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**DA YU FINANCIAL HOLDINGS LIMITED**  
**大禹金融控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
*(Stock code: 1073)*

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
MORTON SECURITIES LIMITED**

**THE ACQUISITION**

On 21st September, 2020 (after trading hours), the Company, the Vendor and First Steamship entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, being the entire issued shares of the Target Company.

The Consideration of the Acquisition is HK\$9,500,000, which will be satisfied by the Company in cash upon Completion.

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, First Steamship indirectly owns the entire issued shares of the Vendor and is a substantial Shareholder of the Company, indirectly interested in approximately 29.11% of the total issued Shares of the Company. As such, First Steamship and the Vendor are connected persons of the Company and the Acquisition therefore constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules. Since all applicable percentage ratios (as defined in the Listing Rules) are less than 25% and the Consideration of the Acquisition is less than HK\$10,000,000, the Acquisition constitutes a connected transaction for the Company which is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Kuo Jen-Hao, a non-executive Director, is a director of the Target Company and the Vendor and the chairman and general manager of First Steamship. Mr. Kuo Jen-Hao has abstained from voting on the relevant resolutions at the Board meeting for approving the Sale and Purchase Agreement. Save as disclosed above, none of the Directors who attended the Board meeting has a material interest in the Sale and Purchase Agreement.

## **THE ACQUISITION**

On 21st September, 2020 (after trading hours), the Company, the Vendor and First Steamship entered into the Sale and Purchase Agreement, pursuant to which the Company conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, being the entire issued shares of the Target Company. Principal terms of the Sale and Purchase Agreement are set out below:

## **THE SALE AND PURCHASE AGREEMENT**

Date : 21st September, 2020

Parties : – First Steamship as the guarantor of the Vendor;  
– First Mariner Capital Limited as the Vendor; and  
– The Company as the purchaser

As at the date of this announcement, First Steamship indirectly owns the entire issued shares of the Vendor and is substantial Shareholder of the Company, indirectly interested in 331,660,000 Shares, representing approximately 29.11% of the total issued Shares of the Company. As such, First Steamship and the Vendor are connected persons of the Company under Chapter 14A of the Listing Rules.

### **Asset to be acquired**

The Sale Shares represent the entire issued shares of the Target Company.

### **Consideration**

The Consideration for the Acquisition is HK\$9,500,000, which will be satisfied by the Company in cash upon Completion. The Company intends to fund the Acquisition by its own cash resources.

The Consideration was determined after arm's length negotiation between the Vendor and the Company with reference to the unaudited net asset value of the Target Company as at 30th June, 2020, the minimum net asset value of the Target Company of HK\$9,500,000 as at Completion and the price to book ratio of comparable transactions.

## **Conditions precedent**

Completion is conditional on the following Conditions being satisfied on or before Long Stop Date:

- (1) written approval being obtained from the SFC (in particular the approval required under section 132(1)(a) of SFO) for the Company and any controlling entity or associate of the Company that may also become a substantial shareholder of the Target Company upon Completion;
- (2) if applicable, the written approval or consent of the Stock Exchange (in accordance with the Listing Rules) to the change of shareholding of the Target Company (being an Exchange Participant) to the Company;
- (3) the Target Company remaining as a going concern business as at Completion;
- (4) the Vendor having duly performed or complied with each undertaking or obligation to be performed or complied with by it under the Sale and Purchase Agreement on or prior to Completion, and no breach of any Vendor warranties having occurred on and prior to Completion; and
- (5) no material adverse change having occurred on or prior to Completion.

Save for Conditions (4) and (5) above which may be waived in writing at the discretion of the Company on or before the Long Stop Date, none of the other Conditions set out above can be waived by any party to the Sale and Purchase Agreement.

## **Undertaking, Warranties and Indemnity**

The Vendor has given customary warranties to the Company, including but not limited to, there being no legal proceeding and winding up petition affecting the Vendor and the Target Company under the Sale and Purchase Agreement, as well as the net asset value of the Target Company being no less than HK\$9,500,000 as at Completion.

The Company has also given customary warranties to the Vendor under the Sale and Purchase Agreement.

## **Completion**

Completion shall take place on the fifth business day upon all the Conditions have been fulfilled or waived (as the case may be), or such other date as the Vendor and the Company may agree in writing.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial statements of the Target Company will be consolidated into the financial statements of the Company.

## INFORMATION ON THE COMPANY AND THE VENDOR

The Company is an investment holding company and its wholly-owned subsidiary Yu Ming, is a licensed corporation principally engaged in the provision of corporate finance advisory services and asset management services.

The Vendor is an investment holding company and is indirectly wholly-owned by First Steamship. First Steamship is a company listed on the Taiwan Stock Exchange (Stock Code: 2601TW) and its main operations include shipping (dry bulk carrier shipping operation, professional vessel management operation and crewing services) and retail business (departmental stores).

## INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability and a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activities under the SFO and is admitted by Hong Kong Securities Clearing Company Limited to participate in CCASS as a Direct Clearing Participant. The Target Company is principally engaged in securities broking, underwriting and placing of securities, providing financial advisory service and investment in securities. The original acquisition cost of the Target Company paid by the Vendor in June 2016 was HK\$9,000,000, representing a premium to the then net asset value of the Target Company. Subsequently, the Vendor made further investment in the Target Company. Although the net asset value of the Target Company exceeds the consideration of HK\$9,500,000, the Vendor intends to leave behind in the Target Company net asset value no less than HK\$9,500,000 on Completion. The Board does not expect the net asset value of the Target Company to be significantly over HK\$9,500,000.

### Financial information

Set out below are the financial information of the Target Company as extracted from its audited financial statements for the year ended 31st December, 2019 and unaudited financial statements for the six months ended 30th June, 2020, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the years ended 31st December,</b>		<b>For the six months ended 30th June,</b>
	2018	2019	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Profit/(loss) before taxation	4,438,750	(5,410,110)	(1,067,477)
Profit/(loss) after taxation	4,438,750	(5,410,110)	(1,067,477)

The unaudited net assets of the Target Company as at 30th June, 2020 amounted to approximately HK\$13.6 million.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company, through its wholly-owned subsidiary Yu Ming, is principally engaged in the provision of corporate finance advisory services and asset management services.

Yu Ming is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. However, Yu Ming does not engage in the securities brokerage and securities financing business.

The Company aims to complement its existing activities through the Acquisition, which will enhance the Group's capability to offer a more comprehensive capital market services to existing and new clients.

The Group will benefit from the Target Company's capability, experience and resources to create synergies and new opportunities arising from a wider spectrum of financial services provided by the Group.

In view of the above, the Directors (including the independent non-executive Directors, but excluding Mr. Kuo Jen-Hao who has material interest in the Sale and Purchase Agreement) consider that the terms of the Acquisition are on normal commercial terms and fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Acquisition will further strengthen the strategic footholds of the Group in the financial services industry in Hong Kong.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, First Steamship indirectly owns the entire issued shares of the Vendor and is a substantial Shareholder of the Company, indirectly interested in approximately 29.11% of the total issued Shares of the Company. As such, First Steamship and the Vendor are connected persons of the Company and the Acquisition therefore constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules. Since all applicable percentage ratios (as defined in the Listing Rules) are less than 25% and the Consideration of the Acquisition is less than HK\$10,000,000, the Acquisition constitutes a connected transaction for the Company which is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Kuo Jen-Hao, a non-executive Director, is a director of the Target Company and the Vendor and the chairman and general manager of First Steamship. Mr. Kuo Jen-Hao has abstained from voting on the relevant resolutions at the Board meeting for approving the Sale and Purchase Agreement. Save as disclosed above, none of the Directors who attended the Board meeting has a material interest in the Sale and Purchase Agreement.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Company”	Da Yu Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1073)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Conditions”	the conditions precedent to the Completion as set out in the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$9,500,000
“Direct Clearing Participant”	has the meaning ascribed to it under the General Rules of CCASS
“Director(s)”	the director(s) of the Company
“Exchange Participant”	has the meaning ascribed to it under the Listing Rules

“First Steamship”	First Steamship Company Limited, a company incorporated and registered in Taiwan and listed on the Taiwan Stock Exchange Corporation, being the beneficial owner of the Vendor and the Target Company and a substantial Shareholder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31st December, 2020, or such other date as the Vendor and the Company may agree in writing
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macao Special Administrative Region of the PRC and Taiwan)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21st September, 2020 entered into between First Steamship, the Vendor and the Company in respect of, among other things, the sale and purchase of the Target Company
“Sale Shares”	the entire issued shares of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Morton Securities Limited

“Vendor”	First Mariner Capital Limited, a company incorporated and registered in the British Virgin Islands, an indirect wholly-owned subsidiary of First Steamship
“Yu Ming”	Yu Ming Investment Management Limited, a wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board  
**DA YU FINANCIAL HOLDINGS LIMITED**  
**Lee Wa Lun, Warren**  
*Managing Director*

Hong Kong, 21st September, 2020

*As at the date of this announcement, the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, the Non-Executive Directors are Mr. Li Chi Kong (Chairman) and Mr. Kuo Jen-Hao, and the Independent Non-Executive Directors are Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred.*