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SFUND INTERNATIONAL HOLDINGS LIMITED

廣州基金國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1367)

DECISION OF THE LISTING COMMITTEE TO SUSPEND TRADING IN THE COMPANY'S SHARES

This announcement is made by SFund International Holdings Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) pursuant to the Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 26 April 2020, 27 April 2020 and 5 May 2020 (the “**Announcements**”) in respect of, amongst other things, the decision of the Listing Division of the Stock Exchange (the “**Listing Division**”) that the Company failed to comply with Rule 13.24 of the Listing Rules (the “**LD Decision**”) and the Company’s written request for a review by the Listing Committee of the Stock Exchange (the “**Listing Committee**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

DECISION OF THE LISTING COMMITTEE TO SUSPEND TRADING IN THE COMPANY'S SHARES

The Company requested for a review of LD Decision by the Listing Committee on 5 May 2020 and the review hearing of the LD Decision by the Listing Committee (the “**Review Hearing**”) was held on 22 September 2020. On 9 October 2020, the Company received a letter from the Stock Exchange notifying the Company that the Listing Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division, the Listing Committee decided to uphold the LD Decision to suspend trading in the Company’s shares under Rule 6.01(3) (the “**LC Decision**”). The Listing Committee was of the view that the Company failed to carry out a business with a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 to warrant the continued listing of its shares.

The Listing Committee arrived at its decision for the following reasons:

1. At the time of the initial public offering (“**IPO**”), the Company was principally engaged in the provision of apparel supply chain management services and trading of apparel products (the “**Apparel Trading Business**”). Shortly after the change in control in October 2016, the Company announced its intention to develop in the financial sector and commenced the following businesses:
 - (i) provision of fund management, asset management, financial advisory and securities brokerage services (the “**Financial Services Business**”) since October 2017;
 - (ii) provision of loan financing (the “**Money Lending Business**”) since December 2016; and
 - (iii) investment in listed and unlisted investments (the “**Securities Investment**”) since December 2016.
2. The Company’s shares were listed on the Main Board in July 2014. In October 2016, the original controlling shareholders disposed of all their equity interests in the Company. All of the IPO directors resigned and the new directors did not have any experience in the apparel industry. Since then, the Apparel Trading Business, which was the Company’s original business, has started to lose its customers and revenue has therefore declined to a minimal level. The Company commenced new businesses, the Financial Services Business and the Money Lending Business, which were unrelated to the Company’s original business. However, these businesses lacked substance in light of their limited customer base and small operational scale over the years.
3. As a result, the Company’s revenue significantly decreased from HK\$365.8 million in FY2016 to HK\$64.3 million in FY2019 and it recorded net losses and negative operating cashflows in the past few years. The situation did not appear to be a temporary downturn or decline. The Company’s business plan was also preliminary without concrete details. Further, the Company acknowledged at the Review Hearing that it had limited access to funds and could only rely on shareholder’s loans to fund its operations/businesses. Accordingly, the Listing Committee considered that the Company’s businesses were not viable and sustainable and/or of substance.

Apparel Trading Business

4. The Apparel Trading Business was the IPO business and the main revenue contributor for the past five years. However, after the change in control and the departure of the IPO directors in FY2016, the Company started to lose major customers and, as a result, revenue had substantially declined over the years and the Company recorded continued segment losses in the past three years. The scale of operation of the business had diminished to a minimal level.

5. The Company only relied on a small customer base to operate the business. According to the Company's submission for the Review Hearing submitted on 23 June 2020 (the "**Review Hearing Submission**"), the Group only had two customers and confirmed orders of approximately HK\$400,000 as at the date thereof. The Company further submitted that the forecasted revenue of this segment was highly subject to the duration of the global pandemic of COVID-19 and the pace of recovery of the global economy. As submitted by the Company at the Review Hearing, the forecasted revenue for FY2020 would deteriorate to around HK\$6 million, which represented a substantial decrease from the original forecasted revenue of around HK\$14 million stated in the Review Hearing Submission. The Company had not demonstrated that it could expand its customer base or secure new or recurring orders to substantially increase its level of operation and profitability of this business. The Listing Committee considered that this business was no longer viable and sustainable.

Financial Services Business

6. The Financial Services Business has a low level of operation and limited operating history. It has generated minimal revenue and recorded segment losses since its commencement in FY2017. The Company only managed a limited number of funds (i.e. eight funds) and the majority of them were either expired or being wound up. Moreover, almost all of the management fee receivables were impaired in FY2019.
7. In addition, the Company's business plan was preliminary with no track record. It was noted that the Group has, since the LD Decision, entered into a few framework agreements or letters of intent regarding the establishment of funds, which were not legally binding and subject to further negotiations. Moreover, the Company submitted at the Review Hearing that the establishment of these funds was at a preliminary stage with no substantive progress. The Listing Committee therefore remained concerned that the Financial Services Business was not a business of substance and not viable and sustainable.

Money Lending Business and Securities Investment

8. The Money Lending Business has a minimal scale of operation with only three customers and three employees. Moreover, the Company submitted in the Review Hearing Submission that it did not intend to expand its loan portfolio because of insufficient funding, and would continue to focus on the Financial Services Business. The Listing Committee therefore considered that this business was not viable and sustainable.
9. Under Rule 13.24(2), the Company's proprietary investment in securities is normally excluded from Rule 13.24 assessment. The Securities Investment was therefore not considered under Rule 13.24 assessment. The Company submitted in the Review Hearing Submission that it did not hold any securities investment at the date of that submission.

RIGHT OF REVIEW, AND POTENTIAL REVIEW REQUEST, OF THE LC DECISION

Under Rule 2B.08(1) of the Listing Rules, the Company has the right to have the LC Decision referred to the Listing Review Committee for review within seven business days from the date of the LC Decision (i.e. on or before 20 October 2020). Trading in the Company's shares will be suspended on 21 October 2020 (i.e. after the expiry of seven business days from the date of the LC Decision), unless the Company applies for a review of the LC Decision in accordance with its rights under Chapter 2B.

The Company is considering the LC Decision and is discussing the same internally and with the professional advisers, and would consider lodging a request for the LC Decision to be referred to the Listing Review Committee for review.

The directors of the Company would like to remind the Shareholders and potential investors that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review, if undertaken, is uncertain.

Should there be any material development of this matter, further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules. Shareholders and potential investors of the Company who have any queries about the implications of the LC Decision are advised to seek professional advice as they may consider appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
SFund International Holdings Limited
Li Qing
Chairman

Hong Kong, 9 October 2020

As at the date of this announcement, the executive directors are Mr. Li Qing, Mr. Lam Kwan Sing, Mr. Liu Zhijun, Ms. Yi Sha, Ms. Wang Mengsu and Mr. Hon Ming Sang and the independent non-executive directors are Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral, and Mr. Lam Ho Pong.