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神州數字

China Binary New Fintech Group

神州數字新金融科技集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8255)

DISCLOSEABLE TRANSACTION DEEMED DISPOSAL OF A SUBSIDIARY

THE SUBSCRIPTION

The Board is pleased to announce that on 28 January 2021, CB Foundation, the Company and CB International entered into the Subscription Agreement, pursuant to which CB International will conditionally allot and issue, and CB Foundation conditionally agreed to subscribe for 27,149,321 New CBI Shares, representing approximately 5.8% of the enlarged equity interests in CB International, at a total consideration of US\$3.0 million (equivalent to approximately HK\$23.3 million).

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 19.29 of the GEM Listing Rules, since the shareholding interests of the Company in CB International decreased from approximately 81.9% to approximately 77.1%, the Subscription is regarded as a deemed disposal for the Company. Given that the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Subscription is more than 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

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THE SUBSCRIPTION AGREEMENT

Date

28 January 2021

Parties

- (i) CB Foundation;
- (ii) the Company; and
- (iii) CB International, a non-wholly-owned subsidiary of the Company

CB Foundation is an approved charitable institution in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CB Foundation is an Independent Third Party. CB Foundation has no shareholder and the directors of CB Foundation are Independent Third Parties. The purposes of CB Foundation include the advancement of education for children with financial difficulties, facilitate the development of information technology industry and promote public welfare.

The Subscription

Subject to the terms and conditions of the Subscription Agreement, CB International will conditionally allot and issue, and CB Foundation conditionally agreed to subscribe for 27,149,321 New CBI Shares, representing approximately 5.8% of the enlarged equity interests in CB International. The New CBI Shares shall rank pari passu among themselves and with all the shares of CB International in issue on the date of allotment.

Consideration

The total consideration for the Subscription is US\$3.0 million (equivalent to approximately HK\$23.3 million). The consideration of each New CBI Share shall be US\$0.1105.

The consideration for the Subscription shall be settled in cash within 10 Business Days after the Completion.

The consideration was determined based on arm's length negotiations between the parties to the Subscription Agreement on normal commercial terms with reference to, among others, (i) the unaudited combined net assets value of CB International Group as at 31 December 2019 of approximately US\$3.9 million (equivalent to approximately HK\$30.1 million); and (ii) the prospect of CB International Group.

Conditions Precedent

Completion will take place subject to the fulfilment of, *inter alia*, the following conditions precedent pursuant to the Subscription Agreement:

- (a) all necessary approvals, consents and waivers having been obtained by CB International in respect of the transactions contemplated under the Subscription Agreement in accordance with the applicable laws and regulations;
- (b) the update of the register of members of CB International; and
- (c) no material adverse change after the date of the Subscription Agreement.

Completion shall take place within 10 Business Days after the fulfillment of the conditions precedent above or at such other time as the parties may mutually agree upon.

Immediately upon Completion, CB International will be held as to approximately 77.1%, 9.4%, 7.7% and 5.8% by the Company, Mr. Sun, a fund which is an Independent Third Party and CB Foundation, respectively. After Completion, CB International will remain as a subsidiary of the Company.

Termination

Prior to Completion, the Subscription Agreement may be terminated by mutual agreement by both parties in writing. Upon termination, the Subscription Agreement shall become null and void, and there shall be no further liability or obligation on both parties (or any of their respective representatives).

INFORMATION OF CB INTERNATIONAL GROUP

CB International is a limited liability company incorporated in Cayman Islands and was owned as to approximately 81.9% by the Company, 9.9% by Mr. Sun and 8.2% by a fund which is an Independent Third Party as at the date of this announcement. Mr. Sun is a director of CB International.

CB International Group is principally engaged in, among others, (i) online and offline banking business in the United State of America, including provision of saving, domestic and overseas payments, loans, credit verification, and wealth management products and services; (ii) custom made trust services under the New Zealand law; and (iii) broking service, invest, administer or manage money, securities or investment portfolios on behalf of other persons and being a creditor under a credit contract under the New Zealand law.

Financial Information of CB International Group

Set out below are the summary of certain combined financial information of CB International Group for the two years ended 31 December 2019 and the nine months ended 30 September 2020:

	For the year ended		Nine months
	31 December		ended
	2018	2019	30 September
	US\$'000	US\$'000	2020
	(audited)	(unaudited)	US\$'000
			(unaudited)
Revenue	1	96	1,160
Loss before taxation	800	1,436	847
Net loss	800	1,436	847

As at 30 September 2020, the unaudited combined total assets and net assets of CB International Group were approximately US\$23.7 million and US\$7.2 million, respectively.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the provision of (i) online transaction services by facilitating transactions between online game operators and online game users and mobile top-up services to mobile subscribers; (ii) software technology services; and (iii) financial services, including online and offline banking and trust business.

As disclosed in the third quarterly report for the nine months ended 30 September 2020, due to the strategic transformation, the Group has gradually shifted its strategic focus by leaning more towards financial services.

Since the obtaining of the relevant banking licenses by the CB International Group, significant efforts and investment have been placed in the CB International Group to expand its operations and customer base. As demonstrated by the improvement in financial performance of the CB International Group for the nine months ended 30 September 2020, CB International Group is currently in the growing stage of its business. To finance further expansion in overseas market and enhance the capital base of the CB International Group, the Board expects that additional capital is required for CB International Group to maintain and expand its business. Given the financing needs of the CB International Group, the Subscription provides additional funding for the development of the business.

The net proceeds from the Subscription will be used for the development of the financial services businesses and general working capital of the CB International Group. As the Subscription will not result in the Company's loss of control over the CB International Group, the Subscription will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of CB International as at the date of this announcement and immediately after the Completion (assuming that there is no other change in the issued share capital of CB International from the date of this announcement to the date of Completion):

Name of shareholders of CB International	As at the date of this announcement		Immediately after Completion	
	<i>Number of shares held</i>	<i>Approximate %</i>	<i>Number of shares held</i>	<i>Approximate %</i>
The Company	362,000,000	81.9	362,000,000	77.1
Mr. Sun	43,882,353	9.9	43,882,353	9.4
A fund	36,199,095	8.2	36,199,095	7.7
CB Foundation	—	—	27,149,321	5.8
Total	<u>442,081,448</u>	<u>100</u>	<u>469,230,769</u>	<u>100</u>

Upon Completion, CB International will continue to be a subsidiary of the Company and its financials will continue to be consolidated into the Group.

GEM LISTING RULES IMPLICATIONS

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CONFIRMATION FROM THE BOARD

The Directors are of the view that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	means a day not being a Saturday, a Sunday or a public holiday, on which banks are open for general banking business in the PRC and Hong Kong
“CB Foundation”	China Binary Foundation Limited, an approved charitable institution incorporated in Hong Kong
“CB International”	CB International Group, a company incorporated in the Cayman Islands and is a direct non-wholly-owned subsidiary of the Company
“CB International Group”	comprises CB International and its subsidiaries upon completion of the restructuring of the companies engaged in financial services
“Company”	China Binary New Fintech Group, a company incorporated in the Cayman Islands, the issued shares of which are listed on the GEM
“Completion”	completion of the transactions contemplated under the Subscription Agreement
“connected person(s)”	has the meanings as ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person(s) or company(ies) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons
“Mr. Sun”	Mr. Sun Jiangtao (孫江濤), the chairman and the chief executive officer, an executive Director and one of the controlling shareholders of the Company
“New CBI Shares”	27,149,321 new ordinary shares of CB International with par value of US\$0.000025 each, representing approximately 5.8% of the enlarged equity interests in CB International to be issued and allotted to CB Foundation upon Completion
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Taiwan, Hong Kong and Macau Special Administrative Region
“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of the share of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the New CBI Shares under the Subscription Agreement
“Subscription Agreement”	the Subscription Agreement dated 28 January 2021 entered into among CB International, the Company and CB Foundation in relation to the Subscription

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

For and on behalf of
China Binary New Fintech Group
Sun Jiangtao

Executive Director, Chairman and Chief Executive Officer

In this announcement, amounts quoted in US\$ have been converted into HK\$ at the rate of HK\$7.75 to US\$1. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at such rate or any other rates.

Beijing, the People’s Republic of China, 28 January 2021

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Sun Jiangtao (*Chairman and Chief Executive Officer*)

Non-executive Director

Ms. Zhang Rong

Independent non-executive Directors

Mr. Hou Dong, Mr. He Qinghua and Mr. Yang Haoran

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.shenzhoufu.hk.