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**BLOCKCHAIN GROUP COMPANY LIMITED**  
**區塊鏈集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 364)**

**DISCLOSEABLE TRANSACTION**  
**IN RELATION TO**  
**THE ACQUISITION OF 100% EQUITY INTEREST IN**  
**THE TARGET COMPANY**

**EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 12 October 2018 (after trading hours of the Stock Exchange), the Purchaser, being a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 100% equity interest in the Target Company for the consideration of HK\$23,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company at the Issue Price.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 12 October 2018 (after trading hours of the Stock Exchange), the Purchaser, being a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 100% equity interest in the Target Company at the Consideration of HK\$23,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company at the Issue Price.

The principal terms of the Equity Transfer Agreement are summarised below.

## **EQUITY TRANSFER AGREEMENT**

Date: 12 October 2018

Parties: Purchaser: Ping Shan Health Industry Limited;

Vendor: China Talent Digital Holdings Limited; and

Target Company: 杭州加密谷區塊鏈科技有限公司  
(Hangzhou Blockcast Blockchain Technology  
Company Limited\*)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners are Independent Third Parties of the Company and its connected persons (as defined under the Listing Rules).

## **Subject of the Acquisition**

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 100% equity interest in the Target Company, subject to the terms and conditions therein.

## **Consideration**

Pursuant to the terms of the Equity Transfer Agreement, the Consideration is HK\$23,000,000, which shall be satisfied by the allotment and issue of the Consideration Shares by the Company at the Issue Price within 15 business days from the date on which the transfer of the Sale Equity Interest from the Vendor to the Purchaser, alteration of the articles of association of the Target Company and change of directors of the Target Company are completed and all necessary regulatory approvals in relation to the Acquisition are obtained.

The Consideration Shares will be issued at the Issue Price which was determined after arm's length negotiation between the parties with reference to the recent trading price of the shares in the Company and the prevailing market conditions. The Consideration Shares represent (i) approximately 19.41% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.26% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of Completion save for the issue of the Consideration Shares).

The Consideration Shares shall be issued as fully paid and shall rank pari passu in all respects with the Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be issued and allotted pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 7 June 2018. Under the General Mandate, the Directors are authorised to issue, allot and deal with up to a total of 236,968,690 new Shares (representing approximately 20% of the total issued share capital of the Company as at the date of the annual general meeting). As at the date of this announcement, the Company has not issued and allotted any new Shares under the General Mandate. Upon the Completion, 230,000,000 Consideration Shares will be issued and allotted under the General Mandate. As a result thereof, the Company may further issue and allot up to 6,968,690 new Shares under the General Mandate. Therefore, the issue of Consideration Shares is not subject to the Shareholders' further approval.

The Issue Price represents:

- (i) a premium of approximately 4.17% over the closing price of HK\$0.0960 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.60% over the average closing price per Share of approximately HK\$0.0956 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day; and
- (iii) a premium of approximately 1.83% over the average closing price per Share of approximately HK\$0.0982 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into consideration the profit guarantee undertaken by the Vendor as mentioned in the section headed "Profit Guarantee".

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Profit Guarantee**

The Vendor irrevocably and unconditionally warrants and guarantees to the Company that the audited net profit after tax of the Target Company for the financial years ending 31 December 2018, 2019 and 2020 shall not be less than HK\$1 million, HK\$6 million and HK\$8 million respectively.

In the event that the actual audited net profit after tax of the Target Company is less than the guaranteed profit of the Target Company in the respective financial year, the Vendor shall compensate the Company in accordance with the following formula:

Compensation of that financial year = Guaranteed profit of that financial year – Audited net profit after tax of that financial year

In such event, the compensation in respect of that financial year shall be payable by the Vendor to the Company by cash, on or before 30 June of the next financial year.

## **Conditions Precedent**

Completion is subject to the satisfaction of the following conditions precedent:

- (i) the Listing Committee having approved the listing of and dealing with the Consideration Shares;
- (ii) the Vendor adequately and completely discloses in writing during due diligence the material information of the Target Company, including but not limited to the assets, liabilities, rights and interests, external guarantees and any information related to the Equity Transfer Agreement;
- (iii) there is no material adverse change, in the opinion of the Purchaser, occurred in relation to the operation and financial aspects of the Target Company between the date of the Equity Transfer Agreement and the Completion;

- (iv) the Vendor has not disposed or permitted or suffered a transfer of the whole or any part of her equity interest in the Target Company between the date of the Equity Transfer Agreement and the Completion; and
- (v) between the date of the Equity Transfer Agreement and the Completion:
  - the Target Company has not violated any law or regulations as a continuous and operative business;
  - the Target Company has not disposed its assets and/or created or permitted to subsist any encumbrance over all or any of its assets; and
  - the Target Company is not liable of material liabilities.

If any of the above conditions precedent has not been satisfied, the Purchaser shall have right to (i) terminate the Equity Transfer Agreement or (ii) waive the condition precedent(s) which have not been fulfilled (except for condition (i)) and proceed to the Completion.

### **Completion**

Upon the Completion, the Target Company, after reorganisation, will be accounted for as indirect wholly-owned subsidiary of the Company.

## CHANGES TO THE SHAREHOLDING IN THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the issue of the Consideration Shares, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of Completion save for the issue of the Consideration Shares:

	At the date of this announcement		At the date of the Completion	
	Number of shares	Approximate percentage (%)	Number of shares	Approximate percentage (%)
Smart Fujian Group Limited (Notes 1 and 4)	274,368,804	23.16	274,368,804	19.39
Exalt Wealth Limited (Notes 2 and 4)	35,075,018	2.96	35,075,018	2.48
Mr. Cai Zhenrong (Note 4)	23,152,050	1.95	23,152,050	1.64
Mr. Cai Zhenyao (Note 4)	2,262,600	0.19	2,262,600	0.16
Mr. Cai Yangbo (Notes 3 and 4)	713,500	0.06	713,500	0.05
Sub-Total (Mr. Cai Zhenrong and parties acting in concert with him)	335,571,972	28.32	335,571,972	23.72
The Vendor	-	-	230,000,000	16.26
Other public Shareholders	849,271,482	71.68	849,271,482	60.02
Sub-Total (public Shareholders)	849,271,482	71.68	1,079,271,482	76.28
Total	1,184,843,454	100.00	1,414,843,454	100.00

Notes:

- (1) Smart Fujian Group Limited is wholly owned by Mr. Cai Zhenrong, an executive Director.
- (2) Exalt Wealth Limited is wholly owned by Mr. Cai Zhenyao, an executive Director and a younger brother of Mr. Cai Zhenrong
- (3) Mr. Cai Yangbo is an executive Director and a son of Mr. Cai Zhenrong.
- (4) All of Mr. Cai Zhenrong, Mr. Cai Zhenyao, Mr. Cai Yangbo, Smart Fujian Group Limited and Exalt Wealth Limited are members of the concert group of Mr. Cai Zhenrong and parties acting in concert with him.

## INFORMATION OF THE TARGET COMPANY

The Target Company is established in the PRC on 8 April 2018 and is wholly-owned by the Vendor. The Target Company is undergoing a reorganization for the purpose of the Acquisition.

The Target Company is principally engaged in technical development, technical consultancy, technical support, achievements transfer of blockchain technology, network information technology and computer hardware and software.

The following table summarises the unaudited financial results of the Target Company (prepared in accordance with the PRC GAAP) for the period from 8 April 2018 (date of establishment) to 12 October 2018:

	<b>For the period from 8 April 2018 (date of establishment) to 12 October 2018 (RMB'000)</b>
Revenue	995
Profit before taxation	168
Profit after taxation	168

The unaudited net assets value of the Target Company as at 12 October 2018 was approximately RMB1,168,000 (equivalent to approximately HK\$1,320,000).

## REASONS AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in cultivation of tea plants, production and sale of tea products.

The Target Company is principally engaged in technical development, technical consultancy, technical support, achievements transfer of blockchain technology, network information technology and computer hardware and software.



As the Company targets to strengthen its global position of its blockchain technology, products, services, solutions and other related matters, the Directors consider that the Acquisition provides an opportunity to the Company to expand its range of blockchain-related products and strengthen its global presence in the blockchain-related products market. Hence, it is in the interest of the Company and the Shareholders as a whole for the Acquisition.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition by the Purchaser from the Vendor of 100% equity interest in the Target Company pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Blockchain Group Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 364)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“Consideration”	the consideration of HK\$23,000,000 for the Acquisition

“Consideration Shares”	230,000,000 Shares to be issued by the Company pursuant to the Equity Transfer Agreement at the Issue Price
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 12 October 2018 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“General Mandate”	the general mandate to allot and issue new Shares granted to the Directors by the Shareholders at the Company’s annual general meeting on 7 June 2018
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Issue Price”	HK\$0.1, being the issue price of each of the Consideration Shares
“Last Trading Day”	12 October 2018, being the last trading day for the Shares before the signing of the Equity Transfer Agreement
“Listing Committee”	the listing committee of the Stock Exchange

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“PRC GAAP”	the general accepted accounting principles of the PRC
“Purchaser”	Ping Shan Health Industry Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interest”	the 100% equity interest in the Target Company to be purchased by the Purchaser and to be sold by the Vendor pursuant to the Equity Transfer Agreement
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	杭州加密谷區塊鏈科技有限公司 (Hangzhou Blockcast Blockchain Technology Company Limited*), a company established in the PRC which is wholly-owned by the Vendor immediately prior to the Completion
“Vendor”	China Talent Digital Holdings Limited, being an Independent Third Party
“%”	per cent.

By order of the Board  
**Blockchain Group Company Limited**  
**Cai Yangbo**  
*Executive Director*

Hong Kong, 12 October 2018

*For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.13. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.*

*As at the date of this announcement, the executive Directors are Mr. Cai Zhenrong, Mr. Liao Haosheng, Mr. Cai Zhenyao, Mr. Cai Zhenying, Mr. Cai Yangbo, Mr. Choi Wing Toon, Mr. Chen Wenfang and Ms. Su Huiling. The independent non-executive Directors are Mr. Lawrence Gonzaga, Mr. Wang Qidong, Mr. Tham Wan Loong, Jerome, Mr. Lin Xinhong, Dr. Li Mow Ming Sonny and Mr. Chong Hetao.*

\* *For identification purpose only*