

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*



## **China Vered Financial Holding Corporation Limited**

**中薇金融控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 245)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANIES INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

**Financial adviser to the Company**



**Optima Capital Limited**

#### **INTRODUCTION**

After trading hours of the Stock Exchange on 27 September 2024, the Company as warrantor and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into two sale and purchase agreements with each of the Vendors respectively, pursuant to which Vendor A has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Target Company A, and Vendor B has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Target Company B.

The Target Companies are special purpose vehicles of the Vendors, respectively, with each of their principal assets being investments in the Subject SCL Shares, representing in total 7.08% of the total issued share capital of SCL.

The aggregate Consideration payable by the Company to the Vendors shall be US\$23,500,000 (equivalent to approximately HK\$183.3 million) to be satisfied as to (i) US\$7,050,000 (equivalent to approximately HK\$55.0 million) in cash; and (ii) US\$16,450,000 (equivalent to approximately HK\$128.3 million) by way of the allotment and issue of the Consideration Shares by the Company. The consideration payable to each of the Vendors for the Sale Shares is in proportion to their respective holdings of the Subject SCL Shares.

The cash consideration payable pursuant to the Agreements will be satisfied by the Company with its internal resources.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

Pursuant to the Agreements, a total of 2,467,500,000 Consideration Shares shall be allotted and issued to the Vendors, which represent approximately 7.11% of the issued share capital of the Company as at the date of this announcement and approximately 6.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming completion of the Agreements).

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Optima has been appointed as the financial adviser to the Company in respect of the Acquisition.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

#### **INTRODUCTION**

The Board is pleased to announce that after trading hours of the Stock Exchange on 27 September 2024, the Company as warrantor and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into two sale and purchase agreements with the Vendors respectively, pursuant to which Vendor A has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Target Company A, and Vendor B has agreed to sell, and the Purchaser has agreed to acquire, the entire issued share capital of Target Company B. The Target Companies are special purpose vehicles of the Vendors, respectively, with each of their principal assets being investments in the Subject SCL Shares, representing in total 7.08% of the total issued share capital of SCL. The aggregate Consideration payable by the Company to the Vendors shall be US\$23,500,000 (equivalent to approximately HK\$183.3 million) to be satisfied as to (i) US\$7,050,000 (equivalent to approximately HK\$55.0 million) in cash; and (ii) US\$16,450,000 (equivalent to approximately HK\$128.3 million) by way of the allotment and issue of the Consideration Shares by the Company. The consideration payable to each of the Vendors for the Sale Shares is in proportion to their respective holdings of the Subject SCL Shares.

Optima has been appointed as the financial adviser to the Company in respect of the Acquisition.

## **THE AGREEMENTS**

Principal terms of the Agreements are set out below.

### **Agreement A**

<b><i>Date</i></b>	27 September 2024
<b><i>Parties</i></b>	(i) CM Strategic Investment Management Holding Limited, as purchaser;  (ii) TW One Limited, as vendor; and  (iii) the Company, as warrantor.
<b><i>Assets to be acquired</i></b>	Sale Shares A, which represent the entire issued share capital of the Target Company A.
<b><i>Consideration</i></b>	Consideration A of US\$20,420,000 (equivalent to approximately HK\$159.3 million) shall be payable by the Purchaser to the Vendor A as to (i) US\$6,126,000 (equivalent to approximately HK\$47.8 million) in cash; and (ii) US\$14,294,000 (equivalent to approximately HK\$111.5 million) by way of the allotment and issue of the Consideration Shares A at the Issue Price.
<b><i>Consideration Shares</i></b>	2,144,100,000 Consideration Shares will be allotted and issued to the Vendor A. Consideration Shares A represent approximately 6.18% of the issued share capital of the Company as at the date of this announcement and approximately 5.77% of the issued share capital of the Company as enlarged by the allotment and issue of all the Consideration Shares (assuming completion of the Agreements).
<b><i>Condition precedent</i></b>	Completion shall be conditional upon the Stock Exchange granting the listing of and permission to deal in the Consideration Shares A.  If the condition set out above has not been satisfied on or before 22 October 2024, or such later date as the Vendor A and the Purchaser may agree in writing, the Agreement A shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter, save for antecedent breaches.

**Completion** Completion of the Agreement A will take place within three business days from the date of fulfillment of the above condition precedent in respect of the Agreement A, and in any event on or before 22 October 2024 (or such later date as may be agreed by the parties).

**Information of Vendor A**

Vendor A is a company incorporated in the British Virgin Islands with limited liability and directly holds the Sale Shares A. It is a wholly-owned special purpose vehicle of Templewater I, L.P. (“**Templewater LP**”), an exempted limited partnership fund established in the Cayman Islands, for investing in the class B shares of SCL, which investment is one of the investments of Templewater LP. The general partner of Templewater LP is Templewater I, G.P. (“**Templewater GP**”).

The Group holds a 5.35% limited partnership interest in Templewater LP, which was acquired by the Company from an Independent Third Party in March 2022. Save for this, as at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Vendor A, Templewater LP and Templewater GP is an Independent Third Party.

**Agreement B**

**Date** 27 September 2024

**Parties** (i) CM Strategic Investment Management Holding Limited, as purchaser; and  
(ii) Darth Holdings Limited, as vendor; and  
(iii) the Company, as warrantor.

**Assets to be acquired** Sale Shares B, which represent the entire issued share capital of the Target Company B.

**Consideration** The Consideration B of US\$3,080,000 (equivalent to approximately HK\$24.0 million) shall be payable by the Purchaser to the Vendor B as to (i) US\$924,000 (equivalent to approximately HK\$7.2 million) in cash; and (ii) US\$2,156,000 (equivalent to approximately HK\$16.8 million) by way of the allotment and issue of the Consideration Shares B at the Issue Price at Completion.

**Consideration Shares** 323,400,000 Consideration Shares will be allotted and issued to the Vendor B. Consideration Shares B represent approximately 0.93% of the issued share capital of the Company as at the date of this announcement and approximately 0.87% of the issued share capital of the Company as enlarged by the allotment and issue of all the Consideration Shares (assuming completion of the Agreements).

***Conditions precedent*** Pursuant to the Agreement B, completion shall be conditional upon and subject to (i) the Stock Exchange granting the listing of and permission to deal in the Consideration Shares; and (ii) the Agreement A having become unconditional in accordance with the terms and conditions set out therein.

If the conditions set out above have not been satisfied on or before 22 October 2024, or such later date as the Vendor B and the Purchaser may agree in writing, the Agreement B shall cease and terminate and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies thereafter, save for antecedent breaches.

***Completion*** Completion of the Agreement B will take place within three business days from the date of fulfillment of the above conditions precedent in respect of Agreement B, and in any event on or before 22 October 2024 (or such later date as may be agreed by the parties).

### ***Information of Vendor B***

Vendor B is a company incorporated in the British Virgin Islands with limited liability and directly holds the Sale Shares B. It is a wholly-owned special purpose vehicle of Mr. Pun for investing in the class B shares of SCL.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor B and Mr. Pun is an Independent Third Party.

### **INFORMATION OF THE COMPANY AND THE PURCHASER**

The Company is incorporated in Hong Kong with limited liability and is an investment holding company. The principal activities of the Group include investment holding, provision of asset management services, consultancy services, financing services, securities advisory and securities brokerage services.

The Purchaser is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

### **ANALYSIS OF THE CONSIDERATION OF THE ACQUISITION**

Set out below are the details and analysis of the aggregate Consideration of the Acquisition.

## **Basis of the Consideration**

The aggregate Consideration in respect of the Acquisition is US\$23,500,000 (equivalent to approximately HK\$183.3 million), which shall be satisfied as to (i) US\$7,050,000 (equivalent to approximately HK\$55.0 million) in cash; and (ii) US\$16,450,000 (equivalent to approximately HK\$128.3 million) by way of the allotment and issue of the Consideration Shares. The cash consideration payable pursuant to the Agreements will be satisfied by the Company with its internal resources.

The Consideration was determined upon arm's length negotiations between the Purchaser and the Vendors with reference to the Valuation of the Subject SCL Shares. The Company has engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified valuer, to assess the market value of the Subject SCL Shares as at the Valuation Date, i.e. 31 August 2024. The Valuer has first assessed the equity value of the SCL's capital, ordinary shares and class B shares (which carry certain preferential rights over the ordinary shares), and then assessed the market value of the Subject SCL Shares. In this light, the equity value of SCL as at the Valuation Date as assessed by the Valuer was approximately US\$264.0 million (equivalent to approximately HK\$2,059.2 million), and the market value of the Subject SCL Shares was US\$24,870,000 (equivalent to approximately HK\$194.0 million) as at the Valuation Date. The Consideration represents a discount of approximately 5.5% to the Valuation. Details of the Valuation are set out in the section headed "Valuation of the Subject SCL Shares" below.

## **Consideration Shares and Issue Price**

Pursuant to the Agreements, a total of 2,467,500,000 Consideration Shares shall be allotted and issued to the Vendors, which represent approximately 7.11% of the issued share capital of the Company as at the date of this announcement and approximately 6.64% of the issued share capital of the Company as enlarged by the allotment and issue of all the Consideration Shares (assuming completion of the Agreements). The Consideration Shares, when credited as fully paid shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue, including the right to receive all dividends, distributions and other payment which may be declared, made or to be made, the record date for which falls on or after the Completion and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

The Issue Price of HK\$0.052 per Consideration Share has been agreed based on the average closing price for the five trading days immediately preceding the date of the Agreements. When compared to the recent market price of the Shares, the Issue Price:

- (1) represents a premium of approximately 2.0% over the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 27 September 2024, being the date of the Agreements;
- (2) equals the average closing price of approximately HK\$0.052 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Agreements; and

- (3) represents a premium of approximately 2.0% over the average closing price of approximately HK\$0.051 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to the date of the Agreements.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate. The General Mandate was granted to the Directors by the Shareholders at the annual general meeting of the Company held on 28 June 2024 to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting, i.e. up to 6,942,891,850 Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

### **Lock-up undertaking**

As stipulated in the Agreements, subject to Completion, the Vendors shall each provide a lock-up undertaking to the Company in respect of the Consideration Shares allotted and issued to each of them, whereby:

- (1) from the respective date of completion of the Agreements and up to 30 April 2025, the Vendors will not directly or indirectly pledge, sell or otherwise transfer or dispose of any of the Consideration Shares, without the prior written consent of the Purchaser;
- (2) for the period from 1 May 2025 to 31 October 2025 (both dates inclusive), each of the Vendors may dispose of up to 14.3% of the Consideration Shares (in the case of Vendor A, up to 306,606,300 Consideration Shares; and in the case of Vendor B, up to 46,246,200 Consideration Shares) but will not directly or indirectly pledge, sell or otherwise transfer or dispose of any further Consideration Shares, without prior written consent of the Purchaser;
- (3) as from 1 November 2025 to the date which is 18 months after the respective date of completion of the Agreements, each of the Vendors may dispose of a further 14.3% of the Consideration Shares (in the case of Vendor A, up to 306,606,300 Consideration Shares; and in the case of Vendor B, up to 46,246,200 Consideration Shares) but in any event shall not directly or indirectly pledge, sell or otherwise transfer or dispose of more than 28.6% of the Consideration Shares (in the case of Vendor A, 613,212,600 Consideration Shares; and in the case of Vendor B, 92,492,400 Consideration Shares) in aggregate, without the prior written consent of the Purchaser; and
- (4) after the date which is 18 months after the respective date of the completion of the Agreements, each of the Vendors may dispose of any or all the Consideration Shares then held by it.

### **INFORMATION OF THE TARGET COMPANIES AND THE SCL GROUP**

Each of the Target Companies is an investment holding companies whose sole investment is in the class B shares of SCL. Set out below is the information of the Target Companies and the SCL Group.

## **Target Company A**

Target Company A was incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by the Vendor A as at the date of the Agreement A. It is principally engaged in investment holding, and its sole investment is 13,702.8 class B shares of SCL, representing approximately 6.15% of the total issued shares of SCL. At the time of making its investment in SCL, it was agreed that Target Company A will receive extra payments calculated with reference to an agreed percentage of the carried interest earned by one of the general partners of the funds under SCL (the “**TW Extra Income**”).

## **Target Company B**

Target Company B was incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by the Vendor B as at the date of the Agreement B. It is principally engaged in investment holding, and its sole investment is 2,072 class B shares of SCL, representing approximately 0.93% of the total issued shares of SCL.

## **The SCL Group**

Established in 2009, the SCL Group is a privately-owned global banking and asset management group focused on delivering unique fixed income solutions to its investors and clients. It is headquartered in Hong Kong but also has an international presence across the Asia Pacific, Europe, Middle East, Africa and North America. Founded by Mr. Michel Lowy and Mr. Soo Cheon Lee (the “**SCL Founders**”), the SCL Group has approximately US\$1.6 billion in assets under management (the “**AM Business**”) including a hedge fund and private credit funds; and holds 97.92% and 99.998% equity interests in Solution Bank in Italy (the “**Italian Bank**”) and Choemun Savings Bank in South Korea (the “**Korean Bank**”), respectively.

SCL currently has two classes of shares in issue: ordinary shares and class B shares. SC Lowy Holdings Ltd. (“**SCLH**”), a company owned by the SCL Founders, is the sole holder of all the ordinary shares, representing approximately 72.81% of the total issued shares of SCL. The holders, including the Target Companies, of the class B shares (the “**SCL B Shareholders**”), who hold all the issued class B shares, representing in aggregate approximately 27.19% of the total issued shares of SCL.

The Subject SCL Shares, comprising 13,702.8 and 2,072 class B shares held by the Target Company A and Target Company B, respectively, in aggregate represent approximately 7.08% of the total issued shares of SCL.

## ***Class B shares of SCL***

The principal rights attaching to the class B shares of SCL pursuant to the terms and conditions of the amended and restated shareholders agreement dated 23 March 2020 and entered into between, among others, SCL, SCLH and the SCL B Shareholders (the “**SCL SHA**”) are summarized as follows:

### **Voting rights**

Each share (including class B shares) of SCL is entitled to one vote regardless of class.



**Director nomination rights** SCL B Shareholders have the right to jointly appoint (i) one of the five directors of SCL if all SCL B Shareholders, in aggregate, hold more than 10% of the total issued shares of SCL; or (ii) two of the five directors of SCL if all SCL B Shareholders, in aggregate, hold more than 40% of the total issued shares of SCL. The SCL B Shareholders shall select the class B director(s) by majority vote.

**Dividends** All shares of SCL shall participate pro rata, when, as and if dividends are declared by the board of SCL. SCL B Shareholders may elect to receive dividends in cash, or as ordinary shares of SCL issued at a 15% discount to the then applicable price as agreed by the board of directors of SCL. Holders of ordinary shares of SCL may only receive dividends as ordinary shares of SCL.

**Exit Event** At any time after 22 December 2024, the SCL B Shareholders (by way of majority vote) may demand the board of directors of SCL to bring about a liquidity event (a “**Exit Event**”) in one of the following manners (to be elected at the sole discretion of the managers of SCL, i.e. the SCL Founders):

- (i) SCL shall effect an IPO, provided that valuation of SCL in such IPO shall be at least book value of the SCL Group at the time of listing; or
- (ii) SCL and/or the managers of SCL shall acquire all shares of SCL held by those SCL B Shareholders who wish to exit at the relevant time, at book value of the SCL Group at the time of the acquisition,

and, each SCL B Shareholder may decide for itself and at its sole discretion whether or not it wishes to sell any or all shares of SCL it holds in such Exit Event (the “**Exit Clause**”).

**Liquidation preference** In the event of a liquidation event of SCL, the SCL B Shareholders shall have the right to receive, in preference to the ordinary shareholders of SCL, an amount per share held by the SCL B Shareholder equal to 100% of the original issue price of the class B shares of SCL minus the total cumulative dividends and other distributions made with respect to the class B shares of SCL and received by the relevant SCL B Shareholder.

In the event that the assets of SCL or proceeds are insufficient to make payment of the liquidation preference in full among the SCL B Shareholders, such assets or proceeds will be distributed among the SCL B Shareholders pro rata in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

## FINANCIAL INFORMATION OF THE TARGET COMPANIES AND THE SCL GROUP

### Target Company A

Set out below is a summary of key financial information of the Target Company A as extracted from its unaudited management accounts for the years/period indicated:

	<b>For the three months ended</b>	<b>For the year ended 31 March</b>	
	<b>30 June 2024</b>	<b>2024</b>	<b>2023</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Profit before tax	315,907	45,890	21,323
Profit after tax	315,907	45,890	21,323

The profit before tax of Target Company A during the years and period indicated above were mainly attributable to other income arising out of the TW Extra Income as described above. As at 30 June 2024, the Target Company A had unaudited net assets of approximately US\$17.0 million (equivalent to approximately HK\$132.6 million), being the carrying value of the 13,702.8 class B shares of SCL held by it.

### Target Company B

Target Company B was incorporated on 26 August 2024. Other than its investment in SCL, it has had no business operation and recorded nil profit before tax and nil profit after tax since its incorporation and up to 23 September 2024.

As at 23 September 2024, the Target Company B had unaudited net assets of approximately US\$3.0 million (equivalent to approximately HK\$23.4 million), being the carrying value of the 2,072 class B shares of SCL held by it.

### The SCL Group

Set out below is a summary of key financial information of SCL Group for the two financial years ended 31 December 2022 and 2023 as extracted from the audited consolidated financial statements of SCL:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>(audited)</i>	<i>(audited)</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Profit before tax	10,467	13,534
Profit after tax	1,360	13,847

SCL Group recorded a one-off impairment loss on goodwill acquired through business combination of the Korean Bank of approximately US\$19.2 million (equivalent to approximately HK\$149.8 million) during the year ended 31 December 2023. As at 31 December 2023, SCL carried nil goodwill in respect of the Korean Bank and, in this respect, no further impairment loss is expected to be recorded in the future. SCL Group also recorded a decrease in deferred tax assets arising from losses available for offsetting against future taxable profit of approximately US\$5.8 million (equivalent to approximately HK\$45.2 million) which was recognised in the consolidated statement of profit or loss for the year ended 31 December 2023.

As at 31 December 2023, SCL had audited consolidated net assets of approximately US\$256.4 million (equivalent to approximately HK\$2,000.0 million).

## **VALUATION OF THE SUBJECT SCL SHARES**

The Valuer was engaged by the Company to conduct the valuation of the market value of the Subject SCL Shares, being approximately 15,775 class B shares of SCL in aggregate, as at the Valuation Date.

The Board has obtained and reviewed the information of the Valuer and the person signing the Valuation Report, and noted that (i) the Valuer is an internationally-experienced valuation firm and a leading provider of business valuation with over 30 years of operation and is led by a steady group of experienced professionals; and (ii) the person signing the Valuation Report (a) has over 20 years of a wide-range of valuation and financial advisory experience and has provided valuation services to numerous listed companies in different industries in China, Hong Kong, Singapore as well as globally; and (b) is, among others, a fellow of the Royal Institution of Chartered Surveyors (RICS), a Chartered Valuer and Appraiser (CVA), and an International Certified Valuation Specialist (ICVS). Based on the above, the Board considers that the Valuer is competent and has sufficient qualification, reputation and adequate resources to perform its role. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Valuer is independent of the Company, each of the Vendors, and their respective connected persons.

### **Key assumptions**

The Valuer has made general assumptions in determining the market value of the Subject SCL Shares including, among others, (i) SCL having, or to have, sufficient capital needs (financial, human, physical) to achieve or contribute to current and future production, (ii) no material change in the core operations of SCL, (iii) operational and contractual terms stipulated in the contracts and agreements associated with SCL to be honored, (iv) there being no hidden or unexpected conditions associated with SCL that might adversely affect the reported values of the Subject SCL Shares; and (v) the Valuation being conducted based on a going concern assumption, in which SCL is viewed as continuing in business for the foreseeable future.

The specific assumptions adopted in the Valuation include:

- (a) expected exit date is 31 December 2029;
- (b) volatility is determined based on average historical volatility of comparable companies identified by the Valuer in respect of the three business segments of SCL;
- (c) dividend yield is zero; and
- (d) risk-free rate is based on the yield curve of Hong Kong Sovereign.

### **Valuation methodology**

#### ***(a) Equity value of SCL***

For the equity value of SCL, the Valuer has considered three generally accepted valuation approaches, namely the market, cost and income approaches. The cost approach is not adopted by the Valuer as it does not directly incorporate information about the economic benefits contributed by SCL. The income approach is also inappropriate because long-term financial projection on the SCL Group with substantial objective supporting data is not available. Hence, the market approach is adopted in the Valuation by the Valuer.

The Valuer calculated the equity value of SCL by (i) the summation of the market value of the operating segments of SCL, namely the AM Business, the Italian Bank and the Korean Bank; and (ii) applying a discount for lack of marketability (“**DLOM**”), as further discussed below.

#### ***(i) The AM Business***

Asset management firms typically generate revenue through fees based on assets under management rather than through traditional sales or tangible assets, while brokerage firms derive a significant portion of their revenue from transaction fees, commissions, and other service-based income rather than physical assets. The price to book (“**P/B**”), which compares market capitalisation to book value, may not effectively capture the revenue-generating capacity or profitability of asset management and brokerage firms, which rely more on income than physical assets. The industry often has significant intangible assets such as client relationships, brand, technology platforms which are not captured in the book value, P/B ratio may not capture the value of the company.

According to available information, the AM Business is loss-making, and detailed segment financial information is not available, hence earning based multiples such as price to earnings (“**P/E**”) and enterprise value (“**EV**”) multiples which requires the net debt adjustments such as enterprise value-to-earnings before interest and tax (“**EV/EBITDA**”) are not adopted by the Valuer.

Considering the above, the P/S ratio is adopted for the valuation of the segment by the Valuer. The equity value of the AM Business is arrived at by the Valuer by multiplying the revenue of the AM Business for the year ended 31 December 2023 by the median price-to-sales (“P/S”) ratio of 5.84 times derived from the comparable companies of the AM Business.

(ii) *The Italian Bank and the Korean Bank*

Banks are typically asset-heavy institutions, with a significant portion of their value tied up in assets like loans, securities, and other financial instruments. The P/B ratio takes into account the value of a bank’s assets, which is important in assessing its financial health and potential for growth. The Valuer considers that the P/B multiple is the most appropriate multiple and hence it is being adopted in the Valuation. The equity value of the Italian Bank and the Korean Bank is arrived at by the Valuer by multiplying the net asset value of the respective segment as at 31 December 2023 by the median P/B ratios of 0.82 times and 0.47 times respectively derived from their respective comparable companies.

The P/S and P/E ratios are also widely used metric for valuing stocks in many industries. However, for banks, revenue and earnings can be volatile due to fluctuations in interest rates, credit quality, and economic conditions. This may result in both the P/S and P/E ratios being less reliable for banks compared to industries with more stable revenues and incomes. While EV multiples such as EV/EBITDA may not fully capture the unique characteristics of banks as banks have specific regulatory requirements, capital structures, and risk profiles, which may cause EV multiples to be less informative.

(iii) *DLOM*

The Valuer has applied a DLOM, which reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies, to the calculation of the equity value of each operating segment of SCL. The Valuer adopted a DLOM of 20.5% with reference to the 2023 edition of the Stout Restricted Stock Study Companion Guide.

In determining the valuation multiple, the Valuer searched for three lists of comparable companies for each operating segment of SCL, the selection criteria of which and the details of an exhaustive list of comparable companies identified by the Valuer are as follows:

*The AM Business*

- The Valuer is given to understand the asset management business is more dominant in the segment comparing to brokerage, hence it has considered companies which derive most of their revenues from asset management, and preferably with minor brokerage services;
- Companies have major operation in Hong Kong;

- Companies are publicly listed on major exchange; and
- Sufficient data, including the P/S ratios as at the Valuation Date of the companies.

Stock Code	Company Name	Market Capitalization as at the Valuation Date (US\$'million)	Company Description
SEHK:1328	Goldstream Investment Limited	103.68	Goldstream Investment Limited offers customer relationship outsourcing services. The Company covers industry areas like information service, chip technology, network, advisory services on securities and asset management. Goldstream Investment also expands its business to the areas of health and medical, traffic, payment, and other fields.
SEHK:139	Central Wealth Group Holdings Limited	26.52	Central Wealth Group Holdings Limited operates as a holding company. The Company, through its subsidiaries, provides securities brokerage and futures trading, asset management, and money lending services to individual and institutional clients, as well as focuses on luxury property investments. Central Wealth Group Holdings serves customers in Hong Kong and China.
SEHK:8657	True Partner Capital Holding Limited	14.36	True Partner Capital Holding Limited operates as an asset management firm. The Company focuses on trading, execution, and risk management as well as the proprietary trading technology. True Partner Capital Holding serves customers worldwide.
SEHK:111	Cinda International Holdings Ltd.	18.34	Cinda International Holdings Ltd. acquires, manages, and disposes of non-performing assets and offers gold and silver spot trading services. The Company acquires non-performing assets in local and foreign currencies, collects debts, leases, transfers and restructures assets, sponsors stock listings, and underwrites bonds and stocks.
SEHK:806	Value Partners Group Limited	328.00	Value Partners Group Limited is an independent, value oriented asset management group with a focus on China and the Asia-Pacific region. The Company's investor base include institutions, corporations, statutory authorities, university endowment funds, charitable foundations, high net worth individuals, and retail investors.

*The Italian Bank*

- Companies derive most, if not all, of their revenues from the same industry of the Italian Bank, i.e. banks;
- Companies have major operation in Italy;
- Companies are publicly listed on major exchange; and
- Sufficient data, including the P/B ratios as at the Valuation Date of the companies.

Stock Code	Company Name	Market Capitalization as at the Valuation Date (US\$'million)	Company Description
BIT:BMPS	Banca Monte dei Paschi di Siena S.p.A.	7,318.90	Banca Monte dei Paschi di Siena S.p.A. provides retail and commercial banking services. The Bank offers leasing and factoring, corporate finance, asset management, insurance, mutual funds, and investment banking services.
BIT:BPSO	Banca Popolare di Sondrio Società per Azioni	3,499.40	Banca Popolare di Sondrio Società per Azioni operates as an Italian bank. The Bank offers savings and current accounts, accepts deposits, provides debit and credit cards, loans, insurance products, and other banking and financial services. Banca Popolare Di Sondrio serves customers in Italy and Switzerland.
BIT:BST	Banca Sistema S.p.A.	133.65	Banca Sistema S.p.A. is a bank specializing in financing and managing trade receivables owed by the Italian Public Administrations, mainly through factoring and credit management services. The Company also offers salary and pension backed loans, as well as pawnbroking. The Bank leverages on an online offer of cash accounts and term deposits for funding.
BIT:BAMI	Banco BPM S.p.A.	10,286.80	Banco BPM S.p.A. operates as a bank. The Bank offers private and corporate banking, loans, e-banking, investment, and other related services. Banco BPM serves customers in Italy.
BIT:BDB	Banco di Desio e della Brianza S.p.A.	721.57	Banco di Desio e della Brianza S.p.A. is a regional bank that provides commercial banking services and loans in northern Italy. The Bank offers electronic, phone, and Internet banking, credit cards, insurance, and factoring and lease financing services.

Stock Code	Company Name	Market Capitalization as at the Valuation Date (US\$'million)	Company Description
BIT:BPE	BPER Banca S.p.A.	7,918.80	BPER Banca S.p.A. operates as a bank. The Bank offers loans, credit cards, pension plans, investment funds, insurance, asset management, and online trading services. BPER Banca serves customers worldwide.
BIT:CE	Credito Emiliano S.p.A.	3,892.30	Credito Emiliano S.p.A. attracts deposits and offers commercial, retail, and investment banking and financial services. The bank offers short and medium to long term loans and finance leasing and factoring, fund management, and security trading and placement services. Credito Emiliano also provides corporate finance and private banking services and insurance products.
BIT:FBK	Finecobank Banca Fineco S.P.A.	10,427.80	Finecobank Banca Fineco S.P.A. provides commercial banking services. The Bank offers account and cards, mortgages and loans, insurance, financial advice, brokerage, and online banking services. FinecoBank Banca Fineco serves customers in the United Kingdom and Italy.
BIT:ISP	Intesa Sanpaolo S.p.A.	76,052.30	Intesa Sanpaolo S.p.A. attracts deposits and offers banking and financial services. The Bank offers consumer credit, asset management, internet banking, merchant banking, securities brokerage, factoring, and lease financing services, as well as manages mutual funds. Intesa Sanpaolo operates branches throughout Italy, and offices elsewhere in Europe, Asia, and the United States.
BIT:MB	Mediobanca S.p.A.	14,068.40	Mediobanca S.p.A. operates as a European investment banking boutique. The Mediobanca Group offers services in financial advice, consumer credit, and wealth management through CheBanca SpA, Mediobanca Private Banking and Compagnie Monegasque de Banque. Mediobanca SpA serves clients in Italy.
BIT:UCG	UniCredit S.p.A.	67,615.20	UniCredit S.p.A. attracts deposits and offers commercial banking services. The Bank offers consumer credit, mortgages, life insurance, business loan, investment banking, asset management, and other services. UniCredit operates worldwide.



### *The Korean Bank*

- Companies derive most, if not all, of their revenues from the same industry of the Korean Bank, i.e. banks;
- Companies have major operation in South Korea;
- Companies are publicly listed on major exchange; and
- Sufficient data, including the P/B ratios as at the Valuation Date of the companies.

Stock Code	Company Name	Market Capitalization as at the Valuation Date (U\$\$'million)	Company Description
KOSE:A006220	Jeju Bank	221.15	Jeju Bank is a regional commercial bank that provides banking, foreign exchange, trust account, and other related retail banking services.
KOSE:A024110	Industrial Bank of Korea	8,230.20	Industrial Bank of Korea (IBK) is a policy bank providing development finance and related banking services to support small and medium-sized enterprises in Korea. The Bank provides loans, discount bills, trade finance, deposits, foreign exchange, and payment guarantees. The company also offers services such as credit cards, insurance and smart-phone banking.
KOSE:A055550	Shinhan Financial Group Co., Ltd.	21,357.20	Shinhan Financial Group Co., Ltd., a holding company, provides a full range of consumer and commercial banking-related financial services. The Company main businesses include banking, securities brokerage, trust banking, and assets management to individuals, businesses, and other financial institutions.
KOSE:A086790	Hana Financial Group Inc.	13,524.80	Hana Financial Group Inc., in accordance with Financial Holding Companies Act, was established on December 1, 2005, through stock transfer with the former shareholders of its subsidiaries in order to provide management services and financing to associated companies.
KOSE:A105560	KB Financial Group Inc.	25,904.60	KB Financial Group Inc., in accordance with Financial Holding Companies Act, was established on September 29, 2008, through stock transfer with the former shareholders of its subsidiaries including Kookmin Bank in order to provide management services and financing to associated companies. The headquarters are located at Seoul, Korea.

Stock Code	Company Name	Market Capitalization as at the Valuation Date (US\$'million)	Company Description
KOSE:A138930	BNK Financial Group Inc.	2,445.70	BNK Financial Group Inc. a holding company, provides a full range of consumer and commercial banking-related financial services. The Company's main businesses include banking, trust banking, and assets management to individuals, businesses, and other financial institutions.
KOSE:A139130	DGB Financial Group Co., Ltd.	1,059.30	DGB Financial Group Inc., a financial holding company, provides a full range of consumer and commercial banking-related financial services. The Company operates and controls its financial subsidiaries such as Daegu Bank, Daegu Credit Information, and DBG Capital.
KOSE:A175330	JB Financial Group Co. Ltd.	2,064.50	JB Financial Group Co. Ltd., a holding company, provides a full range of consumer and commercial banking-related financial services. The company also offers auto installment finance, lease finance, housing installment loans, mortgage loans, and personal loans, as well as asset management services for energy and resources fund markets.
KOSE:A316140	Woori Financial Group Inc.	8,890.80	Woori Financial Group Inc. provides commercial banking services. The Company offers deposit services, loan services, bill services, settlement services, credit card, international, online banking, and other related services. Woori Financial Group also operates banking and retail banking businesses.
KOSE:A323410	KakaoBank Corp.	7,877.20	KakaoBank Corp. operates bank businesses. The Company provides deposit money, withdraw money, credit cards, stock accounts, linked loans, and other services. KakaoBank conducts businesses in South Korea.

After adopting the aforesaid methodology, the equity value of SCL as at the Valuation Date as appraised by the Valuer is as below:

	<i>US\$ million</i>
The AM Business	175.7
97.92% equity interest in the Italian Bank	71.8
99.998% equity interest in the Korean Bank	16.5
	<hr/>
Equity value of SCL	<u><u>264.0</u></u>

**(b) Market value of the Subject SCL Shares**

After appraising the equity value of SCL, the Valuer has allocated the equity value of SCL to the various classes of equity of SCL.

The equity allocation model is developed using the option pricing model (the “OPM”) to allocate the value to the various classes of equity considering a continuous distribution of outcomes. This method considers the various terms of shareholder agreements, including the level of priorities among the classes of shares, dividend policy, conversion ratios, etc., which will impact the distributions to each class of equity upon a liquidity event as of a future liquidation date. The Valuer considers that the OPM is an appropriate method to employ when specific future liquidity events are uncertain. Therefore, the OPM is used to calculate the value of the Subject SCL Shares. In calculating the fair value of the Subject SCL Shares, the equity allocation model is sensitive to certain key assumptions and inputs, including the volatility of comparable companies, risk-free rate and the time of exit events. Set out below are the parameters and inputs adopted by the Valuer in the Valuation:

<b>Parameter</b>	<b>Input</b>
Expected exit date ( <i>Note 1</i> )	31 December 2029
Volatility ( <i>Note 2</i> )	41.89%
Dividend yield	0.00%
Risk free rate ( <i>Note 3</i> )	2.663%

*Notes:*

- (1) The Valuer has assumed a five-year holding period, after taking into account the Group’s investment horizon for SCL of three to five years.
- (2) Based on the average historical volatility of comparable companies identified by the Valuer in respect of the three business segments of SCL.
- (3) Based on the Hong Kong Sovereign Curve published on Bloomberg.

Based on the OPM, the market value of the Subject SCL Shares is approximately US\$24.87 million (equivalent to approximately HK\$194.0 million) as at the Valuation Date.

The Board has reviewed the methodologies, key assumptions and parameters adopted in the Valuation as set out in the Valuation Report, and is satisfied that they are fair and reasonable. In arriving at their view, the Board had, in respect of the Valuation components, performed fact-checking to ensure that there were no contradictions or omissions of material information and assessed the reasonableness of the key assumptions and parameters adopted by the Valuer according to the best knowledge, information and belief of the Directors.

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

The Group's investment holding business mainly represents direct investments in investment funds, listed and unlisted debts and equities, alternative investments (such as real estate investments through investment funds) and private equities, and provision of loan financing services. Private equity investments are one of the key components of the investment holding businesses of the Group. The Group has successfully completed a number of investments in the private equity space, achieving notable returns, and is continuing exploring new opportunities to enhance Shareholders' value.

Since 2022, the Group has indirectly invested in SCL via the Group's investment in Templewater LP. It is noted that the other investors of SCL include some well-known investment banking and asset management groups. The SCL Group has diversified business interests including assets under management (AUM) of approximately US\$1.6 billion and two licensed banks. The Directors consider that the SCL Group has built up a critical mass to expand its AUM size and coverage of its banking services. The Acquisition represents a good opportunity to enhance Shareholders' value by obtaining a direct stake in SCL. The Company's investment horizon for the Subject SCL Shares is three to five years with an exit strategy focused on sale of the Subject SCL Shares or IPO of SCL. Additionally, the Company considers the downside protection provided by the Exit Clause, as discussed above, can mitigate the investment risk of the Acquisition. As both the Group and SCL are engaged in asset management business, after the Completion, the Group plans to collaborate and explore potential synergies with the SCL Group, such as jointly originating financial investment products.

It is acknowledged that Templewater GP is a renowned investment and asset management firm. The Directors believe that with Vendor A becoming a Shareholder of the Company through its holding of the Consideration Shares, there may be potential synergies with the Group's asset management business.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements (including the allotment and issue of the Consideration Shares at the Issue Price) are on normal commercial terms and are fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon the Completion of the Agreements is set out as below:

Name of Shareholder	As at the date of this announcement		Immediately after Completion and the allotment and issue of all the Consideration Shares (Note 1)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Vered Holdings Group Limited (Note 2)	10,043,000,000	28.93	10,043,000,000	27.01
Prosper Ascend Limited (Note 3)	5,034,511,390	14.50	5,034,511,390	13.54
CMI Financial Holding Company Limited (Note 4)	3,502,618,610	10.09	3,502,618,610	9.42
Hong Kong Baohui Toda Limited (Note 5)	3,500,000,000	10.08	3,500,000,000	9.41
Vendor A	—	—	2,144,100,000	5.77
Vendor B	—	—	323,400,000	0.87
<i>Directors</i>				
Li Feng	289,280,000	0.83	289,280,000	0.78
Xie Fang	288,030,000	0.83	288,030,000	0.77
Other public Shareholders	<u>12,057,019,250</u>	<u>34.74</u>	<u>12,057,019,250</u>	<u>32.43</u>
Total	<u>34,714,459,250</u>	<u>100.00</u>	<u>37,181,959,250</u>	<u>100.00</u>

### Notes:

- (1) Assuming the Acquisition is completed, and all the Consideration Shares are allotted and there is no other change in the total issued share capital of the Company.
- (2) 10,043,000,000 Shares were held by Vered Holdings Group Ltd, which is wholly owned by Vered Investment Co., Ltd, and which in turn is wholly owned by Vered Holdings (Hong Kong) Limited. Vered Holdings (Hong Kong) Limited is wholly owned by 薔薇控股(深圳)有限公司, which in turn is wholly owned by 薔薇控股股份有限公司.
- (3) 5,034,511,390 Shares were held by Prosper Ascend Limited, which is wholly owned by Mr. Liu Xueyi.
- (4) 3,502,618,610 Shares were held by CMI Financial Holding Company Limited, which is wholly owned by 中民投亞洲資產管理有限公司, and which in turn is wholly owned by 中國民生投資股份有限公司.
- (5) 3,500,000,000 Shares were held by Hong Kong Baohui Toda Limited, which is wholly owned by Mr. Shao Jinxia.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as stipulated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the Company, and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Since none of the Directors has a material interest in the Acquisition, no Director has abstained from voting on the board resolutions of the Company to approve the Agreements and the respective transactions contemplated thereunder.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

## DEFINITIONS

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

“Agreements”	collectively, Agreement A and Agreement B
“Agreement A”	the sale and purchase agreement dated 27 September 2024 entered into among the Company, the Purchaser and Vendor A in respect of the acquisition of Sale Shares A
“Agreement B”	the sale and purchase agreement dated 27 September 2024 entered into among the Company, the Purchaser and Vendor B in respect of the acquisition of Sale Shares B
“Acquisition”	the acquisition of Sale Shares A and Sale Shares B by the Purchaser from Vendor A and Vendor B, respectively, pursuant to the terms and conditions of the respective Agreements
“Board”	the board of Directors
“Company”	China Vered Financial Holding Corporation Limited中薇金融控股有限公司, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 245)
“Completion”	completion of the Acquisition pursuant to the terms of the respective Agreements
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	collectively, Consideration A and Consideration B

“Consideration A”	the consideration payable by the Purchaser to Vendor A for the Sale Shares A
“Consideration B”	the consideration payable by the Purchaser to Vendor B for the Sale Shares B
“Consideration Shares”	collectively, the Consideration Shares A and the Consideration Shares B
“Consideration Shares A”	2,144,100,000 new Shares to be issued to Vendor A at the Issue Price for the acquisition of Sale Shares A
“Consideration Shares B”	323,400,000 new Shares to be issued to Vendor B at the Issue Price for the acquisition of Sale Shares B
“Director(s)”	director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 28 June 2024 to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting, i.e. up to 6,942,891,850 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Issue Price”	HK\$0.052 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pun”	Mr. Pun Kwai Ming
“Optima”	Optima Capital Limited, a licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the financial adviser appointed by the Company in respect of the Acquisition
“Purchaser”	CM Strategic Investment Management Holding Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	collectively, Sale Shares A and Sale Shares B

“Sale Shares A”	16,999.598 shares in the share capital of the Target Company A, being all the issued shares of the Target Company A as at the date of the Agreement A
“Sale Shares B”	one share in the share capital of the Target Company B, being all the issued shares of the Target Company B as at the date of the Agreement B
“SCL”	SC Lowy Partners (Cayman) Ltd., a company incorporated in the Cayman Islands with limited liability
“SCL Group”	SCL and its subsidiaries
“Share(s)”	ordinary share(s) 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
“Subject SCL Shares”	approximately 15,775 class B shares in SCL in aggregate held by the Target Companies
“Target Companies”	collectively, Target Company A and Target Company B
“Target Company A”	Templewater One Limited, a company incorporated in the British Virgin Islands with limited liability and holding 13,702.8 class B shares in SCL
“Target Company B”	Mighty Commander Limited, a company incorporated in the British Virgin Islands with limited liability and holding 2,072 class B shares in SCL
“Valuation”	the valuation of the market value of the Subject SCL Shares as assessed by the Valuer as at the Valuation Date
“Valuation Date”	31 August 2024
“Valuation Report”	the report prepared by the Valuer in respect of the Valuation
“Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified valuer
“Vendor A”	TW One Limited, a company incorporated in the British Virgin Islands and the sole shareholder of Target Company A
“Vendor B”	Darth Holdings Limited, a company incorporated in the British Virgin Islands and the sole shareholder of Target Company B
“Vendors”	collectively, Vendor A and Vendor B



“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the board of  
**China Vered Financial Holding Corporation Limited**  
**Ng Kian Guan**  
*Chairman*

Hong Kong, 27 September 2024

*As at the date of this announcement, the Board comprises (1) Mr. Li Feng, and Mr. Xie Fang as executive directors of the Company; (2) Mr. Ng Kian Guan as non-executive director of the Company; and (3) Mr. Cheng Tai Sheung, Mr. Ko Ming Tung, Edward, Mr. Sun Junchen, and Mr. Wong Ka Wai as independent non-executive directors of the Company.*

*For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ based on the exchange rate of US\$1 = HK\$7.8. Such conversion shall not be construed as representations that amounts in US\$ were or may have been converted into HK\$ at such rate or any other exchange rate.*