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TSIT WING INTERNATIONAL HOLDINGS LIMITED

捷榮國際控股有限公司*

(Incorporated under the laws of Bermuda with limited liability)

(Stock Code: 2119)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 60% EQUITY INTEREST IN A SUBSIDIARY

THE SPA

On 23 September 2019 (after trading hours), the Vendor, entered into the SPA with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, representing the 60% of the share capital of the Target Company, at the Consideration of HK$27,840,000 payable by the Purchaser in accordance with the terms and conditions of the SPA.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the total issued share capital of the Target Company is owned as to 60% by the Vendor and as to 20% by the Purchaser and 20% by Ms. Fan Yin Fun, who is the spouse of the Purchaser. Accordingly, the Purchaser is a substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person at the subsidiary level of the Company within the meaning of the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Board (including all the independent non-executive Directors) has approved the SPA and the Disposal with the confirmation of all the independent non-executive Directors that the terms of the SPA and the Disposal are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Disposal is therefore subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

THE SPA

Date

23 September 2019 (after trading hours)

Parties

(i) Vendor: Tsit Wing International Company Limited

(ii) Purchaser: Mr. Chu Sun Chi

As at the date of this announcement, the total issued share capital of the Target Company is owned as to 60% by the Vendor, 20% by the Purchaser and 20% by Ms. Fan Yin Fun, who is the spouse of the Purchaser. Accordingly, the Purchaser is a substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person at the subsidiary level of the Company within the meaning of the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Assets to be disposed

Pursuant to the SPA, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 60% of the issued share capital of the Target Company.

Consideration

The Consideration is HK$27,840,000, which shall be satisfied by the Purchaser by way of cashier order(s) or a cheque drawn by the Purchaser's solicitors in favour of the Vendor or any nominee as designated by the Vendor.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to, among others, the appraised value of the Target Company of HK$46,400,000 as at 31 July 2019 as assessed by an independent valuer.

Completion

Completion shall take place on the Completion Date.

Upon Completion, the Vendor shall cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

Conditions Precedent to the Disposal

Completion is not subject to any conditions precedent.

INFORMATION ON THE TARGET COMPANY

The principal activity of the Target Company is trading of frozen meat. As at the date of this announcement, the Target Company was owned as to 60% by the Vendor, 20% by the Purchaser and 20% by Ms. Fan Yin Fun.

Set out below is the financial information of the Target Company as extracted from its audited financial statements for the two financial years ended 31 December 2017 and 2018:

	For the year ended 31 December	
	2017	**2018**
	(HK$'000)	*(HK$'000)*
Net profit before taxation	8,808	7,066
Net profit after taxation	7,367	5,945

The net assets of the Target Company as at 31 December 2018 according to its audited financial statement was approximately HK$42,598,000.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

For illustration purposes, based on the carrying value of the Target Company as at 31 December 2018, it is estimated that the Group will record a loss of approximately HK$14,334,000 (before tax), which represents the loss of goodwill associated with the business of the Target Company, from the Disposal after deducting the expenses attributable thereto. Shareholders should note that the actual amount of the loss on the Disposal to be recognised in the consolidated financial statements of the Company depends on the carrying value of the Target Company as at the Completion Date and therefore may be different from the amount mentioned above.

Upon Completion, the Vendor will cease to hold any equity interest of the Target Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

The Board intends to apply the proceeds from the Disposal for general working capital purposes.

REASONS FOR AND BENEFITS OF THE DISPOSAL

To align with the Group's overall business strategy as an integrated beverages and foods service provider, it is the Group's intention to develop the frozen meat business in the B2B market in the hope that it can leverage on the Group's exiting B2B sales network and create a synergy with the Group's beverage products; whereas the Target Company is focusing on the meat wholesale market where the customers are mainly wholesalers.

The Disposal will provide an opportunity to the Group to realise its investment so that it can deploy more capital and time on other business opportunities that fit its business plan. For instance, the Group is in the process of setting up a simple meat processing line and it aims to sell tailor-made food products to its B2B customers under its own branding.

Having considered the reasons for and benefits of the Disposal as mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the SPA are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is an investment holding company and operates its business as an integrated business-to-business coffee and black tea solutions provider in Hong Kong, Macau and the Mainland China with an established food products business through its subsidiaries. The Vendor is a company incorporated under the laws of the British Virgin Islands with limited liability and it is principally engaged in the business of investment holding.

The Purchaser is an individual and he, together with his spouse, hold 40% shareholding interest in the Target Company. The Purchaser is also a director of the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the total issued share capital of the Target Company is owned as to 60% by the Vendor, to 20% by the Purchaser and 20% by Ms. Fan Yin Fun, who is the spouse of the Purchaser. Accordingly, the Purchaser is a substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person at the subsidiary level of the Company within the meaning of the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Disposal.

The Board (including all the independent non-executive Directors) has approved the SPA and the Disposal with the confirmation of all the independent non-executive Directors that the terms of the SPA and the Disposal are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. The Disposal is therefore subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"B2B"	business to business
"Board"	the board of Directors
"Company"	Tsit Wing International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
"Completion"	the completion of the Disposal
"Completion Date"	30 November 2019 or such other date as the Vendor and the Purchaser may agree in writing
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration of HK$27,840,000 payable by the Purchaser to the Vendor for the Disposal under the SPA
"Director(s)"	director(s) of the Company

"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the SPA
"Group"	the Company and its subsidiaries
"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
"Purchaser"	Mr. Chu Sun Chi
"Sale Shares"	6,000 issued and fully-paid ordinary shares in the share capital of the Target Company, representing 60% of the issued share capital of the Target Company
"Shareholder(s)"	holder(s) of Share(s)
"SPA"	the sale and purchase agreement dated 23 September 2019 entered into by the Vendor and the Purchaser in relation to the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Whole Sun Limited, a company incorporated in Hong Kong with limited liability, which is owned 60% by the Vendor as at the date of this announcement
"Vendor"	Tsit Wing International Company Limited, a company incorporated in British Virgin Islands with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
Tsit Wing International Holdings Limited
Mr. Wong Tat Tong
Chairman and Executive Director

Hong Kong, 23 September 2019

As at the date of this announcement, the Board comprises six Directors. The executive Directors are Mr. Wong Tat Tong, Mr. Wu Kam On Keith and Ms. Fan Yee Man. The independent non-executive Directors are Mr. Tang Kwai Chang, Mr. Chow Alexander Yue Nong and Mr. Wong Man Fai.