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香港金融集團

**HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED**  
**香港金融投資控股集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 7)**

**(I) VERY SUBSTANTIAL DISPOSAL;  
(II) UNUSUAL SHARE PRICE AND  
TRADING VOLUME MOVEMENTS;  
(III) DISPOSAL OF SHARES BY  
THE CONTROLLING SHAREHOLDER;  
AND  
(IV) RESUMPTION OF TRADING**

**THE SPA**

On 9 October 2020, the Company, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares at the total Consideration of RMB5 billion (equivalent to approximately HK\$5.79 billion). The Sale Shares represent the entire issued share capital of the Target Company.

**THE LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

## **GENERAL**

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder. A circular containing, among others, (i) further details of the SPA and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) notice of the SGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 15 December 2020 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the SPA and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the resolution(s) in respect of the SPA at the SGM.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## **UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS**

The Board has noted the decrease in the price and the increase in trading volume of the Shares on 9 October 2020. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that, save for (i) the Disposal; and (ii) the Shares Disposal, it is not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **DISPOSAL OF SHARES BY THE CONTROLLING SHAREHOLDER**

The Board has been informed by Dr. Hui, an executive Director and the controlling Shareholder (within the meaning of the Listing Rules) of the Shares Disposal which took place on 9 October 2020.

Subsequent to the Shares Disposal, the Company received a notice from Dr. Hui that the Shares Acquisition took place on 14 October 2020.

## **RESUMPTION OF TRADING**

As the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 11:45 a.m. on Friday, 9 October 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Tuesday, 3 November 2020.

## **INTRODUCTION**

On 9 October 2020, the Company, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares at the total Consideration of RMB5 billion (equivalent to approximately HK\$5.79 billion). The Sale Shares represent the entire issued share capital of the Target Company.

## **THE SPA**

### **Date**

9 October 2020

### **Parties**

- (i) Vendor;
- (ii) Purchaser; and
- (iii) the Company

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and property investment in the PRC. The ultimate beneficial owner of the Purchaser is Ms. Lan Huiling (藍惠玲) who is merchant with over 10 years of experience in property investment. Ms. Lan is a friend of Dr. Hui Chi Ming, an executive Director, and they met in a private social party in around 2015. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

### **Assets to be disposed**

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire the Sale Shares and the Vendor has conditionally agreed to sell the Sale Shares. The Sale Shares represent the entire issued share capital of the Target Company.

### **Consideration**

Pursuant to the terms of the SPA, the Consideration of RMB5 billion shall be payable in cash in the following manner:

- (1) a refundable deposit (the “**Deposit**”) of RMB100 million (equivalent to approximately HK\$115.80 million) shall be paid to the Vendor within 30 days from the date of the SPA; and
- (2) the balance of the sum of RMB4.9 billion (equivalent to approximately HK\$5.67 billion) shall be paid to the Vendor or such party as directed by the Vendor upon Completion.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations among the Purchaser, the Company and the Vendor and was determined with reference to the preliminary valuation of the market value of the Lands (as defined below) of RMB5 billion (equivalent to approximately HK\$5.79 billion) as at 30 September 2020 (the “**Valuation**”) prepared by an independent valuer based on market basis. The market value of the Lands was determined based on the “Comparison Method” and “Investment Method”, where the value is assessed by reference to the comparable properties of sales evidence as available in the relevant market, factoring in all the respective advantages and disadvantages of each property in order to arrive at the comparison of capital value. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Deposit has not been paid.

## **Conditions precedent**

Completion is conditional upon satisfaction of the following conditions precedent:–

- (i) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the SPA and the transactions contemplated thereby having been obtained;
- (ii) the passing by the Shareholders at the SGM of an ordinary resolution approving the SPA and the transactions contemplated thereunder in accordance with the Listing Rules;
- (iii) the Purchaser have reasonably satisfied with the results of the due diligence investigation in the Target Group; and
- (iv) the warranties given by the Vendor pursuant to the SPA remaining true and accurate in all material respects.

If the above conditions have not been fulfilled on or before the Long Stop Date (or such later date as the Company, the Vendor and the Purchaser may agree in writing), the SPA shall become void and of no further effect, and all obligations and liabilities of the parties thereunder shall forthwith cease and determine (save for any antecedent breaches).

## **Completion**

Completion shall take place upon satisfaction of all the conditions as set out in the condition precedents above.

Upon Completion, the Company will cease to hold any interest in the Target Company and the results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

## INFORMATION ON THE TARGET GROUP

The Target Company indirectly holds, through New Guangdong Merchants Investment Holding Limited, the entire equity interests of Guangdong Gangyue Jinkong Property Development Company Limited (廣東港粵金控房地產開發有限公司), a company incorporated under the laws of the PRC, which owns the land use right of five land (the “**Lands**”) parcels located in Donghai Avenue, Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC with a total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m., respectively. The Lands have been planned for smart city integrated project (the “**Project**”) which consist of five-star hotels, residential towers, large shopping mall, office towers and mega water park development.

The first phase of the Project which mainly involves construction of residential towers, commercial shops, office towers and a hotel with total site area and total planned gross floor area of approximately 91,600 sq.m. and 315,600 sq.m. was commenced in March 2019. As discussed below, the Project has failed to be developed in accordance with the original time schedule and has been delayed.

Save for holding the aforementioned land use rights, the Target Group does not have any material asset or liability and has not carried out any business since incorporation of the member companies.

## Financial information of the Target Group

Set out below are the consolidated financial information of the Target Group as prepared in accordance with accounting principles generally accepted in Hong Kong for the two financial years ended 31 December 2018 and 2019:

	<b>For the year ended 31 December 2019 <i>approximate</i> <i>RMB'000</i> (unaudited)</b>	<b>For the year ended 31 December 2018 <i>approximate</i> <i>RMB'000</i> (unaudited)</b>
Turnover	—	—
Net loss before taxation	937,076	242,592
Net loss after taxation	704,326	181,592

According to the unaudited financial information of the Target Group, it recorded unaudited net assets of approximately RMB2.946 billion as at 30 June 2020.

## FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Company will cease to hold any interest in the Target Company and the results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

For illustrative purpose, upon Completion, it is estimated that the Company will realise an unaudited gain on the Disposal of approximately RMB2.052 billion, being the difference between the Consideration of RMB5 billion (equivalent to approximately HK\$5.79 billion) and the unaudited net asset value of the Target Group and deducting the expenses attributable to the Disposal of approximately RMB2 million. The estimated gain to be derived from the Disposal has not taken into account the potential tax impact upon Completion of the Disposal.

The Board is currently intend to apply not less than 50% of the net proceeds for acquiring suitable land parcels and/or investment and development project in the PRC for property development and property investment business and/or for capturing possible business opportunities which may arise and the remaining of the net proceeds will be used to replenish the working capital for the Group to expand the existing business of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in property development and investment, trading of electronic products, oil and gas exploration and production, mineral mining, and provision of financial services.

The Target Group was acquired in February 2018. The Project was planned to be developed as a whole by three phases. The first phase of the Project is expected to be completed in November 2019 while the pre-sale will commence in the first quarter of 2019. The construction period of second and third phase of the Project is expected to be two years commencing from November 2019. However, due to the outbreak of Covid-19, the construction of the Project may not be completed as scheduled and will be delayed.

In view of the additional costs to be incurred and the macro-economic outlook remains challenging since the spread of Covid-19, the Directors believe that a prudent cashflow management is beneficial to the Group. The Board considers that the Disposal represents a good opportunity for the Group to realise the investments in the Target Group and to enhance its cash position under the current situation.

In view of the above, the Directors are of the view that the terms of the Disposal are fair and reasonable, which have been arrived at after arm's length negotiations and are in the interests of the Company and the Shareholders as a whole.

Apart from the Disposal, the Board does not have any intention at present to the termination or scaling-down of the Group's existing businesses. There will be no change to the principal business of the Group as a result of the Disposal. After the Disposal, the Group will continue to be principally engaged in property development and investment, trading of electronic products, oil and gas exploration and production, mineral mining, and provision of financial services. The Group will continue to expand its business into other promising businesses alongside its existing property development and investment business, as well as trading, energy related and financial services businesses. Especially, the new sand mining business in Papua New Guinea. It will be the growth factor of the Group in the years to come. The Group has been exploring investment opportunities, and will make appropriate disclosure pursuant to applicable requirements under the Listing Rules if the Group makes any investment decision. As at the date of the announcement, the Company has not identified any potential investments.



## **THE LISTING RULES IMPLICATIONS**

As some of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

## **GENERAL**

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder. A circular containing, among others, (i) further details of the SPA and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) notice of the SGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 15 December 2020 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the SPA and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the resolution(s) in respect of the SPA at the SGM.

Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

## UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS

This part of announcement is made at the request of the Stock Exchange.

The Board has noted the decrease in the price and the increase in trading volume of the Shares on 9 October 2020. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that, save for (i) the Disposal; and (ii) information as disclosed below under the section headed “Disposal of Shares by the Controlling Shareholder”, it is not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in the Company’s securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board collectively and individually accepts responsibility for the accuracy of this statement.

## DISPOSAL OF SHARES BY THE CONTROLLING SHAREHOLDER

The Board has been informed by Dr. Hui Chi Ming (“**Dr. Hui**”), an executive Director and the controlling Shareholder (within the meaning of the Listing Rules), that on 9 October 2020, through the companies which are beneficially wholly-owned by him (the “**Dr. Hui’s Companies**”), he had been forced to dispose an aggregate of 530,988,000 Shares (representing approximately 13.27% of the existing issued Shares) on the open market of the Stock Exchange (the “**Shares Disposal**”).

Immediately after the Shares Disposal, the number of Shares beneficially held by Dr. Hui decreased from 2,676,144,542 Shares (representing approximately 66.90% of the total issued Shares) to 2,145,156,542 Shares (representing approximately 53.63% of the total issued Shares).

Subsequent to the Shares Disposal, the Company received a notice from Dr. Hui that on 14 October 2020, through the Dr. Hui’s Companies, Dr. Hui entered into the bought and sold note for the acquisition of an aggregate of 185,000,000 Shares (representing approximately 4.63% of the existing issued Shares) (the “**Shares Acquisition**”). As a result, the number of Shares beneficially held by Dr. Hui increased from 2,145,156,542 Shares (representing approximately 53.63% of the total issued Shares) to 2,330,156,542 Shares (representing approximately 58.25% of the total issued Shares).

## RESUMPTION OF TRADING

As the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 11:45 a.m. on Friday, 9 October 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Tuesday, 3 November 2020.

## DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Hong Kong Finance Investment Holding Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB5 billion (equivalent to approximately HK\$5.79 billion) payable by the Purchaser to the Vendor for the Disposal under the SPA
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the SPA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and 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”	8 January 2021 or such later date as the Company, the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Purchaser”	Epic Union Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	100 issued shares of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“SGM”	the special general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“sq.m.”	square metres

“SPA”	the conditional sale and purchase agreement dated 9 October 2020 and entered into by the Company, the Vendor and the Purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	New Guangdong Merchants Investment Holding Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 100% by the Vendor as at the date of this announcement and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Hong Kong Finance Property Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company
“%”	per cent.

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.0 to HK\$1.158. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.*

By order of the Board  
**Hong Kong Finance Investment Holding Group Limited**  
**Dr. Hui Chi Ming, G.B.S., J.P**  
*Chairman*

Hong Kong, 2 November 2020

*As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the senior consultants of the Company comprise Dr. Wang Tao, Mr. Fu Chenyu and Mr. Lalaharisaina Joelivalerien; the Board comprises seven executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Mr. Cao Yu, Mr. Xu Jun Jia, Mr. Lam Kwok Hing, M.H., J.P., Mr. Nam Kwok Lun and Mr. Hui Ngok Lun; and three independent non-executive Directors, namely, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi and Mr. Ma Kin Ling.*