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GOLDEN FAITH GROUP HOLDINGS LIMITED

高豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2863)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY AND THE SALE LOAN

THE DISPOSAL

On 24 February 2023 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Vendor Guarantor entered into the Provisional Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares (being the entire issued share capital of the Target Company) and the Sale Loan, at an aggregate cash consideration of HK\$44,500,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfillment of the conditions precedent to the Provisional Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to take caution in dealing in the securities of the Company.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

On 24 February 2023 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Vendor Guarantor entered into the Provisional Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares (being the entire issued share capital of the Target Company) and the Sale Loan, at an aggregate cash consideration of HK\$44,500,000.

The principal terms of the Provisional Sale and Purchase Agreement are set out below:

Date

24 February 2023

Parties

- (1) KF Strategic Capital Limited, an indirect wholly-owned subsidiary of the Company, as the Vendor;
- (2) Madam Su Cai Hui, as the Purchaser; and
- (3) Mr. Ko Chun Hay Kelvin, as the Vendor Guarantor

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

The Sale Shares, being the entire issued share capital of the Target Company and the Sale Loan being the entire amount of an unsecured non-interest bearing advance owing by the Target Company to the Vendor.

The Target Company is an investment holding company and is the registered and beneficial owner of the Property. As at the date of this announcement, the Target Company also owns a carpark space for leasing, a car and a corporate club membership, all of which shall be transferred or assigned out from the Target Company before the Completion and shall cease to be held by the Target Company with effect from the Completion Date.

Consideration

The Consideration for the Disposal is HK\$44,500,000.

Pursuant to the Provisional Sale and Purchase Agreement, the Purchaser has paid HK\$2,225,000 as an initial deposit and shall pay another HK\$2,225,000 as a further deposit on or before 16 March 2023. The balance of the Consideration of HK\$40,050,000 will be payable in full in cash to the Vendor on Completion.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser through an independent local property agent and having considered, among other things, (i) the preliminary valuation of the Property from bank; (ii) market prices of similar properties of similar size, character and location; and (iii) the recent property and financial market situation.

Completion

Completion will take place on or before 1 June 2023 after all the conditions of the Provisional Sale and Purchase Agreement have been fulfilled (or waived) or such date as the parties may agree in writing. Immediately prior to Completion, the Target Company is held as to 100% by the Vendor. Following Completion, the Company and the Vendor shall not hold any equity interest in the Target Company and therefore the Target Company shall cease to be a subsidiary of the Company and accordingly the financial results of the Target Company shall cease to be consolidated into the accounts of the Group.

Conditions Precedent

Completion shall be conditional upon:

- (i) the Purchaser having completed the due diligence investigation on the business, financial, legal and all other aspects of the Target Company and reasonably satisfied with the results thereof;
- (ii) the Vendor, at its own cost, procuring the Target Company to prove and give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong); and
- (iii) all the representations, undertakings and warranties given by the Vendor under the Provisional Sale and Purchase Agreement and the formal agreement to be entered being and remaining true, accurate, correct and complete and not misleading in all material respects up to the Completion.

In the event any of the above conditions are not being fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction under the Provisional Sale and Purchase Agreement whereupon the Vendor shall return all the deposit paid to the Purchaser forthwith.

The Vendor and the Purchaser shall negotiate in good faith and use all their reasonable endeavors to enter into a formal agreement for sale and purchase on or before 16 March 2023. The formal agreement shall incorporate the terms and conditions in the Provisional Sale and Purchase Agreement and the customary terms, conditions, warranties, representations, promises and indemnities adopted in transactions similar to the Disposal based on the terms and conditions set out in the Provisional Sale and Purchase Agreement. In the event that the Vendor and the Purchaser shall fail to reach an agreement on the terms of the formal agreement on or before 16 March 2023, the Provisional Sale and Purchase Agreement shall remain valid and in full force and effect and the parties shall continue to fulfill their respective obligations under the Provisional Sale and Purchase Agreement.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company prepared in accordance with the generally accepted accounting principles of Hong Kong for the two financial years ended 31 October 2022:

	For the year ended	For the year ended
	31 October 2022	31 October 2021
	HK\$	HK\$
	(audited)	(audited)
Revenue	1,255,700	1,516,300
Profit before taxation	82,300	100,966
Profit after taxation	68,721	55,050

The net assets of the Target Company as at 31 October 2022 was HK\$9,140,719.

FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Group will record a net loss on the Disposal in the amount of approximately HK\$3,800,000 to be recognized in the consolidated financial statements of the Group for the year ending 30 September 2023. The net loss is estimated based on the difference between (i) the Consideration and (ii) the book amounts of the Property in the Group's consolidated financial statements as at 30 September 2022. The actual profit or loss arising from the Disposal will be subject to audit and may be different from the amount stated.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board has conducted ongoing evaluation of both property and financial market environment in Hong Kong and has aimed to maximize the return on resources of the Group.

The Board considers that the disposal of the Property is beneficial to the Group in view of the recent trend of rising interest rate and the current property market situation in Hong Kong. The Disposal is considered to be a good opportunity for the Group to realize its investment in the Property and secure more cash for future development and investment under the uncertain economic situation. It is also in line with the Group's strategic development plan to streamline and optimize the Group's business structure and resources.

After deducting the expenses relating to the Disposal, it is expected that the net proceeds from the Disposal shall be approximately HK\$43,800,000. The Group intends to utilize the net proceeds towards potential business and/or investment opportunities as and when they arise and for replenishing the general working capital of the Group.

The Directors consider that the Provisional Sale and Purchase Agreement was entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES, THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. Its main asset is the investment in the Property, which is leased out to a Japanese style fast food shop. It also owns a carpark space for leasing, a car and a corporate club membership, all of which shall be transferred or assigned out from the Target Company before the Completion and shall cease to be held by the Target Company with effect from the Completion Date.

The Group is principally engaged in the electrical engineering business and property investment; and the Vendor is an investment holding company.

The Purchaser is an investor and an Independent Third Party.

The Vendor Guarantor is the executive director and the controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfillment of the conditions precedent to the Provisional Sale and Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to take caution in dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Golden Faith Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 2863)
“Completion”	completion of the Disposal
“Completion Date”	the date on which Completion took place
“Connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of the Disposal, being HK\$44,500,000
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the Provisional Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party who is independent of, and not connected with, the Company and its Connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	Shop B on Ground Floor, Man Kwong Court, No. 12 Smithfield, Kennedy Town, Hong Kong
“Purchaser”	Madam Su Cai Hui
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 24 February 2023 entered into between the Vendor, the Purchaser and the Vendor Guarantor in relation to the Disposal
“Sale Loan”	the advances owing from the Target Company to the Vendor, which is unsecured and non-interest bearing, the amount of which as at 31 October 2022 was approximately HK\$3.93 million;
“Sale Shares”	the entire issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Richfield International Enterprise Limited, a company incorporated under the laws of Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Company and the registered and beneficial owner of the Property
“Vendor”	KF Strategic Capital Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Vendor Guarantor”	Mr. Ko Chun Hay Kelvin, the executive director and the controlling shareholder of the Company, being the guarantor of the Vendor under the Provisional Sale and Purchase Agreement to guarantee, among others, the due observance and performance of the Vendor of all the agreements, obligations, commitments and undertakings contained in the Provisional Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Golden Faith Group Holdings Limited
Chan Cho Chak
Company Secretary

Hong Kong, 24 February 2023

As at the date of this announcement, the executive Directors are Mr. Ko Chun Hay Kelvin and Mr. Chan Cho Chak; the non-executive Directors are Mr. Yung On Wah (Vice Chairman), Ms. Wong Cheuk Wai Helena and Mr. Li Kar Fai Peter and the independent non-executive Directors are Mr. Chan Wing Fai, Mr. Yeung Wai Lung and Mr. Ng Man Li.