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## **RENTIAN TECHNOLOGY HOLDINGS LIMITED**

**仁天科技控股有限公司\***

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

**(Stock Code: 00885)**

### **MAJOR TRANSACTION – DEEMED DISPOSAL AND RESUMPTION OF TRADING**

#### **SUBSCRIPTION AGREEMENT**

Reference is made to the Announcement of Enterprise Development (stock code: 1808), a non wholly-owned subsidiary of the Company, dated 30 September 2020 relating to the Subscription. On 30 September 2020 (after trading hours of the Stock Exchange), Enterprise Development entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and Enterprise Development has conditionally agreed to allot and issue the Subscription Shares, being 126,362,155 new ED Shares, at the Subscription Price of HK\$0.168 per Subscription Share. The Subscription Shares represent (i) approximately 20% of the total number of ED Shares in issue as at the date of the Announcement and (ii) approximately 16.67% of the total number of ED Shares in issue as enlarged by the issue of the Subscription Shares (assuming there will be no other change in the total number of ED Shares from the date of the Announcement and up to the Completion Date).

The net proceeds from the issue of the Subscription Shares, after the deduction of the relevant expenses, will be approximately HK\$21,128,000. It is intended that the net proceeds arising from the Subscription will be used as general working capital, used to improve Enterprise Development's professional technical services capabilities to facilitate the long-term business development of the ED Group, and further investments of the ED Group as and when the opportunities arise, but no specific investment targets have been identified yet as at the date of the Announcement.

## LISTING RULES IMPLICATIONS

Upon completion of the Subscription, 126,362,155 Subscription Shares will be issued and allotted to the Subscriber pursuant to the Subscription Agreement, the Company's equity interest in Enterprise Development will be diluted from approximately 32.27% to approximately 26.89%. Accordingly, the Subscription constitutes a deemed disposal of the Company. The Board has assessed the impact of the Deemed Disposal and concluded that the Company still has de facto control over Enterprise Development after the Completion and the financial results of Enterprise Development will continue to be consolidated in that of the Company.

By virtue of Rule 14.22 of the Listing Rules, the deemed disposal arising from the Placing and the Deemed Disposal shall be aggregated as a series of transactions as they are completed within a 12-month period. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the deemed disposal arising from the Placing and the Deemed Disposal, in aggregate, exceeds 25% but is below 75%, the Deemed Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

A circular containing, among other things, (i) further details of the Subscription Agreement, the Deemed Disposal and the transactions contemplated thereunder; and (ii) other information as required by the Listing Rules, together with the notice convening the EGM and the proxy form in respect of the EGM, is expected to be despatched to the Shareholders on or before 28 October 2020 in accordance with the Listing Rules.

**The Completion is subject to the fulfilment of the condition precedents set out in the Subscription Agreement, and there is no assurance that the transactions contemplated under the Subscription Agreement will be completed. Accordingly, ED Shareholders and potential investors are therefore urged to exercise caution when dealing in the ED Shares.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 5 October 2020 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 October 2020.

Reference is made to the Announcement of Enterprise Development (stock code: 1808) relating to the Subscription. On 30 September 2020 (after trading hours of the Stock Exchange), Enterprise Development entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and Enterprise Development has conditionally agreed to allot and issue the Subscription Shares, being 126,362,155 new ED Shares, at the Subscription Price of HK\$0.168 per Subscription Share.

The principal terms of the Subscription Agreement are set out below:

### **Subscription Agreement**

Date: 30 September 2020

Issuer: Enterprise Development Holdings Limited, a non wholly-owned subsidiary of the Company

Subscriber: Zhongwei Group (Hong Kong) Co., Limited (中巍集團(香港)有限公司)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties.

It is expected that the Subscriber will become a substantial shareholder of Enterprise Development immediately after the Completion.

### **Subscription Shares**

Pursuant to the Subscription Agreement, Enterprise Development has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares, being 126,362,155 new ED Shares, representing: (i) approximately 20% of the total number of ED Shares in issue as at the date of the Announcement; and (ii) approximately 16.67% of the total number of ED Shares in issue immediately upon Completion as enlarged by the issue and allotment of the Subscription Shares, assuming there will be no other change in the total number of ED Shares in issue from the date of the Announcement and up to the Completion Date. The aggregate nominal value of the Subscription Shares is approximately HK\$12,636,216 and the market value of the Subscription Shares is approximately HK\$26,409,690, based on the closing price of HK\$0.209 per ED Share on 30 September 2020, being the date of the Subscription Agreement. After deducting expenses relating to the Subscription, the net price per Subscription Share is approximately HK\$0.167.

## **Ranking of the Subscription Shares**

The Subscription Shares will be allotted and issued free of any Encumbrance, and will rank pari passu in all respects among themselves and all other issued ED Shares as at the Completion Date in all respects, including the right to receive all dividends declared or payable or distribution made or proposed to be made by Enterprise Development at any time by reference to a record date falling on or after the Completion Date.

## **Subscription Price and the Subscription Consideration**

The Subscription Price of HK\$0.168 per Subscription Share represents:

- (i) a discount of approximately 19.62% to the closing price of HK\$0.209 per ED Share as quoted on the Stock Exchange on 30 September 2020, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 15.83% to the average closing price of HK\$0.1996 per ED Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29 September 2020, being the last trading day immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between Enterprise Development and the Subscriber with reference to the prevailing market price of the ED Shares and the current market conditions. The directors of Enterprise Development consider that the Subscription Price is fair and reasonable and in the interests of Enterprise Development and the ED Shareholders as a whole.

The Subscription Consideration of approximately HK\$21,229,000 will be paid by the Subscriber to Enterprise Development in cash upon the Completion.

## **General Mandate to issue the Subscription Shares**

The issue of the Subscription Shares is not subject to ED Shareholders' approval as the Subscription Shares will be allotted and issued under the General Mandate granted to the directors of Enterprise Development by a resolution of the ED Shareholders passed at the AGM subject to the limit of up to 20% of the aggregate number of ED Shares in issue as at the date of the AGM (i.e. 126,362,155 ED Shares, representing approximately 20% of 631,810,778 ED Shares in issue as at the date of the AGM). Up to the date of the Announcement, the General Mandate has not been utilized. The issue of the Subscription Shares will utilize the General Mandate in full. Enterprise Development has not bought back any ED Shares within the last 30 days prior to the date of the Announcement.

## **Conditions Precedent**

The Completion shall be subject to the following conditions being satisfied:

- (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of valid and definitive share certificate(s) representing the Subscription Shares to the Subscriber); and
- (B) all relevant approvals and consents (if required) from governmental or other competent authority or in accordance with applicable laws have been obtained on the part of Enterprise Development and the Subscriber in respect of the Subscription and the transactions contemplated thereunder.

In the event that the above conditions are not fulfilled in full on or before the Long Stop Date, the Subscription Agreement shall terminate and no party shall be liable to the other party save for antecedent breaches.

Application has been made by Enterprise Development to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Listing Committee has granted to Enterprise Development the said listing approval on 6 October 2020.

## **Termination**

Under the Subscription Agreement, an innocent party may after consultation with the defaulting party (to the extent that the same is reasonably practicable) terminate the Subscription Agreement without liability to defaulting party by giving notice in writing to the defaulting party if at any time prior to 3:00 p.m. on the Completion Date, there occurs any material breach of any provision of the Subscription Agreement.

## **Completion**

Completion under the Subscription Agreement shall take place on the Completion Date.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Company is an investment holding company, and through its subsidiaries, is principally engaged in (i) the provision of Integrated Smart Internet of Things (IoT) solutions; (ii) Human machine Interactive Devices (HMID); (iii) intelligent documentation service; and (iv) securities and other investment.

The aggregate gross proceeds arising from the Subscription will be approximately HK\$21,229,000 and the aggregate net proceeds arising from the Subscription, after the deduction of the related expenses, will amount to approximately HK\$21,128,000. Enterprise Development intends to apply the net proceeds from the Subscription for general working capital, used to improve Enterprise Development's professional technical services capabilities to facilitate the long-term business development of the ED Group, and further investments of the ED Group as and when the opportunities arise, but no specific investment targets have been identified yet as at the date of the Announcement.

The directors of Enterprise Development consider that the Subscription will provide additional funding for Enterprise Development to improve the financial position of the ED Group as well as to maintain the ED Group's working capital requirement while broadening the capital base of Enterprise Development. The directors of Enterprise Development are of the view that the Subscription are in the interests of Enterprise Development and the ED Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for Enterprise Development since it will provide Enterprise Development with immediate funding and the capital base of Enterprise Development will be enlarged. The directors of Enterprise Development consider that the terms of the Subscription Agreement are fair and reasonable.

#### **REASONS FOR AND BENEFITS OF THE DEEMED DISPOSAL**

The Board concurs with the view of the board of directors of Enterprise Development as set out under the paragraph of "Reasons for the Subscription and Use of Proceeds" above that the Subscription will provide additional funding for Enterprise Development to improve the financial position of the ED Group as well as to maintain the ED Group's working capital requirement while broadening the capital base of Enterprise Development. In addition, the Subscription reduces the Company's interest in Enterprise Development by approximately 5.38% to approximately 26.89% which the Company still has de facto control over Enterprise Development after the Completion, and such benefits will outweigh the dilution effect.

Having considered the terms of the Subscription Agreement, the Directors consider that the Deemed Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **INFORMATION OF THE SUBSCRIBER**

Zhongwei Group (Hong Kong) Co., Limited, is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and its subsidiaries are through artificial intelligence, Internet of Things, big data analysis and other technologies to create a digital community, to upgrade residential functions, to create a smart life.

The ultimate beneficial owner of the Subscriber is Ms. Han Lili. Ms. Han Lili has extensive experience in technology, investments and financial industries.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner is Independent Third Parties.

## **INFORMATION OF ENTERPRISE DEVELOPMENT**

The principal activity of Enterprise Development is investment holding. The ED Group is principally engaged in software business.

The following financial information is extracted from the annual report of Enterprise Development for the two financial years ended 31 December 2019:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	<b>101,628</b>	149,091
(Loss) before tax	<b>(105,563)</b>	(40,430)
(Loss) after tax	<b>(104,119)</b>	(39,055)
Total assets	<b>188,039</b>	302,372

## **FINANCIAL IMPACT OF THE DEEMED DISPOSAL TO THE GROUP**

Enterprise Development is currently 32.27% indirectly owned by the Company and 11.79% owned by the Company's controlling shareholder, Mr. King Pak Fu ("**Mr. King**"). As Mr. King undertook to act in concert with the Company, the Company has 44.06% voting rights and thus controlling Enterprise Development. Upon Completion, the issued share capital of Enterprise Development will be increased from HK\$63,181,077.80 to HK\$75,817,293.30 and Enterprise Development will be indirectly owned as to approximately 26.89% by the Company and 9.83% by Mr. King. Together with Mr. King's 9.83% voting rights, the Company will have 36.72% voting rights at Enterprise Development. The Board has assessed the impact of the Deemed Disposal and concluded that the Company still has de facto control over Enterprise Development and the financial results of Enterprise Development will continue to be consolidated in that of the Company. It is expected that no gain or loss will be recorded by the Group from the Subscription.

## **LISTING RULES IMPLICATIONS**

Upon completion of the Subscription, 126,362,155 Subscription Shares will be issued and allotted to the Subscriber pursuant to the Subscription Agreement, the Company's equity interest in Enterprise Development will be diluted from approximately 32.27% to approximately 26.89%. Accordingly, the Subscription constitutes a deemed disposal of the Company.

By virtue of Rule 14.22 of the Listing Rules, the deemed disposal arising from the Placing and the Deemed Disposal shall be aggregated as a series of transactions as they are completed within a 12-month period. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the deemed disposal arising from the Placing and the Deemed Disposal, in aggregated, exceeds 25% but is below 75%, the Deemed Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **POSSIBLE BREACH OF LISTING RULES**

The Subscription Agreement and the transactions to be contemplated thereunder constituted Deemed Disposal to the Company which is a major transaction of the Company under Chapter 14 of the Listing Rules. However, pursuant to the terms of the Subscription Agreement, the Completion is not conditional upon the approval by the Shareholders. Completion of the Subscription by Enterprise Development will lead to a breach of Rule 14.40 of the Listing Rules by the Company that a major transaction must be made conditional on approval by shareholders.

Notwithstanding to the above, the Board considered it is necessary to convene the EGM to obtain the approval from the Shareholders of the Deemed Disposal. Mr. King, the controlling shareholder of the Company, verbally confirmed that he and his controlled corporations holding an aggregate of 41.16% voting rights in the Company will vote for the resolution to be proposed at the EGM for approving the Deemed Disposal.

## **GENERAL**

A circular containing, among other things, (i) further details of the Subscription Agreement, the Deemed Disposal and the transactions contemplated thereunder; and (ii) other information as required by the Listing Rules, together with the notice convening the EGM and the proxy form in respect of the EGM, is expected to be despatched to the Shareholders on or before 28 October 2020 in accordance with the Listing Rules.



**The Completion is subject to the fulfilment of the condition precedents set out in the Subscription Agreement, and there is no assurance that the transactions contemplated under the Subscription Agreement will be completed. Accordingly, ED Shareholders and potential investors are therefore urged to exercise caution when dealing in the ED Shares.**

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 5 October 2020 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 October 2020.

**DEFINITIONS**

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

- “AGM” the annual general meeting of Enterprise Development held on 28 May 2020
- “Announcement” announcement of Enterprise Development dated 30 September 2020 in respect of the Subscription
- “Board” the board of Directors
- “Business Day(s)” any day (excluding a Saturday) on which banks generally are open for business in Hong Kong during normal working hours
- “Company” Rentian Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
- “Completion” completion of the Subscription
- “Completion Date” the date on which Subscription Shares will be allotted and issued to the Subscriber by Enterprise Development, which shall be the date falling within 10 Business Days after the conditions precedent under the Subscription Agreement are fulfilled or such other date as Enterprise Development and the Subscriber may agree

“Deemed Disposal”	the deemed disposal of the shareholding interest of the Company in Enterprise Development as a result of the dilution of shareholding interest of the Company in Enterprise Development upon the allotment and issue of the Subscription Shares, which constitutes a major transaction for the Company under the Listing Rules
“Director(s)”	the director(s) of the Company
“ED Group”	Enterprise Development and its subsidiaries
“ED Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of Enterprise Development
“ED Shareholder(s)”	holder(s) of the ED Share(s)
“EGM”	the extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve the Deemed Disposal
“Encumbrance”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Enterprise Development”	Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, being a non wholly-owned subsidiary of the Company, the ED Shares are listed on the Main Board of the Stock Exchange (stock code: 1808)
“General Mandate”	the general mandate to allot, issue and deal with up to 126,362,155 new ED Shares (representing approximately 20% of the aggregate number of the ED Shares in issue as at the date of the AGM) granted to the directors of Enterprise Development by a resolution of the ED Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 20 Business Days after the date of the Subscription Agreement (i.e. 3 November 2020) or such other date as may be mutually agreed between Enterprise Development and the Subscriber
“Placing”	the placing of 105,301,796 ED Shares by Enterprise Development to not less than six places at the placing price of HK\$0.249 per placing share, which has been completed on 4 February 2020, the details of which was set out in the announcements of the Company dated 21 January 2020, 29 January 2020 and 10 February 2020
“RMB”	Renminbi yuan, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Zhongwei Group (Hong Kong) Co., Limited (中巍集團(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the conditional subscription by the Subscriber of the Subscription Shares, being 126,362,155 ED Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 30 September 2020 entered into between Enterprise Development and the Subscriber in relation to the Subscription

“Subscription Consideration”	the total consideration to be paid by the Subscriber to Enterprise Development to subscribe for the Subscription Shares, amounting to approximately HK\$21,229,000
“Subscription Price”	HK\$0.168 per Subscription Share
“Subscription Share(s)”	new ED Share(s) to be allotted and issued by Enterprise Development to the Subscriber pursuant to the Subscription Agreement
“substantial shareholder”	has the same meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Rentian Technology Holdings Limited**  
**Li Xiaoguang**  
*Executive Director*

Hong Kong, 6 October 2020

*As at the date of this announcement, the Board comprises the following members:-*

*Executive Director*  
Mr. Li Xiaoguang

*Independent Non-executive Directors*  
Mr. Chin Hon Siang  
Mr. Chan Tsang Mo  
Mr. Su Jiang

*\* For identification purpose only*