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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 STRATEGIC COOPERATION FRAMEWORK AGREEMENT

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 STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 21 September 2020, the Company and Cedar Industrial Group Co., Ltd.* (雪松實業集團有限公司) (“**Cedar**”), entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”) in respect of the possible business cooperation between the Company and Cedar (the “**Possible Business Cooperation**”) and the possible acquisition (the “**Possible Acquisition**”) of interests in the Target Company (as defined below) by the Company, subject to the terms and conditions of a formal agreement (the “**Formal Agreement**”).

Possible Business Cooperation and Possible Acquisition

Pursuant to the Strategic Cooperation Framework Agreement, the Company and Cedar mutually agreed to cooperate in the financial business including the management of supply chain, financial service, cultural tourism and cooperation fund.

The Company shall cooperate with the subsidiary of Cedar which is engaged in, including but not limited to, management of supply chain (the “**Target Company**”) through capital injection or other means. The Target Company shall be determined based on the negotiations between the parties. Upon completion of the Possible Acquisition, the Company shall hold a controlling stake in the Target Company and consolidate the financial statements of the Target Company into the consolidated financial statements of the Group. If the Possible Acquisition is materialised, valuation on the Target Company shall be conducted by an independent third party and be used as the basis for the consideration, details of which shall be confirmed in the Formal Agreement.

* For identification purpose only

Pursuant to the Framework Agreement, the Group and its professional advisers will conduct a due diligence review on the Target Company and its business affairs in accordance with Hong Kong accounting standards. Cedar shall use its reasonable endeavours to procure the Target Company to provide assistance to the Company and its professional advisers in connection with such review so as to enable the review to be completed as soon as possible.

Other terms of the Strategic Cooperation Framework Agreement

If the Possible Acquisition is materialised, the board of the Target Company shall comprise three (or five) members. The Company shall appoint two (or three) members and Cedar shall appoint one (or two) members. The arrangement of the shareholder meeting and the composition, power and voting rights of the board of the Target Company shall be set out in the revised memorandum and articles of association of the Target Company.

Pursuant to the Strategic Cooperation Framework Agreement, Cedar and the Target Company shall provide profit guarantee to the Company. If the Target Company fails to achieve the guaranteed net profits during the profit guarantee periods, the Company has a right to request Cedar or its designated parties to repurchase all or part of the shares held by the Company at the agreed price. The guaranteed net profits, profit guarantee periods and agreed price shall be confirmed in the Formal Agreement.

INFORMATION ON CEDAR

Cedar is a company incorporated in the People's Republic of China with limited liability and a specialised comprehensive commodities supply chain company. It is principally engaged in management of supply chain, petrochemicals, real estate, cultural tourism, provision of integrated services on the sales of mobile vehicles and trading of apparel. Cedar holds controlling stakes in two companies listed on The Shenzhen Stock Exchange, namely Zibo Qixiang Tengda Chemical Co., Ltd. (淄博齊翔騰達化工股份有限公司) (002408.SZ) and Sinoer Men's Wear Co., Ltd (希努爾男裝股份有限公司) (002485.SZ).

REASONS FOR ENTERING INTO OF THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Group is principally engaged in apparel supply chain management services business, financial services business, money lending business and securities investment.

The Directors consider the Possible Business Cooperation and the Possible Acquisition represent opportunities for the Group to improve its financial performance and diversify its existing business portfolio.

The Directors are of the view that the terms and conditions of the Strategic Cooperation Framework Agreement are on normal commercial terms and are fair and reasonable and that the Possible Business Cooperation and the Possible Acquisition are in the interest of the Company and the shareholders of the Company as a whole.

GENERAL

The Strategic Cooperation Framework Agreement contains certain legally binding obligations regarding valuation of the Target Company, due diligence review, costs, confidentiality, governing laws and jurisdictions and general terms. However, there are no binding obligations on the parties to the Strategic Cooperation Framework Agreement in respect of the execution of the Formal Agreement. The terms of the Formal Agreement have yet to be agreed upon by the Company and Cedar. The Strategic Cooperation Framework Agreement may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated.

If the Possible Business Cooperation and the Possible Acquisition are materialised, they may constitute notifiable transactions for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Should the parties enter into the Formal Agreement, the Company will publish further announcement(s) in respect of the Possible Business Cooperation and the Possible Acquisition in accordance with the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company should note that the Possible Business Cooperation and the Possible Acquisition may or may not materialise. Shareholders of the Company and/or potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 September 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.