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## **TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**

**添利工業國際(集團)有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00093)**

### **ANNOUNCEMENT DISCLOSEABLE TRANSACTION ACQUISITION OF TARGET COMPANY**

#### **THE ACQUISITION**

The Board wishes to announce that on 30 April 2024 (after trading hours of the Stock Exchange), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the entire issued share capital in the Target Company at the Consideration of HK\$25,000 (subject to adjustment).

#### **LISTING RULES IMPLICATIONS**

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

**As the Acquisition is subject to fulfilment or waiver of various conditions precedent to the Completion, which may or may not be fulfilled, there is no assurance that the Acquisition will be completed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

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\* *For identification purpose only*

## **SALE AND PURCHASE AGREEMENT**

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

### **Parties**

- (1) the Vendor; and
- (2) the Purchaser, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

### **Date**

30 April 2024

### **Subject Matter**

Pursuant to the Sale and Purchase Agreement, the Vendor, as the legal and beneficial owner, agreed to sell and the Purchaser agreed to acquire the entire issued share capital in the Target Company free from encumbrances and with all rights attached thereto as at Completion.

### **Consideration**

The Consideration for the Acquisition shall be:

- (i) the Initial Consideration, an amount equal to HK\$25,000 plus or minus the net asset value as set out in the Pro Forma Completion Accounts; and
- (ii) subject to an upward or downward adjustment, by an amount equal to the difference by which the net asset value (determined by reference to the Completion Accounts) is more than, or less than, the net asset value (determined by reference to the Pro Forma Completion Accounts) respectively, provided that such adjustment shall be subject to a maximum amount of HK\$25,000.

The Consideration shall be satisfied by the Group's internal resources and shall be paid by or on behalf of the Purchaser to the Vendor in cash in the following manner:

- (i) the Initial Consideration shall be paid by the Purchaser to the Vendor upon Completion; and
- (ii) the amount of adjustment (if any) shall be paid by the Purchaser to the Vendor, or by the Vendor to the Purchaser (as the case may be), within 15 business days after agreement or determination of the Completion Accounts in accordance with the Sale and Purchase Agreement.

## **Basis of the Consideration**

The Consideration was determined and arrived at after arm's length negotiations between the Vendor and the Purchaser after having considered a number of factors including but not limited to (i) the Valuation on the Target Company as conducted by the Valuer as of 29 February 2024; (ii) historical performance of the Target Company; and (iii) potential growth and prospects of the Target Company. Based on the above, the Directors are of the view that the Consideration and the terms of the Sale and Purchase Agreement are fair and reasonable.

## **The Valuation**

The Valuation was carried out by the Valuer using the asset-based approach. In selecting the appropriate valuation approach, the Valuer considered the appropriateness of three generally accepted valuation approaches, namely the market approach, asset-based approach and income approach. The market approach was not adopted given that the Target Company was loss making in the financial year ended 31 December 2023 which rendered the application of earnings multiples under the market approach inappropriate. The income approach was also not adopted as this approach involves financial forecast information and the adoption of more assumptions which cannot be easily justified or ascertained.

The Valuer considered the asset-based approach to be the most appropriate valuation approach. Under this approach, the value of the business entity is represented by the value of the sum of each of the components of its assets and liabilities which are individually valued. This also represents the money which has been made available to purchase the business assets needed.

In conducting the Valuation, the Valuer has adopted the following major inputs and assumptions:

- (i) there will be no material change in the existing political, taxation, legal technological, fiscal or economic conditions which might adversely affect the business of the Target Company;
- (ii) the conditions in which the Target Company is operated, and which are material to revenue and costs of the businesses of the Target Company will have no material change;
- (iii) the information has been prepared on a reasonable basis after due and careful consideration by the Company;
- (iv) component management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Company;
- (v) all licenses and permits that are essential for the operation of the Target Company can be obtained and are renewable upon expiry;
- (vi) there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value; and
- (vii) the Valuer assume no responsibility for changes in market conditions after the Valuation Date.

The Board is satisfied that (i) the Valuer has the necessary professional qualifications and relevant experience to perform the valuations of the Target Company; (ii) the scope of work carried out by the Valuer is appropriate for the relevant assessments; and (iii) the valuation assumptions and methodologies adopted by the Valuer for the relevant assessments are fair and reasonable. As such, the Board considers that the Valuation is fair and reasonable, and hence reliable as the basis for determining the Consideration.

### **Conditions Precedent**

Completion is subject to the satisfaction or waiver of conditions precedent as set out in the Sale and Purchase Agreement, including:

- (i) completion of the due diligence review over the Target Group to the reasonable satisfaction of the Purchaser at its sole and absolute discretion;
- (ii) the Vendor having produced documentary evidence satisfactory to the Purchaser that the Target Company has disposed its other investments as shown in the management accounts of the Target Group and shall not form part of the transactions contemplated in the Sale and Purchase Agreement;
- (iii) no material adverse change in the business, operation, assets, position (financial, trading or otherwise), profits or prospect and/or other matters or affairs of the Target Group having occurred on or before the Completion;
- (iv) the representations and warranties made by the Vendor remaining true, complete, accurate and not misleading in all respects on the date of the Sale and Purchase Agreement and at all times up to and including the Completion Date;
- (v) no applicable laws having been enacted or judicial decision made between the date of the Sale and Purchase Agreement and the Completion Date which would prohibit or restrict the execution, delivery or performance of the Sale and Purchase Agreement and/or the consummation of the transactions contemplated thereunder; and
- (vi) all necessary filing(s) as required to be made to any governmental or tax authorities in any jurisdiction(s) in which any member of the Target Group is incorporated or is operating business under the applicable laws, rules or regulations having been made, and all required approval(s) (if any) from such authorities having been unconditionally obtained.

### **Completion**

The Completion shall take place on the Completion Date upon all conditions set out in the Sale and Purchase Agreement being satisfied or waived (as the case may be). If any of the conditions precedent has not been satisfied by the Vendor or waived by the Purchaser on or before the Completion Date, unless the Vendor and the Purchaser otherwise agree in writing, the Sale and Purchase Agreement shall be terminated on the date originally set for Completion.

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

## **INFORMATION OF THE GROUP AND THE PURCHASER**

The Group is principally engaged in property development and investment, and money lending business. The Company is a company incorporated in Bermuda with limited liability and principally engaged in investment holding business.

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

## **INFORMATION OF THE VENDOR**

The Vendor is the legal and beneficial owner of the entire issued share capital of the Target Company and is also a director of the Target Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

## **INFORMATION OF THE TARGET GROUP**

The Target Company is a company incorporated in Hong Kong with limited liability and is wholly owned by the Vendor as at the date of this announcement.

The Target Company is an investment holding company and is principally engaged in information technology business in the PRC through Alpha Chongqing and Alpha Shenzhen. Alpha Shenzhen are wholly-owned subsidiaries of the Target Company and Alpha Chongqing is a branch established by Alpha Shenzhen.

The Group has engaged member of the Target Group as one of its suppliers for information technology prior to the date of the Sale and Purchase Agreement. The Target Group established the self-developed loan systems and payment solutions system for the Group's money lending business as well as provided the maintenance services for the business operation.

## **Financial information of the Target Company**

Set out below are the financial information of the Target Company as at 31 December 2022 and 31 December 2023:

	<b>For the year ended 31 December 2022 HK\$'000 (audited)</b>	<b>For the year ended 31 December 2023 HK\$'000 (unaudited)</b>
Revenue	–	–
Loss before taxation	275	115
Loss after taxation	275	115

The audited net liabilities of the Target Company as at 31 December 2022 and the unaudited net liabilities of the Target Company as at 31 December 2023 amounted to approximately HK\$692,000 and HK\$808,000 respectively.

The audited net asset value of the Target Company as at 31 December 2022 and the unaudited net asset value of the Target Company as at 31 December 2023 are nil.

### **Financial information of the subsidiary of the Target Company**

Set out below are the financial information of the subsidiary of the Target Company (i.e. Alpha Shenzhen and Alpha Chongqing) as at 31 December 2022 and 31 December 2023:

	<b>For the year ended 31 December 2022 RMB'000 (audited)</b>	<b>For the year ended 31 December 2023 RMB'000 (unaudited)</b>
Revenue	8,398	12,528
Loss before taxation	722	1,859
Loss after taxation	666	1,859

The audited net liabilities of the subsidiary of the Target Company as at 31 December 2022 and the unaudited net liabilities of the subsidiary of the Target Company as at 31 December 2023 are nil.

The audited net asset value of the subsidiary of the Target Company as at 31 December 2022 and the unaudited net asset value of the subsidiary of the Target Company as at 31 December 2023 amounted to approximately RMB4,423,000 and RMB2,564,000 respectively.

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

The Target Group was established in 2021 as an information technology company with a highly specialised research and development team focusing on software development, big data in construction, data mining and model development. It offers business operation and development solutions for various industries through its self-developed systems. In addition, the Target Group pays attention to the information security and qualified for Certified Information Systems Auditor (“CISA”) certification with implementation of strong internal control and policies to maximise the protection of customer data security and compliance.

The Target Company can bring in substantial strategic value to the Group and enable the Group to place less reliance on external suppliers in the development of information technology systems.

On the basis of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, which have been agreed after arm’s length negotiations, are on normal commercial terms, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

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

**As the Acquisition is subject to fulfilment or waiver of various conditions precedent to the Completion, which may or may not be fulfilled, there is no assurance that the Acquisition will be completed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Acquisition”	the conditional acquisition of the entire issued share capital in the Target Company at Completion pursuant to the Sale and Purchase Agreement
“Alpha Chongqing”	Chongqing Branch of Alpha Shenzhen (namely, 阿爾法時刻科技(深圳)有限公司重慶分公司), a branch established under the laws of the PRC
“Alpha Shenzhen”	阿爾法時刻科技(深圳)有限公司(transliteration: Alpha Times Technology (Shenzhen) Co., Ltd.), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Target Company
“Board”	the board of Directors
“Company”	Termbray Industries International (Holdings) Limited (stock code: 00093), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the unaudited consolidated statement of financial position of the Target Group as at Completion for the period from 1 January 2023 to the Completion Date and the unaudited consolidated statement of comprehensive income of the Target Group for the period from 1 January 2023 to the Completion Date

“Completion Date”	the second business day after all conditions precedent has been satisfied or waived, which shall not be later than 28 June 2024, or such other date as may be agreed between the Vendor and the Purchaser in writing, on which Completion occurs
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of HK\$25,000 (subject to adjustment) for the Acquisition payable by the Purchaser to the Vendor
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Consideration”	has the meaning to it under the section headed “Sale and Purchase Agreement – Consideration” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Pro Forma Completion Accounts”	the pro forma consolidated statement of financial position of the Target Group for the period from 1 January 2023 to the Completion Date and the pro forma consolidated statement of comprehensive income of the Target Group for the period from 1 January 2023 to the Completion Date
“Purchaser”	Termbray Electronics (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 April 2024 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Alpha Times Technology Limited, a company incorporated in Hong Kong with limited liability



“Target Group”	the Target Company and its subsidiaries, namely Alpha Shenzhen and Alpha Chongqing
“Valuation”	the independent valuation on the entire issued share capital in the Target Company carried out by the Valuer
“Valuer”	Vincorn Consulting and Appraisal Limited, an independent valuer engaged by the Company to carry out the Valuation
“Vendor”	Ms. Tang Mei Lan, an individual who is the legal and beneficial owner of the entire issued share capital of the Target Company
“%”	per cent.

The Directors of the Company as at the date of this announcement are as follows:

*Executive Directors:*

Mr. Lee Lap (*Chairman*)

Mr. Tommy Lee (*Vice Chairman & Chief Executive Officer*)

Mr. Chau Hau Shing

*Independent Non-Executive Directors:*

Mr. Shu Wa Tung, Laurence

Mr. Wu Wai Pan

Ms. Chak Wai Ting

By order of the Board  
**Termbray Industries International (Holdings) Limited**  
**Lee Lap**  
*Chairman*

Hong Kong, 30 April 2024