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HJ Capital (International) Holdings Company Limited
華金國際資本控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 982)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN
MIRACLE VIEW GROUP LTD

On 18 June 2020 (after trading hours), the Company, being the Vendor, and the Purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of HK\$12 million.

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date

18 June 2020 (after trading hours)

Parties

- (a) Vendor: the Company
- (b) Purchaser: Best Deal Ventures Limited

Assets to be disposed of

The Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares. The Target Company, through its operating subsidiaries, is principally engaged in the provision of financial printing services in Hong Kong. Upon Completion, the Vendor will transfer its entire issued share capital in the Target Company to the Purchaser, and accordingly, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated into the financial statements of the Group.

Consideration

The Consideration, being HK\$12 million, was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the unaudited consolidated net asset value of the Target Company Group attributable to the Company as at 31 March 2020 of approximately HK\$10.4 million; (ii) the Valuation Report; (iii) the financial performance of the Target Company Group; and (iv) the prevailing market conditions as set out under the section headed "Reasons for the Disposal" below. The Consideration shall be settled in full by cash on the Completion Date. Based on the valuation of the Valuation Report, the market value of the Target Company was approximately HK\$8 million as at 31 March 2020.

Conditions precedent

The Completion shall be conditional upon the fulfilment or (as appropriate) waiver of, inter alia, the following conditions:

- (a) all necessary consents, confirmations, waivers and approvals required to be obtained on the part of the Vendor and the Group for the entering into or the performance of obligations under the Sale and Purchase Agreement by the Vendor have been obtained from, and all filings with, any Governmental Authorities and other relevant third parties which are required to be obtained on the part of the Vendor and the Group for the entering into and implementation of the Sale and Purchase Agreement have been obtained and not having been revoked or withdrawn and remain in full force and effect;
- (b) the board of directors of the Vendor (including the independent non-executive directors) having approved the Sale and Purchase Agreement and the transactions contemplated hereunder;
- (c) no order or judgment (whether temporary, preliminary or permanent) of any Governmental Authorities having been issued or made prior to Completion, and no legal or regulatory requirements remaining to be satisfied, which has the effect of making unlawful or otherwise prohibiting or restricting the transfer of the Sale Shares to the Purchaser (or its affiliates), or any transaction contemplated by the Sale and Purchase Agreement;
- (d) the Warranties given by the Vendor remaining true and accurate in all material respects and not misleading in any respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (e) the Warranties given by the Purchaser remaining true and accurate in all material respects and not misleading in any respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date.

The Vendor has the right to waive items (a), (c) and (e) by notice in writing to the Purchaser, while the Purchaser has the right to waive item (d) by notice in writing to the Vendor. If any of the Conditions is not fulfilled or waived (as applicable) on or before the Long Stop Date, the Sale and Purchase Agreement will cease and terminate and all rights and obligations of all Parties thereunder shall cease automatically and neither Party shall have any claim against the other Party, save for antecedent breaches.

Completion

Subject to all the Conditions having been fulfilled and/or waived (as applicable), Completion shall take place on the Completion Date.

Restrictive covenants

The Vendor has undertaken to the Purchaser that during a period of one calendar year commencing from the date of Completion, it will not directly or indirectly carry on or be engaged or concerned or interested in Hong Kong the business of financial printing services.

INFORMATION ON THE COMPANY

The Company is an investment holding company incorporated in Bermuda. The principal business activities of the Group is principally engaged in the provision of (i) property management services in Mainland China; (ii) hotel operation, hotel management, hotel advisory and exhibition services in Mainland China; (iii) financial services in Hong Kong; and (iv) financial printing services in Hong Kong.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated under the laws of British Virgin Islands and is wholly owned by Mr. Pong Wilson Wai San, a former substantial shareholder of the Company before 27 May 2014 who has experience in the operation of financial printing business. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

The Target Company is a direct wholly-owned subsidiary of the Company. The Target Company is an investment holding company and, through its operating subsidiaries, Rising Win and its subsidiaries, is principally engaged in the provision of financial printing services in Hong Kong. Rising Win is a direct 60%-owned subsidiary of the Target Company and the remaining 40% of the issued share capital of Rising Win is owned by Silver Melrose Limited which is wholly owned by Mr. Lau Wai Shu, a director of Rising Win and the Target Company.

The unaudited consolidated financial information of the Target Company Group for the two years ended 31 December 2019 are set out below:

	For the year ended 31 December 2019 <i>HK\$'000</i>	For the year ended 31 December 2018 <i>HK\$'000</i>
Revenue	128,911	130,343
Loss before taxation	5,123	3,621
Loss after taxation	5,125	3,608

As at 31 March 2020, the unaudited consolidated net asset value of the Target Company Group attributable to the Company was approximately HK\$10.4 million.

REASONS FOR THE DISPOSAL

The Target Company Group is principally engaged in the provision of financial printing services in Hong Kong.

Owing to the intensive peer competition in the financial printing services industry and the fluctuations of the market condition, the financial results of the Target Company deteriorated and recorded net losses of approximately HK\$18.0 million, HK\$3.6 million and HK\$5.1 million for the years ended 31 December 2017, 2018 and 2019, respectively. The US-China trade war and the social movements in Hong Kong since 2019 has already cast shadow on both the capital and initial public offering markets in Hong Kong. Coupled with the outbreak of the COVID-19 epidemic in early 2020, Hong Kong has faced unprecedented challenges as a result of economic downturn and global economy recession that in turn inevitably severely affects the financial market in Hong Kong. These incidents significantly and adversely impact on new listing activities on the Stock Exchange. The total number of successful new listings on the Main Board and GEM of the Stock Exchange decreased from 218 cases in 2018 to 183 cases in 2019, with a remarkable drop in number of GEM new listings from 75 cases in 2018 to 15 cases in 2019. The number of successful new listings on the Main Board and GEM of the Stock Exchange for the first five months of 2020 has decreased by over 40% as compared to the corresponding period in 2018. The slowdown in capital and initial public offering activities is unfavourable to the financial printing business industry.

The Company has from time to time reviewed the performance of the Target Company Group and its business prospects. As disclosed in the Company's 2019 annual results announcement and 2019 annual report published on 31 March 2020 and 24 April 2020, respectively, considering the severe market competition in the financial printing services industry and the negative impact of the COVID-19 epidemic on the economy and capital markets, the financial printing services segment was anticipated for even tougher operation and the Group would remain attentive to the performance of this segment with a comprehensive review on its business, and would consider various possible solutions to ensure the interest of the shareholders of the Company could be served. Moreover, pursuant to the Joint Consultation Conclusions on a Revised Operational Model for Implementing an Uncertificated Securities Market in Hong Kong issued by the Securities and Futures Commission, the Stock Exchange and the Federation of Share Registrars Limited in April 2020, the Directors expect that the potential implementation of a paperless securities market including the IPO market in Hong Kong by the regulatory authorities in the near future will also bring an adverse impact on the financial printing business industry. The Directors are of the view that the foregoing adverse market conditions in the financial printing business will continue in the near future.

On the other hand, after the completion of acquisition of Concord Bright Holdings Limited (和輝集團有限公司) in January 2020, the Group has commenced the provision of property management services and related value-added services in the PRC (the “**Property Management Business**”). For the two years ended 31 December 2017 and 2018 and the six months ended 30 June 2019, the Property Management Business recorded revenue amounted to approximately RMB473.2 million, RMB630.1 million and RMB348.3 million, respectively, with net profit for the same period amounted to approximately RMB38.6 million, RMB57.3 million and RMB43.2 million, respectively. The Property Management Business is expected to bring recurring income generated from expanding property projects, stable customer base and lower sensitivity to macro economy. With the continuous ramp-up of urbanization, growing urban population and expanding real estate market in the Mainland China, as well as the strong and stable ties between the Group’s property management business with its controlling shareholder, Zhuhai Huafa, a leading property developer in Zhuhai with footprint all over the PRC, the Property Management Business is expected to bring favourable conditions to the Group for the development of the Chinese property management industry which will broaden the Group’s revenue streams and generate long-term growth of the Group in terms of profit and cashflow. The Directors consider that the Property Management Business has become the business focus of the Group and become the major source of income of the Group.

As the Group’s financial printing business has been continuously loss-making for the past years together with the uncertainties in the financial market in Hong Kong while the Group has established a robust and profitable Property Management Business, the Directors consider that the Disposal allows the Company to reduce losses and to deploy the Group’s resources from the underperforming financial printing business to the Group’s other profitable and stable business segments. Accordingly, the Directors consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Immediately after completion of the Disposal, the Target Company will cease to be a subsidiary of the Company. It is estimated that the Group will realise an unaudited gain from the Disposal of approximately HK\$0.7 million as a result of the Disposal, being the difference between the Consideration, the unaudited consolidated net asset value of the Target Company Group attributable to the Company as at 31 March 2020 and the estimated professional fees attributable to the Disposal. The actual amount of such gain arising from the Disposal will be subject to the review and audit by the auditors of the Company.

The estimated net proceeds from the Disposal of approximately HK\$11.1 million (being the difference between the Consideration and the estimated professional fees attributable to the Disposal) are intended to be used by the Group in the following manner:

- (a) as reserve for future investment of the core business; and/or
- (b) as general working capital.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Disposal exceed 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

GENERAL INFORMATION

None of the Directors has a material interest in the Disposal and no Director is required to abstain from voting on the resolutions in relation to the Disposal. The Directors consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Business Day”	a day other than a Saturday or Sunday or public holiday in Hong Kong
“Company” or the “Vendor”	HJ Capital (International) Holdings Company Limited (華金國際資本控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 982)
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement

“Completion Date”	the fourth Business Day after signing of the Sale and Purchase Agreement or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place
“Conditions”	the conditions precedent of the Sale and Purchase Agreement, a summary of which is set out in the section titled “Conditions Precedent” in this announcement
“Consideration”	the total consideration of the Disposal, being HK\$12 million
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Governmental Authorities”	any government or any government authorities, semi-governmental or judicial entities or authorities (including, without limitation, any stock exchange or any self-regulatory organization established under statute)
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	60 days from the signing of the Sale and Purchase Agreement or such other time and date as the Vendor and the Purchaser may agree in writing
“Parties”	the parties to the Sale and Purchase Agreement, and “Party” means any one of them
“PRC”	the People’s Republic of China

“Purchaser”	Best Deal Ventures Limited, a company incorporated under the laws of the British Virgin Islands whose shares are wholly owned by Mr. Pong Wilson Wai San
“Rising Win”	Rising Win Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, and a 60%-owned subsidiary of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Shares dated 18 June 2020 and entered into between the Vendor and the Purchaser
“Sale Shares”	101 shares in the Target Company, representing the entire issued share capital of the Target Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Miracle View Group Ltd, a company incorporated with limited liability under the laws of the British Virgin Islands, and a direct wholly-owned subsidiary of the Company
“Target Company Group”	the Target Company and its subsidiaries
“Valuation Report”	the valuation report prepared by the Valuer in respect of the valuation of the Sale Shares as at 31 March 2020 using market approach
“Valuer”	GCA Professional Services Group, an independent valuer
“Warranties”	the representations and warranties provided under the Sale and Purchase Agreement

“Zhuhai Huafa”

Zhuhai Huafa Group Company Limited* (珠海華發集團有限公司), a state-owned enterprise wholly-owned by the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People’s Government* (珠海市人民政府國有資產監督管理委員會) and a controlling shareholder of the Company

By order of the Board
HJ Capital (International) Holdings Company Limited
Li Guangning
Executive Director and Chairman

Hong Kong, 18 June 2020

As at the date of this announcement, the Board of the Company comprises Mr. Li Guangning (Executive Director and Chairman), Mr. Xie Wei (Executive Director and Chief Executive Officer), Ms. Guo Jin and Mr. Tze Kan Fat (all being Executive Directors); Ms. Zhang Kuihong and Mr. Shong Hugo (all being Non-executive Directors); Dr. Chen Jieping, Mr. Pu Yonghao and Mr. Tse Yung Hoi (all being Independent Non-executive Directors).

* For identification purpose only