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TFG INTERNATIONAL GROUP LIMITED

富元國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

MAJOR AND CONNECTED TRANSACTION

THE DISPOSAL

On 5 November 2021 (after trading hours of the Stock Exchange), the Company, the Purchaser and the Guarantor entered into the Disposal Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Company has conditionally agreed to sell the Sale Shares at the Consideration of HK\$282,000,000 which shall be payable by the Purchaser in cash.

Upon Completion, the Group will cease to own any interest in the Disposal Group and the financial results, assets and liabilities of the Disposal Group will no longer be included in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Guarantor is an executive Director, the chairman of the Company and a controlling Shareholder, and the entire issued share capital of the Purchaser is indirectly wholly-owned by the Guarantor. Therefore, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to provide recommendations to the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder. Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will seek the Independent Shareholders' approval of the Disposal Agreement and the transactions contemplated thereunder at the EGM by way of poll whereby the Purchaser, the Guarantor and their respective associates shall abstain from voting at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Disposal; (ii) a valuation report of the Properties as prepared by an independent valuer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 December 2021 as additional time is required for preparing the relevant information for inclusion therein.

INTRODUCTION

On 5 November 2021 (after trading hours of the Stock Exchange), the Company, the Purchaser and the Guarantor entered into the Disposal Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Company has conditionally agreed to sell the Sale Shares at the Consideration of HK\$282,000,000 which shall be payable by the Purchaser in cash.

THE DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

Date

5 November 2021 (after trading hours of the Stock Exchange)

Parties

Vendor : the Company

Purchaser : the Purchaser (being Grand Fullwell Investment Holding Limited), a company indirectly wholly-owned by the Guarantor

Guarantor : the Guarantor (being Yang Lijun), an executive Director and the chairman of the Company, is interested in 3,098,635,152 Shares, representing approximately 44.61% of the issued share capital of the Company as at the date of this announcement.

For further information of the Purchaser and the Guarantor, please refer to the section headed "Information of the Purchaser and the Guarantor" below.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, being the entire issued share capital of the Disposal Company held by the Company as at the date of the Disposal Agreement.

Unless the sale and purchase of all Sale Shares are completed simultaneously on the Completion Date, the Company shall not be obliged to complete the sale of the Sale Shares.

As at the date of the Disposal Agreement, the Company is indebted to the Disposal Company in the amount of HK\$43,132,094 which is non-interest bearing, unsecured and repayable on demand (the “**Company Loan**”).

Consideration

The Consideration shall be HK\$282,000,000, payable by the Purchaser to the Company as follows:

- (i) HK\$30,000,000 (the “**Deposit**”) shall be payable by the Purchaser in cash as deposit and part payment of the Consideration within seven Business Days after the date of the Disposal Agreement. The Deposit shall be applied towards satisfaction of part of the Consideration at Completion; and
- (ii) the remaining balance of HK\$252,000,000 shall be payable by the Purchaser in cash upon Completion.

The Consideration was arrived at after arm’s length negotiations between the Company and the Purchaser after taking into account (i) the waiver of the Company Loan; and (ii) the unaudited consolidated adjusted net asset value of the Disposal Group of approximately HK\$415.7 million, being (a) the unaudited consolidated net asset value of the Disposal Group as at 30 June 2021 of approximately HK\$154.1 million (assuming the MSV Auction Transactions and the MSP Auction Transactions had been completed as at 30 June 2021), prepared in accordance with the accounting principles generally accepted in Hong Kong, plus (b) the appreciation of the Properties in the amount of approximately HK\$406.4 million, which is equivalent to the difference between the book value of the Properties as at 30 June 2021 in the amount of HK\$89.7 million and the appreciated value of the Properties as at 30 September 2021 in the amount of approximately HK\$496.1 million (based on the approximate exchange rate of RMB1.00 to HK\$1.2007) as shown in the draft preliminary valuation report of the Properties prepared by an independent valuer using direct comparison method, or, wherever appropriate, investment method, less (c) the carrying amount of the Company Loan of approximately HK\$43.1 million as at 30 June 2021 and less (d) the deferred tax liabilities arising from such appreciation of the Properties of approximately HK\$101.6 million. The unaudited consolidated adjusted net asset value of the Disposal Group attributable to the Group (the “**Adjusted NAV**”) as at 30 June 2021 amounted to approximately HK\$229.0 million.

Taking into account the Consideration having represented a premium over the Adjusted NAV, the Directors (other than the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Disposal after being advised by the Independent Financial Adviser) consider the Consideration is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

Conditions Precedent

Pursuant to the Disposal Agreement, Completion shall be conditional upon the fulfilment of the following conditions precedent:

- (i) the passing of the necessary resolution(s) by the Shareholders (other than those who are required to abstain from voting under the Listing Rules) at the EGM approving the Disposal Agreement and the transactions contemplated thereunder;
- (ii) the execution of a deed of waiver to waive and release the obligation of the Company to repay the Company Loan;
- (iii) all necessary consents, authorisations, licences and permissions in relation to the sale and purchase of the Sale Shares having been obtained and remain in full force and effect; and
- (iv) the Purchaser and the Guarantor having fulfilled their obligations and responsibilities under the Disposal Agreement and there being no breach of the representations, undertakings and warranties given by the Purchaser and the Guarantor under the Disposal Agreement.

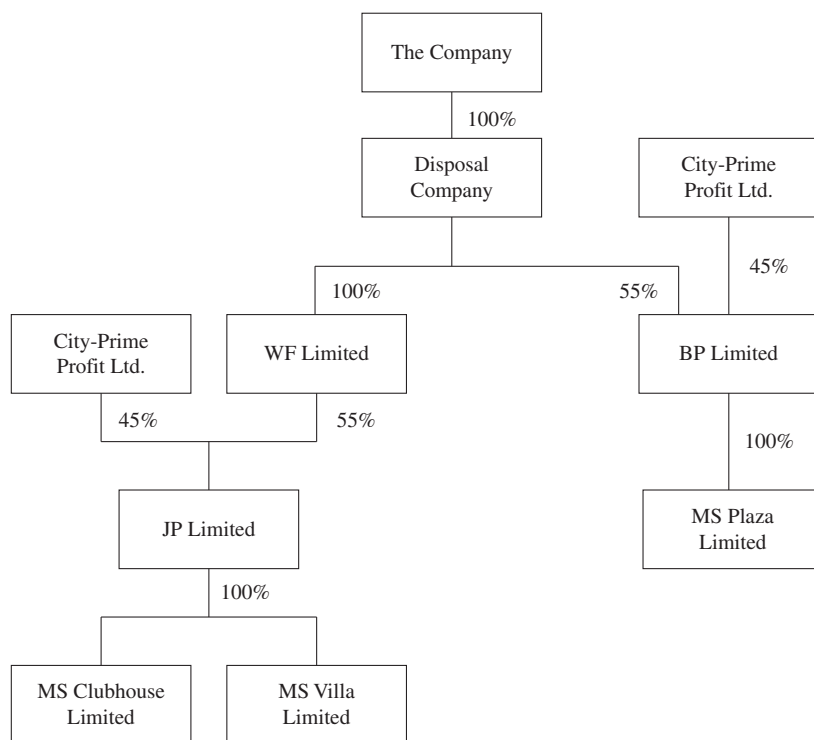
None of the above conditions precedent can be waived. In the event that any conditions precedent has not been fulfilled before noon on the Long Stop Date, the Disposal Agreement shall terminate, the Company shall refund the Deposit (without interest) to the Purchaser within 10 Business Days after the Long Stop Date. Upon the refund of the Deposit by the Company, all rights and obligations of the parties to the Disposal Agreement shall cease to be of any effect save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date, being the 30th day after conditions (i) and (ii) set out in the paragraph headed “Conditions precedent” above have been fulfilled (or such other date as the Company and the Purchaser may agree in writing).

INFORMATION OF THE DISPOSAL GROUP

As at the date of this announcement, the shareholding structure of the Disposal Group is as follows:



The Disposal Company was incorporated in the BVI with limited liability on 17 June 1992 and is an investment holding company holding as to 100% and 55% of the issued share capitals of WF Limited and BP Limited respectively. WF Limited was incorporated in the BVI on 21 September 2010 with limited liability which in turn is holding 55% of the issued share capital of JP Limited. The remaining 45% of the issued share capital of each of BP Limited and JP Limited is held by City-Prime Profit Ltd. To the best knowledge of the Directors, having made reasonable enquiries, City-Prime Profit Ltd. and its beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons. BP Limited was incorporated in the BVI on 30 March 1994 with limited liability which in turn is the legal and beneficial owner of 100% equity interest of MS Plaza Limited. MS Plaza Limited was established in the PRC on 26 December 2001 with limited liability. MS Plaza Limited is entitled to be engaged in property development, property construction, and leasing and selling of commercial and residential properties in Zhongshan City, the PRC. JP Limited was established in the BVI on 6 July 1992 with limited liability which in turn is the legal and beneficial owner of 100% equity interest of each of MS Clubhouse Limited and MS Villa Limited. MS Clubhouse Limited was established in the PRC on 31 March 1997 with limited liability and is entitled to be engaged in food and beverage, operation of swimming pool, leasing of commercial units and office. MS Villa Limited was established in the PRC on 26 December 2001 with limited liability and entitled to be engaged in property development, property construction, and leasing and selling of commercial and residential properties in Zhongshan City, the PRC.

The Disposal Group has two development projects in Zhongshan City, Guangdong Province, the PRC, namely Morning Star Villa operated by MS Villa Limited and MS Clubhouse Limited, and Morning Star Plaza operated by MS Plaza Limited.

Morning Star Villa

Morning Star Villa is a large-scale residential development project with ancillary commercial and recreational facilities, including two clubhouses. It is located on the western side of Gangkou Town of Zhongshan City, the PRC. As at the date of this announcement, all completed properties held for sale have been sold.

As at the date of this announcement, the land and properties held by MS Villa Limited are being occupied as follows:

The MSV Land Parcel

The MSV Land Parcel has a total land area of approximately 151,674.59 sq. m., of which the total developable site area is approximately 128,982.41 sq. m. and the remaining 22,692.18 sq. m. are for road construction and landscaping. It is currently vacant.

(i) Intended development

The initial intention was to develop the MSV Land Parcel into phases VIII and IX of the Morning Star Villa as follows:

- (a) Phase VIII is comprised of three land parcels (hereinafter being referred to as Phase VIII Land Parcel 1, Phase VIII Land Parcel 2 and Phase VIII Land Parcel 3), with Phase VIII Land Parcels 1 and 2 already developed into properties and sold prior to 2010. Phase VIII Land Parcel 3 remains vacant; and
- (b) Phase IX is comprised of four land parcels, all being vacant.

(ii) Land use rights

As the land use rights of the MSV Land Parcel were obtained in 2002, but Phase VIII Land Parcel 3 as well as all four land parcels of Phase IX have been vacant since 2002, these land parcels are considered as idle land. Supplemental agreements relating to the four parcels of land comprising Phase IX were signed on 27 October 2021 such that the Disposal Group shall commence construction works on or before 18 March 2022 with a construction period of 2 years (“**Development Instruction**”).

(iii) Planning control

Set out below is the planning control of the MSV Land Parcel:

Date	Name of planning control document	Details of planning control
13 July 1998	中山市建設項目選址意見書 (Zhongshan City Construction Project Site Selection Opinion*)	(a) plot ratio: 1.5 (b) building density: 30% (c) building height: 24m (d) green area ratio: 30%
3 July 2020	中山市港口鎮星晨花園片區控 制性詳細規劃(2020) (the Controlled Detail Planning for the Morning Star Villa area of Gangkou Town, Zhongshan City (2020)*)	The property is to be classified as “Class II Residential Land” (a) plot ratio: 2.5 (b) building density: not more than 32% (c) building height: 60m–100m (d) green area ratio: not less than 30%

If the MSV Land Parcel is to be developed in accordance with the latest plot ratio of 2.5, MS Villa Limited will then need to take part in a plot ratio bidding which shall make reference to the current assessed land price. If the bidding is successful, MS Villa Limited is required to pay additional land grant premium and shall sign a supplementary agreement to the Contract of Grant of State-owned Construction Land Use Rights with the Natural Resources Bureau.

Phase II Clubhouse

Phase II Clubhouse is the unsold portion of a building, being the clubhouse of phase II of Morning Star Villa. The total gross floor area of Phase II Clubhouse is approximately 5,938 sq. m.. It is currently leased under various tenancies with the latest due in May 2023.

Phase VI Clubhouse

Phase VI Clubhouse is a block of clubhouse of phase VI of Morning Star Villa with total gross floor area of approximately 944.3 sq. m.. It is currently vacant.

Sold properties

As at the date of the Disposal Agreement, MS Villa Limited held 13 commercial spaces in Phase V of Morning Star Villa with the total gross floor area of approximately 1,130.34 sq. m.. It is currently tenant-occupied as a kindergarten under a tenancy for a term of 15 years ending in April 2033. On 25 October 2021, these 13 commercial spaces were agreed to be sold to third parties in an auction at an aggregate consideration of RMB10,986,921 (equivalent to approximately HK\$13,191,996). Such auction transactions (“**MSV Auction**”

Transactions”) have not been completed, pending registration of the transfers with the relevant governmental authority. Upon completion of the MSV Auction Transactions, MS Villa Limited shall not have any interest in these commercial spaces.

Morning Star Plaza

Morning Star Plaza is a mixed commercial and residential development divided into different phases on a site located on the northwestern side of Gangkou Town of Zhongshan City, the PRC. It was completed by phases within 1999 to 2008. As at the date of this announcement, 99.98% of completed properties held for sale have been sold.

As at the date of this announcement, the land and properties held by MS Plaza Limited are being occupied as follows:

The MSP Land Parcel

The MSP Land Parcel has a total site area of 7,343.08 sq. m. for commercial and residential use. It is currently vacant. The Group has no plan to develop the MSP Land Parcel as the plot ratio of the MSP Land Parcel has been achieved in the previous development.

Unsold Mixed Units

As at the date of the Disposal Agreement, MS Plaza Limited holds 184 unsold units/items for sale, comprised one residential unit, two shop units, 49 bicycle rooms, six car parking spaces and 126 motor cycle parking spaces with the total gross floor area of approximately 1,295.53 sq. m.. On 23 September 2021, four car parking spaces and two bicycle rooms having respective total gross floor area of 41.06 sq. m. and 22.07 sq. m. were agreed to be sold to third parties in an auction at an aggregation consideration of RMB285,304 (equivalent to approximately HK\$342,565) and on 25 October 2021, four more of the bicycle rooms and two more of the car parking spaces having respective total gross floor area of 41.19 sq. m. and 25.26 sq. m. were agreed to be sold to third parties in an auction at an aggregation consideration of RMB189,498 (equivalent to approximately HK\$227,530). As at the date of this announcement, the above auction transactions (the “**MSP Auction Transactions**”) have not been completed, pending registration of the transfers with the relevant governmental authority. Upon completion of the MSP Auction Transactions, MS Plaza Limited shall own 172 unsold units/items comprising one residential unit, two shop units, 43 bicycle rooms and 126 motor cycle parking spaces with the total gross floor area of approximately 1,164.51 sq. m. (being the Unsold Mixed Units).

Unsold Commercial Units

The Unsold Commercial Units comprised 23 unsold shop units of Morning Star Plaza with the total gross floor area of approximately 1,296.56 sq. m.. The Unsold Commercial Units are currently leased under various tenancies with the latest due in August 2030.

Set out below is a summary of the unaudited consolidated financial information of the Disposal Group for the two years ended 31 December 2020 and the six months ended 30 June 2021, which was prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the six months ended 30 June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	1,619	—	455
Profit/(loss) before taxation	(29,123)	1,976	17
Profit/(loss) after taxation	(27,607)	1,177	17

The unaudited consolidated net assets of the Disposal Group as at 31 December 2019, 31 December 2020 and 30 June 2021 amounted to approximately HK\$145.1 million, HK\$153.0 million and HK\$154.1 million respectively. As at 30 June 2021, the Company Loan amounted to approximately HK\$43.1 million. Assuming the Company Loan had been waived in connection with the Disposal, the unaudited consolidated net assets of the Disposal Group would have been approximately HK\$110.9 million as at 30 June 2021. Assuming the MSV Auction Transactions and the MSP Auction Transactions had been completed as at 30 June 2021, the unaudited consolidated net assets of the Disposal Group would have been HK\$415.7 million as at 30 June 2021.

INFORMATION OF THE PURCHASER AND THE GUARANTOR

According to the Purchaser, its principal business is investment holding. The Guarantor, an executive Director and the chairman of the Company, is interested in 3,098,635,152 Shares, representing approximately 44.61% of the issued share capital of the Company as at the date of this announcement. The Purchaser is indirectly wholly-owned by the Guarantor. Thus, the Purchaser and the Guarantor are connected persons of the Company under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in property development and hotel business in the PRC.

The MSV Land Parcel is the largest land parcel among the Properties. Back in around 2017 and 2018, it was the intention of the Disposal Group to develop the MSV Land Parcel into premium residential apartments for sale/leasing. As such, in the following years, the Group had been seeking approvals relating to the regulatory adjustment on the planning and control proposals (控規編製) from relevant governmental authorities for the development of the MSV Land Parcel. One of the proposals, being the revision of plot ratio from 1.5 to 2.5, was submitted in early 2018. However in 2019, while the Group was waiting for such plot ratio revision approval, the PRC economy took a downward turn and was faced with huge uncertainties such as the China-US trade wars. This was further exacerbated by the outbreak of COVID-19 in late 2019/early 2020. When the approval was finally granted in mid-2020,

the social and economic environment differed hugely from when the application was first made in 2018. In addition, the plot ratio revision approval was conditional upon payment of additional land premium. Accordingly, while faced with external economic uncertainties, the Group is also faced with an increase in capital commitment regarding the development of the MSV Land Parcel.

On the other hand, with reference to the interim report of the Company for the six months ended 30 June 2021, the Group's gearing ratio remained relatively high at 2,005%. The cash level of the Group amounted to approximately HK\$70.6 million, while the borrowings of the Group which were repayable within one year amounted to approximately HK\$341.0 million as at 30 June 2021, indicating the liquidity of the Group may not be sufficient to repay its short-term liabilities.

As set out in the section headed "Information of the Disposal Group" above, the Disposal Group must commence work under the Development Instruction as regards part of the MSV Land Parcel in early 2022. Considering (a) the limited time prescribed to commence work under the Development Instruction, no potential purchaser could be identified under such time constraint, (b) the significant amount of capital required for development of the MSV Land Parcel, as well as (c) the imminent need of the Group to repay its existing borrowings, the Disposal would (i) provide an exit for the Group to realise its investment in the Disposal Group; (ii) enable the Group to capture a gain on the Disposal amid the current stringent regulatory environment of the PRC property market in general; and (iii) provide financial flexibility to the Group, enhance the liquidity and improve its gearing ratio so as to allow the Group to reallocate its resources and invest in other business with higher revenue-generating potential when suitable opportunities arise. The Directors (other than the independent non-executive Directors whose view will be included in the circular of the Company to be published in relation to the Disposal after being advised by the Independent Financial Adviser) consider the Disposal was entered into in the ordinary and usual course of business of the Group and the terms of the Disposal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Independent Shareholders as a whole.

After deducting the estimated professional fees arising from the Disposal, it is expected that the net proceeds from the Disposal will amount to approximately HK\$281,000,000, which will be applied as to (i) approximately HK\$277,200,000 for repayment of loan borrowed by the Group and the accrued interest; and (ii) approximately HK\$3,800,000 for general working capital of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

As at the date of this announcement, the Disposal Company is a wholly-owned subsidiary of the Company. Upon Completion, the Group will cease to own any interest in the Disposal Group and the financial results, assets and liabilities of the Disposal Group will no longer be included in the consolidated financial statements of the Group.

The gain on Disposal (before taxation) is calculated to be approximately HK\$219.6 million, which is derived from (i) the difference between (a) the Consideration of HK\$282.0 million and (b) the unaudited net asset value of the Disposal Group attributable to the Group as at 30 June 2021 of approximately HK\$104.6 million, which is the financial information of the

Disposal Group available for the time being; (ii) the estimated gain on waiver of the Company Loan of HK\$43.1 million; and (iii) the estimated expenses arising from the Disposal of approximately HK\$1 million.

Shareholders should note that the actual amount of gain from the Disposal to be recognised in the consolidated financial statements of the Group depends on, among other things, the consolidated net asset value of the Disposal Group at Completion, and is subject to audit to be performed by the auditors of the Company in the annual audit of the Group's financial statements for the year ending 31 December 2021.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 25% but all applicable percentage ratios are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Guarantor is an executive Director, the chairman of the Company and a controlling Shareholder, and the entire issued share capital of the Purchaser is indirectly wholly-owned by the Guarantor. Accordingly, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. The Disposal therefore also constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Guarantor is considered to have a material interest in the Disposal Agreement, he has abstained from voting at the Board meeting approving the Disposal. Save as disclosed above, no other Director has a material interest in the Disposal, and therefore no other Director is required to abstain from voting on the Board resolution in relation to the Disposal.

EGM

The EGM will be convened to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder by way of poll. The Guarantor, an executive Director and the chairman of the Company, is interested in 3,098,635,152 Shares, representing approximately 44.61% of the issued share capital of the Company as at the date of this announcement. The Purchaser is indirectly wholly-owned by the Guarantor. Thus, the Purchaser, the Guarantor and their respective associates shall abstain from voting at the EGM.

An Independent Board Committee has been established to provide recommendations to the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder. Lego Corporate Finance has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (i) further details of the Disposal; (ii) a valuation report of the Properties as prepared by an independent valuer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 December 2021 as additional time is required for preparing the relevant information for inclusion therein.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BP Limited”	Bright Profit Investments Limited, a company established in the BVI and is an indirect non wholly-owned subsidiary of the Company
“Business Day(s)”	a day (other than a Saturday or any day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong and for general banking business
“BVI”	the British Virgin Islands
“Company”	TFG International Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares
“Completion Date”	the date on which Completion takes place, being the 30th day after conditions (i) and (ii) set out in the paragraph headed “Conditions precedent” of this announcement have been fulfilled (or any other date as the Company and the Purchaser may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sale Shares in the amount of HK\$282,000,000 pursuant to the terms and conditions of the Disposal Agreement
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 5 November 2021 entered into among the Company, the Purchaser and the Guarantor in relation to the Disposal
“Disposal Company”	Ceneric Properties Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Disposal Group”	collectively, the Disposal Company, WF Limited, JP Limited, BP Limited and the PRC Companies
“EGM”	the extraordinary general meeting of the Company to be convened to be held to approve, among other things, the Disposal Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Guarantor”	Yang Lijun, the executive Director, chairman of the Company and the controlling Shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors established to provide recommendation to the Independent Shareholders in relation to the Disposal Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than the Purchaser, the Guarantor and their respective associates
“JP Limited”	Jubilation Properties Limited, a company established in the BVI and is an indirect non wholly-owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2022 (or such other date as may be agreed by the Company and the Purchaser in writing)
“Morning Star Plaza”	a mixed commercial and residential development located on the northwestern side of Qigang Road in Gangkou Town, Zhongshan City, the PRC which is operated by MS Plaza Limited
“Morning Star Villa”	a large-scale residential development with ancillary commercial and recreational facilities located on the western side of Xingchen Road in Gangkou Town, Zhongshan City, the PRC which is operated by MS Villa Limited and MS Clubhouse Limited
“MS Clubhouse Limited”	中山市星晨花園會所有限公司 (Zhongshan Morning Star Villa Club Co., Ltd*), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“MS Plaza Limited”	中山星晨廣場房地產發展有限公司 (Zhongshan Morning Star Plaza Housing and Real Estate Development Limited*), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“MS Villa Limited”	中山星晨花園房地產發展有限公司 (Zhongshan Morning Star Villa Housing and Real Estate Development Limited*), a company established in the PRC and an indirect non wholly-owned subsidiary of the Company
“MSP Land Parcel”	the remaining portions of two parcels of land located at Hou Shan Cun Min Wei Yuan Hui, Xi Qu, Gangkou Town, Zhongshan City, Guangdong Province, the PRC with the total site area of approximately 7,343.08 sq. m.
“MSV Land Parcel”	the remaining portions of seven parcels of land located at Xi Jie She Qu Ju Min Wei Yuan Hui Nan Jiu Pian, Gangkou Town, Zhongshan City, Guangdong province, the PRC with the total land area of approximately 151,674.59 sq. m.
“Phase II Clubhouse”	the unsold portion of a building, being the clubhouse of phase II of Morning Star Villa located at Gangkou Town, Zhongshan City, Guangdong Province, the PRC with the total gross floor area of approximately 5,938 sq. m.

“Phase VI Clubhouse”	the building being erected as a clubhouse on the site of phase VI of Morning Star Villa located at Gangkou Town, Zhongshan City, Guangdong Province, the PRC with the total gross floor area of approximately 944.3 sq. m.
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Companies”	collectively, MS Clubhouse Limited, MS Plaza Limited and MS Villa Limited
“Properties”	the Phase II Clubhouse, Phase VI Clubhouse, MSV Land Parcel, MSP Land Parcel, Unsold Mixed Units and Unsold Commercial Units
“Purchaser”	Grand Fullwell Investment Holding Limited (泰景投資控股有限公司), a company incorporated in the BVI and is indirectly wholly-owned by the Guarantor
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	an aggregate of 2 shares, representing the entire issued share capital of the Disposal Company
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unsold Commercial Units”	an aggregate of 23 unsold shop units of Morning Star Plaza with the total gross floor area of approximately 1,296.56 sq. m.
“Unsold Mixed Units”	an aggregate of 172 unsold mixed units/items of Morning Star Plaza comprises one residential unit, two shop units, 43 bicycle rooms and 126 motor cycle parking spaces with the total gross floor area of approximately 1,164.51 sq. m.
“WF Limited”	World Finder Limited, a company established in the BVI and is a wholly-owned subsidiary of the Company
“%”	per cent

“m” metre
“sq. m.” square metre

By order of the Board
TFG International Group Limited
YANG Lijun
Chairman

Hong Kong, 5 November 2021

As at the date of this announcement, the Board comprises Mr. YANG Lijun (Chairman) and Mr. GAO Jingyao, being the executive Directors; Mr. WONG Kui Shing, Danny, being the non-executive Director; and Ms. CHAN Hoi Ling, Ms. SO Wai Lam and Mr. SUNG Yat Chun, being the independent non-executive Directors.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.2007. Such exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts in HK\$ and RMB have been, could have been or may be converted at such rate or any other exchange rate.

* *For identification purpose only*