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## **CHINA FINANCE INVESTMENT HOLDINGS LIMITED**

**中國金控投資集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 875)**

### **MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 91.1% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE DISPOSAL**

The Board is pleased to announce that on 26 September 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares held by the Vendor (representing 91.1% equity interest in the Target Company as at the date of this announcement), at the Consideration of RMB93,000,000 (tax exclusive) subject to the terms of the SPA.

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

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, as at the date of this announcement, no Shareholders or any of their associates have any material interest in the Disposal and the transactions contemplated under the SPA. As such, no Shareholder is required to abstain from voting on the proposed resolution to approve the Disposal and the transactions contemplated thereunder if a general meeting of the Shareholders were to be convened. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the SPA upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. Mr. Lin and his associate, Sino Richest, who together hold an aggregate of 266,215,087 Shares, representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement, have given a written approval in respect of the Disposal and the transactions contemplated thereunder. Accordingly, no special general meeting of the Company will be convened for the purpose of approving the Disposal and the transactions contemplated thereunder.

## **GENERAL**

A circular containing, among other things, (i) further details of the Disposal; and (ii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 18 October 2022.

**The Disposal may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **THE DISPOSAL**

The Board is pleased to announce that on 26 September 2022 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the Consideration subject to the terms of the SPA. The Sale Shares represent 91.1% equity interest in the Target Company.

Details of the SPA are set out below:

## **THE SPA**

### **Date**

26 September 2022 (after trading hours)

## Parties:

- (i) Vendor: Shenzhen Guonong Technology Company Limited\* (深圳市國農科技有限公司), an indirect wholly-owned subsidiary of the Company
- (ii) Purchaser: Shenzhen Guorun Guarantee Investment Company Limited\* (深圳市國潤擔保投資有限公司)

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

## Subject matter

As at the date of this announcement, the equity interests in the Target Company is owned as to 91.1% by the Vendor and as to 8.9% by the Purchaser. The Target Company is an investment holding company.

Pursuant to the SPA, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (being the equity interests held by the Vendor in the Target Company), free from all encumbrances.

## Consideration

The Consideration of the sale and purchase of the Sale Shares is RMB93,000,000 (equivalent to approximately HK\$105,722,400) (tax exclusive).

The Consideration was determined by the parties to the SPA after arm's length negotiation and having taken into account of:

- (i) the unaudited adjusted consolidated net asset value of the Target Group attributable to the Company as at 31 July 2022 of approximately HK\$104.5 million (the “**Unaudited Adjusted Consolidated NAV**”); and
- (ii) the unaudited consolidated net profit of the Target Group for the year ended 31 December 2021 of approximately HK\$15.4 million and the unaudited consolidated net loss of the Target Group for the year ended 31 December 2020 of approximately HK\$14.0 million.

The Consideration represents a small premium of approximately 1.1% to the Unaudited Adjusted Consolidated NAV.

The Directors are of the view that the Consideration is fair and reasonable having considered the abovementioned factors and is in the interests of the Company and the Shareholders as a whole.

### **Payment terms**

The Consideration for the Disposal shall be paid by the Purchaser to the Vendor in cash in three instalments:

- (i) the first instalment: not less than 30% of the Consideration (i.e. RMB27,900,000 (equivalent to approximately HK\$31,716,720)) to be paid within 3 days of the Effective Date;
- (ii) the second instalment: not less than 20% of the Consideration (i.e. RMB18,600,000 (equivalent to approximately HK\$21,144,480)) to be paid before submitting the modification of the industrial and commercial registration of the Target Company; and
- (iii) the third instalment: the remaining outstanding balance of the Consideration (i.e. 50% of the Consideration (RMB46,500,000, equivalent to approximately HK\$52,861,200)) to be paid within 30 days after the Completion.

### **Outstanding loan repayable by the Target Group**

As at 31 July 2022, there were intra-group loans repayable by the Target Group to the Vendor (including the associate(s) of the Vendor) in the amount of approximately HK\$202,793,836.74 (subject to the consolidated accounts of the Target Group as at the date of the SPA and any accounting adjustment on the Completion Date, the “**Loan**”), which shall be repaid by the Target Group to the Vendor by quarterly-instalments within 2 years after the Completion Date. The repayment amount in every quarter shall be not less than 12.5% of the aggregate amount of the Loan. The Purchaser agrees that the Vendor shall have the right to review the accounts of the Target Group at any time.

## **Conditions precedent**

Completion of the Disposal shall be conditional upon and subject to the fulfilment and satisfaction of the following:

- (i) the Purchaser having obtained all consents and approvals in respect of the Disposal;
- (ii) the Vendor having obtained all consents and approvals in respect of the Disposal;
- (iii) the Company has obtained a written approval from the Shareholders pursuant to the Listing Rules in respect of the Disposal and the transactions contemplated thereunder;
- (iv) no event, fact or circumstance of the Purchaser constitutes or may constitute a breach of any warranty given by the Purchaser or a breach of any term of the SPA; and
- (v) no event, fact or circumstance of the Vendor constitutes or may constitute a breach of any warranty given by the Vendor or a breach of any term of the SPA.

## **Completion**

Completion shall take place on the Completion Date. Upon Completion, the Vendor shall cease to have any interest and rights in the Sale Shares (save for the security interests reserved by the Vendor pursuant to the share charge agreement mentioned below).

## **Share Charge**

A separate share charge agreement was executed by the Purchaser in favour of the Vendor on the Effective Date, under which the Purchaser agrees to charge the entire equity interest in the Target Company to the Vendor with effect from the Completion Date to secure the prompt and full payment/repayment of the third instalment of the Consideration and the Loan.

## **INFORMATION OF THE COMPANY AND THE GROUP**

The Company is an investment holding company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 875). The Group is principally engaged in (i) the Agricultural and Meat Business; (ii) provision of money lending services; and (iii) securities trading and brokerage services.

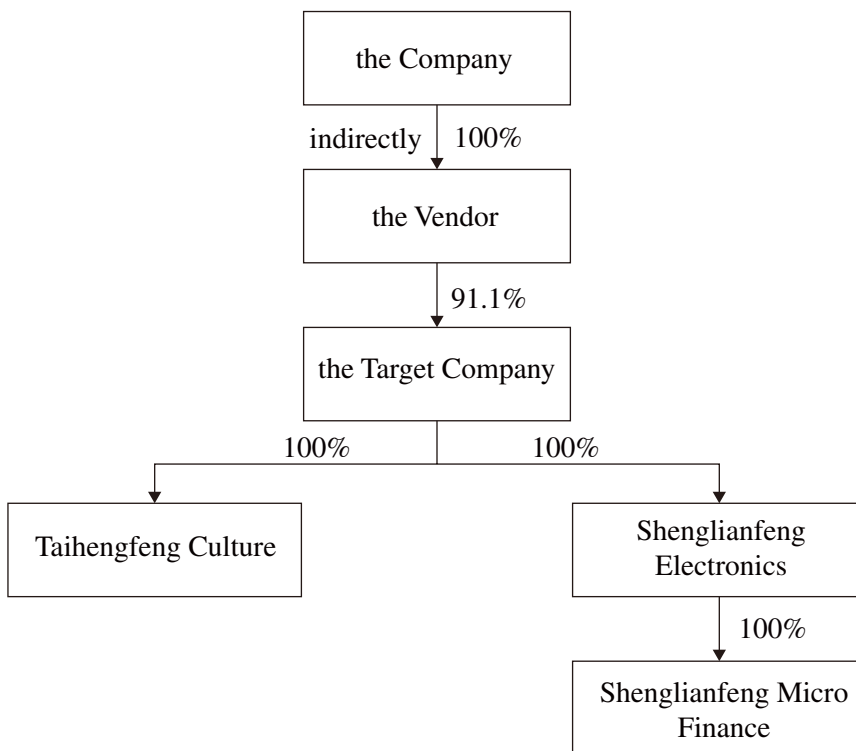
## INFORMATION OF THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. It is principally engaged in the business of non-financing guarantee, investment in business, marketing planning, investment project planning, retail and wholesale of building materials, e-commerce, domestic trading, import and export of goods and technology.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

## INFORMATION OF THE TARGET GROUP

The Target Company is a company established in the PRC with limited liability and is owned as to 91.1% by the Vendor and 8.9% by the Purchaser as at the date of this announcement. The Target Company is an investment holding company which holds the entire equity interest in each of Shenglianfeng Electronics, Shenglianfeng Micro Finance and Taihengfeng Culture. As at the date of this announcement, the corporate structure of the Target Group is set out as follow:



## Shenglianfeng Electronics

As at the date of this announcement, Shenglianfeng Electronics had no business operation. Shenglianfeng Electronics holds 100% equity interest in Shenglianfeng Micro Finance.

## Taihengfeng Culture

As at the date of this announcement, Taihengfeng Culture had no business operation.

## Shenglianfeng Micro Finance

Shenglianfeng is principally engaged in provision of micro finance business.

Set out below is a summary of unaudited consolidated financial information of the Target Group, which has been prepared in accordance with Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2020 and 2021:

	For the year ended 31 December 2020 <i>HK\$'000</i>	For the year ended <b>31 December 2021</b> <b><i>HK\$'000</i></b>
Revenue	20,490	<b>23,968</b>
Profit/(loss) before taxation	(9,321)	<b>20,803</b>
Profit/(loss) after taxation	(13,954)	<b>15,396</b>
	As at 31 December 2020 <i>HK\$'000</i>	As at <b>31 December 2021</b> <b><i>HK\$'000</i></b>
Net assets	64,733	<b>82,299</b>

The Target Group recorded a loss before taxation of approximately HK\$9.3 million for the year ended 31 December 2020 and a profit before taxation of approximately HK\$20.8 million for the year ended 31 December 2021. As at 31 July 2022, the Target Group had an unaudited consolidated net assets value of approximately HK\$114.8 million.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Group is principally involved in the micro finance business sector in Shenzhen, the PRC, through provision of loans to individual and corporate clients. Relevant laws and policies in the PRC has been changing these years, which led to a restructuring of the money lending industry in the PRC. Due to the uncertain economic environment and relevant money lending policy in the PRC, the Group does not foresee a material improvement in the performance of the Target Group.

On 5 August 2022, the Group entered into a sale and purchase agreement with the Purchaser, pursuant to which the Group has agreed to sell and the Purchaser has agreed to purchase 8.9% equity interest in the Target Company at the consideration of approximately RMB8.7 million (the “**Partial Disposal**”). The consideration was based on 8.9% of the net asset value of the Target Company as at 30 June 2022. As at the date of this announcement, the Partial Disposal has been completed.

The Directors consider that the principal business of the Target Group is substantially different by nature from and hence cannot be integrated with the Group’s core business and operations. Hence against the backdrop of a paler economic outlook, the retaining of the Target Group when costs and operational synergies could not be attained has prompted the Group’s decision to dispose of its remaining equity interests in the Target Group whilst it is still profitable so as to preserve value for its Shareholders. As such, subsequent to the Partial Disposal, the Vendor negotiated further with the Purchaser for the disposal of its remaining equity interests in the Target Company. The Directors believe that, over time, the Group will stand to benefit from such disposal, as it would allow the Group to (i) reallocate its resources and focus on its Agricultural and Meat Business, (ii) better streamline its cost structure to gain efficiencies, scalability and competitive advantages, and (iii) maximise value for its Shareholders.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the SPA are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## USE OF PROCEEDS

The net proceeds of the Disposal (after payment of professional fees and other related expenses) are estimated to be approximately HK\$105.3 million. The proposed use of net proceeds is set out below:

- approximately HK\$35.3 million or approximately 33.5% of the net proceeds will be used as the general working capital of the Group; and
- approximately HK\$70.0 million or approximately 66.5% of the net proceeds will be used for purchase of prepared foods, poultry, seafood and agricultural produce to enhance its Agricultural and Meat Business.



## **FINANCIAL EFFECT OF THE DISPOSAL**

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

As at the date of this announcement, it is estimated that the Group will record a profit on Disposal (after taking into account of professional fees and other related expenses) of approximately HK\$0.8 million and such profit is calculated based on the difference between the Consideration of approximately HK\$105.7 million, the Unaudited Adjusted Consolidated NAV as at 31 July 2022 of approximately HK\$104.5 million and professional fees and other related expenses. The actual gain or loss as a result of the Disposal to be recorded by the Group may be changed depending on the consolidated net book value of the Target Group as at the Completion Date of the SPA and is subject to any accounting adjustment and audit by the auditors of the Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, as at the date of this announcement, no Shareholders or any of their associates have any material interest in the Disposal and the transactions contemplated under the SPA. As such, no Shareholder is required to abstain from voting on the proposed resolution to approve the Disposal and the transactions contemplated thereunder if a general meeting of the Shareholders were to be convened. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting to approve the terms of, and the transactions contemplated under the SPA upon satisfaction of the conditions set out under Rule 14.44 of the Listing Rules. Mr. Lin and his associate, Sino Richest, who together hold an aggregate of 266,215,087 Shares, representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement, have given a written approval in respect of the Disposal and the transactions contemplated thereunder. Accordingly, no special general meeting of the Company will be convened for the purpose of approving the Disposal and the transactions contemplated thereunder.

## GENERAL

A circular containing, among other things, (i) further details of the Disposal; and (ii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 18 October 2022.

**The Disposal may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Agricultural and Meat Business”	one of the Group’s business segments which is cultivating of agricultural produce, trading of agricultural and meat produce, poultry, seafood and prepared food in the PRC
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Finance Investment Holdings Limited (中國金控投資集團有限公司), an investment holding company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 875)
“Completion”	completion of the Disposal in accordance with the SPA
“Completion Date”	the date when the filing requirements and administrative procedures in relation to the change of title to the Sale Shares and modification of industrial and commercial registration of the Target Company is officially completed, being the date on which Completion takes place
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB93,000,000 (equivalent to approximately HK\$105,722,400) (tax exclusive) payable by the Purchaser to the Vendor in respect of the Disposal pursuant to the terms of the SPA

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser
“Effective Date”	26 September 2022, the date on which the SPA becomes legally effective and binding on the Purchaser and the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Yuhao, the executive Director, chairman of the Board, chief executive officer and the controlling shareholder of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Shenzhen Guorun Guarantee Investment Company Limited* (深圳市國潤擔保投資有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	91.1% equity interest in the Target Company as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

“Shenglianfeng Electronics”	Shenzhen Shenglianfeng Electronics Company Limited* (深圳市盛聯豐電子有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Target Company
“Shenglianfeng Micro Finance”	Shenzhen Shenglianfeng Micro Finance Co. Ltd. (深圳市盛聯豐小額貸款有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Shenglianfeng Electronics and an indirect wholly-owned subsidiary of the Target Company
“Sino Richest”	Sino Richest Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Lin
“SPA”	the conditional sale and purchase agreement dated 26 September 2022 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taihengfeng Culture”	Shenzhen Taihengfeng Culture Development Company Limited* (深圳泰恒豐文化發展有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of the Target Company
“Target Company”	Shenzhen Taihengfeng Technology Company Limited* (深圳市泰恒豐科技有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company, Shenglianfeng Electronics, Taihengfeng Culture and Shenglianfeng Micro Finance

“Vendor”	Shenzhen Guonong Technology Company Limited* (深圳市國農科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**China Finance Investment Holdings Limited**  
**LIN Yuhao**  
*Chairman and Chief Executive Officer*

Hong Kong, 26 September 2022

*As at the date of this announcement, the Board comprises five Directors, including one executive Director, namely Mr. Lin Yuhao, one non-executive Director, namely Ms. Han Xiuhong and three independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.*

\* *For identification purpose only*