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## **Z-Obee Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Hong Kong Stock Code: 948)**

**(Singapore Stock Code: D5N)**

*website: <http://www.z-obeecom>*

### **DISCLOSEABLE TRANSACTION FURTHER INFORMATION ON ACQUISITION OF 40% SHAREHOLDING IN NOOSA INTERNATIONAL LIMITED**

Further information in relation to the Acquisition and the Structural Agreements.

Reference is made to the announcement of the Company dated 10 August 2012 (the “Announcement”). Unless otherwise defined in this announcement, terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide further information to the Shareholders and potential investors in relation to the Acquisition and the Structural Agreements as follows:

#### **The Structural Agreements**

The PRC legal advisors have advised that the current PRC regulations do not allow any foreign enterprise to be directly holding any equity interests in an advertising and media company, such as Shenzhen Jingying, if the foreign enterprise is not already in the advertising business for at least three years at the relevant time. Therefore, the Company has no other alternative way to structure the Acquisition other than by way of entering of the Structural Agreements between Pei Heng and Shenzhen Jingying.

If Pei Heng adopts the “equity-held” structure instead of the Structural Agreements, the PRC legal advisors advised that the Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors will be applied.

As confirmed by the PRC legal advisors of the Company, save for the registration of the Equity Charge, there is no further approval or confirmation required from any authorities in PRC, nor do any authorities in PRC have authority to issue such confirmation for entering into of the Structural Agreements. The PRC legal advisors of the Company further confirmed that the Structural Agreements do not violate any regulations in the PRC and the entering into, becoming effective and performance of the Structural Agreements are lawful, effective and legally binding in the PRC.

Pursuant to the Power of Attorney, Mr. Meng and Mr. Gu, being the shareholders of Shenzhen Jingying shall, to the fullest extent permitted by the PRC laws, irrevocably authorise a nominee of Pei Heng to exercise the shareholders' rights in Shenzhen Jingying, including the exercise of power to obtain and hold all the assets of Shenzhen Jingying in the event of the liquidation of Shenzhen Jingying. Further, all parties agree that in case of a dispute in relation to the Structural Agreements, shall be settled through friendly negotiation in the first instance. If the dispute cannot be settled through negotiation, any party shall refer the dispute to the China International Economic and Trade Arbitration Commission (the "Commission") for arbitration and such arbitration award shall be final and binding on the parties concerned. In addition, the Commission has power to effect actions or arbitral awards on any shares or assets of Shenzhen Jingying, by submitting applications to the People's Court in the jurisdiction where Shenzhen Jingying is domiciled or its property is located, for consideration and ruling by the People's Court to take appropriate measures for asset and property preservation, including the grant of compensation orders, restraining orders, or winding up order. Such arbitration award will be enforced by the courts of the PRC.

Based on the documentation available and discussion with the Group, the Group's Hong Kong auditor, RSM Nelson Wheeler concurs with the view of the Group that the Group exercises significant influence over the participation of the financial and operating policy decisions of the Target Company Group and hence the carrying amount of investment in Target Company Group is classified as investment in an associate in accordance with International Accounting Standard 28 "Investments in associates".

Pursuant to the Structural Agreements, the existing directors and shareholders of Shenzhen Jingying will undertake to Pei Heng that they will vote on any resolution to be proposed at the shareholders' meetings of Shenzhen Jingying in accordance with the instructions of Pei Heng and will act according to the instructions of Pei Heng upon the exercise of the powers of the director(s) of Shenzhen Jingying which includes that the removal of any director or senior management member of Shenzhen Jingying must be approved by Pei Heng.

Pursuant to the terms of the Acquisition Agreement, the Vendor shall upon Completion deliver to the Purchaser, all statutory records of Shenzhen Jingying, including but not limited to its register of members, register of directors, register of secretaries, board minutes/resolutions, the memorandum & articles of association, share certificate book and other constitutional documents, certificate of incorporation and business registration (if any) of Shenzhen Jingying. As such, no directors and senior management members of Shenzhen Jingying can be effectively removed without the prior consent of Pei Heng.

Despite the fact that Elastic Glory Investment Limited only acquires 40% of the shareholding in Noosa International Limited, pursuant to the terms of the Acquisition Agreement, it has the power to request any existing members of board of directors of the Target Company Group to resign and to appoint its nominees thereupon. Although it does not require prior approval from the Company for any amendment to the terms of the Structural Agreements or any exercise of the rights by Pei Heng under the Structural Agreements, the Company intends to appoint directors to the board of Pei Heng in order to effectively take control of Pei Heng and to ensure that Pei Heng acts in the interest of the Company under the Structural Agreements and the business and operation of Shenzhen Jingying.

### **Future intention after the Acquisition**

The Company is advised by the PRC legal advisors that the Group will be allowed to hold direct equity in Shenzhen Jingying when the Group has fulfilled conditions as a qualified foreign-funded advertising enterprise, which includes:

- (i) the investor should be an enterprise principally engaged in advertising; and
- (ii) the investor should have been established and operated for more than three years.

Accordingly, the Group intends to establish its own advertising business in Hong Kong to provide promotion and marketing of advertising business. At present, there has not been any capital commitments made to the establishment of its own advertising business and the Group has not commenced to hire any staff in the advertising business but it intends to start establishing its own advertising business by the end of the financial year ended 31 March 2013. The Group considers that the new advertising business will attract new customers in Hong Kong and provides supports to the business development of Shenzhen Jingying. It is the current intention of the Group that it will acquire the proportionate equity interest in Shenzhen Jingying through Pei Heng when it has fulfilled the aforesaid conditions as a qualified foreign-funded advertising enterprise or in case of relaxation of regulatory requirements in the PRC for acquisition of domestic advertising enterprise in the PRC.

## **General**

As the completion of the Acquisition shall be subject to the condition precedents as stated in the Announcement, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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Further announcement(s) will be made on this matter as and when appropriate.

By order of the Board  
**Z-Obee Holdings Limited**  
**Wang Shih Zen**  
*Chairman and Chief Executive Officer*

Hong Kong, 17 August, 2012

*As at the date of this announcement, the executive Directors are Mr. Wang Shih Zen, Ms. Wang Tao and Mr. Lu Shangmin, the non-executive Director is Mr. David Lim Teck Leong and the independent non-executive Directors are Mr. Chan Kam Loon, Mr. Guo Yanjun, Mr. Lo Hang Fong and Mr. Tham Wan Loong Jerome.*