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China Gem Holdings Limited

中國中石控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1191)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN SHANGHAI WANGSHUN INDUSTRIAL CO., LIMITED*

INTRODUCTION

The Board announces that, on 28 May 2021 (after trading hours), the Transferee, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with the Transferor, pursuant to which the Transferor agreed to transfer, and the Transferee agreed to acquire the Target Equity Interest at the Consideration of RMB18.0 million (equivalent to approximately HK\$21.9 million).

THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are set out as follows:

- Date** : 28 May 2021 (after trading hours)
- Parties** : Transferor: Mr. Zheng Yun (鄭雲)
Transferee: China Gem (Shenzhen) Investment Consulting Co., Limited* (中石(深圳)投資諮詢有限公司), a wholly-owned subsidiary of the Company.
- Subject matter** : Pursuant to the Share Transfer Agreement, the Transferor agreed to transfer, subject to the Share Transfer Agreement, and the Transferee agreed to acquire the entire equity interest in the Target Company.

Consideration : The Consideration for the Share Transfer shall be RMB18.0 million (equivalent to approximately HK\$21.9 million), which shall be settled in the following manner:

The Company, the controlling shareholder of the Transferee shall issue 1-year transferable bonds with an annual interest rate of 8% to the Transferor or a third party designated by the Transferor. The Transferee is entitled to advance payments.

The Transferee agreed to pledge the Target Equity Interest to the Transferor as payment obligations before the full payment of the Consideration.

The Consideration was determined after arm's length negotiations between the Transferor and the Transferee.

The Board considers that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Share Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

Completion : The Share Transfer Agreement, having been signed and sealed by the representatives of the parties and approved by the Company, the holding company of the Transferee, shall come into effect. The Transferor shall cooperate with the Transferee to complete the industrial and commercial registration modification formalities* (工商變更登記手續) and the filing procedures under the Memorandum and Articles of Association of the Company in respect of the Share Transfer within 30 working days upon signing of the Share Transfer Agreement.

REASONS FOR AND BENEFITS OF THE SHARE TRANSFER AGREEMENT

The Company considers that the transaction was made with a view to strengthening the principal business and further optimising the business structure of the Group, so as to meet the needs for the long-term development of the Group.

Having regard to the reasons for and benefits of the Share Transfer, the Board is of the view that the Share Transfer and the terms of the Share Transfer Agreement, which have been reached after arm's length negotiations between the parties, are fair and reasonable, and the Share Transfer is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE TRANSFEREE

The Group is principally engaged in money lending, license and financial service business, strategic financial investment, property development, special opportunity real estate and special opportunity debt business.

The Transferee is a company incorporated in the PRC and a wholly-owned subsidiary of the Company, which is principally engaged in property investment.

INFORMATION OF THE TRANSFEROR

The Transferor is an individual who is a PRC resident. The Transferor is a merchant and is holding the entire equity interest in the Target Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Transferor is an Independent Third Party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability and wholly-owned by the Transferor as at the date of this announcement. The Target Company is principally engaged in the business consulting, investment consulting (excluding finance and securities), enterprise management consulting, investment management, chemical raw materials and products (excluding hazardous chemicals, controlled chemicals, fireworks and firecrackers, civil explosives and precursor chemicals), hardware and electrical equipment, electronic products, electromechanical equipment and accessories, mechanical equipment and accessories, office supplies, sales of general merchandise, technology development, technology transfer, technology consulting and technical services in the field of environmental protection technology.

Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2019 and 2020, which were prepared in accordance with the International Financial Reporting Standards:

	For the year ended 31 December	
	2019	2020
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Revenue	2,184,466	0
Profit/(loss) before taxation	1,918,976	(286,624)
Profit/(loss) after taxation	1,918,976	(286,624)

The unaudited total asset of the Target Company as at 31 December 2020 was approximately RMB2.94 million (equivalent to approximately HK\$3.58 million).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Target Company and its ultimate beneficial owners is an Independent Third Party.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the Share Transfer Agreement exceeds 5% but is less than 25%, the Share Transfer constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	board of Directors of the Company
“Company”	China Gem Holdings 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 Share Transfer pursuant to the terms of the Share Transfer Agreement
“Consideration”	RMB18.0 million (equivalent to approximately HK\$21.9 million), being the consideration of the Share Transfer
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	a person(s) who or company(ies) together with their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer”	the proposed acquisition of the Target Equity Interest by the Transferee pursuant to the terms and conditions of the Share Transfer Agreement
“Share Transfer Agreement”	a share transfer agreement dated 28 May 2021 entered into between the Transferor and the Transferee in relation to the Share Transfer
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	上海旺舜實業有限公司 (Shanghai Wangshun Industrial Co., Limited*), a company incorporated in the PRC with limited liability and wholly-owned by the Transferor as at the date of this announcement
“Target Equity Interest”	the entire equity interest of the Target Company as at the date of the Share Transfer Agreement
“Transferee”	中石(深圳)投資諮詢有限公司 (China Gem (Shenzhen) Investment Consulting Co., Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Transferor”	Mr. Zheng Yun (鄭雲), an individual who is a PRC resident
“%”	per cent.

Amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1 = HK\$1.2167. This rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been converted at the above rate or any other rates.

By order of the Board
China Gem Holdings Limited
Zhong Ling
Executive Director

Hong Kong, 28 May 2021

As at the date of this announcement, the Board comprises Mr. Zhong Ling, Mr. Yan Ping and Mr. Wu Yijie being executive Directors; Mr. Kan Chi Ming being non-executive Director; and Mr. Warren Lee Primhak and Mr. Li Haibo being independent non-executive Directors.

** For identification purpose only*