

*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.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any Shares in the Company.*



太 睿 國 際 控 股 有 限 公 司

**PacRay International Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1010)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF THE SALE SHARES INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

### **THE ACQUISITION**

The Board is pleased to announce that on 14 February 2020 (after the trading hours of the Stock Exchange), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of HK\$25,916,660, which shall be fully settled by the allotment and issue, credited as fully paid, of 33,658,000 Consideration Shares at the Issue Price of HK\$0.77 per Consideration Share to the Vendor at Completion.

The 33,658,000 Consideration Shares represent (i) approximately 10.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to Completion). The Consideration Shares will be issued pursuant to the General Mandate that a maximum of 67,317,428 Shares may be issued.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements thereunder.

**Completion is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

The Board is pleased to announce that on 14 February 2020 (after the trading hours of the Stock Exchange), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of HK\$25,916,660, which shall be fully settled by the allotment and issue, credited as fully paid, of 33,658,000 Consideration Shares at the Issue Price of HK\$0.77 per Consideration Share to the Vendor at Completion.

## **THE SALE AND PURCHASE AGREEMENT**

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

### **Date**

14 February 2020 (after the trading hours of the Stock Exchange)

### **Parties**

1. Ever Digital Limited, as the Vendor; and
2. PacRay International Holdings Limited (太睿國際控股有限公司), as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Vendor, the Target Company and their respective ultimate beneficial owners (where applicable) are third parties independent of the Company and its connected persons.

### **Subject matters**

Pursuant to the Sale and Purchase Agreement, the Company has agreed to purchase and the Vendor has agreed to sell the Sale Shares, which represent 20.2% of the equity interest in the Target Company subject to fulfilment of the Conditions Precedent.

### **Consideration**

The Consideration for the acquisition of the Sale Shares is HK\$25,916,660 which shall be fully settled by the allotment and issuance, credited as fully paid, of 33,658,000 Consideration Shares by the Company to the Vendor at the Issue Price of HK\$0.77 per Consideration Share at Completion.

The Issue Price of HK\$0.77 per Consideration Share represents:

- (i) a premium of approximately 2.7% of the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on 14 February 2020, being the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 1.3% to the average closing price of approximately HK\$0.76 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;
- (iii) a discount of approximately 2.5% to the average closing price of approximately HK\$0.79 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the Sale and Purchase Agreement;

The Consideration was arrived at after arm's length negotiation between the Company and the Vendor with reference to, among other things, (i) the factors as set out in the section headed "Reasons for the proposed Acquisition"; (ii) the valuation on Meridian Aviation, the principal operating subsidiary of the Target Company, as at 31 December 2019 under market approach prepared by an independent valuer; and (iii) the business growth and prospects of the Target Group.

The Directors are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **Conditions precedent**

Completion shall be conditional upon the following conditions precedent (the "**Condition(s)**"):

- (a) the Company having completed the due diligence of the Target Company to its full satisfaction at its sole discretion;
- (b) the Company having received and is satisfied with the legal opinion in connection with the Acquisition issued by a qualified practice law firm in the BVI at its sole discretion;
- (c) the Company having received and is satisfied with the legal opinion in connection with the Acquisition issued by a qualified practice law firm in the PRC at its sole discretion;
- (d) all approvals, consents, authorizations and permits have been obtained from the relevant government authorities for the Acquisition contemplated under the Sale and Purchase Agreement, if necessary;
- (e) the Listing Committee of the Stock Exchange having approved or agreed to the listing of, and permission to deal in, the Consideration Shares;
- (f) the Company being fully satisfied at its sole discretion that there not having been any material breach of any of the representations, warranties, agreements, covenants and undertakings given by the Vendor and the Company in the Sale and Purchase Agreement that are to be performed or complied with prior to Completion; and
- (g) the Company being fully satisfied at its sole discretion that no material adverse change has occurred to any company of the Group between the date of the Sale and Purchase Agreement and Completion.

Pursuant to the Sale and Purchase Agreement, the Vendor shall use their best endeavors to fulfill the conditions precedent (other than the Condition (e) as set out above) and the Company may choose to waive any of the conditions precedent (other than the Condition (e) as set out above) at its sole discretion. If any of the conditions precedent has not been fulfilled before 31 March 2020 or any later date as agreed by the parties, the Company shall not be obliged to complete the Acquisition and the Sale and Purchase Agreement shall immediately cease and determine and any party to the Sale and Purchase Agreement shall have the right to claim against the other for any breaches of the terms thereof.

## **Completion**

Completion shall take place on the Completion Date upon which the conditions set out in the Sale and Purchase Agreement have been satisfied or waived.

## **Undertaking by the Vendor**

The Vendor undertakes, among others, that:

- (i) the audited financial statements of the Target Company for the year ended 31 December 2019 (the “**Audited Financial Statements**”) shall be delivered on or before 31 March 2020; and
- (ii) if the net asset value to be disclosed in the Audited Financial Statements is eventually less than the net asset value as disclosed in the unaudited management accounts of the Target Company for the year ended 31 December 2019 (the “**Unaudited Accounts**”), the Vendor shall compensate the Purchaser by cash payment within three months after the delivery of the Audited Financial Statements in an amount to be determined based on the Consideration in the proportional basis in accordance with the decreasing ratio of the net asset value as disclosed in the Unaudited Accounts comparing with the same as disclosed in the Audited Financial Statements.

## **Appointment of the director**

After the Completion, the Purchaser shall be entitled to appoint one director to the board of the directors of the Target Company and the number of the directors of the Target Company shall not be more than five.

## **CONSIDERATION SHARES**

The Consideration Shares comprise a total of 33,658,000 Shares which represent (i) approximately 10.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital of the Company prior to the Completion).

The Consideration Shares will be issued pursuant to the General Mandate that a maximum of 67,317,428 Shares may be issued. As at the date of this announcement, no part of the General Mandate has been utilised. Accordingly, the General Mandate is sufficient for the issue of the Consideration Shares and the issue of the Consideration Shares is not subject to the Shareholders’ approval.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. Upon allotment and issuance, the Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issuance of the Consideration Shares, including the right to receive all dividends, distributions and other payments that have been made or will be made with a record date on or after the said date of allotment and issuance. No restrictions are attached to subsequent sale of the Consideration Shares.

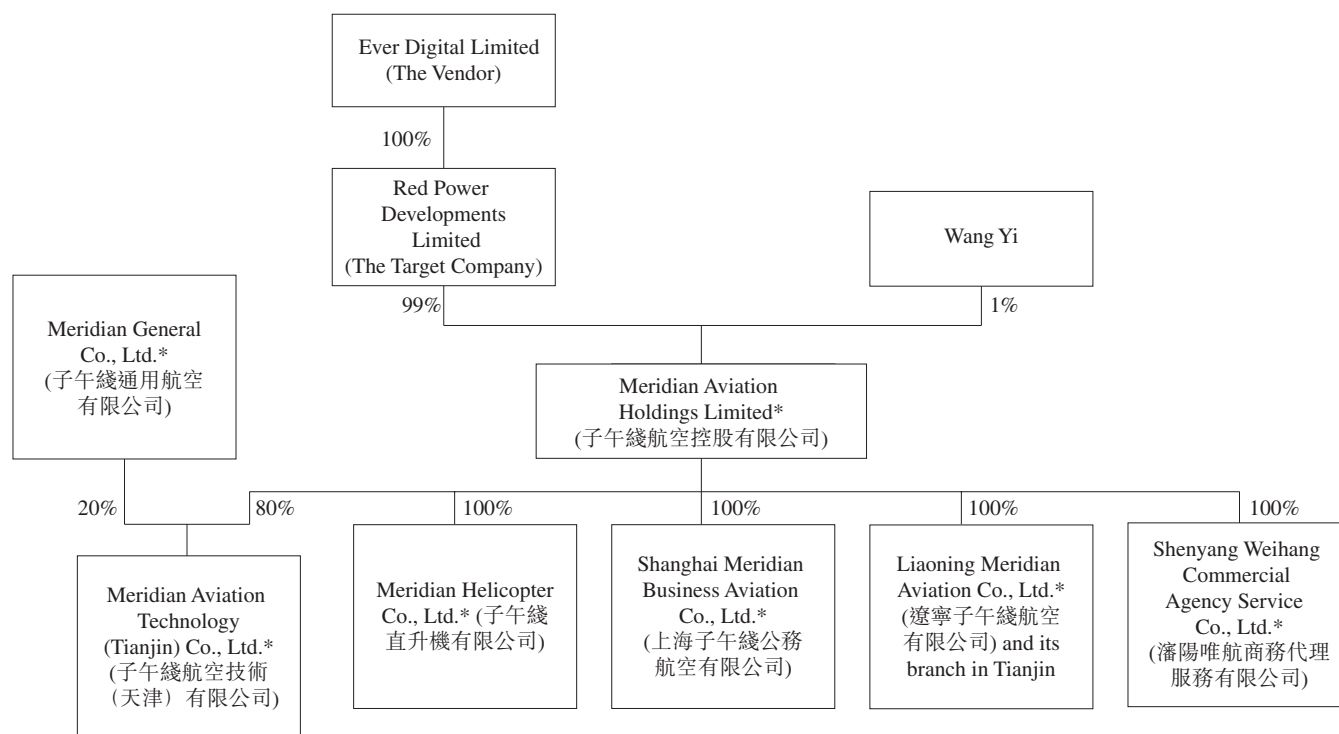
## INFORMATION ON THE GROUP AND THE PURCHASER

The Company and its subsidiaries (the “Group”) are principally engaged the design and sales of integrated circuits and semi-conductor parts in the PRC, Hong Kong and Taiwan; research and development in software and hardware integration services for real time 2D-3D conversion display products in the PRC; financial leasing in the PRC, money lending in Hong Kong, luxury yachts business and aircrafts business management and investment holding.

## INFORMATION ON THE TARGET GROUP

### Corporate structure of the Target Group

The corporate structure of the Target Group as at the date of this announcement is as follows:



The Target Company is an investment company incorporated in the BVI with limited liability wholly-owned by the Vendor.

The Target Company owns as to 99% of Meridian Aviation Holdings Limited\* (子午綫航空控股有限公司) (“Meridian Aviation”), a holding company incorporated on 11 May 2018 in the PRC with limited liability. The remaining 1% of Meridian Aviation is owned by Mr. Wang Yi who is a Hong Kong resident and has been employed as the consultant of business aviation by the Company since 14 June 2019.

The operating assets of the Target Company are its indirect interest hold through Meridian Aviation in five operating companies in the PRC, namely Meridian Aviation Technology (Tianjin) Co., Ltd.\* (子午綫航空技術(天津)有限公司) (“Tianjin Meridian”), Meridian Helicopter Co., Ltd.\* (子午綫直升機有限公司) (“Meridian Helicopter”), Shanghai Meridian Business Aviation Co., Ltd.\* (上海子午綫公務航空有限公司) (“Shanghai Meridian”), Liaoning Meridian Aviation Co., Ltd.\* (遼寧子午綫航空有限公司) (“Liaoning Meridian”) (including its branch in Tianjin), and Shenyang Weihang Commercial Agency Service Co., Ltd.\* (瀋陽唯航商務代理服務有限公司) (“Shenyang Weihang”) (collectively the “Five Operating Companies”).

Tianjin Meridian is owned as to 80% by Meridian Aviation and 20% by Meridian General Co., Ltd.\* (子午綫通用航空有限公司) (“**Meridian General**”) which is a company incorporated in the PRC and independent of the Company and its connected persons. Save for Tianjin Meridian, each of the other four of the Five Operating Companies is wholly owned by Meridian Aviation.

Each of the Five Operating Companies is a limited liability company established in the PRC. Tianjin Meridian is principally engaged in development, sales, lease and maintenance of equipment involving the application of aviation technology. Meridian Helicopter is principally engaged in development, sales and lease of helicopter. Shanghai Meridian is principally engaged in development of aviation technology and provision of technical consultancy services. Liaoning Meridian is principally engaged in provision of air transportation services. Shenyang Weihang is principally engaged in sales and leasing of aviation equipment.

Set out below is a summary of certain financial information of Meridian Aviation for the period from its incorporation (i.e., 11 May 2018) to 31 December 2018, prepared and audited in accordance with the generally accepted accounting principles in the PRC (the “**PRC GAAP**”), and for the year ended 31 December 2019:

	<b>For the year ended 31 December 2019 RMB' 000 (unaudited)</b>	<b>For the period from its incorporation to 31 December 2018 RMB' 000 (audited)</b>
Net loss before taxation	9,333	25,584
Net loss after taxation	9,333	25,622

As at 31 December 2019, the unaudited net asset value of Target Company was approximately RMB68,510,742.

## **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in the BVI with limited liability and is an investment holding company ultimately owned as to 99% by Mr. Duan Hong Tao who is a PRC resident, businessman and independent of the Company and its connected persons, and 1% by Mr. Wang Yi who is a Hong Kong resident and has been employed as the consultant of business aviation operation by the Company since 14 June 2019.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Group will endeavor to strengthen its position in business aviation in Hong Kong and the PRC. The Board is still looking for other investment opportunities aiming at exploring the feasibility of further expansion in aviation business. The Group has been proactive in seeking appropriate investment opportunities to expand its business scope and to diversify its existing business.

The Target Company is carrying on aviation business in Dalian, Beijing, Tianjin, Shanghai, Shenzhen and other places in the PRC. It has passed the audit and assessment by the International Standard for Business Aircraft Operations (IS-BAO) and the General Operating and Flight Rules\* (一般運行和飛行規則). It has also obtained the air operator certificate and the maintenance organization certificate from the Civil Aviation Administration of China. For further details of the qualifications above, please refer to the below table. The operation team of the Target Company consists of experienced personnel in aviation background providing its valuable customers with 24/7/365 safe, convenient, private and exclusive services worldwide.

<b>Qualification</b>	<b>Description</b>
International Standard for Business Aircraft Operations (IS-BAO)	A recommend code of best practices designed to help flight departments worldwide achieve high levels of safety and professionalism and recognized by the European Committee for Standardization as an industry standard for business aircrafts operations.
General Operating and Flight Rules* (一般運行和飛行規則)	The regulation in connection to Part 91 of the China Civil Aviation Regulation (“CCAR”) developed with a view to specifying the civil aircraft operating, and ensuring flight regularity and safety, in accordance with Civil Aviation Law of the People’s Republic of China.
Air Operator Certificate	A certificate issued by the Civil Aviation Administration of China to certify that a company has met the applicable legal requirements, in particular Part 135 of CCAR, and any other rules, regulations and standards required to operate as an air operator and conduct the unscheduled passenger-carrying operation.
Maintenance Organization Certificate	A certificate issued by the Civil Aviation Administration of China to certify that a company has complied with the requirements of Part 145 of CCAR and is adequate to accomplish aviation related maintenance.

The Proposed Acquisition are in line with the business development plan and expansion plan of the Group. The Board believes that the Proposed Acquisition provides an excellent development platform and opportunity to expand its early aviation business into international markets and enhance the competitiveness of the Group.

In view of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the Acquisition contemplated thereunder are on normal commercial terms, and fair and reasonable, and are in the best interest of the Company and its shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The Company has not allotted or issued any new Shares during the 12 months immediately preceding the date of this Announcement and the total number of the Company's issued Shares has no change for the same period. For illustrative purpose only and assuming no other issue (apart from the issuance of the Consideration Shares) or repurchase of Shares and no change in the shareholding of the Shareholders set out below, the table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of the Consideration Shares:

Shareholder	As at the date of this announcement		Immediately after the allotment and issuance of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Glory Genius International Holdings Limited	146,392,770	43.5	146,392,770	39.5
Vision2000 Venture Ltd.	106,043,142	31.5	106,043,142	28.7
<b>Public</b>				
The Vendor	–	–	33,658,700	9.1
Other public Shareholders	84,151,230	25.0	84,151,230	22.7
Total	<u>336,587,142</u>	<u>100.0</u>	<u>370,245,842</u>	<u>100.0</u>

## IMPLICATIONS UNDER THE LISTING RULES

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

**Completion is subject to the fulfillment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the proposed acquisition of 20.2% equity interest in the Target Company by the Company from the Vendor
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or public holiday in the BVI or Hong Kong
“BVI”	British Virgin Islands



“Company”	PacRay International Holdings Limited, a company incorporated under the laws of Bermuda, the Shares of which are listed on the Stock Exchange (Stock Code: 1010)
“Completion”	completion of the Acquisition
“Completion Date”	the date of Completion, which shall take place on the fifth (5th) Business Day after all conditions set out in the Sale and Purchase Agreement have been fulfilled or waived or such other date as may be agreed between the Company and the Vendor
“Consideration”	the aggregate consideration payable by the Company for the Sale Shares under the Sale and Purchase Agreement
“Consideration Shares”	33,658,000 Shares to be allotted and issued, credited as fully paid, by the Company to the Vendor upon Completion
“Directors”	directors of the Company
“Five Operating Companies”	Tianjin Meridian, Meridian Helicopter, Shanghai Meridian, Liaoning Meridian and Shenyang Weihang
“General Mandate”	the general mandate passed by the Shareholders at the annual general meeting held on 14 June 2019 to grant the authority to the Board for the allotment and issuance of the Consideration Shares to the Vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Liaoning Meridian”	Liaoning Meridian Aviation Co., Ltd.* (遼寧子午綫航空有限公司), a company incorporated under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Meridian Aviation”	Meridian Aviation Holdings Limited* (子午綫航空控股有限公司), a limited liability company established in the PRC owned as to 99% by the Target Company
“Meridian Helicopter”	Meridian Helicopter Co., Ltd.* (子午綫直升機有限公司), a company incorporated under the laws of the PRC

“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the agreement dated 14 February 2020 entered into between the Company and the Vendor in relation to the sale and purchase of the Sale Shares of the Target Company
“Sale Shares”	202 ordinary shares comprising 20.2% of the equity interest of the Target Company, under which the shares are legally and beneficially owned and held by and registered in the name of the Vendor
“Shanghai Meridian”	Shanghai Meridian Business Aviation Co., Ltd.* (上海子午綫公務航空有限公司), a company incorporated under the laws of the PRC
“Shareholders”	shareholders of the Company
“Shenyang Weihang”	Shenyang Weihang Commercial Agency Service Co., Ltd.* (瀋陽唯航商務代理服務有限公司), a company incorporated under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Red Power Developments Limited, a company incorporated under the laws of the BVI wholly owned by the Vendor
“Target Group”	Target Company, Meridian Aviation and the Five Operating Companies
“Tianjin Meridian”	Meridian Aviation Technology (Tianjin) Co., Ltd.* (子午綫航空技術(天津)有限公司), a company incorporated under the laws of the PRC
“Vendor”	Ever Digital Limited, a company incorporated under the laws of the BVI
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board  
**PacRay International Holdings Limited**  
**Yang Lin**  
*Chairman*

Hong Kong, 14 February 2020

*As at the date of this announcement, the Board of the Company comprises nine Directors. The executive Directors are Mr. Yang Lin, Mr. Xu Yinsheng, Mr. Liu Shixia, Mr. Leung Pok Man and Ms. Lau Mei Ying; the non-executive Director is Mr. Zhou Danqing; and the independent non-executive Directors are Mr. Lee Man To, Ms. Choi Yee Man and Dr. Zhang Shengdong.*

\* for identification purpose only