

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1196)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO**

- (1) THE APPOINTMENT OF AGENT TO APPLY FOR CHANGE OF
LAND USE; AND**
- (2) THE GRANT OF OPTION OVER THE RIGHTS AND BENEFITS IN
THE JOINT DEVELOPMENT AGREEMENT**

After trading hours on 24 October 2016, Qianhai E-Commerce (an indirect wholly-owned subsidiary of the Company) and Shenzhen Xiapu entered into the Memorandum of Understanding, pursuant to which (i) Qianhai E-Commerce has appointed Realord Realty (a direct wholly-owned subsidiary of Shenzhen Xiapu), which is a qualified property developer in the PRC, to apply on its behalf for the change of use of the Baoan Land; and (ii) Shenzhen Xiapu intends to grant, and Qianhai E-Commerce intends to accept, the Option, which shall be exercisable at the discretion of Qianhai E-Commerce, to require the transfer and assignment by Shenzhen Xiapu of all of its rights and benefits under the Joint Development Agreement to Qianhai E-Commerce. The intention to grant of the Option by Shenzhen Xiapu is subject to the entering into of the Formal Agreement.

The Board is pleased to announce that after trading hours on 24 October 2016, Qianhai E-Commerce (an indirect wholly-owned subsidiary of the Company) and Shenzhen Xiapu entered into the Memorandum of Understanding. Key terms of the Memorandum of Understanding are set out below.

THE MEMORANDUM OF UNDERSTANDING

Date

24 October 2016

Parties

- (i) Qianhai E-Commerce Cross-border E-Commerce (Shenzhen) Co., Ltd, an indirect wholly-owned subsidiary of the Company; and
- (ii) 深圳市夏浦光電技術有限公司 (Shenzhen Xiapu Photoelectricity Technology Co., Ltd*).

Shenzhen Xiapu is ultimately owned by Dr. Lin Xiaohui and Madam Su Jiaohua (on a joint basis of 70:30), both of whom are executive Directors.

Subject matter

Change of use of the Baoan Land

Qianhai E-Commerce is the beneficial owner of the Baoan Land, comprising a piece of industrial land in a total area of 7,141.33 square metres, with buildings and premises built thereon. The Baoan Land is situated at Zhangkeng Residents' Association of Zhangkengjing Community, Guanlan Street, Baoan District, Shenzhen, the PRC. The buildings and premises are currently held by the Group for rental purpose. Qianhai E-Commerce intends to apply for the change of land use of the Baoan Land to the use as office buildings and associated apartments and facilities. Pursuant to the Memorandum of Understanding, Qianhai E-Commerce has appointed Realord Realty (a direct wholly-owned subsidiary of Shenzhen Xiapu) to apply for the aforesaid change on its behalf. Shenzhen Xiapu and Realord Realty are in possession of the requisite qualification for property development to apply for the change of land use in the PRC. Qianhai E-Commerce shall remain as the beneficial owner of the Baoan Land notwithstanding the application for change of use of the Baoan Land and the results thereof.

Grant of the Option

On 18 August 2016, Shenzhen Xiapu and ZKJ Joint Stock Company entered into the Joint Development Agreement, pursuant to which the parties to the Joint Development Agreement agreed to jointly develop the ZKJ Land. ZKJ Joint Stock Company agreed to provide land of a total area of 5,729.59 square meters as the ZKJ Land, which is situated at Dashikeng, Zhangkengjing Community, Guanhu Office, Baoan district, Shenzhen, the PRC (i.e. the same community area as the Baoan Land) and are currently for industrial use. Shenzhen Xiapu agreed to be responsible for all development costs of the ZKJ Land including land premium and construction cost, and shall procure Realord Realty to apply for change of land use to the use as office buildings and associated apartments and facilities. After development of the ZKJ Land, ZKJ Joint Stock Company shall be entitled to a total gross building area of 3,000 square metres on the ZKJ Land.

Pursuant to the Memorandum of Understanding, Shenzhen Xiapu intends to grant, and Qianhai E-Commerce intends to accept, the Option to require the transfer and assignment by Shenzhen Xiapu of all of its rights and benefits under the Joint Development Agreement (including but not limited to the rights and interests relating to the development of the ZKJ Land) to Qianhai E-Commerce. The grant of the Option is subject to the entering into of the Formal Agreement, which is expected to be signed within a month. It is envisaged that the exercise of the Option will be subject to, among other things, the grant of all necessary approval by relevant authorities in respect of the change of use of the ZKJ Land. The Option shall be exercisable at the discretion of Qianhai E-Commerce. Qianhai E-Commerce may exercise the Option at any time during the period commencing from the date of grant of the relevant approval by regulatory authorities regarding the change of use of the ZKJ Land and ending on the date falling six months thereafter at an exercise price of RMB15,000,000 (equivalent to approximately HK\$17,250,000).

Condition precedent

The Formal Agreement and the exercise of the Option shall be conditional upon the satisfaction of the following condition precedent:

- (i) all necessary consents and approvals required to be obtained on the part of Shenzhen Xiapu, Qianhai E-Commerce and the Company in respect of the Formal Agreement, the exercise of Option and the transactions contemplated thereby having been obtained;
- (ii) without prejudice to condition (i) above and for the purpose of exercise of the Option, the grant of all necessary approval by relevant authorities in respect of the change of use of the ZKJ Land;
- (iii) compliance with all applicable laws and regulations in the PRC in respect of the exercise of Option and the transactions contemplated thereby;
- (iv) compliance with all requirements under the Listing Rules in respect of the Formal Agreement, the exercise of Option and the transactions contemplated thereby;
- (v) if required, the approval of the independent shareholders at a general meeting of the Company to be convened and held for the purposes of approving the exercise of Option and the transactions contemplated thereunder; and
- (vi) such other conditions as the parties may agree and set out in the Formal Agreement.

Due diligence

Qianhai E-Commerce shall and shall procure that its advisers and agents shall, forthwith upon the signing of the Memorandum of Understanding, conduct such reasonable review of the terms of the Joint Development Agreement and the assets, liabilities and affairs of the ZKJ Land as it may consider appropriate.

Exclusivity

Shenzhen Xiapu will not, and will procure that its directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of six months from the date of the Memorandum of Understanding (or such longer period as the parties thereto may agree in writing), (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than Qianhai E-Commerce with respect to the assignment or transfer of any rights, interests and/or benefits under the Joint Development Agreement.

GENERAL

The Memorandum of Understanding is binding on the appointment of Realord Realty to act for Qianhai E-Commerce to apply for change of land use of the Baoan Land. Save for this, the Memorandum of Understanding is not legally binding in respect of the entering into of the Formal Agreement. The Memorandum of Understanding may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated.

The entering into of the Formal Agreement is a connected transaction under the Listing Rules, but exempt from the circular and shareholders' approval requirements. However, the exercise of the Option by Qianhai E-Commerce is expected to be subject to the circular and shareholders' approval requirements. Further announcement(s) will be made by the Company in respect thereof and when required by the Listing Rules.

Shareholders of the Company and other investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

“Baoan Land”	a parcel of land held by Qianhai E-Commerce with a total area of 7,141.33 square meters, which is situated at Zhangkengjing Community, Guanlan, Baoan district, Shenzhen, the PRC and is currently for industrial use
“Board”	the board of Directors

“Company”	Realord Group Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1196)
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal agreement to be entered into between Qianhai E-Commerce and Shenzhen Xiapu in respect of the grant of the Option
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Development Agreement”	a joint development agreement dated 18 August 2016 entered into by Shenzhen Xiapu and ZKJ Joint Stock Company in respect of the joint development of the ZKJ Land
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandum of Understanding”	the memorandum of understanding dated 24 October 2016 entered into between Qianhai E-Commerce and Shenzhen Xiapu
“Option”	an option to be granted by Shenzhen Xiapu to Qianhai E-Commerce pursuant to the terms of the Formal Agreement and exercisable at the discretion of Qianhai E-Commerce to require the transfer and assignment by Shenzhen Xiapu of all of its rights and benefits under the Joint Development Agreement to Qianhai E-Commerce
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Qianhai E-Commerce”	前海偉祿跨境電子商務(深圳)有限公司(Qianhai Weliu Cross-border E-Commerce (Shenzhen) Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Realord Realty”	深圳市偉祿置業有限公司 (Shenzhen Realord Realty Limited*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Shenzhen Xiapu
“Shenzhen Xiapu”	深圳市夏浦光電技術有限公司 (Shenzhen Xiapu Photoelectricity Technology Co., Ltd*), a company established in the PRC with limited liability
“ZKJ Joint Stock Company”	深圳市樟坑徑股份有限公司 (Shenzhen Zhangkengjing Joint Stock Company*), a joint stock company established in the PRC
“ZKJ Land”	land provided by ZKJ Joint Stock Company with a total area of 5,729.59 square meters, which is situated at Dashikeng, Zhangkengjing Community, Guanhu Office, Baoan district, Shenzhen, the PRC and is currently for industrial use
“HK\$”	Hong Kong dollar(s), the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.15. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

** The English translation of certain Chinese names or words in this announcement are included for reference purpose only and should not be regarded as the official English translation of such Chinese names or words.*

By order of the Board
Realord Group Holdings Limited
Lin Xiaohui
Chairman

Hong Kong, 24 October 2016

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue.