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HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED
香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

**(I) TERMINATION OF A VERY SUBSTANTIAL DISPOSAL;
(II) BUSINESS UPDATE ON THE PROPERTY
DEVELOPMENT PROJECT;
AND
(III) APPOINTMENT OF MANAGING DIRECTOR**

References are made to the announcements of Hong Kong Finance Investment Holding Group Limited (the “**Company**”) dated (i) 2 November 2020 in relation to, among others, the disposal of the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited (the “**VSD Announcement**”); and (ii) 14 October 2020 in relation to, among others, the resignation of the managing director. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the VSD Announcement.

TERMINATION OF A VERY SUBSTANTIAL DISPOSAL

On 9 October 2020, the Company, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the SPA pursuant to which, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company, for a consideration of RMB5 billion (equivalent to approximately HK\$5.79 billion).

The Target Company indirectly holds, through New Guangdong Merchants Investment Holding Limited, the entire equity interests of Guangdong Gangyue Jinkong Property Development Company Limited (廣東港粵金控房地產開發有限公司) (“**Gangyue Jinkong Property**”), a company incorporated under the laws of the PRC, which owns the land use right of five land parcels (the “**Lands**”) located in Donghai Avenue, Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC with a total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m. respectively. The Lands have been planned, with the approval of the government, to be developed as a large-scale integrated real estate development project, namely “Zhanjiang Smart City” (the “**Zhanjiang Smart City Large-scale Integrated Real Estate Development Project**”) which consists of five-star hotels, residential towers, office towers, large-scale shopping mall and water park, etc.

The Vendor was informed by the Purchaser that the Purchaser would be unable to make the agreed relevant payments to the Vendor within the time frame as stipulated in the SPA as the Purchaser did not meet the expected conditions for financing. Therefore, the parties to the SPA entered into a termination agreement on 4 December 2020 (after the trading hours of the Stock Exchange) to terminate the SPA with immediate effect. The SPA had become void and of no effect, and all obligations and liabilities of the parties thereunder forthwith ceased and determined (save for any antecedent breaches).

The Directors believe that the termination of the SPA shall have no material adverse impacts on the business, operations and financial position of the Group.

BUSINESS UPDATE ON THE PROPERTY DEVELOPMENT PROJECT

With the approval of the relevant departments of the Central Government, Zhanjiang City will be developed into a sub-central city of Guangdong Province with the primary development focus on coastal economic industries including steel industry, petrochemical industry, paper industry, automobile industry, modern manufacturing industry and marine industry. With the construction and operation of large-scaled projects (investment of such projects amount to hundreds of billions of RMB) in Donghai Dao such as Baosteel Zhanjiang Iron and Steel Base (寶鋼湛江鋼鐵基地), Zhongke Refining and Chemical Integration Project (中科煉化一體化項目) and BASF Integrated Base (巴斯夫一體化基地), etc., it is expected that the economy of Zhanjiang City will have a rapid development and enhancement, and there would be great market demand for quality residential and commercial properties in Donghai Dao, Zhanjiang City.

Subsequent to the termination of the SPA, the Group will continue to develop the Zhanjiang Smart City Large-scale Integrated Real Estate Development Project. Gangyue Jinkong Property has entered into construction agreements and supplemental agreement (the “**Construction Agreements and Supplemental Agreement**”) in relation to the construction of the Zhanjiang Smart City Real Estate Project with two contractors, which are independent third parties (the “**Two Contractors**”). Pursuant to the Construction Agreements and Supplemental Agreement, Gangyue Jinkong Property shall continue to appoint the Two Contractors as the main contractors for the construction of the first phase of the Zhanjiang Smart City Large-scale Integrated Real Estate Development Project, which mainly involves construction of residential towers and commercial properties, including supporting facilities such as underground indoor parking lots. The construction period shall be 2 years and 6 months, commencing from December 2020. The total planned gross floor area of the project is approximately 478,313 sq.m.. It is expected that properties of the first phase of the project will be sold in the market in June 2021 and the Company will be able to get capital return from the sales of Zhanjiang Smart City Large-scale Integrated Real Estate Development Project after June of next year.

APPOINTMENT OF MANAGING DIRECTOR

The Board is pleased to announce that Mr. Cao Yu, an executive Director appointed on 1 January 2016, has been appointed as the managing director of the Company with effect from 1 December 2020.

Mr. Cao Yu, aged 42, has been appointed as an executive Director since 1 January 2016. He has been responsible for overseeing the land acquisition, planning and development of the Zhanjiang Smart City Large-scale Integrated Real Estate Development Project since the commencement of the project. He has thorough knowledge about the Zhanjiang Smart City Large-scale Integrated Real Estate Development Project and the local market of Zhanjiang and possesses extensive professional and practical experience. Mr. Cao has been involved in the Company’s management, business analysis and decision-making for many years and possesses professional experience and qualification to act as the managing director of the Company.

Mr. Cao graduated from CERAM Sophia Antipolis with a master degree in management. He was the project manager for several listed companies and he was specialized in the operation and coordination of drilling and seismic engineering projects with famous petroleum companies in China as well as project financing. He was also responsible for identifying suitable investors to establish joint venture companies for cooperation of mineral resources development and operation projects. Mr. Cao also worked in the world's largest energy efficiency management company and was responsible for providing energy efficiency development strategy in China region. Besides, he was the analyst in the headquarters of BNP Paribas in France. His main duty was to provide financial and strategic development advice in the area of mineral resources and technology and he was responsible for the merger and acquisition activities as well as financial planning service.

The Company would like to express its welcome and congratulations to Mr. Cao for being appointed as the managing director and believes that Mr. Cao's professional capabilities and extensive experiences will bring in benefits to the business development of the Company.

By order of the Board

Hong Kong Finance Investment Holding Group Limited

Dr. Hui Chi Ming, G.B.S., J.P.

Chairman

Hong Kong, 4 December 2020

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the senior consultants of the Company comprise Dr. Wang Tao, Mr. Fu Chenyu and Mr. Lalaharisaina Joelivalerien; the Board comprises seven executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Mr. Cao Yu, Mr. Xu Jun Jia, Mr. Lam Kwok Hing, M.H., J.P., Mr. Nam Kwok Lun and Mr. Hui Ngok Lun; and three independent non-executive Directors, namely, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi and Mr. Ma Kin Ling.