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CONFIDENCE INTELLIGENCE HOLDINGS LIMITED

信 懇 智 能 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1967)

DISCLOSEABLE TRANSACTION – THE JV AGREEMENT

THE JV AGREEMENT

On 30 September 2020 (after trading hours), Shenzhen Confidence (an indirect wholly-owned subsidiary of the Company) and Mr. Chen entered into the JV Agreement, pursuant to which, subject to the terms and conditions of the JV Agreement, (i) Shenzhen Confidence and Mr. Chen agreed to form the JV Company which will be owned as to 70% and 30% by Shenzhen Confidence and Mr. Chen, respectively; and (ii) Shenzhen Confidence and Mr. Chen will contribute to the JV Company by way of cash contribution of RMB35 million and RMB15 million, respectively. The JV Company will become a subsidiary of the Group upon its formation.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the total commitment of Shenzhen Confidence to the JV Company under the JV Agreement is more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement, but is exempt from the circular and Shareholders' approval requirements, under the Listing Rules.

INTRODUCTION

On 30 September 2020 (after trading hours), Shenzhen Confidence (an indirect wholly-owned subsidiary of the Company) and Mr. Chen entered into the JV Agreement, pursuant to which, subject to the terms and conditions of the JV Agreement, (i) Shenzhen Confidence and Mr. Chen agreed to form the JV Company which will be owned as to 70% and 30% by Shenzhen Confidence and Mr. Chen, respectively; and (ii) Shenzhen Confidence and Mr. Chen will contribute to the JV Company by way of cash contribution of RMB35 million and RMB15 million, respectively. The JV Company will become a subsidiary of the Group upon its formation.

THE FORMATION OF THE JV COMPANY

The principal terms of the formation of the JV Company are set out as follows:

Date	:	30 September 2020
Parties	:	(1) Shenzhen Confidence; and (2) Mr. Chen.
Location of the JV Company	:	Chongqing, the PRC

Capital Commitments

The JV Company is a limited liability company to be established in the PRC and will have a registered capital of RMB50,000,000 (approximately HK\$56,825,000). Pursuant to the JV Agreement, Shenzhen Confidence and Mr. Chen agreed to make capital contributions respectively in cash to the registered capital of the JV Company as follows:

Party	Contribution amount (RMB)	Shareholding percentage (%)
Shenzhen Confidence	35,000,000 (approximately HK\$39,777,500)	70
Mr. Chen	15,000,000 (approximately HK\$17,047,500)	30

Shenzhen Confidence and Mr. Chen will inject 40% of the aggregate capital contribution to be respectively paid by them (i.e. RMB14,000,000 and RMB6,000,000) to the JV Company within 30 days after the establishment of the JV Company and inject the remaining 60% of the aggregate capital contribution to be respectively paid by them to the JV Company (i.e. RMB21,000,000 and RMB9,000,000) within 10 years after the establishment of the JV Company.

The amount of capital contribution was determined after arm's length negotiation between the parties to the JV Agreement with reference to the initial capital requirement of the JV Company and the capital contribution intention of the parties. The above capital investment of RMB35,000,000 by Shenzhen Confidence would be funded by internal resources of the Group.

Business scope of the JV Company

Upon establishment, it will be primarily engaged in the technology development, manufacturing and sales of mobile devices, electronic products and testing devices for electronic products.

Profit sharing of the JV Company

Shenzhen Confidence and Mr. Chen shall bear liabilities, share profit and bear the risks and loss of the JV Company in proportion to their respective capital contribution.

Management of the JV Company

The JV Company shall not have a board of directors but shall have one executive director. The executive director of the JV Company shall be appointed by shareholders' meeting.

Restrictions on transfer of shares in the JV Company

Transfer of shares in the JV Company shall be subject to pre-emption rights and majority consent of shareholders of the JV Company.

Term of business of the JV Company

The joint venture arrangement will start from the date of the JV Agreement to the date of termination with mutual consent of Shenzhen Confidence and Mr. Chen.

INFORMATION ON THE GROUP AND THE PARTIES TO THE JV AGREEMENT

The Group is principally engaged in the provision of comprehensive assembling and production services of printed circuit board assembly (“PCBA”) in the PRC that integrate research and design, selection and procurement of raw materials, assembling and production of PCBAs, quality control, testing, logistics and aftersales services.

Mr. Chen is a merchant who is principally engaged in the manufacturing and sales of car refrigerators, integrated circuits and communication devices in the PRC and has over 28 years of experience in the business of manufacturing communication devices and electronic products.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Chen is an Independent Third Party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

To complement the provision of comprehensive assembling and production services of PCBA as mentioned above, Shenzhen Confidence entered into the JV Agreement to engage in the business of technology development, manufacturing and sales of mobile devices, electronic products and testing devices for electronic products, with the intention of expanding its product portfolio and enhancing the capabilities and profitability of its business operation. As Mr. Chen has over 28 years of experience in the business of manufacturing communication devices and electronic products and has established business networks in the PRC market for communication devices and electronic products, the Board is of the view that, through the formation of the JV Company, Shenzhen Confidence and Mr. Chen are able to complement the strength of each other and share resources, which is beneficial to the development of the business of the JV Company. The Board expects that the JV Company may enhance future earning capability and potential of the Group.

In view of the above, the Board considered that the entering into of the JV Agreement was on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and the investment in the JV Company will be in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the total commitment of Shenzhen Confidence to the JV Company under the JV Agreement is more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement, but is exempt from the circular and Shareholders' approval requirements, under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Confidence Intelligence Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	directors 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”	a third party independent of the Company and the connected persons (has the meaning ascribed thereto in the Listing Rules) of the Company and is not a connected person (has the meaning ascribed thereto in the Listing Rules) of the Company
“JV Agreement”	the joint venture agreement dated 30 September 2020 entered into between Shenzhen Confidence and Mr. Chen in relation to the formation of the JV Company
“JV Company”	a limited liability company to be formed under the JV Agreement and to be established under the laws of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Wensheng (陳文勝)
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Confidence”	Shenzhen Confidence Intelligence Electronic Co., Ltd.* (深圳信懋智能電子有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Confidence Intelligence Holdings Limited
Li Hao
Chairman

Hong Kong, 30 September 2020

As at the date of this announcement, the executive Directors are Mr. Li Hao, Mr. Zhang Bizhong and Mr. Xu Shizhen, the non-executive Director is Mr. Yuan Shuntang, and the independent non-executive Directors are Mr. Chen Zhong, Mr. Wong Chun Sek Edmund and Mr. Wu Tai Cheung.

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.1365. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.