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CHRISTINE INTERNATIONAL HOLDINGS LIMITED

克莉絲汀國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1210)

MAJOR TRANSACTION SPECIFIC MANDATE FOR PROPOSED DISPOSAL OF A PROPERTY

THE SPECIFIC DISPOSAL MANDATE

The Company proposes to seek approval for the Specific Disposal Mandate from the Shareholders at the EGM in advance to allow Shanghai Christine (the Company's indirect wholly-owned subsidiary which is owner of Property) to enter into a Formal Sale and Purchase Agreement with the Purchasers (independent third party) to sell the Property for a consideration of RMB80,000,000.

THE LISTING RULES IMPLICATIONS

As one of the applicable percentages (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal at a consideration of RMB80,000,000 is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Specific Disposal Mandate. A circular containing, among others, (i) further details of the Specific Disposal Mandate and the Disposal; (ii) other information as required under the Listing Rules; and (iii) notice of the EGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 30 September 2020 since more time is required to prepare the information for the circular.

INTRODUCTION

On 22 June 2020, the handling officers of the Company, prior to obtaining the Board approval, agreed on a sale and purchase agreement (the “**Initial Agreement**”) which contained essential terms such as pricing with the Purchasers for disposal of the Property for a consideration of RMB80,000,000. On the date of this announcement, the Board approved the Disposal of the Property at a consideration of RMB80,000,000 and propose to seek shareholders approval for entering into the Formal Sale and Purchase Agreement.

To the Directors’ knowledge and belief and based on the PRC legal advice, the Initial Agreement is unlikely to be legally binding upon the Company or Shanghai Christine and the Purchasers, and under PRC laws, a Formal Sale and Purchase Agreement between Purchasers and Shanghai Christine is mandatorily required for completing the transfer of the Property. The Formal Sale and Purchase Agreement has not been executed as of present, and thus Shanghai Christine has remained as the registered owner of the Property.

However, as the Purchasers in the Initial Agreement had insisted that the Initial Agreement was of full legal effect and legally binding, and Shanghai Christine just received a court summons against it on 17 August 2020 to (i) enforce the sale and purchase of the Property; (ii) claim economic compensation and interest for delay in completion of the sale and purchase of the Property; and (iii) costs incurred as a result of the legal actions, the Company considered that it is not practicable for the Purchasers to agree to enter into the Formal Sale and Purchase Agreement setting out a condition precedent that the Disposal shall be conditional upon the obtaining of the Shareholders’ approval at the EGM. It also came to the Company’s attention that the Purchasers had obtained a litigation preservation order on the Property.

As such, the Company would like to proceed with the Disposal on the basis of the Specific Disposal Mandate.

Upon obtaining the Specific Disposal Mandate, Shanghai Christine (the Company’s wholly-owned subsidiary which is the owner of the Property) shall enter into the Formal Sale and Purchase Agreement to effectuate the Disposal. As at the date of this announcement, the Purchasers have paid RMB80,000,000 to the Group which held such amount as deposit.

For avoidance of doubt, the Board, after taking into account the PRC legal advice and the legal action taken by the Purchasers, is of the view that:

- (1) the Initial Agreement is not legally binding and therefore shareholders’ approval is required for Shanghai Christine to enter into a Formal Sale and Purchase Agreement for the Disposal and complete the Disposal of the Property.

- (2) If the Shareholders' approval is obtained, then given that the Consideration of RMB80,000,000 is fair and reasonable, and the Group's financial need, Shanghai Christine shall complete the sale and purchase of the Property.
- (3) If the Shareholders' approval is not obtained, then the Company will return the deposit of RMB80,000,000 to the Purchasers and Shanghai Christine will defend the current claim and/or any further claim brought by the Purchasers.

THE SPECIFIC DISPOSAL MANDATE

The principal terms of the Specific Disposal Mandate are set out below:

- Mandate Period : The Specific Disposal Mandate is for a period of six months from the date of passing of the relevant ordinary resolution at the EGM.
- Scope of Authority : Legal representative (法定代表人) of Shanghai Christine be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Disposal, including but not limited to the entering into of the Formal Sale and Purchase Agreement subject to the terms of the Specific Disposal Mandate.
- Purchaser(s) : the Purchasers (being WANG Baoqing (王寶慶) and SHANGGUAN Jinyuan (上官瑾沅))
- To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchasers are third parties independent of and not connected with the Company and its connected persons.
- Property to be disposed of : The Property situated at No. 13, 15 Chao Ku Street, Qin Huai District, Nanjing City, Jiangsu Province, PRC (中國南京市秦淮區鈔庫街13、15號), being a piece of land with 5-storey building, currently occupied by the Group as its commercial office. The land area is approximately 978 square meters with total gross area of approximately 2,301 square meters. The land usage period is until 5 July 2035.
- Consideration : RMB80,000,000
- Based on the Property Valuer's preliminary draft property report, the valuation of the Properties as of 30 June 2020 is RMB69,500,000.

The Consideration of RMB80,000,000 was determined after arm's length negotiation with reference to the recent transactions of similar types of properties in the market.

Proposed Terms of Payment : Full amount of Consideration shall be paid to the Vendor upon Completion.

As at the date of this announcement, Shanghai Christine has already received RMB80,000,000 from the Purchasers which Shanghai Christine held as deposit for the sale and purchase of the Property.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Assuming that the Formal Sale and Purchase Agreement is entered into based on the terms as stated above, the net proceeds arising from the Disposal will be RMB78,400,000 (after deducting tax and other expenses such as commission payable to the real estate agent who introduced the Purchasers in relation to the Disposal), which will be used as general working capital of the Group.

Based on, inter alia, the Consideration, the unaudited carrying value of the Properties being approximately RMB66,963,000 as at 30 June 2020, and the related expenses for the Disposal, the Group currently expects to record a gain on disposal of approximately RMB11,000,000 upon Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property is currently occupied by the Group as its commercial office. The Group acquired the Property at the consideration of RMB66,963,000 (inclusive of tax and other expenses on acquiring it) in December 2012. The unaudited carrying value of the Property was RMB66,963,000 as at 30 June 2020.

As disclosed on page 84 of the 2019 annual report of the Company (which was published on 28 May 2020), the consolidated financial statements of the Company for the year ended 31 December 2019 was prepared on a going concern basis, the validity of which was dependent on the outcomes of these measures, which were subject to significant uncertainties, including, among others, whether the Group is able to dispose of its land use right and buildings located in Nanjing, i.e. the Property. The Board is implementing measures to remove the audit modifications on the financial statements of the Company for the year ended 31 December 2019 in the forthcoming auditors' reports for the year ending 31 December 2020, one of which would involve the Group to implement the sale of the Property to generate cashflow for the year ending 31 December 2020.

The Directors believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will improve the financial position, improve the cashflow and increase the general working capital of the Group.

After considering (1) the Group's need for working capital and also the need to remove audit modifications in the auditors' report for the year ended 31 December 2019, and (2) the Consideration of RMB80 million represents a premium over the Group's initial acquisition price as well as the market value based on the preliminary draft valuation provided by the Property Valuer, the Directors, including the independent non-executive Directors, consider that the proposed terms of the Sale and Purchase Agreement under the Specific Disposal Mandate are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE PURCHASERS

The Company is an investment holding company, and the Group is a leading bakery chain operator in the PRC, principally engaged in the operation of retail chain selling bakery products.

To the knowledge of the Directors, the Purchasers are residents of the PRC which are independent third parties.

THE LISTING RULES IMPLICATIONS

As one of the applicable percentages (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal at a consideration of RMB80,000,000 is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules;
“Board”	the board of the Director(s);
“Company”	Christine International Holdings Limited, which is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with the stock code of 1210;

“Completion”	completion of the Disposal;
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules;
“Consideration”	the consideration of RMB80,000,000 for the Disposal under the Specific Disposal Mandate;
“controlling shareholder”	has the meaning as ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the proposed sale of the Property;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Specific Disposal Mandate and the transactions contemplated thereunder;
“Formal Sale and Purchase Agreement”	the formal agreement for sale and purchase of the Property to be entered into between the Vendor and the Purchasers upon obtaining the Specific Disposal Mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“independent third party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules;
“Initial Agreement”	the agreement for sale and purchase of the Property between the Company and the Purchasers which was dated by the Purchaser as of 22 June 2020;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mandate Period”	six-month period starting from the date on which the ordinary resolution in relation to the Specific Disposal Mandate is duly passed by the Shareholders at the EGM;
“Property”	the property located at the commercial land located at Nos. 13 and 15, Chao Ku Street, Qinghuai District, Nanjing, the PRC* (中國南京市秦淮區鈔庫街13、15號) with land area is approximately 978 square meters with total gross area of approximately 2,301 square meters;

* For identification purpose only

“Property Valuer”	Ravia Global Appraisal Advisory Limited;
“PRC”	the People’s Republic of China;
“Purchaser(s)”	WANG Baoqing (王寶慶) and SHANGGUAN Jinyuan (上官瑾沅);
“Shanghai Christine” or “Vendor”	Shanghai Christine Foodstuff Co., Ltd., an indirectly wholly-owned subsidiary of the Company;
“Share(s)”	the ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s); and
“Specific Disposal Mandate”	the specific disposal mandate sought as stated in this announcement, details of which are set out in the section headed “THE SPECIFIC DISPOSAL MANDATE” in this announcement.

By Order of the Board
Christine International Holdings Limited
Chun Bin Xu
Chairman

Shanghai, the PRC, 21 August 2020

As at the date of this announcement, the executive Directors are Mr. Chun Bin Xu (Chairman), Mr. Yong Ning Zhu, Mr. Ming-Tien Lin, Mr. I-Sheng Chan and Mr. Chien-Li Tseng; the non-executive Directors are Mr. Dun-Ching Hung, Mr. Chi-Ming Chou; and the independent non-executive Directors are Dr. Yong Jun Tang, Mr. Hang Sheng Ye, Ms. Hong Xue and Ms. Xiao Yan Xu.