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寶新金融集團有限公司

GLORY SUN FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01282)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF SHARES IN GOLDEN AFFLUENT**

ACQUISITION OF SHARES IN GOLDEN AFFLUENT

On 28 January 2022 (after trading hours), GSFHL (an indirect wholly-owned subsidiary of the Company) entered into a Share Transfer Agreement with Hua Tong. Pursuant to the Share Transfer Agreement, GSFHL shall acquire, and Hua Tong shall transfer 13,921,278 GA Shares, representing approximately 14.73% of all issued shares in Golden Affluent at the consideration of HK\$110,000,000.

As at the date of this announcement, the shares in Golden Affluent are held as to approximately 85.27% by GSFHL and as to approximately 14.73% by Hua Tong. Upon Completion of the Share Transfer, Golden Affluent will become a direct wholly-owned subsidiary of GSFHL and an indirect wholly-owned subsidiary of Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Transfer exceeds 5% but is less than 25%, the transactions contemplated under the Share Transfer Agreement constitute a discloseable transaction of the Company and therefore subject to the reporting and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Hua Tong holds approximately 14.73% in Golden Affluent, and is therefore a connected person of the Company at the subsidiary level. The Share Transfer thus constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given (i) the highest applicable percentage ratios (other than the profits ratio) in respect of the Share Transfer is below 5%; and (ii) Hua Tong is a connected person of the Company at the subsidiary level, and (A) the Board including the independent non-executive Directors have approved the transactions contemplated under the Share Transfer Agreement; and (B) the independent non-executive Directors have confirmed that the terms of the Share Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the interest of the Company and its Shareholders as a whole, the Share Transfer Agreement and the transactions contemplated thereunder are only subject to the reporting and announcement requirements under Rule 14A.76(2) and Rule 14A.101 of the Listing Rules and are exempt from the circular, independent financial advice and independent shareholders' approval requirements.

INTRODUCTION

On 28 January 2022 (after trading hours), GSFHL (an indirect wholly-owned subsidiary of the Company) entered into a Share Transfer Agreement with Hua Tong to acquire 13,921,278 GA Shares, representing approximately 14.73% of all issued shares in Golden Affluent (a direct non-wholly owned company of GSFHL and an indirect non-wholly owned subsidiary of the Company).

THE SHARE TRANSFER AGREEMENT

Principal terms

The principal terms of the Share Transfer Agreement are set out as follows:

Date: 28 January 2022 (after trading hours)

Parties: (1) Hua Tong (as vendor)
(2) GSFHL (as purchaser)

Hua Tong is a connected person of the Company at subsidiary level by virtue of its holding of approximately 14.73% GA Shares as at the date of this announcement.

Assets to be acquired: the Sale Shares, representing approximately 14.73% of all issued GA Shares

Consideration: The total Consideration of HK\$110,000,000 shall be settled by GSFHL in cash in the following manner:

(a) HK\$10,000,000 shall be payable within 7 business days after the signing of the Share Transfer Agreement;

(b) HK\$75,000,000 shall be payable within three months from the date of the Completion; and

(c) HK\$25,000,000 shall be payable within six months from the date of the Completion.

GSFHL will settle the consideration by the Group's internal resources.

Basis for Consideration:

The terms of the Share Transfer Agreement were determined after arm's length negotiation between Hua Tong and GSFHL with reference to the value of the Sale Shares as at 30 November 2021, which was approximately HK\$119,460,000 based on market approach as appraised by an independent valuer.

Conditions precedent:

Completion of the Share Transfer Agreement shall be conditional upon fulfilment of the following conditions:

(a) Hua Tong and GSFHL, and their respective holding companies (including Pak Tak International and the Company) having obtained all necessary authorisation(s), approval(s), consent and/or waiver(s) from the shareholders, relevant regulatory authorities (including but not limited to the Stock Exchange) and/or other institutions or persons and taken all necessary actions in respect of the Share Transfer Agreement and the transactions contemplated thereunder pursuant to their respective articles of association, applicable laws, regulations and/or rules (including but not limited to the Listing Rules), and the foregoing authorization(s), approval(s), consent, waiver(s) and/or action(s) remaining valid; and

(b) all representations and warranties contained in the Share Transfer Agreement, and information as provided by Hua Tong to GSFHL having been true and accurate in all material aspects and not misleading.

Save for condition (b), which could be waived by GSFHL in whole or in part, conditionally or unconditionally, neither party shall waive any condition precedent.

The date of Completion shall fall on the 7th business day after the last condition precedent is fulfilled (or waived) or such other date Hua Tong and GSFHL confirm in writing. If any of the conditions precedent is not fulfilled or waived by the Long Stop Date, the Share Transfer Agreement shall be automatically terminated on the next following day and the parties will not be liable for breach of the Share Transfer Agreement save for any antecedent breach occurred on or before the Long Stop Date.

If the Share Transfer Agreement is terminated for whatever reason otherwise than the breach of the agreement by GSFHL, Hua Tong shall refund in full all Consideration having been paid by GSFHL under the Share Transfer Agreement within 7 business days after the date on which the termination agreement is signed.

GSFHL undertakes to execute a share charge deed in respect of the Sale Shares to secure its payment obligation under the Share Transfer Agreement. It also undertakes not to create any encumbrance over the Sale Shares without the consent of Hua Tong before the Consideration is fully paid. Hua Tong undertakes to execute all necessary documents and take all necessary actions to release the share charge deed after the Consideration is fully paid.

INFORMATION ON GOLDEN AFFLUENT AND THE SALE SHARES

Golden Affluent and its subsidiaries are principally engaged in the provision of financial services in Hong Kong and the PRC. As at the date of this announcement, the GA Shares are held as to approximately 85.27% by GSFHL and as to approximately 14.73% by Hua Tong.

Upon Completion of the Share Transfer, Golden Affluent will become a direct wholly-owned subsidiary of GSFHL and an indirect wholly-owned subsidiary of Company.

Set out below are the consolidated net profits (or losses) before and after tax of Golden Affluent attributable to the Sale Shares for the two financial years ended 31 December 2020 and for the eleven months ended 30 November 2021:

The unaudited consolidated total assets and consolidated net assets of the Target Group as at 30 November 2021 attributable to the Sale Shares was approximately HK\$297,686,000 and HK\$103,016,000, respectively).

| | For the year ended 31 December 2019 | For the year ended 31 December 2020 | For the eleven months ended 30 November 2021 |
|-----------------------------|--|--|---|
| | <i>Unaudited (HK\$'000, Approximate)</i> | <i>Unaudited (HK\$'000, Approximate)</i> | <i>Unaudited (HK\$'000, Approximate)</i> |
| Profits/(losses) before tax | 30,527 | 85,737 | (65,149) |
| Profits/(losses) after tax | 24,650 | 76,396 | (74,353) |

Based on the information provided by Hua Tong, the original acquisition cost of the Sale Shares was approximately HK\$168,200,000.

REASONS FOR AND BENEFITS OF THE SHARE TRANSFER

Golden Affluent and its subsidiaries are principally engaged in the provision of financial services in Hong Kong and the PRC. The Company disposed of the Sale Shares to Hua Tong in June 2018. For the three years ended 31 December 2020, Golden Affluent and its subsidiaries recorded a stable revenue. The Company is of the view that as the consideration of acquiring the Sale Shares is lower than the consideration of disposing of the Sale Shares back in June 2018, it will be beneficial to acquire the Sale Shares. As a result of the Share Transfer, the Company will be able to consolidate its shareholding control by becoming the sole shareholder and enjoy greater flexibility in formulating business strategy for potential further expansion, resulting in the increase in value of the financial services to be provided.

The Directors (including the independent non-executive Directors) are of the view that terms of the Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and the entering into of the Share Transfer Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY, THE GROUP AND GSFHL

The Company is an investment holding company. The Group is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development.

GSFHL is an investment holding company and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON HUA TONG AND PAK TAK

Hua Tong is an investment holding company and is a direct wholly-owned subsidiary of Pak Tak International, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 02668). Pak Tak International and its subsidiaries are principally engaged in supply chain, leasing, property investment and consultancy, money lending business and securities investment.

Based on the interim report of Pak Tak International, as at 30 June 2021, Mr. Liao Nangang was the largest shareholder of Pak Tak International, and was interested in 1,092,000,000 Pak Tak Shares, representing approximately 28.00% of all issued Pak Tak Shares through the companies wholly owned by him.

As at the date of this announcement, the Company has indirect interest in 282,697,950 Pak Tak Shares, representing approximately 7.25% of all issued Pak Tak Shares. Such Pak Tak Shares comprise 203,377,950 Pak Tak Shares in which Glory Sun Credit Limited (an indirect wholly-owned subsidiary of the Company) has security interest, and 79,320,000 Pak Tak Shares in which Glory Sun Securities Limited (an indirect non-wholly owned subsidiary of the Company) has direct interest.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Transfer exceeds 5% but is less than 25%, the transactions contemplated under the Share Transfer Agreement constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Hua Tong holds approximately 14.73% in Golden Affluent, and is therefore a connected person of the Company at the subsidiary level. The Share Transfer thus constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given (i) the highest applicable percentage ratios (other than the profits ratio) in respect of the Share Transfer is below 5%; and (ii) Hua Tong is a connected person of the Company at the subsidiary level, and (A) the Board including the independent non- executive Directors

has approved the transactions contemplated under the Share Transfer Agreement; and (B) the independent non-executive Directors have confirmed that the Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Share Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.76(2) and Rule 14A.101 of the Listing Rules.

As no Directors has material interest in the Share Transfer, none of the Directors has abstained from voting on the resolutions in relation to the Share Transfer Agreement and the transactions contemplated thereunder proposed at the Board meeting.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

| | |
|--------------------------|---|
| “Board” | the board of directors of the Company |
| “Company” | Glory Sun Financial Group Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 1282) |
| “Completion” | completion of the Share Transfer pursuant to the terms and conditions of the Share Transfer Agreement |
| “Consideration” | The consideration in the amount of HK\$110,000,000 to be settled by GSFHL pursuant to the Share Transfer Agreement |
| “Directors” | the directors of the Company |
| “GA Share(s)” | the ordinary share(s) with the par value of US\$1 each in the capital of the Golden Affluent |
| “Golden Affluent” | Golden Affluent Limited (金裕有限公司), a company incorporated in the British Virgin Islands with limited liability |
| “GSFHL” | Glory Sun Financial Holdings Limited (寶新金融控股有限公司), a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company |

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|-----------------------------------|--|
| “Group” | the Company and its subsidiaries |
| “Hua Tong” | Hua Tong Group Limited (華通集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Pak Tak International |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Long Stop Date” | 30 June 2022 (or such other date as Hua Tong and GSFHL may confirm in writing) |
| “Pak Tak International” | Pak Tak International Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange (Stock Code: 02668) |
| “Pak Tak Share(s)” | the ordinary share(s) with the par value of HK\$0.02 in the capital of Pak Tak International |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Sale Shares” | the 13,921,278 GA Shares held by Hua Tong and to be sold to GSFHL under the Share Transfer Agreement |
| “Share Transfer Agreement” | the share transfer agreement dated 28 January 2022 entered into between Hua Tong as vendor and GSFHL as purchaser in respect of the transfer of the Sale Shares from Hua Tong to GSFHL |
| “Share Transfer” | the share transfer to GSFHL by Hua Tong as contemplated under the Share Transfer Agreement |
| “Share(s)” | the ordinary share(s) with the par value of HK\$0.1 each in the capital of the Company |

| | |
|-------------------|---|
| “Shareholder(s)” | the holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the same meanings as those defined under the Listing Rules |
| “US\$” | United States dollar, the lawful currency of the United States of America |
| “%” | per cent. |

By Order of the Board
Glory Sun Financial Group Limited
YAO Jianhui
Chairman and Chief Executive Officer

Hong Kong, 28 January 2022

As at the date of this announcement, the Board comprises eight Directors, namely Mr. Yao Jianhui (Chairman and Chief Executive Officer), Mr. Lau Wan Po (Vice Chairman), Mr. Li Minbin and Mr. Huang Wei as executive directors; Mr. Zhang Chi as non-executive director; and Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung, Eddie, as independent non-executive directors.