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華億金控集團有限公司
SINOFORTUNE FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08123)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE ISSUED SHARE CAPITAL IN AND
SUBORDINATED LOAN TO
SINOFORTUNE SECURITIES LIMITED**

THE DISPOSAL

The Board is pleased to announce that on 20 December 2019 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Subordinated Loan at the Consideration.

Upon Completion, the Disposed Company will cease to be a subsidiary of the Company.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

WARNING

Shareholders and potential investors should note that completion of the Disposal is subject to fulfillment of the Conditions Precedent. As the Disposal may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

On 20 December 2019 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Subordinated Loan at the Consideration.

THE DISPOSAL

The Agreement

Date: 20 December 2019 (after trading hours)

Parties: (i) the Vendor; and
(ii) the Purchaser

The Purchaser is a company incorporated under the laws of Hong Kong and as advised by the Purchaser, it is a commercial compliance company that provides professional and compliance overseas listings services. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (i) the Sale Shares, being 67,000,000 issued and fully paid up shares in the Disposed Company, representing the entire issued share capital of the Disposed Company; and (ii) the Subordinated Loan, being HK\$10,000,000 unsecured interest bearing loan advanced by the Company to the Disposed Company, representing all the outstanding loan advanced by the Group to the Disposed Company.

Consideration

The Consideration for the Sale Shares and the Subordinated Loan is HK\$5,700,000 plus the Net Asset Value (subject to a maximum amount of HK\$9,700,000).

The Consideration shall be payable by the Purchaser to the Vendor in the following manners:

- (i) a deposit of HK\$1,710,000 shall be payable upon the signing of the Agreement; and
- (ii) the remaining balance of the Consideration shall be payable upon Completion.

All payments of the Consideration shall be made by the Purchaser by cash.

The Consideration was determined after arm's length negotiation between the parties of the Agreement with reference to market value for the premium that a willing buyer is prepared to pay for the licences possessed by the Disposed Company to carry on types 1, 2 and 4 regulated activities under the SFO and the Net Asset Value of Disposed Company as at the date of the Agreement. Accordingly, the Directors consider that the Consideration and the terms and conditions of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Net Asset Value

As at the date of the Agreement, the Net Asset Value of the Disposed Company is approximately HK\$9,200,000 and it is expected that at Completion, the Net Asset Value of the Disposed Company will not exceed HK\$9,700,000.

Conditions Precedent

Completion of the Agreement is conditional in all respects upon fulfilment of the following Conditions Precedent:

- (i) the written approval by SFC of the Application. Vendor shall assist the Purchaser with the Application as may be required by the Purchaser in writing;
- (ii) the Disposed Company remains in good standing;
- (iii) the Disposed Company's SFC license remains valid and effective and the Disposed Company has not received any notice issued by the SFC of which informs the Disposed Company that its licence will be cancelled or become invalid;

- (iv) the Warranties are true, accurate, and continued to be true and accurate from the day of the execution of the Agreement to Completion;
- (v) no Material Adverse Change to the Disposed Company having occurred or to occur from the day of the execution of the Agreement to Completion;
- (vi) the Vendor having provided to the Purchaser the audited financial report of the Disposed Company for the year ending 31 December 2019;
- (vii) the Vendor having provided to the Purchaser (i) a draft completion accounts and (ii) bank account balance proof, at least 5 Business Days prior to Completion, to the reasonable satisfaction to the Purchaser;
- (viii) all other loan(s) apart from the Subordinated Loan (if any) owed by the Disposed Company shall be waived by the relevant lender(s), and the completion accounts shall be adjusted to show that there is no outstanding loan apart from the Subordinated Loan to any entity or party; and
- (ix) none of the Warranties and other provisions of the Agreement having been breached in any respect, or is misleading or untrue or inaccurate in any respect.

The Purchaser may in its absolute discretion waive any Conditions Precedent with the exception to paragraph (i) above at any time by notice in writing to the Vendor.

In the event not all the Conditions Precedent have been fulfilled or waived by the Purchaser by no later than 5:00 p.m. on the Long Stop Date, the Agreement will lapse at the Long Stop Date unless the parties of the Agreement agree to extend the Long Stop Date in writing. Subject to the treatments of the Deposit as provided in the Agreement, after the Long Stop Date (or the extended Long Stop Date, as the case may be), neither the Vendor nor the Purchaser shall have any claim, recourse, cause of action, obligation or liability against any of the other thereafter and all obligations and liabilities of the Vendor and the Purchaser under the Agreement shall consequently and unconditionally cease.

Treatment of the Deposit

The Vendor and the Purchaser have agreed on the following treatments to the Deposit:

- (i) in the event the SFC does not approve the Application or the Purchaser serves 3 Business Days' prior written notice to the Vendor to terminate the Agreement within the first 6 months from the date of the signing of the Agreement, the Vendor shall refund partial Deposit for the amount of HK\$1,000,000 (without interest) to the Purchaser, and the remaining balance of the Deposit of HK\$710,000 shall be forfeited by the Vendor absolutely to compensate the Vendor on its loss of opportunity and need not be refunded to the Purchaser and the Agreement shall cease to have effect;

- (ii) in the event the SFC does not approve the Application or the Purchaser serves 3 Business Days' prior written notice to the Vendor to terminate the Agreement within the 7th to 12th month from the date of the signing of the Agreement, the Deposit of HK\$1,710,000 shall be forfeited by the Vendor absolutely to compensate the Vendor on its loss of opportunity and need not be refunded to the Purchaser and the Agreement shall cease to have effect; and
- (iii) subject to paragraphs (i) and (ii) above, in the event SFC does not approve the Application within the 12 months from the date of the signing of the Agreement, the entire Deposit of HK\$1,710,000 shall be forfeited by the Vendor absolutely to compensate the Vendor on its loss of opportunity and need not be refunded to the Purchaser and the Agreement shall cease to have effect.

Completion

Completion shall take place within 15 Business Days following the day on which all the Conditions Precedent are satisfied in full or waived in accordance with the terms of the Agreement, or such other date as the Vendor and the Purchaser may agree.

Other provisions

The Agreement also contains the Warranties which the Directors believe are usual and customary for a transaction of similar nature and scale as the Disposal.

INFORMATION ON THE DISPOSED COMPANY

The Disposed Company was incorporated on 6 December 2000 and is principally engaged in the businesses of (i) dealing in securities, (ii) deal in future contracts, and (iii) advising on securities under a licence issued by the SFC to carry on types 1, 2 and 4 regulated activities under the SFO.

Financial information of the Disposed Company

Set out below is the audited financial information of the Disposed Company for each of the two financial years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December 2017 (audited) <i>HK\$000</i>	For the year ended 31 December 2018 (audited) <i>HK\$000</i>
Revenue	2,752	1,874
Loss before taxation	(2,517)	(3,005)
Loss after taxation	(2,517)	(3,005)

Upon Completion, the Disposed Company will cease to be a subsidiary of the Company. The financial results of the Disposed Company will no longer be consolidated into the Group's financial statements.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF THE DISPOSAL PROCEEDS

The Group is principally engaged in (i) provision of the precious metals spot trading and brokerage services in the PRC, (ii) provision of securities and futures contracts trading services in Hong Kong, (iii) trading and principal investments in the PRC and Hong Kong, and (iv) sales of motor vehicles and provision of agency services in the PRC.

Given that the performances of the business of the Disposed Company have not been satisfactory and have been continuously operating at a loss and in particular as mentioned in the section "Financial information of the Disposed Company", the Disposed Company has recorded continued losses both before tax and after tax for the two years ended 31 December 2017 and 2018. The Directors consider that the Disposal is a good opportunity to dispose of its non-profitable business and reallocate its resources to the Group's new investment in the new medicine development market in the PRC with the hope that it will enhance the Company's competitiveness in the new medicine development market in the PRC.

The Directors believe that the terms and conditions of the Agreement are fair and reasonable and the Disposal would be in the interest of the Shareholders and the Company as a whole.

FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

The Company is expected to book a profit in the amount of approximately HK\$5,000,000 in respect of the Disposal. The profit is calculated with reference to the net sale proceeds attributable to the Company after deducting relevant transaction costs and expenses, and the carrying amount of the Disposed Company of approximately HK\$9,200,000 on the book of the Company.

The aforesaid estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be after Completion.

It is expected that the proceeds from the Disposal will be used as general working capital of the Group and for its future business development.

Upon Completion, the Disposed Company will cease to be a subsidiary of the Company.

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DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 20 December 2019 (after trading hours) entered into between the Vendor and the Purchaser in respect of the Disposal
“Application”	the application by the Purchaser to the SFC for approval to become substantial shareholder of the Disposed Company and the assignment of the Subordinated Loan from the Company to the Purchaser

“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other than Saturday or a Sunday and any day on which a typical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong
“Company”	Sinofortune Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8123)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Completion Date”	the date on which Completion takes place
“Conditions Precedent”	the conditions precedent for Completion
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	HK\$5,700,000 plus the Net Asset Value
“Deposit”	the deposit in the sum of HK\$1,710,000
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Subordinated Loan by the Vendor and the Company to the Purchaser pursuant to the Agreement
“Disposed Company”	Sinofortune Securities Limited (華億證券有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company that is licensed by the SFC to carry on types 1, 2 and 4 regulated activities under the SFO
“GEM”	the GEM operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and/or its connected persons
“Long Stop Date”	twelve months from the date of signing of the Agreement
“Material Adverse Change”	any event, change, occurrence or condition which has had, or would reasonably expect to have, a material adverse effect on the business, circumstances (financial and others), operation and assets of the Disposed Company and for the avoidance of doubt the occurrence of any social or political event or unrest or any downturn of the general economy of Hong Kong, PRC, Asia or the world shall not be considered as Material Adverse Change
“Net Asset Value”	the aggregate amount of the total equity of the Disposed Company and the principal of the Subordinated Loan as at the Completion Date
“PRC”	the People’s Republic of China
“Purchaser”	ATIF Limited, a company incorporated under the laws of Hong Kong
“Sale Shares”	67,000,000 issued and fully paid up shares in the Disposed Company
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subordinated Loan”	the unsecured interest bearing subordinated loan in the sum of HK\$10,000,000 advanced by the Company to the Disposed Company pursuant to an agreement dated 26 August 2011 entered amongst the Company, the Disposed Company and the SFC and extended to 25 August 2021
“Vendor”	Sinofortune Financial Holdings (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Warranties”	the representations, warranties, undertakings and indemnities in relation to the Disposed Company provided by the Vendor to the Purchaser under the Agreement
“%”	per cent

By order of the Board
Sinofortune Financial Holdings Limited
Wang Jiawei
Chairman

Hong Kong, 20 December 2019

As of the date of this announcement, the executive Directors are Mr. Wang Jiawei and Ms. Lai Yuk Mui, the non-executive Director is Mr. Liu Runtong and the independent non-executive Directors are Professor Zhang Benzhen, Mr. Li Jianxing and Professor Chen Shu Wen.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the website of GEM of the Stock Exchange at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company’s website at <http://www.sinofortune.hk>.