proportionate Valuation on 60% of the Project Land; and (ii) the cost of the Previous Acquisition of approximately RMB69.3 million (equivalent to approximately HK\$78.75 million) in August 2009. In addition, in view of that the Disposal would allow the Company (i) to realise its investment in the Project Land in the short run and create immediate positive cash inflow to the Group; and (ii) to allocate its resources on other business areas of the Remaining Group in the future, the Directors (including all the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	The Quaypoint Corporation Limited, a company incorporated in the Caymans Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange, being the vendor in respect of the Disposal
“Completion”	the completion of the Disposal

“Completion Date”	the date on which Completion takes place, being a date on or before 31 December 2009 (or such other date as the parties to the Sale and Purchase Agreement may agree)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	a total consideration of HK\$126 million (or its equivalent in RMB) payable by the Purchaser to the Company for the Disposal pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hill Light”	Hill Light Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“PRC Company”	珠海廣海信息科技有限公司 (Zhuhai Guanghai Information Technology Company Limited*), a wholly-owned subsidiary of the Target Company and is established in the PRC with limited liability
“Previous Acquisition”	the acquisition of the Target Company by Hill Light which was completed in August 2009
“Previous Circular”	the circular of the Company dated 30 June 2009 regarding the Previous Acquisition
“Project Company”	珠海經濟特區合強實業有限公司 (Zhuhai Special Economic Zone Heqiang Industrial Company Limited*), a company established in the PRC with limited liability and is owned as to 60% by the PRC Company and 40% by an Independent Third Party
“Project Land”	a parcel of land situated at South of Yuehai West Road, Gongbei, Zhuhai City, Guangdong Province, the PRC and occupies approximately 11,878.40 square meters with a planned gross floor area of 36,375.96 square meters as disclosed in the Previous Circular

“Purchaser”	Mr. Wu ZhiQin (吳志勤先生), being the purchaser in respect of the Disposal
“Remaining Group”	the Company and its subsidiaries immediately after Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Disposal entered into between the Company and the Purchaser on 3 December 2009
“Sale Shares”	100 shares of US\$1.00 each in the issued share capital of Hill Light, representing the entire issued share capital of Hill Light as at the date of the Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 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”	Ocean Vast Corporation Limited (廣海有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of Hill Light
“Target Group”	Hill Light and its subsidiaries (including the Target Company, the PRC Company and the Project Company)
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation”	the valuation on the Project Land of approximately RMB115.5 million as at 31 March 2009, details of which were set out in the Previous Circular
“%”	per cent.

By order of the Board  
**The Quaypoint Corporation Limited**  
**Law Kim Fai**  
*Company Secretary*

Hong Kong, 3 December 2009

*For the purpose of this announcement, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB0.88:HKD1.00. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.*

*If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.*



*In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

*As at the date of this announcement, the executive Directors are Mr. Chen Xian, Mr. Lau Sai Chung, Mr. Tsim Sze Hon and Mr. Xiong Jianrui; the non-executive Director is Ms. Xia Dan and the independent non-executive Directors are Mr. Poon Lai Yin, Michael, Mr. Chong Yiu Chik and Mr. Choi Kai Ming, Raymond.*

*This announcement will remain on the “Latest Company Announcements” page of the website of the Stock Exchange and the website of the Company for at least 7 days from the date of its posting.*

*\* For identification purposes only*