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**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 IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN WIT SKY LIMITED**

### **THE ACQUISITION**

The Board is pleased to announce that on 13 November 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$40,000,000 (subject to adjustments).

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company.

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition exceed 5% but all are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 13 November 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$40,000,000 (subject to adjustments).

## SALE AND PURCHASE AGREEMENT

**Date:** 13 November 2017 (after trading hours)

**Parties:**

- (i) Vendor: Fortune Favour International Limited
- (ii) Purchaser: Sunny Fast International Investment Limited, a wholly-owned subsidiary of the Company

The Vendor is a company incorporated in BVI with limited liability and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party.

**Subject matter**

Pursuant to the Sale and Purchase Agreement, the Vendor shall as beneficial owner sell and the Purchaser shall purchase the Sale Shares free from all Encumbrances with effect from Completion together with all rights attaching thereto including but not limited to all dividends to be paid, declared or made in respect thereof at any time on or after the date of Completion.

**Consideration**

The total Consideration payable for the sale and purchase of the Sale Shares shall be HK\$40,000,000 (subject to adjustments as described under the paragraph headed "Adjustments to Balance of Consideration" below), which shall be satisfied by the Purchaser in the following manner:

- (i) the Deposit of HK\$30,000,000 has been paid by the Purchaser upon signing of the Memorandum; and
- (ii) the remaining balance of HK\$10,000,000 (subject to adjustments) (the "**Balance of Consideration**") shall be payable by the Purchaser to the Vendor (or its nominee(s)) in cash on or before 30 April 2018.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, the financial information and the prospects of the Target Group and the value of the Collaterals.

**Adjustments to Balance of Consideration**

Pursuant to the Sale and Purchase Agreement, the payment of the Balance of Consideration is subject to the following conditions:

- (a) the valuation of the Collaterals as indicated in the valuation report (the "**Valuation Report**") to be prepared by an independent professional valuer jointly appointed by the Vendor and the Purchaser (the "**Valuer**") being not less than HK\$10,000,000; and

- (b) the PRC Company having completed the sale or disposal of the accounts receivable under the Finance Lease Agreement I or the Collaterals in accordance with all applicable laws and regulations on or before 31 March 2018 (or such later date as may be agreed by the Vendor and the Purchaser in writing) (the “**Disposal Deadline**”), and the amount (the “**Recovery Amount**”) recovered from the Disposal after deducting all relevant costs and expenses in connection with the Disposal being not less than HK\$10,000,000.

In the event that:

- (i) the valuation of the Collaterals as indicated in the Valuation Report is less than HK\$10,000,000; or
- (ii) the Disposal has not been completed on or before the Disposal Deadline; or
- (iii) the Recovery Amount is less than HK\$10,000,000,

the Balance of Consideration shall be adjusted to zero. For the avoidance of doubt, if both the valuation of the Collaterals as indicated in the Valuation Report and the Recovery Amount are equal to or higher than HK\$10,000,000, no adjustment shall be made to the Balance of Consideration.

The Vendor and the Purchaser shall jointly appoint the Valuer and shall procure the Valuer to issue the Valuation Report on or before 31 December 2017. The Valuation Report shall, in the absence of manifest error, be final and conclusive of the matters stated therein and binding on the Vendor and the Purchaser.

The Vendor and the Purchaser shall procure the PRC Company to issue a written notification (the “**Notice**”) to the Vendor and the Purchaser specifying the results of the Disposal and the Recovery Amount within 10 days after the expiry of the Disposal Deadline. The Notice shall, in the absence of manifest error, be final and conclusive of the matters stated therein and binding on the Vendor and the Purchaser.

### **Conditions precedent**

Completion is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (1) the Purchaser being satisfied with the results of the due diligence review on the assets, liabilities, operations and affairs of the Target Group to be conducted by the Purchaser and/or its advisers and agents;
- (2) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (3) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

- (4) the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate and not misleading in all respect;
- (5) the due and proper completion of the Assignment of Accounts Receivable; and
- (6) the issue of a PRC legal opinion by a PRC legal adviser designated by the Purchaser in such form and substance to the satisfaction of the Purchaser in respect of the affairs of the Target Group, the matters relating to the Sale and Purchase Agreement and the Assignment of Accounts Receivable.

The Purchaser shall use its best endeavours to procure the fulfilment of the condition (3) above. The Vendor shall use its best endeavours to procure the fulfilment of the conditions (1), (2), (4) to (6) above. Save for conditions set out in (1), (4) and (6) above which can be waived by the Purchaser by notice in writing, no other conditions precedent can be waived.

If any of the conditions set out above shall not have been fulfilled (or waived, as the case may be) on or before 31 December 2017 or such other date as the Vendor and the Purchaser may agree in writing, the Sale and Purchase Agreement shall cease and determine, the Vendor shall within 10 Business Days refund the Deposit to the Purchaser (without interest) and no parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

#### **Assignment of Accounts Receivable**

Pursuant to the Sale and Purchase Agreement, the Vendor has undertaken to the Purchaser that the Vendor shall procure the PRC Company to assign its accounts receivable (other than all the accounts receivable under the Finance Lease Agreements and the proceeds from the Recovery Amount) to Beijing Xincheng before Completion.

Beijing Xincheng is a company established in the PRC with limited liability and is principally engaged in financial consultation (excluding audit, capital verification, valuation, accounting advisory, bookkeeping or other specific business requiring approval, and prohibiting the issue of documents such as audit reports, capital verification reports, forensic reports, valuation reports, etc.), investment consulting, business management consulting, economic and trade consulting, and business planning. To the best of the Directors' knowledge and belief, having made all reasonable enquiries, each of Beijing Xincheng and its ultimate beneficial owner(s) is an Independent Third Party.

#### **Vendor's undertakings**

Pursuant to the Sale and Purchase Agreement, the Vendor has irrevocably warranted and guaranteed to the Purchaser that:

- (a) save and except for the Factoring Agreements, the Vendor shall procure the full and final settlement of all the absolute or contingent liabilities or debts (other than intra-group liabilities) of the Target Group before Completion; and

- (b) the Vendor shall fully indemnify and keep the Purchaser and their assigns fully indemnified on demand from and against any taxation, liabilities, depletion of assets, all losses, costs and expenses (including legal expenses) which the Purchaser may incur or sustain from or in consequence of any payment obligations under the Factoring Agreements.

## **Completion**

Completion shall take place within five Business Days after the fulfilment (or waiver, as the case may be) of the conditions set out above, or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company and its subsidiaries will become subsidiaries of the Company and their results, assets and liabilities will be consolidated into the consolidated financial statements of the Company.

## **INFORMATION OF THE TARGET GROUP**

The Target Company was incorporated in BVI with limited liability and is legally and beneficially owned by the Vendor. The Target Company owns the entire equity interests in the Hong Kong Company, which in turn owns the entire equity interests in the PRC Company. The PRC Company was established in the PRC on 14 October 2011 and is principally engaged in industrial equipment, medical equipment, transportation equipment (aircraft, ships, vehicles, etc.), household products, product upstream and downstream supply chain and various types of financial leasing such as direct leasing, sublease, hire purchase, leveraged leasing, entrusted leasing and joint leasing the sale and dealing of the residual value of lease items, and leasing consultation business.

### **Financial information of the Target Group**

Set out below is the summary of the key financial information extracted from the unaudited consolidated financial statements of the Target Group for the year ended 31 December 2015 and 31 December 2016 respectively:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue	12,927	3,744
Loss before taxation	2,960	11,708
Loss after taxation	3,235	11,708

The unaudited consolidated net asset value of the Target Group as at 31 October 2017 amounted to HK\$45,106,000.

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

The Company is an investment holding company. The Group is principally engaged in design and distribution of integrated circuits and semi-conductor parts in the PRC and investments holding.

The Directors believe that the Acquisition represents a good opportunity for the Group to expand into the finance leasing business in the PRC. The Directors consider that the finance leasing sector is expected to maintain a steady growth in the future and the Acquisition will diversify the Group's business and broaden its revenue base.

Having considered the above factors, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable, and the Acquisition is in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Acquisition exceed 5% but all are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and condition of the Sale and Purchase Agreement
“Assignment of Accounts Receivable”	the assignment of the accounts receivable of the PRC Company (other than all the accounts receivable under the Finance Lease Agreements and the proceeds from the Disposal) to Beijing Xincheng before Completion
“Beijing Xincheng”	北京信誠泰財務顧問有限公司 (Beijing Xincheng Finance Consultancy Company Limited*) a company established in the PRC with limited liability
“Board”	the board of Directors
“Business Days”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Collaterals”	the two fishing vessels used as collaterals to secure the loan granted under the Finance Lease Agreement I

“Company”	PacRay International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange (stock code: 1010)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Deposit”	the refundable earnest money of HK\$30,000,000 paid by the Purchaser to the Vendor upon signing of the Memorandum, which shall be regarded as deposit and part payment of the Consideration
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the accounts receivable under the Finance Lease Agreement I or the Collaterals as defined in the paragraph headed “Adjustments to Balance of Consideration”
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase or sale and leaseback arrangement whatsoever nature and includes any agreement for any of the same
“Factoring Agreements”	the nine factoring agreements all dated 12 January 2017 (as amended and supplemented from time to time) entered into between the PRC Company as the assignor of the accounts receivable and 萬瑞聯合國際融資租賃有限公司 (Wanrui United International Finance Lease Company Limited*) as assignee of the accounts receivable in respect of the transfer of the accounts receivable in the aggregate consideration of RMB37,085,698.11
“Finance Lease Agreement I”	the finance lease agreement entered in January 2015 and entered into between the PRC Company as lessor and 福建省連江縣遠洋漁業有限公司 (Fujian Lianjiang Ocean Fisheries Company Limited*) in respect of the sale and leaseback of the Collaterals

“Finance Lease Agreement II”	the finance lease agreement dated 28 March 2016 and entered into between the PRC Company as lessor and Zhou Baoying, the ultimate beneficial owner of the Vendor, as lessee in respect of the sale and leaseback of a Bentley sedan
“Finance Lease Agreements”	collectively, the Finance Lease Agreement I and the Finance Lease Agreement II
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	AST 3G Limited, a company incorporated in Hong Kong with limited liability
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the non-legally binding memorandum of understanding dated 27 October 2017 and entered into between the Vendor and the Purchaser setting out the preliminary understanding in relation to the Acquisition
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	索羅門國際租賃(天津)有限公司 (Solomon International Leasing (Tianjin) Company Limited*), a company established in the PRC with limited liability
“Purchaser”	Sunny Fast International Investment Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 November 2017 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	100 issued shares of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Target Company”	Wit Sky Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Fortune Favour International Limited, a company incorporated in BVI with limited liability
“%”	per cent
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board  
**PacRay International Holdings Limited**  
**Liew Fui Kiang**  
*Chairman*

Hong Kong, 13 November 2017

*As at the date of this announcement, the Board comprises six Directors. The executive Directors are Mr. Liew Fui Kiang, Mr. Leung Pok Man and Ms. Lau Mei Ying and the independent non-executive Directors are Ms. Chow Chui Ying, Mr. Zhou Danqing and Dr. Yang Yung-Ming.*

\* *For identification purposes only*