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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

SALE AND PURCHASE AGREEMENT

The Board announced that on 27 March 2020 (after trading hours), the Company as purchaser and the Vendor as 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 Share, representing the entire issued share capital of the Target Company as at Completion, and the Sale Loan at the Consideration of HK\$30,328,237.65.

The Consideration shall be satisfied by the Company to the Vendor by way of Set-off.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios in respect of the Acquisition are higher than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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The principal terms of the Sale and Purchase Agreement are summarised below:

Date: 27 March 2020 (after trading hours)

Parties: (i) the Company as purchaser; and

(ii) Imperial Pacific International Holdings Limited as vendor.

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

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target Company as at Completion, and the Sale Loan.

The Sale Loan represents all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion. As at the date of this announcement, the amount of the Sale Loan is HK\$8,909,947.

The Sale Share will be sold free from all encumbrances together with all rights now and thereafter attaching thereto as at the date of the Sale and Purchase Agreement. The Sale Loan will be sold free from all encumbrances as at the date of Completion.

The Company shall not be obliged to purchase any of the Sale Share and the Sale Loan unless the sale and purchase of the Sale Share and the Sale Loan are completed simultaneously.

Consideration

The aggregate consideration for the Sale Share and the Sale Loan shall be HK\$30,328,237.65, and which shall be apportioned as follows:

- (a) the consideration for the assignment of the Sale Loan shall be the face value of the Sale Loan as at the date of Completion; and
- (b) the consideration for the transfer of the Sale Share shall be the amount of the Consideration less the consideration for the assignment of the Sale Loan set out in paragraph (a) above.

As at the date of this announcement, the Vendor owed to the Group a total amount of HK\$31,828,237.65, being the Billing Amount of HK\$23,415,196.65, the Loan of HK\$7,700,000 and the accrued interest of the Loan of HK\$713,041 in aggregate.

If the Completion takes place on or before the Long Stop Date, the Company agreed that no interest shall continue to accrue on the outstanding principal amount of the Loan after the date of the Sale and Purchase Agreement until the Completion. If the Completion does not take place on or before the Long Stop Date or the Sale and Purchase Agreement lapses or is terminated, interest shall continue to accrue on the outstanding amount of the Loan after the date of the Sale and Purchase Agreement in accordance with the terms of the agreement of the Loan.

On the other hand, as a condition precedent to the Sale and Purchase Agreement, the Vendor agreed to repay HK\$1,500,000 for the Billing Amount in cash within two Business Days after entering into the Sale and Purchase Agreement (or such later date as agreed by the Company in writing). After the repayment of HK\$1,500,000, the Billing Amount will decrease from HK\$23,415,196.65 to HK\$21,915,196.65.

Thereafter, the Vendor is expected to owe the Debt of HK\$30,328,237.65 to the Group immediately before Completion.

The Consideration shall be satisfied by the Company to the Vendor by way of Set-off at Completion. Upon Completion, the Debt will reduce to nil.

The Consideration has been arrived at after arm's length negotiations between the Company and the Vendor having taken into account, among other things, (i) the uncertainties regarding the recoverability of the Debt; (ii) the time, costs and effort to recover the Debt; (iii) the preliminary valuation of the Saipan Property owned by the Target Group of US\$4,500,000 (equivalent to approximately HK\$34,875,000) as appraised by BMI Appraisals Limited, an independent professional valuer engaged by the Company under comparison approach as at 29 February 2020; and (iv) the amount of the Debt as at the date of this announcement.

Conditions Precedent

Completion shall be conditional upon and subject to the fulfilment or waiver of the following conditions:

- (1) the Subsidiary or its nominee having received the repayment of HK\$1,500,000 in cash within two Business Days after entering into the Sale and Purchase Agreement (the “**Repayment**”);
- (2) the Company being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operation and affairs of the Target Group and Ideal Best CNMI's title to the Saipan Property at its sole and absolute discretion;
- (3) the obtaining of a valuation report (in the form and substance satisfactory to the Company) from a firm of independent professional valuers appointed by the Company showing the valuation of the Saipan Property as at 29 February 2020 is not less than US\$4,500,000;
- (4) all necessary consents, licences and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (5) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

- (6) the warranties provided by the Vendor remaining true, accurate and complete in all material respects;
- (7) the warranties provided by the Company remaining true, accurate and complete in all material respects; and
- (8) the Target Group having completed a debt restructuring involving a series of debt assignments and rotations so that all the liabilities, obligations and indebtedness currently owed by the Target Group to the Vendor or any of the Vendor's subsidiaries or associated companies will be assigned and novated such that all such liabilities, obligations and indebtedness will be owed by the Target Company to the Vendor.

The Company shall use its best endeavour to procure the fulfilment of the conditions (5) and (7) above. The Vendor shall use its best endeavour to procure the fulfilment of the conditions (1), (2), (4), (6) and (8) above. The Company may at its absolute discretion at any time waive in writing the conditions (1), (2), (3), (6) and (8) above. The Vendor may at its absolute discretion at any time waive in writing the condition (7) above. Conditions (4) and (5) above are incapable of being waived.

As at the date of this announcement, the Company has no intention to waive any of the conditions (1), (2), (3), (6) and (8) above.

If any of the above conditions have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and terminate and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breach of the Sale and Purchase Agreement.

Completion

Completion shall take place within ten (10) Business Days following the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement (not later than 31 July 2020) or such other date as the Vendor and the Company may agree in writing.

Upon Completion, the Target Company will become a direct wholly owned subsidiary of the Company and the financial statements of the Target Group will be consolidated into the financial statements of the Group.

Vacant possession of the Saipan Property

Pursuant to the Sale and Purchase Agreement, the Vendor undertakes that at Completion, the Saipan Property shall be vacant failing which it shall indemnify the Target Company and Ideal Best CNMI for all the loss and damages suffered by them.

INFORMATION OF THE VENDOR, THE TARGET GROUP AND THE SAIPAN PROPERTY

The Vendor and the Target Group

The Vendor is a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1076). The Vendor and its subsidiaries are principally engaged in the gaming and resort business, including the development of an integrated resort on the Island of Saipan.

The Target Company is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor as at the date of this announcement. The principal business of the Target Company is investment holding. The Target Company is the sole registered and beneficial owner of Ideal Best CNMI, a company incorporated in the Commonwealth of the Northern Mariana Islands with limited liability and is the holder of the leasehold interest in the Saipan Property.

Debt owing by the Vendor to the Group

As at the date of this announcement, the Vendor is in debt to the Group of HK\$31,828,237.65, being the aggregate sum of the Billing Amount of HK\$23,415,196.65, the outstanding principal amount of Loan of HK\$7,700,000 and the accrued interests thereon of HK\$713,041 as at the date of this announcement. The Billing Amount was generated during the ordinary business of the trading of construction materials. The Loan was granted during the ordinary business of money lending in Hong Kong, and has an interest of 10% per annum.

Financial information of the Target Company

Set out below is a summary of the key financial information of the Target Company as extracted from its unaudited consolidated management accounts for the two years ended 31 December 2019 and 31 December 2018 respectively:

	For the year ended 31 December 2019 HK\$ (unaudited)	For the year Ended 31 December 2018 HK\$ (unaudited)
Revenue	–	–
Net loss before tax	282	272
Net loss after tax	282	272

As at 31 January 2020, the unaudited consolidated net liability of the Target Company based on the unaudited consolidated management accounts of the Target Company was approximately HK\$1.27 million, which has not reflected the fair value adjustment of the Saipan Property.

The Saipan Property

The Saipan Property comprises a land parcel with a site area of approximately 4,536 square metres upon which there is a housing development namely Miller's Estates. The total gross floor area of the Saipan Property is approximately 1,953 square metres within six apartment buildings containing a total of 31 apartment units.

A preliminary valuation on the Saipan Property has been provided by BMI Appraisals Limited, an independent professional valuer. The valuation of the Saipan Property is based on the market value, using the comparison approach which assumes sale in the Saipan Property's existing state with the benefit of vacant possession and making reference to actual transactions or asking prices of comparable as available in the relevant market. Appropriate adjustments have been made to account for the differences between the real property and the comparable in terms of time, location, age, size, condition, land use term and other relevant factors.

According to the preliminary valuation, the Saipan Property has a value of US\$4,500,000 (equivalent to approximately HK\$34,875,000) as at 29 February 2020.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the design and sales of integrated circuits and semi-conductor parts; (ii) trading of construction materials; (iii) financial leasing in the PRC; (iv) money lending in Hong Kong; (v) research and development in real time 2D-3D conversion display products; (vi) air business management; and (vii) investment holding.

Due to the recent economic slowdown, management of the Group is of a view that it is more appropriate to adopt a prudent and cautious strategy to deal with the receivables of the Group. Recovering the Billing Amount and the Loan via normal procedures, such as taking legal actions or seeking factoring services, requires additional time, cost and effort, and there is no guarantee of full recoverability. On the other hand, the Set-off is less costly and less time-consuming, and is able to exchange the Debt with a solid asset, the value of which fluctuates less. Moreover, the Set-off can maintain a cordial relationship between the Group and the Vendor. After the Vendor had made the Repayment of HK\$1,500,000 according to the terms of the Sale and Purchase Agreement, the total amount owed by the Vendor to the Group will decrease from HK\$31,828,237.65 to HK\$30,328,237.65. Comparing to the total amount of the Debt of HK\$30,328,237.65 with the fair value of the Saipan Property of US\$4,500,000 (equivalent to approximately HK\$34,875,000), the Set-off and the Acquisition is expected to bring a gain to the Group.

Accordingly, the Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios in respect of the Acquisition are higher than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Company from the Vendor in accordance to the terms and conditions of the Sale and Purchase Agreement
“Billing Amount”	the outstanding billing amount of HK\$23,415,196.65 as at the date of this announcement for the products supplied by the Subsidiary to the Vendor
“Board”	board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	PacRay International Holdings Limited, a company incorporated under the laws of Bermuda, the Shares of which 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 person(s)”	has the meaning ascribed to it under the Listing Rules
“Ideal Best CNMI”	Ideal Best (CNMI), LLC, a company incorporated in the Commonwealth of the Northern Mariana Islands with limited liability, its issued share capital is legally and beneficially owned by the Target Company as at the date of this announcement
“Consideration”	the purchase price of HK\$30,328,237.65 payable by the Company for the Sale Share and the Sale Loan according to the terms of the Sale and Purchase Agreement

“Debt”	collectively, (i) the outstanding principal amount of the Loan of HK\$7,700,000 and the outstanding accrued interest on the Loan of HK\$713,041 as at the date of the Sale and Purchase Agreement payable by the Vendor to the Company; and (ii) HK\$21,915,196.65 of the Billing Amount, being the outstanding Billing Amount as at the date of Completion to be assigned by the Subsidiary to the Company after the Repayment
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the term loan of HK\$7,700,000 granted by the Company to the Vendor
“Long Stop Date”	31 July 2020, or such later date as the Vendor and the Company may agree in writing
“Saipan Property”	land and property in Saipan owned by Ideal Best CNMI
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 March 2020 entered into between the Company as purchaser and the Vendor as vendor in relation to the Acquisition
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Share”	one Target Share, representing the entire issued share capital of the Target Company as at Completion
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Set-Off”	the set-off of the whole amount of the Debt on a dollar-for-dollar basis against the Consideration payable by the Company to the Vendor at Completion
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	an indirect wholly-owned subsidiary of the Company
“Target Company”	Ideal Best Limited (美望有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor as at the date of this announcement
“Target Group”	the Target Company and Ideal Best CNMI
“Target Share(s)”	Share(s) of US\$1.00 each in the issued share capital of the Target Company
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Imperial Pacific International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1076)
“%”	per cent

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

Hong Kong, 27 March 2020

For the purpose of this announcement, unless otherwise indicated, conversion of United States dollars into Hong Kong dollars is calculated at the approximate exchange rate of US\$1.00 to HK\$7.75. 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 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.