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CINESE INTERNATIONAL GROUP HOLDINGS LIMITED

富盈環球集團控股有限公司

(incorporated in Ontario, Canada and continued in the Cayman Islands with limited liability)

(Stock Code: 1620)

DISCLOSEABLE TRANSACTION DISPOSAL OF 50% INTEREST IN THE JV COMPANY

THE DISPOSAL

On 4 August 2022 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 50% of the entire issued share capital of the JV Company as at the date of this announcement, for consideration of approximately HK\$9.23 million.

As at the date of this announcement, the JV Company is owned as to 50% and 50% by the Vendor and WWPKG Management, respectively. The JV Company is an investment holding company which, through its subsidiary, invests in tourism and travel technology related businesses.

The Completion took place simultaneously upon the signing of the Sale and Purchase Agreement on 4 August 2022. The Group has ceased to hold any interest in the JV Company and the JV Company has ceased to be accounted as a joint venture of the Company upon Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as below:

Date

4 August 2022 (after trading hours)

Parties

- (i) Purchaser : Ms. Chan Suk Hang Stella; and
- (ii) Vendor : CTEH Ventures, a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons under the Listing Rules.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 50% of the entire issued share capital of the JV Company as at the date of this announcement.

Consideration

The consideration for the Disposal is approximately HK\$9.23 million, which shall be fully paid by the Purchaser to the Vendor in cash at Completion in accordance with the Sale and Purchase Agreement.

The consideration for the Disposal was determined after arm's length negotiations between the parties with reference to, among others, (i) the unaudited consolidated net asset value of the JV Group as at 31 March 2022 of approximately HK\$18.2 million; (ii) the reasons for and benefits of the Disposal as set out below; and (iii) the financial performance of the JV Group.

Completion

Pursuant to the terms of the Sale and Purchase Agreement, Completion shall take place immediately after the signing of the Sale and Purchase Agreement.

INFORMATION OF THE JV COMPANY

The JV Company was incorporated in the British Virgin Islands with limited liability on 28 September 2018. It is a joint venture of the Company and its entire issued share capital is owned as to 50% by CTEH Ventures (a wholly-owned subsidiary of the Company) and 50% by WWPKG Management (a wholly-owned subsidiary of WWPKG) as at the date of this announcement. The JV Company is an investment holding company which, through its subsidiary, invests in tourism and travel technology related businesses.

As at the date of this announcement, the JV Company has a wholly-owned subsidiary, namely, Triplabs Limited. It is a company incorporated in Hong Kong on 11 October 2018 with limited liability and principally engaged in investments in tourism and travel technology related businesses.

Set out below is the unaudited consolidated financial information of the JV Group for the twelve months ended 31 December 2020 and 2021, respectively:

	Twelve months ended	
	31 December	
	2020	2021
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	—	—
Net loss before and after taxation	(1,022)	(2,562)

Based on the unaudited management accounts of the JV Group, the unaudited consolidated net asset value of the JV Group as at 31 March 2022 was approximately HK\$18.2 million.

INFORMATION ON THE PARTIES INVOLVED

The Purchaser

The Purchaser is Ms. Chan Suk Hang Stella.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons under the Listing Rules.

The Vendor

The Vendor, CTEH Ventures, is an investment holding company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

The Group

The Company is an investment holding company, incorporated in Ontario, Canada and continued in the Cayman Islands with limited liability. The principal businesses of the Group include (i) air ticket distribution in which it distributes air tickets to travel agents and travelers and issue air tickets directly on behalf of contracted airlines; (ii) travel business process management in which it provides mid-office and back-office support services to travel agents; (iii) other business process management in which it provides certain translation and agent services on behalf of a healthcare company; and (iv) travel products and services in which it designs, develops and sells package tours, as well as other travel products and services to travel agents and travelers.

REASONS FOR AND BENEFITS OF THE DISPOSAL

On 25 October 2018, CTEH Ventures and WWPKG Management entered into a joint venture agreement in relation to the subscription of shares of the JV Company. Through operating the JV Group, the management of the Company had expected to expand the scope of business of the Group to tourism and travel technology and other business closely related thereto. The JV Group has invested in startup companies that engaged in tourism and travel technology related businesses including (i) travel metasearch engines for flight tickets; (ii) data-centric advertising solutions; (iii) vacation photography booking platform; (iv) property standardisation and management system for budget and midscale hotels and guest houses; and (v) artificial intelligence powered influencer marketing program. Due to the ongoing COVID-19 pandemic which continued to adversely impact the travelling industry as well as the related businesses in which the JV Group has invested, the JV Group has recorded a net loss before and after taxation of approximately HK\$1.0 million and HK\$2.6 million for the twelve months ended 31 December 2020 and 2021, respectively. The management of the Company are of the view that these investments

are still at an early stage and the return on the investments would not be materialised in the short run. On the other hand, the Directors consider that the Disposal allows the Company to realise cash for its general working capital and focus its efforts for its future developments, including seeking potential business cooperation with prospective partner(s) to achieve business expansion in relation to travel business in the Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區).

As the terms of the Sale and Purchase Agreement are determined after arm's length negotiations and the Disposal is on normal commercial terms, the Directors are of the view that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, it is expected that the Group will realise a gain on Disposal of approximately HK\$0.15 million, which is calculated with reference to the consideration of the Disposal of approximately HK\$9.23 million less the unaudited consolidated net asset value of the JV Group as at 31 March 2022 attributable to the Vendor of approximately HK\$9.08 million.

The Directors expect that, after deducting the related expenses of approximately HK\$0.13 million, the net proceeds arising from the Disposal is estimated to be approximately HK\$9.1 million. The Company intends to apply the net proceeds for its general working capital.

Shareholders and potential investors of the Company should note that the above figures are for illustrative purpose only. The actual gain or loss to be recognised shall be determined following the Completion and subject to accounting adjustment and audit by the auditors of the Company.

The Completion took place simultaneously upon the signing of the Sale and Purchase Agreement on 4 August 2022. The Group has ceased to hold any interest in the JV Company and the JV Company has ceased to be accounted as a joint venture of the Company upon Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Cinese International Group Holdings Limited, a company incorporated in Ontario, Canada and continued in the Cayman Islands as an exempted company with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1620)
“Completion”	completion of the Disposal pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CTEH Ventures” or “Vendor”	CTEH Ventures Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser under the Sale and Purchase Agreement
“GEM”	GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	Triplabs (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability on 28 September 2018. It is a joint venture and its entire issued share capital is owned as to 50% by CTEH Ventures and 50% by WWPKG Management as at the date of this announcement
“JV Group”	the JV Company and its subsidiary

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board maintained and operated by the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Ms. Chan Suk Hang Stella
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 August 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Shares”	the 100,000 shares of the JV Company (representing 50% of the entire issued share capital of the JV Company as at the date of this announcement) owned by the Vendor
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WWPKG”	WWPKG Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (Stock Code: 8069)
“WWPKG Management”	WWPKG Management Company Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of WWPKG
“%”	per cent

For and on behalf of
Cinese International Group Holdings Limited
富盈環球集團控股有限公司
Ms. Kou Chung Yin Mariana
Chairperson and executive Director

Hong Kong, 4 August 2022

As at the date of this announcement, the executive Directors are Mr. Liu Xue Bin and Ms. Kou Chung Yin Mariana; the non-executive Director is Mr. Liu Jiefeng; and the independent non-executive Directors are Mr. Fong Wai Bun Benny, Ms. Suen Yin Wah Chloe and Ms. Kwan Ka Yee.