

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange 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.*



**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**  
**DISPOSAL OF EQUITY INTEREST**  
**IN**  
**LIMITED PARTNERSHIP**

**THE DISPOSAL**

The Board is pleased to announce that on 17 November 2023 (after trading hours), Shenzhen Huayi Biotechnology, a direct wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the General Partner. Pursuant to the Disposal Agreement, Shenzhen Huayi Biotechnology has agreed to sell to the General Partner and the General Partner has agreed to purchase from Shenzhen Huayi Biotechnology, 50% of Shenzhen Huayi Biotechnology's investment in the Limited Partnership as its limited partner, representing 25% equity interest in the Limited Partnership at the consideration of RMB15,000,000.

Upon Completion, Shenzhen Huayi Biotechnology's equity interest in the Limited Partnership will be reduced from 50% to 25%.

**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 exceed 5% but are 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.

The Board wishes to announce that on 17 November 2023 (after trading hours), Shenzhen Huayi Biotechnology, a direct wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the General Partner. Pursuant to the Disposal Agreement, Shenzhen Huayi Biotechnology has agreed to sell to the General Partner and the General Partner has agreed to purchase from Shenzhen Huayi Biotechnology, 50% of Shenzhen Huayi Biotechnology's investment in the Limited Partnership, representing 25% equity interest in the Limited Partnership at the consideration of RMB15,000,000.

## **THE DISPOSAL AGREEMENT**

### **The Agreement**

Date: 17 November 2023 (after trading hours)

Parties: (i) Shenzhen Huayi Biotechnology as vendor; and  
(ii) The General Partner as purchaser.

### **The General Partner**

The General Partner is a limited partnership established in the PRC with its scope of business covers enterprise management consulting; business information consulting; enterprise marketing planning (projects subject to approval according to law may be commenced after approval by relevant departments).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the General Partner and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be disposed of**

50% of Shenzhen Huayi Biotechnology's investment in the Limited Partnership as its limited partner, representing 25% equity interest in the Limited Partnership.

### **Consideration and payment term**

RMB15,000,000, which shall be payable by the General Partner to Shenzhen Huayi Biotechnology in cash within 10 working days after the Disposal Agreement becomes effective. The Disposal Agreement shall become effective upon the signing by Shenzhen Huayi Biotechnology and the General Partner (i.e. on 17 November 2023).

The consideration was determined after arm's length negotiations between Shenzhen Huayi Biotechnology and the General Partner with reference to, among others, (i) the latest business and development for the future prospects of the Limited Partnership; (ii) the reasons and benefits of the Disposal as stated under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF THE DISPOSAL PROCEEDS" below; and (iii) the preliminary valuation result of the patent held by Chengdu Jia Bao Yao Yin of RMB67,400,000 as at 31 October 2023 based on the income-based approach prepared by B.I. Appraisals Limited, an independent valuer appointed by the Company.

## **Completion**

Completion shall take place on the date when the relevant legal procedures for the registration of the transfer of Shenzhen Huayi Biotechnology's 25% equity interest in the Limited Partnership to the General Partner are being completed.

Upon Completion, Shenzhen Huayi Biotechnology's equity interest in the Limited Partnership as a limited partner will be reduced from 50% to 25%.

## **INFORMATION ON THE LIMITED PARTNERSHIP**

The Limited Partnership is a limited partnership established in the PRC on 20 August 2010 and is aimed to concentrate on the investment of new medicine development projects in the PRC. The Limited Partnership has two partners (i) the General Partner, which is the general partner of the Limited Partnership responsible for the operation of the Limited Partnership, and (ii) Shenzhen Huayi Biotechnology, which is the limited partner and passive investor of the Limited Partnership and does not take part in the operation of the Limited Partnerships. The Limited Partnership has a total investment of RMB60,000,000 with each of the General Partner and Shenzhen Huayi Biotechnology invested RMB30,000,000 for their respective equity interest in the Limited Partnership. The term of the partnership between the General Partner and Shenzhen Huayi Biotechnology relating to the Limited Partnership is 5 years which can be extended with the decision of the General Partner.

As at the date of this announcement, the Limited Partnership has a 44.75% equity interest in Chengdu Jia Bao Yao Yin, a limited company established in the PRC on 28 August 2019. The business scope of Chengdu Jia Bao Yao Yin is medical research and experimental development, medicine technology, biotechnology research and development, technology promotion, technology transfer (projects subject to approval according to law may be commenced after approval by relevant departments). On 28 September 2019, Chengdu Jia Bao Yao Yin entered into a joint development agreement with a business partner to co-operate in the joint development of three new medicines development projects.

For further information on (i) Shenzhen Huayi Biotechnology's subscription of its equity interest in the Limited Partnership as its limited partner; (ii) the Limited Partnership; and (iii) Chengdu Jia Bao Yao Yin and its projects and their developments, please refer to the Company's announcements dated 9 September 2019, 17 September 2019 and 15 October 2019 and the Company's annual report for the years of 2019, 2020, 2021 and 2022.

## Financial information of the Limited Partnership

Set out below is the audited financial information of the Limited Partnership for each of the two financial years ended 31 December 2021 and 31 December 2022:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>
	<b>(audited)</b>	<b>(audited)</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–
Profit/(loss) before taxation	409	(333)
Profit/(loss) after taxation	409	(333)

The Group's equity interest in the Limited Partnership was being classified in the Company's consolidated financial statements as financial assets at fair value through profit or loss, which was measured on discounted cash flows from the patent of a medicine held by and certain new medicine development projects undertaken by Chengdu Jia Bao Yao Yin using the discount rate of 21.38% per annum and changes in fair value was recognised in the consolidated statement of profit or loss.

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

The Group is principally engaged in (i) sales of motor vehicles, provision of agency services and accessories sourcing in the PRC, excluding Hong Kong, (ii) provision of securities and futures contracts trading services in Hong Kong, and (iii) trading of listed securities in Hong Kong.

The outbreak of COVID-19 and the anti-epidemic measures implemented by the PRC government including lockdown had delayed the progress of and pushed up the research and development expenses for the new medicine development projects undertaken by Chengdu Jia Bao Yao Yin as resources in the medical industries were being drawn to prioritise in the fighting of the COVID-19 pandemic and the development of COVID-19 vaccines which resulted in the General Partner raising additional capitals for those projects and diluted the effective interest of Shenzhen Huayi Biotechnology in Chengdu Jia Bao Yao Yin from 45% to 22.375%, moreover, the delay has prolonged the original expected investment period by the Group in the Limited Partnership of five years. Despite the anti-epidemic measures in the PRC were being removed and communities and businesses are resurging to normal in the beginning of 2023, the Directors noted that capital expenditures and investments in medicine research in the PRC have been on the decline may make it harder for Chengdu Jia Bao Yao Yin to raise further funding for the projects undertaken by it. While the Company still maintaining confidence in its investment in the Limited Partnership, the Directors consider that it will be beneficial to the Group to seize the opportunity when available to recoup some of the investment sum in the Limited Partnership by disposing part of the Group's investment therein.

The Directors believe that the terms and conditions of the Disposal Agreement including the Consideration 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 recognise a gain in the amount of approximately HK\$240,000 in respect of the Disposal. The gain 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 Disposal of approximately HK\$15,800,000 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.

## **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 exceed 5% but are 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.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“Chengdu Jia Bao Yao Yin”	成都嘉葆藥銀醫藥科技有限公司 (transliterated as Chengdu Jia Bao Yao Yin Medicine Technology Company Limited), a limited company established in the PRC and is 44.75% owned by the Limited Partnership
“Company”	Sinofortune Financial Holdings Limited (華億金控集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code:8123)

“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	RMB15,000,000, the consideration in cash payable by the General Partner to the Company for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by Shenzhen Huayi Biotechnology of its 25% equity interest in the Limited Partnership to the General Partner pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 17 November 2023 (after trading hours) entered into between Shenzhen Huayi Biotechnology as vendor and the General Partner as purchaser in respect of the Disposal
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Partner”	成都藍葆坤企業管理中心 (transliterated as Chengdu Lan Bao Kun Business Management Center), being the general partner of the Limited Partnership
“Group”	the Company and its subsidiaries
“HK”	the Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Limited Partnership”	成都藍葆震企業管理中心 (transliterated as Chengdu Lan Bao Zhen Business Management Centre), a limited partnership established in the PRC
“PRC”	People’s Republic of China

“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shenzhen Huayi Biotechnology”	深圳華億生物科技集團有限公司 (transliterated as Shenzhen Huayi Biotechnology Group Company Limited), a foreign wholly-owned enterprise established in the PRC being a direct wholly-owned subsidiary of the Company and the limited partner of the Limited Partnership
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 17 November 2023

*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, Professor Chen Shu Wen and Mr. Lee Kwun Kwan.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.sinofortune.hk>.*