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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
ACQUISITION OF 70% EQUITY INTEREST
IN THE TARGET COMPANY**

Reference is made to the announcement of the Company dated 9 November 2018 in relation to a possible acquisition of a majority equity interest of the Target Company.

The Board is pleased to announce that on 21 November 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into (i) the Equity Transfer Agreement with the Vendors and the Target Company, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 70% equity interest in the Target Company, for an aggregate consideration of RMB2 million in cash; and (ii) the Shareholders' Agreement with the Vendor A, the Existing Shareholder and the Target Company in relation to the operation and management of the Target Company.

Following the completion of the Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but all are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 9 November 2018 in relation to a possible acquisition of a majority equity interest of the Target Company.

The Board is pleased to announce that on 21 November 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into (i) the Equity Transfer Agreement with the Vendors and the Target Company, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to acquire 70% equity interest in the Target Company, for an aggregate consideration of RMB2 million in cash; and (ii) the Shareholders' Agreement with the Vendor A, the Existing Shareholder and the Target Company in relation to the operation and management of the Target Company.

EQUITY TRANSFER AGREEMENT

Summarised below are the principal terms of the Equity Transfer Agreement:

- Date** 21 November 2018
- Parties** (a) the Purchaser;
- (b) the Vendors; and
- (c) the Target Company

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 Vendors and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Vendors as beneficial owners have conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Target Equity Interest at the Consideration of RMB2 million in cash. Following the completion of the Acquisition, the Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

Consideration

The Consideration payable for the acquisition of the Target Equity Interest shall be RMB2 million in cash, of which RMB1,428,600 shall be paid to the Vendor A and RMB571,400 shall be paid to the Vendor B respectively. Payment of the Consideration shall be made within 90 Business Days from the date when all business registration changes in respect of the transfer of the Target Equity Interest are completed.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to, among other things, the financial condition of the Target Company, the capital contribution made by the Vendors, and taking into account other commercial factors including the value of the intangible assets and potential growth of the Target Group.

Conditions precedent

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

- (i) all shareholders of the Target Company having consented and approved the Acquisition and waived his/her/its pre-emptive rights in respect of the Target Equity Interest in accordance with the laws or the articles of association of the Target Company, and a written shareholders' resolution to that effect having been passed;
- (ii) the Core Persons having unconditionally and irrevocably undertaken to the Target Company that, unless with the written consent of the Target Company, the Core Persons shall devote their entire efforts and working time to the operation and management of the Target Company with loyalty and diligence, that they will not resign until the winding-up of the Target Company, and they will not harm the interests of the Target Company or its shareholders; and
- (iii) as at the date of the Equity Transfer Agreement and the Completion Date, the representations and warranties given by the Vendors under the Equity Transfer Agreement and all documents provided to the Purchaser remaining true, accurate and complete, and there does not exist material adverse changes or restrictions which will result in the cancellation of the Acquisition, nor is there any event which may have or is reasonably expected to have, material adverse impact on the operation and financial condition of the Target Company.

If the conditions set out above are not fulfilled (or waived, as the case may be) on or before 31 January 2019, the Purchaser has the right to terminate the Equity Transfer Agreement by giving written notice(s) to the Vendors without any liability.

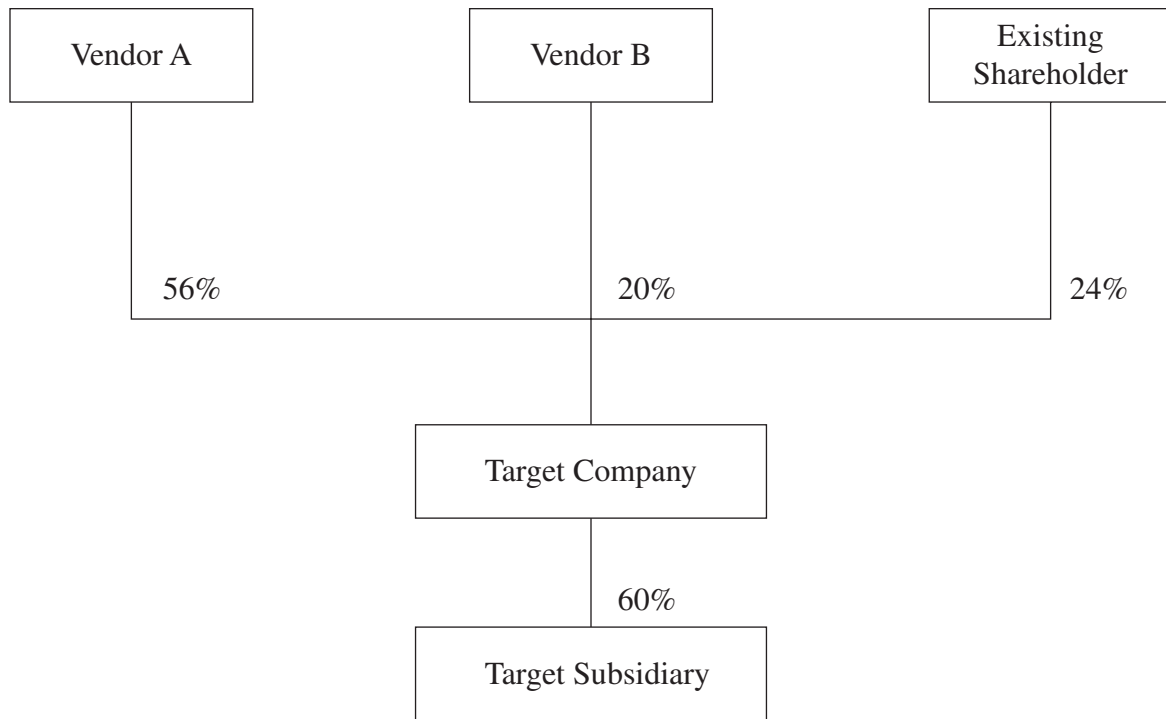
Completion

Completion of the Acquisition shall take place within 90 Business Days from the date on which (i) all the conditions are fulfilled or waived (as the case maybe) in accordance with the Equity Transfer Agreement; and (ii) all business registration changes in respect of the transfer of the Target Equity Interest are completed. Upon Completion, the Consideration will be paid to the Vendors in cash in full.

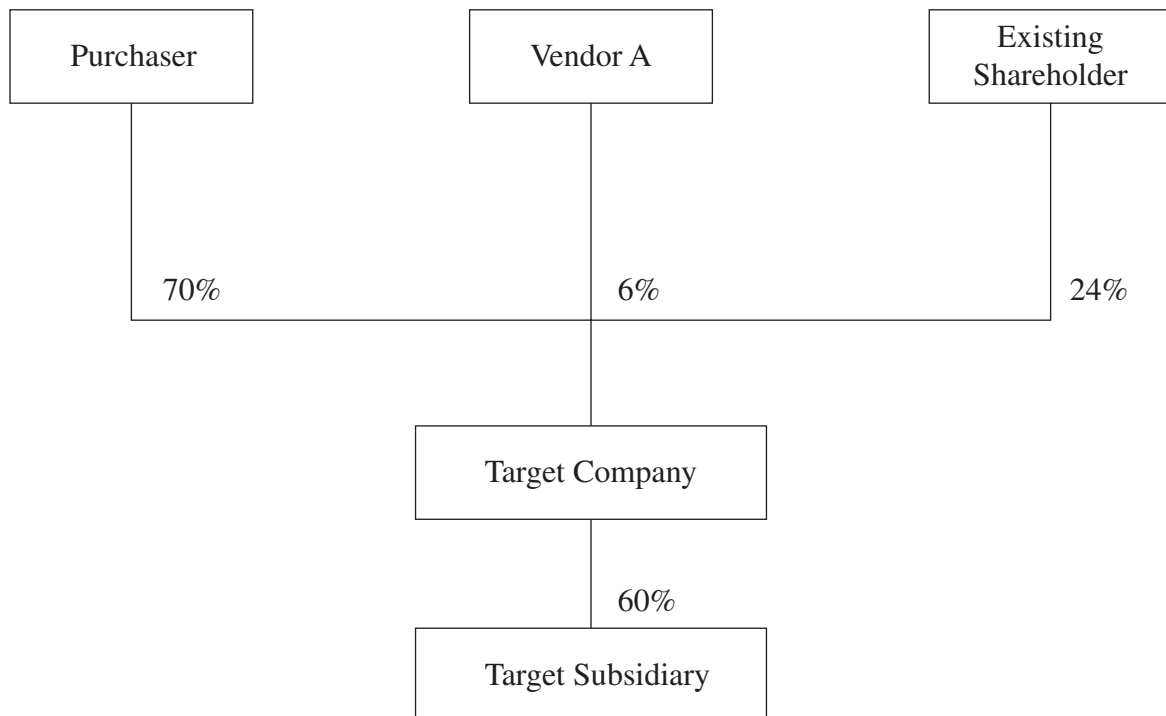
Following the Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

Set out below is the shareholding structure of the Target Group immediately before Completion:



Set out below is the shareholding structure of the Target Group immediately after Completion:



SHAREHOLDERS' AGREEMENT

On 21 November 2018 (after trading hours), the Purchaser, Vendor A, the Existing Shareholder and the Target Company entered into the Shareholders' Agreement in relation to the operation and management of the Target Company. The major terms of the Shareholders' Agreement are set out below:

- a) the principal business of the Target Group shall remain as the research and development, manufacturing and production, and sales of real time 2D-3D conversion display products;
- b) the Purchaser shall have the right to nominate executive director(s) and personnel responsible for financial matters to the Target Company and its subsidiaries;
- c) Right of first refusal: within three (3) years from the effective date of the Shareholders' Agreement, if any of the shareholders (the "**Selling Shareholder**") of the Target Company proposes to transfer all or part of its/his/her equity interest (the "**Selling Shares**") of the Target Company to any other third party, the Purchaser shall have the right of first refusal to acquire all or part of the Selling Shares;
- d) Tag-along right: where a Selling Shareholder wishes to dispose of certain Selling Shares to a third party, the Purchaser also has a prevailing right over and above the Selling Shareholder to dispose of its shares in the Target Company to the same third party under the same terms and condition offered by the Selling Shareholder; and
- e) Liquidation preference: within five (5) years from the effective date of the Shareholders' Agreement, upon occurrence of certain liquidation events as specified in the Shareholders' Agreement, provided that it is allowed under the applicable laws and regulations, the Purchaser shall enjoy priority to the distribution of liquidation assets of the Target Company over and above the other shareholders.

INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in the PRC with limited liability and was legally and beneficially owned as to 56%, 20% and 24% by Vendor A, Vendor B and the Existing Shareholder, respectively as at the date of this announcement. The Target Company is a technology service company which is principally engaged in the research and development in real time 2D-3D conversion display products.

As at the date of this announcement, the Target Company owns 60% equity interests in the Target Subsidiary, which is a company incorporated in the PRC with limited liability and is principally engaged in research and development, sale and maintenance of cellphones, tablets, electronic products, digital products, cellphone batteries, wireless data terminal and cellphone accessories.

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 2017 and for nine months ended 30 September 2018 respectively:

	For the year ended 31 December 2017	For nine months ended 30 September 2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net Profit/(Loss) before taxation	(89)	(2,632)
Net Profit/(Loss) after taxation	(89)	(2,632)

As at 30 September 2018, the unaudited net assets of the Target Group amounted to approximately RMB4,278,602.

INFORMATION OF THE VENDORS AND THE EXISTING SHAREHOLDER

Vendor A is an investment holding company incorporated in the PRC with limited liability.

Vendor B is a PRC citizen.

The Existing Shareholder is a PRC citizen and a third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Group is principally engaged in the design and distribution of integrated circuits and semi-conductor parts in the PRC, Hong Kong and Taiwan; sales and distribution of construction materials; financial leasing in the PRC and investments holding.

The Directors believe that the Acquisition represents a good opportunity for the Group to further expand its business in the design and distribution of electronic hardware, the demand of which has been experiencing a stable growth and the Directors consider that the Acquisition will broaden the Group's revenue base.

Accordingly, the Directors considers that the terms of the Equity Transfer Agreement and the Shareholders' Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but all are less than 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of 70% equity interest in the Target Company by the Purchaser pursuant to the Equity Transfer Agreement;
“Board”	the board of Directors;
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which enterprises in the PRC are generally open for business;
“Company”	PacRay International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1010);
“Completion”	the date which is within 90 Business Days from the date on which (i) all the conditions are fulfilled or waived (as the case maybe) in accordance with the Equity Transfer Agreement; and (ii) all business registration changes in respect of the transfer of the Target Equity Interest are completed;
“Completion Date”	the date on which Completion takes place;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration in the sum of RMB2 million payable by the Purchaser to the Vendors for the acquisition of the Target Equity Interest under the Equity Transfer Agreement;
“Core Persons”	such core persons as indicated in the Equity Transfer Agreement who are core to the daily business operations of the Target Group and who are third parties independent of the Company and its connected person;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 21 November 2018 amongst the Purchaser, the Vendors and the Target Company in relation to, among others, the Acquisition;
“Existing Shareholder”	being an individual shareholder of the Target Company, holding 24% equity interest in the Target Company, and is a third party independent of the Company and its connected person ;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Purchaser”	Yunrui Technology (Shenzhen) Company Limited* (蘊睿科技(深圳)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China;
“RMB”	renminbi, the lawful currency of the PRC;
“Shareholders’ Agreement”	the shareholders’ agreement dated 21 November 2018 in relation to the Target Company entered into among the Purchaser, Vendor A, the Existing Shareholder and the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Shenzhen Qiping Technology Company Limited* (深圳奇屏科技有限公司), a company incorporated in the PRC with limited liability;
“Target Equity Interest”	an aggregate of 70% equity interest in the Target Company;
“Target Group”	the Target Company and its subsidiary(ies);
“Target Subsidiary”	Shenzhen Qiping Telecommunication Technology Company Limited* (深圳奇屏通訊科技有限公司), a company incorporated in the PRC with limited liability and is held as to 60% by the Target Company;
“Vendor A”	Shenzhen Kuyin Culture Communication Company Limited* (深圳酷音文化傳播有限公司), a company incorporated in the PRC with limited liability;
“Vendor B”	Ms. Li Qiuchen (李秋晨), an individual shareholder of the Target Company;
“Vendors”	Vendor A and Vendor B;
“%”	per cent.

By order of the Board
PacRay International Holdings Limited
Lau Mei Ying
Executive Director

Hong Kong, 21 November 2018

As at the date of this announcement, the Board of the Company comprises seven Directors. The executive Directors are Mr. Liew Fui Kiang, 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 Ms. Zhuge Chang.

* For identification purposes only