

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

China Cultural Tourism and Agriculture Group Limited

中國文旅農業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

DISCLOSEABLE TRANSACTION IN RELATION TO DEED OF SETTLEMENT

Reference is made to the announcements of the Company dated 15 June 2023, 5 July 2023 and 24 July 2023 in relation to the Acquisition.

On 16 December 2024 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Company entered into the Deed of Settlement for settlement of the indebtedness as agreed in the Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Share Repurchase under the Deed of Settlement exceeds 5% but all of the applicable percentage ratios are less than 25%, the Share Repurchase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Share Repurchase is subject to the fulfilment of the conditions precedent in the Deed of Settlement, the Share Repurchase may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

Reference is made to the announcements of the Company dated 15 June 2023, 5 July 2023 and 24 July 2023 in relation to the Acquisition (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the meaning as those defined in the Announcements.

On 16 December 2024 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company), the Vendor and the Company entered into the Deed of Settlement for settlement of the indebtedness as agreed in the Agreement.

THE DEED OF SETTLEMENT

The principal terms of the Deed of Settlement are summarised below:

Date

16 December 2024

Parties

- (a) Vendor: High Summit Global Limited
- (b) Purchaser: TFG Cultural Tourism Group Limited
- (c) The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Settlement of indebtedness

As at the date of the Agreement, Jiangmen Quanlin, a member of the Target Group, was indebted to Zhuhai Tiandi, an Independent Third Party, for an amount of RMB180,228,843 (the "**JQ Debt**").

As disclosed in the announcement of the Company dated 5 July 2023, Zhuhai Tiandi previously advanced an amount of RMB180,228,843 to Jiangmen Quanlin, which was in turn advanced to Taishan Nanfang, a member of the Target Group, for project development. RMB44,552,993, being an amount not applied by Taishan Nanfang in the development, had been directly repaid to Zhuhai Tiandi, the ultimate lender, instead of Jiangmen Quanlin, the intermediate lender. To pursue the sale and purchase of the Target Group, the Parties had agreed to rectify the above lending arrangements, pursuant to which, in principle (i) Zhuhai Tiandi shall repay the amount of RMB44,552,993 (the "**ZT Debt**") to Taishan Nanfang; and (ii) Taishan Nanfang shall apply the same amount for Jiangmen Quanlin's partial settlement of the JQ Debt.

As disclosed in the announcement of the Company dated 15 June 2023, pursuant to the Agreement, the Purchaser had agreed to settle the JQ Debt, of which RMB13,675,850 shall be repaid within seven (7) Business Days from the date of the Agreement and RMB166,552,993 shall be repaid within twelve (12) months from the date of the Agreement. It was further agreed that, at the time the Purchaser is to repay the aforementioned RMB166,552,993 to Zhuhai Tiandi, the Vendor must ensure that Zhuhai Tiandi settles the ZT Debt, to achieve the rectification as disclosed above. In substance, settlement of the JQ Debt by the Purchaser and settlement of the ZT Debt by Zhuhai Tiandi shall take place concurrently, which would be achieved by offsetting the ZT Debt against the JQ Debt.

As at the date of this announcement, Zhuhai Tiandi has already fully repaid and settled the ZT Debt, but the Purchaser has only settled RMB44,552,993 out of the total JQ Debt, leaving a remaining outstanding liability of RMB135,675,850 to be settled (the "**Outstanding Payables**").

Repurchase of shares of the Target Company

As the Purchaser has continuously failed to settle the Outstanding Payables, the Vendor and the Purchaser have agreed to settle the relevant indebtedness by entering into the Deed of Settlement. Pursuant to the Deed of Settlement:

- (i) the Vendor shall repurchase 41 ordinary shares of the Target Company (representing 41% of the issued share capital of the Target Company) from the Purchaser (the Share Repurchase);
- (ii) the consideration for the Share Repurchase shall be satisfied by the waiver and release by the Vendor of the Purchaser's obligation to settle RMB125,050,000 of the Outstanding Payables (the "**Set-off Payables**");
- (iii) the Vendor shall be responsible for settling the Set-off Payables;
- (iv) the Purchaser shall be responsible for settling RMB10,625,850, representing the difference between the Outstanding Payables and the Set-off Payables, within two months from the completion of the Share Repurchase;
- (v) after completion of the Share Repurchase, the Vendor shall not have the right to hold the Purchaser and/or the Company liable for any breach of contract due to the Purchaser's failure to settle the Outstanding Payables except for the liability for breach of the Deed of Settlement as stipulated therein; and
- (vi) if the Purchaser fails to make the payment as stipulated in paragraph (iv), including refusing to perform or delaying performance, it shall constitute a breach of contract, and the Purchaser shall pay the Vendor a liquidated damages of RMB1,000,000 for such breach.

The consideration for the Share Repurchase was recognised as the value of RMB125,050,000, equivalent to the amount of the Set-off Payables. It was determined after arm's length negotiation between the Vendor and the Purchaser, taking into account:

- (i) 41% of the implied valuation of the Target Company's shares under the Acquisition of RMB305,000,000, being the sum of (a) the total consideration of RMB169,324,150 paid by the Purchaser and (b) the net indebtedness owed to Zhuhai Tiandi by the Target Group in the amount of RMB135,675,850 which shall be settled by the Purchaser under the Agreement; and
- (ii) the benefits of the Share Repurchase that will be brought about to the Group as set out in the paragraph headed "Reasons for and benefits of the Deed of Settlement" below in this announcement.

Completion of the Share Repurchase is subject to the fulfillment of the following conditions precedent:

- (i) the Vendor has completed the settlement of the Set-off Payables; and
- (ii) the Company has made this announcement and, where necessary, obtain the Shareholders' approval pursuant to the requirements of the Listing Rules.

Upon completion, the Target Company will be owned as to 59% by the Purchaser and 41% by the Vendor, and it will remain as an indirect subsidiary of the Company.

INFORMATION ON THE TARGET GROUP

Corporate information

Target Company

The Target Company is a limited liability company established in the BVI on 20 December 2016. It is principally engaged in investment holding. As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company.

Subsidiaries of the Target Company

Name of company	Place of incorporation	Date of incorporation	Shareholder (% of shareholding)	Principal business
China Cultural Tourism Group (Overseas) Limited (中國文旅集團(海外)有限公司) (formerly known as Pacific East (H.K.) Limited (利東(香港)有限公司))	Hong Kong	5 December 2016	Target Company (100%)	Investment holding
Zhuhai Hengqin Lidong Tourism Development Co., Ltd.* (珠海橫琴利東旅遊發展有限公司)	PRC	4 April 2018	China Cultural Tourism Group (Overseas) Limited (中國文旅集團(海外)有限公司) (100%)	Tourism management services
Jiangmen Quanlin Outdoor Sports Development Co., Ltd.* (江門市泉林戶外運動發展有限公司)	PRC	30 March 2016	Zhuhai Hengqin Lidong Tourism Development Co., Ltd.* (珠海橫琴利東旅遊發展有限公司) (100%)	Outdoor sports clothing, camping equipment; rental and services of outdoor activity venues

Name of company	Place of incorporation	Date of incorporation	Shareholder (% of shareholding)	Principal business
Taishan Nanfang Property Investment and Development Co., Ltd.* (台山市南方房地產投資開發有限公司)	PRC	9 November 2004	Jiangmen Quanlin Outdoor Sports Development Co., Ltd.* (江門市泉林戶外運動發展有限公司) (100%)	Property investment

Financial information

Based on the unaudited consolidated financial statements of the Target Group, the financial information of the Target Group for the two years ended 31 December 2023 and the six months ended 30 June 2024 are set out as follows:

	For the six months ended 30 June 2024 <i>RMB'000</i> (unaudited)	For the year ended 31 December 2023 <i>RMB'000</i> (unaudited)	For the year ended 31 December 2022 <i>RMB'000</i> (unaudited)
Revenue	Nil	Nil	Nil
Loss before taxation	502	6,153	1,489
Loss after taxation	502	6,153	1,489

As at 30 June 2024, based on the unaudited consolidated financial statements of the Target Group, the Target Group had unaudited consolidated total assets and net liabilities of approximately RMB37,841,000 and RMB104,819,000, approximately.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the BVI with limited liability. It is principally engaged in investment holding. As at the date of this announcement, the Vendor is wholly owned by Chen Kai Jun (陳凱君), who is an individual investor.

INFORMATION ON THE PURCHASER, THE COMPANY AND THE GROUP

The Purchaser is a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of the Company and is engaged in investment holding.

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in property development and hotel business in the PRC.

FINANCIAL IMPACT OF THE SHARE REPURCHASE

Given the structure of the transaction as disclosed above, the Group is not expected to receive any proceeds from the Share Repurchase. Subject to audit, the Group is not expected to record any gain or loss in connection with the Share Repurchase. Shareholders and potential investors should note that the above are for illustrative purposes only.

REASONS FOR AND BENEFITS OF THE DEED OF SETTLEMENT

By entering into the Deed of Settlement, the Group will be released from the obligation of settling the Set-off Payables and the Group will no longer be held liable for its failure to settle the Set-off Payables, thereby relieving the financial burden on the Group during the prevailing uncertain economic conditions. The Group will continue to maintain its controlling interest in the Taishan Beidouwan Project for the development of a leisure and wellness resort after completion of the Share Repurchase.

Based on the above, the Directors consider that the terms of the Deed of Settlement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Share Repurchase under the Deed of Settlement exceeds 5% but all of the applicable percentage ratios are less than 25%, the Share Repurchase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As completion of the Share Repurchase is subject to the fulfilment of the conditions precedent in the Deed of Settlement, the Share Repurchase may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital in the Target Company by the Purchaser
“Agreement”	the sale and purchase agreement entered into among the Purchaser, the Vendor and the Company on 15 June 2023 in relation to the Acquisition
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for general business during their normal business hours
“BVI”	the British Virgin Islands
“Company”	China Cultural Tourism and Agriculture Group Limited 中國文旅農業集團有限公司 (formerly known as TFG International Group Limited 富元國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deed of Settlement”	the deed of settlement entered into among the Purchaser, the Vendor and the Company on 16 December 2024
“Director(s)”	the director(s) of the Company
“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 People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons (having the meaning ascribed to it under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Parties”	collectively, the Purchaser, the Vendor and the Company, being the parties to the Agreement, and “Party” means any one of them
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	TFG Cultural Tourism Group Limited (富元文旅集團有限公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Repurchase”	the repurchase of 41 ordinary shares of the Target Company (representing 41% of the issued share capital of the Target Company) by the Vendor from the Purchaser pursuant to the Deed of Settlement
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Cultural Tourism Group Limited 中國文旅集團有限公司, an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“Vendor”	High Summit Global Limited (高峰環球有限公司), a company incorporated in the BVI with limited liability
“%”	per cent

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purpose only.*

By order of the Board
China Cultural Tourism and Agriculture Group Limited
YANG Lijun
Chairman

Hong Kong, 16 December 2024

As at the date of this announcement, the Board comprises Mr. YANG Lijun (Chairman), Mr. GAO Jingyao, and Mr. TAM Ka Wai being the executive Directors, Mr. WONG Yuk Lun, Alan being the non-executive Director; and Ms. CHAN Hoi Ling, Ms. CHAN Chu Hoi, and Ms. TSUI Wai Ting, Rosalie being the independent non-executive Directors.