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SFUND INTERNATIONAL HOLDINGS LIMITED

廣州基金國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1367)

VOLUNTARY ANNOUNCEMENT THE FRAMEWORK AGREEMENT IN RELATION TO THE ESTABLISHMENT OF FUND

This announcement is made by SFund International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to update its shareholders and potential investors on its latest business development.

THE FRAMEWORK AGREEMENT

The board (the “**Board**”) of directors of the Company is pleased to announce that on 19 June 2020, Hunan Huiyin Tianxing Private Equity Investment Fund Management Co., Ltd* (湖南匯垠天星股權投資私募基金管理有限公司) (“**Hunan Huiyin Tianxing**”), a 51%-owned subsidiary of the Company, Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd* (廣州匯垠天粵股權投資基金管理有限公司) (“**Guangzhou Huiyin Tianyue**”), a parent company of SFund International Investment Fund Management Limited (the substantial shareholder of the Company), and China Tourism Industry Fund Management Co., Ltd* (中國旅遊產業基金管理有限公司) (“**China Tourism Industry FM**”), an independent third party to the Company, entered into a long-term business cooperation framework agreement (the “**Framework Agreement**”) in respect of the establishment of an investment fund (the “**Fund**”).

* For identification purposes only

Proposed terms of the Fund are summarised below:

Type	:	Equity investment fund
Form	:	Limited partnership
Size	:	RMB500 million
Term	:	Investment period of 2 years and divestment period of 1 year The term of the Fund may be extended as agreed by the partners.
General partners	:	(i) Hunan Huiyin Tianxing and (ii) China Tourism Industry FM or its designated party(ies)
Limited partner	:	Guangzhou Huiyin Tianyue as a limited partner is committed to contribute not less than RMB400 million to the Fund.
Fund manager	:	China Tourism Industry FM or its designated party(ies) shall be the fund manager (the “ Fund Manager ”).
Investment adviser	:	Hunan Huiyin Tianxing shall be the investment adviser (the “ Investment Adviser ”).
Management fee	:	The Fund Manager is entitled to receive a management fee of 1% per annum of the paid-up capital contribution of Guangzhou Huiyin Tianyue. The management fee is to be confirmed in the formal partnership agreement.
Advisory fee	:	The Investment Adviser is entitled to receive an advisory fee of 1% per annum of the paid-up capital contribution of Guangzhou Huiyin Tianyue. The advisory fee is to be confirmed in the formal partnership agreement.
Investment scope	:	Tourism industries

Investment decision : The investment decision committee shall comprise three members. Each of Hunan Huiyin Tianxing, Guangzhou Huiyin Tianyue and China Tourism Industry Fund Management shall appoint one member.

The investment decision committee shall be responsible for the investment decisions of the Fund. Investment decision shall be made only after approval of at least two-third of the committee members.

The above investment decision mechanism is to be confirmed in the formal partnership agreement.

Risk management : (i) Each partner is required to go through all internal procedures before submitting the investment project to the investment decision committee; and

(ii) a professional commercial bank shall be appointed by the Fund to provide fund custody service and such bank shall be responsible for the matters including, among others, account management, liquidation of funds as well as assets management, and monitoring the investment activities.

Distribution of profit : The Fund shall bear all expenses incurred for its establishment, operation, termination, dissolution and liquidation.

During the term of the Fund, the returns of the Fund shall not be applied for investment. After netting off the aforementioned expenses, the returns of the Fund shall be distributed in the following order:

- (i) the returns shall be distributed in an order of limited partners (pro-rata to their respective capital contribution) and general partners until they have recovered their respective capital contribution;
- (ii) the balance (if any) shall be distributed in the following manner:
 - (a) if the rate of return is less than 8%, the balance shall be distributed to the limited partners (pro-rata to their respective capital contribution); or

- (b) if the rate of return is above 8%, the balance which exceeds the aforesaid rate of return shall be distributed at a proportion of 80%, 10% and 10% to the limited partners (pro-rata to their respective capital contribution), the Fund Manager and the Investment Adviser.

The aforesaid distribution mechanism is to be confirmed in the formal partnership agreement.

- Procedures for investment** : The procedures for investment are set out as follows:
- (i) identification of the target;
 - (ii) preliminary assessment and due diligence of the target;
 - (iii) project initiation;
 - (iv) assessment and decision-making by the investment decision committee;
 - (v) investment in the project;
 - (vi) management of the investment; and
 - (vii) divestment of project.
- Post-investment management** : The Fund Manager and the Investment Adviser shall be responsible for the post-investment management of the Fund including the daily operation of the Fund and monitoring the investment projects.
- Divestment** : Divestment shall be made by way of initial public offering of the investment target, disposal of investment by the Fund to listed company(ies) and/or the disposal of investment in the secondary market.

The Framework Agreement only serves as a guidance for the cooperation among the parties for the establishment of the Fund. The Framework Agreement contains certain legally binding obligations regarding the confidentiality and dispute resolution. However, there are no binding obligations on the parties to the Framework Agreement regarding the execution of the formal agreement in respect of the establishment of the Fund. The establishment of the Fund is subject to further negotiation and the execution of the formal partnership agreement among the parties.

GENERAL

The Board is of the view that the establishment of the Fund contemplated in the Framework Agreement is in line with the development strategies of the Group and, if materialises, will improve the Group's revenue stream and performance, and therefore is in the interests of the Company and its shareholders as a whole.

As the establishment of the Fund may or may not materialise, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
SFund International Holdings Limited
Li Qing
Chairman

Hong Kong, 19 June 2020

As at the date of this announcement, the executive directors are Mr. Li Qing, Mr. Lam Kwan Sing, Mr. Liu Zhijun, Ms. Yi Sha, Ms. Wang Mengsu and Mr. Hon Ming Sang and the independent non-executive directors are Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral, and Mr. Lam Ho Pong.