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ASIA-PAC FINANCIAL INVESTMENT COMPANY LIMITED

亞太金融投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8193)

DISCLOSEABLE TRANSACTION DISPOSAL OF 100% INTERESTS IN A SUBSIDIARY

THE DISPOSAL

The Board wishes to announce that on 18 March 2020 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and transfer, and the Purchaser conditionally agreed to acquire and accept, the Sale Shares at the Consideration of the aggregate of the Purchase Price and the NAV.

The Company intends to apply the net proceeds of the Disposal for general working capital of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but 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.

Completion is subject to fulfilment, and/or waiver (as the case may be), of certain conditions precedent stated in the Agreement, and the Disposal may or may not proceed. Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board wishes to announce that on 18 March 2020 (after trading hours), the Vendor entered into the Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and transfer, and the Purchaser conditionally agreed to acquire and accept, the entire issued share capital of the Target Company at the Consideration of the aggregate of the Purchase Price and the NAV.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 18 March 2020 (after trading hours)

Parties: (a) the Vendor; and
(b) the Purchaser.

Assets subject to the sale and purchase

The Vendor conditionally agreed to sell and transfer, and the Purchaser conditionally agreed to acquire and accept, the Sale Shares.

Consideration

The total Consideration for the sale and purchase of the Sale Shares shall be the Purchase Price of HK\$3,800,000.00 plus the NAV of HK\$5,262,738.32 to be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$380,000.00 (being 10% of the Purchase Price) as the deposit and part of the Consideration, had been paid by the Purchaser to the Vendor;
- (b) HK\$1,520,000.00 (being 40% of the Purchase Price), shall be paid by the Purchaser to the Escrow Agent, in the form of cashier's order or direct bank transfer, within three (3) business days from the date of the Agreement;
- (c) the balance of the Purchase Price of HK\$1,900,000.00 (being 50% of the Purchase Price) shall be paid by the Purchaser to the Escrow Agent in the form of cashier's order or direct bank transfer within three (3) business days from the date of receipt of the SFC Approval (as herein defined); and
- (d) the NAV shall be paid by the Purchaser to the Vendor in the form of cashier's order or direct bank transfer on or before 6 April 2020 or such other date as the Vendor and the Purchaser may agree in writing.

The Purchase Price received by the Escrow Agent shall be released by the Escrow Agent within three (3) business days from the date of receipt of the SFC Approval. The Purchase Price already paid by the Purchaser shall be refundable in the event that the SFC approval (as defined below) cannot be obtained due to reasons relating to the Vendor.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor, with reference to the financial position of the Target Group and the prevailing market price of similar companies.

The Directors consider the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon:

- (1) the warranties provided by the Purchaser remain true and accurate in all respects;
- (2) the warranties provided by the Vendor remain true and accurate in all respects as at the date of the Agreement;
- (3) IBL having at least two responsible officers (as defined under the SFO) during the Transition Period;
- (4) IBL and its responsible officers (excluding any new responsible officer to be nominated and appointed by the Purchaser) have not received any disciplinary sanction, fine by the SFC or pending investigation by the SFC or any authority during the Transition Period;
- (5) IBL and its responsible officers (excluding any new responsible officer to be nominated and appointed by the Purchaser) have not violated any regulations of the SFC or the SFO during the Transition Period that can possibly cause the license of IBL to be revoked;
- (6) approval from the SFC (the “**SFC Approval**”) for the Purchaser becoming a substantial shareholder (as defined under the SFO) of IBL having been obtained; and
- (7) the Vendor has not caused the type 1 license, the Stock Exchange membership and Hong Kong Securities Clearing Company Limited Participantship of IBL to be revoked during the Transition Period.

Each of the Vendor and the Purchaser shall use its reasonable endeavours to procure the satisfaction of the conditions set out above before 31 October 2020 or subject to an extension of three months by the mutual agreement by the Parties in writing (the “**Long Stop Date**”). If Completion does not take place before the Long Stop Date, the Agreement shall be terminated upon which the Agreement shall cease and determine and neither party to the Agreement shall have any obligations and liabilities thereunder and neither party to the Agreement shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

Completion Date

Completion shall take place on a date, time and venue in Hong Kong as specified by the Vendor and the Purchaser in writing, subject to the fulfillment of the conditions precedent set out above.

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands. As at the date of this announcement, the Target Company has issued share capital of 2,830,000 ordinary shares of per value US\$1.00 each, which are fully paid up by the Vendor.

IBL is a limited liability company incorporated in Hong Kong. It is a licensed corporation under the SFO to carry out Type 1 (dealing in securities) regulated activity. The principal activities of IBL are securities dealing and investment and provision of securities brokerage services.

IAM is a limited liability company incorporated in Hong Kong. It has no business operation as at the date of this announcement.

As at the date of this announcement, both IBL and IAM are wholly-owned subsidiaries of the Target Company.

Each of the Target Company and IAM has no business entity. The following is a summary of the financial information of IBL as extracted from its audited financial statements for the two financial years ended 31 March 2018 and 2019:

	For the year ended	
	31 March	31 March
	2018	2019
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before taxation	8,943	(734)
Net profit/(loss) after taxation	10,263	(734)

As at 15 March 2020, the unaudited consolidated net assets of the Target Group were approximately HK\$5.3 million.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Hong Kong and is primarily engaged in investment holding. Based on public search record and information provided by the Purchaser, as at the date of this announcement, the entire equity interests of the Purchaser are held by Mr. Shi Weixue, a businessman.

To the best of the Director's knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Company is an investment holding company. The Group principally engages in (i) asset advisory services and asset appraisal; (ii) corporate services and consultancy; (iii) media advertising; and (iv) financial services.

Having considered the unstable economic outlook of Hong Kong and evaluation of the current businesses of the Group, the Directors are of the view that it will be difficult to achieve growth of Target Group without commitment of significant working capital, the Disposal provides a good opportunity for the Group to streamline the Group's structure and to further enhance the financial position of the Group and better utilise the Group's financial resources.

The Company intends to apply the net proceeds of the Disposal for general working capital of the Group.

The terms of the Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial information of the Target Group will cease to be consolidated into the accounts of the Group.

It is estimated that, upon Completion, the Group will record a loss on disposal of approximately HK\$9 million. Such loss is estimated based on the Consideration receivable from the Disposal, i.e. approximately HK\$9.1 million, less approximately HK\$5.3 million, being the unaudited NAV and HK\$12.8 million, being the carrying amount of trading rights as at 15 March 2020. The Directors do not anticipate that the Completion of the Disposal will have a significant effect on the business and performance of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but 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.

Completion is subject to fulfilment, and/or waiver (as the case may be), of certain conditions precedent stated in the Agreement, and the Disposal may or may not proceed. Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

“Agreement”	the conditional agreement dated 18 March 2020 entered into between the Vendor and the Purchaser in relation to the sale and purchase of 100% of the equity interests in the Target Company
“Board”	the board of Directors
“Company”	Asia-Pac Financial Investment Company Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM of the Stock Exchange (stock code: 8193)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms and conditions of the Agreement

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	The aggregate of the Purchase Price and the NAV
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the entire equity interests in the Target Company by the Vendor to the Purchaser pursuant to the Agreement
“Escrow Agent”	the Vendor’s solicitors in respect of the Disposal
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAM”	Infast Asset Management Co., Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“IBL”	Infast Brokerage Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“NAV”	the net asset value of the Target Group on a consolidated basis as at 15 March 2020 based on the unaudited financial statements of the Target Group
“percentage ratios”	has the same meaning ascribed to it under the GEM Listing Rules
“Purchase Price”	HK\$3,800,000.00
“Purchaser”	Zhaohuui Prosperity International Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“Sale Shares”	2,830,000 shares (representing 100% of the issued share capital) in the Target Company

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	IAM Group Inc., a company incorporated in the British Virgin Islands with limited liability, with 2,830,000 ordinary shares of US\$1 each being issued and fully paid up as at the date of the Agreement
“Target Group”	the Target Company and its subsidiaries
“Transition Period”	the period from the date of the Agreement to the date of Completion
“Vendor”	Zhong Nan Investments Limited, a company incorporated in the British Virgin Island and a wholly-owned investment holding subsidiary of the Company
“%”	percentage

By order of the Board
Asia-Pac Financial Investment Company Limited
Ip Kwok Kwong
Executive Director and Managing Director

Hong Kong, 18 March 2020

As at the date of this announcement, the Board comprises Mr. Ip Kwok Kwong (Managing Director) and Mr. Wu Di as executive directors of the Company; Mr. Cheung Ka Chun, Mr. So Kwok Yun and Mr. Tang Wai Kee as independent non-executive directors of the Company.

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 of the Company, 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 (www.hkgem.com) for at least 7 days from its day of publication and on the website of the Company at www.gca.com.hk