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InvesTech Holdings Limited

威訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1087)

DISCLOSEABLE TRANSACTION DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF A WHOLLY-OWNED SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that on 25 March 2021 (after trading hours of the Stock Exchange), the Company, the Purchaser and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share, being the entire issued share capital in the Target Company and assign the Vendor's Loan to the Purchaser, for the Consideration in the amount of HK\$16.0 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% and below 25%, the Disposal contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Disposal is subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, the transactions contemplated thereunder may or may not proceed to the Completion. Shareholders and potential investors of the Company should exercise caution when dealing with the Shares.

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As at the date of this announcement, the Company, as the vendor, hold one (1) share of the Target Company, being the Sale Share and the entire issued share capital of the Target Company. Upon the Completion, the Group will no longer own any share in the Target Company. The Target Company shall cease to be a direct wholly-owned subsidiary of the Company, and hence the Target Subsidiary (with its one (1) share, being its entire issued share capital, directly owned by the Target Company) shall cease to be an indirect wholly-owned subsidiary of the Company. Accordingly, the financial results of the Disposal Group shall cease to be consolidated into those of the Group.

THE SALE AND PURCHASE AGREEMENT

A summary of the principal terms of the Sale and Purchase Agreement is set out below:

- Date** : 25 March 2021 (after trading hours of the Stock Exchange)
- Parties** : (1) the Company, as the vendor;
- (2) Metro Win Investment Holdings Limited, as the Purchaser; and
- (3) Ms. Cheung Hing Ling, as the Guarantor.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and the Guarantor, as the Purchaser's ultimate beneficial owner who indirectly and beneficially owns its entire issued share capital, are Independent Third Parties.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share, being one (1) share of the Target Company, representing the entire issued share capital of the Target Company, in reliance upon (i) the warranties provided by the Purchaser and Guarantor; and (ii) the Guarantee made by the Guarantor for the fulfilment and performance of all of the Purchaser's duties, obligations and liabilities under the Sale and Purchase Agreement.

Furthermore, in connection to the Assignment, and pursuant to the Sale and Purchase Agreement, the Company has also agreed to assign the Vendor's Loan to the Purchaser, which is the indebtedness due and owed by the Target Subsidiary to the Company as at the date of the Sale and Purchase Agreement.

Upon the Completion, the Purchaser will hold the entire equity interest of the Target Company, the Vendor's Loan and the rights thereunder will also be assigned to the Purchaser, which has been owed by the Target Subsidiary to the Company.

Consideration and Payment Terms

The Consideration for the Disposal and the Assignment shall be in the total amount of HK\$16.0 million. Such Consideration shall be payable by the Purchaser to the Company in three irrevocable and non-refundable instalments of payment by cheque(s) or cashier's order(s) (as agreed between the Company and the Purchaser in writing) in accordance with the following manner:

- (a) HK\$8.0 million as first payment (the "**First Payment**") shall be paid within five (5) Business Days from the date of the Sale and Purchase Agreement;
- (b) HK\$4.0 million as second payment (the "**Second Payment**") shall be paid within three (3) months from the date of the Sale and Purchase Agreement; and
- (c) HK\$4.0 million as third payment (the "**Third Payment**") shall be paid within six (6) months from the date of the Sale and Purchase Agreement.

If the Purchaser defaults in the payments on the due date as stated above, the Guarantor shall pay interests to the Company on such overdue sums from the due date until payment in full at the Prime Rate per annum. Such interest shall be calculated on the actual number of days elapsed and on the basis of a 365-day year.

The Consideration was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement with reference to (i) the historical performance of the Disposal Group; (ii) the unaudited consolidated management accounts of the Disposal Group as at 28 February 2021; and (iii) the benefits to be derived by the Group from the Disposal as stipulated in the section headed "Reasons for and benefits of the Disposal" below.

Having considered the above factors, the Board (including the independent non-executive Directors) considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The completion of the transaction contemplated under the Sale and Purchase Agreement is conditional upon, among other things, the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the compliance of all applicable requirements under the Listing Rules by the Company in connection with the entering into and performance of the terms of the Sale and Purchase Agreement;
- (b) the payment of the First Payment (i.e. HK\$8.0 million) by the Purchaser;
- (c) the warranties provided by the Company remaining true and accurate and not misleading in any material respect at all times between the date of the Sale and Purchase Agreement and the date of the Completion;
- (d) the warranties provided by the Guarantor remaining true and accurate and not misleading in any material respect at all times between the date of the Sale and Purchase Agreement and the date of the Completion; and
- (e) the warranties provided by the Purchaser remaining true and accurate and not misleading in any material respect at all times between the date of the Sale and Purchase Agreement and the date of the Completion.

The Company may in its absolute discretion at any time waive the conditions referred to in (d) and (e) above by notice in writing to the Purchaser and the Purchaser may in its absolute discretion at any time to waive the condition referred to in (c) above by notice in writing to the Company.

If any of the conditions is not satisfied or waived (as the case may be) on or before the Long Stop Date (or such other later date as the Purchaser, the Company and the Guarantor may agree in writing), the Sale and Purchase Agreement will terminate immediately thereafter and any parties to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Subject to fulfilment of the conditions of the Sale and Purchase Agreement, the Completion shall take place on the fifth Business Day after fulfilment (or waiver where applicable) of all conditions described in the section headed “Conditions precedent” above or such other date as the parties to the Sale and Purchase Agreement may agree in writing. Upon the Completion, both companies of the Disposal Group ceases to be wholly-owned subsidiaries of the Company, and the financial results of the Disposal Group shall cease to be consolidated into those of the Group. The Completion shall comprise of the simultaneous completion of the Disposal and the Assignment.

Guarantee

Pursuant to the Sale and Purchase Agreement and in connection to the Disposal, the Guarantor guaranteed in favour of the Company for the Purchaser’s performance and fulfilment of all of its duties and obligations, and the Guarantor further agreed to fully indemnify the Company, net of any withholding and/or deductions, against all liabilities, damages, expenses and costs which may arise from any breach of the terms and conditions of the Sale and Purchase Agreement by the Purchaser.

INFORMATION ON THE DISPOSAL GROUP

The Target Company is incorporated in the BVI with limited liability and the entire issued share capital of which is owned by the Company and it is the direct wholly-owned subsidiary of the Company as at the date of this announcement. The Target Company is an investment holding company, which legally and beneficially owns one (1) share, representing the entire equity interest in the Target Subsidiary, which in turn is an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

The Target Subsidiary is incorporated in Hong Kong with limited liability and is principally engaged in money lending business regulated under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong).

The unaudited consolidated financial information of the Disposal Group prepared under the Hong Kong Financial Reporting Standards for the year ended 31 December 2020 and 31 December 2019 is as follows:

	For the year ended 31 December	
	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Revenue	1,682	4,567
Loss before tax	(12,053)	(61)
Loss for the year	(12,062)	(53)

Based on the unaudited consolidated management accounts of the Disposal Group for the year ended 31 December 2020, the unaudited consolidated net liabilities of the Disposal Group as at 31 December 2020 was approximately HK\$11.9 million.

Based on the unaudited consolidated management accounts of the Disposal Group for the two months ended 28 February 2021, the unaudited consolidated net liabilities of the Disposal Group as at 28 February 2021 was approximately HK\$11.9 million. With the amount of the Vendor's Loan as at 28 February 2021 of approximately HK\$27.2 million being excluded, the unaudited consolidated net asset value of the Disposal Group as at 28 February 2021 would be amounted to approximately HK\$15.3 million.

INFORMATION OF THE PURCHASER AND THE GUARANTOR

The Purchaser is a company incorporated in the BVI with limited liability which principally engages in investment holding. The Guarantor is the Purchaser's ultimate beneficial owner, who indirectly and beneficially owns the Purchaser's entire issued share capital.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the provision of network system integration including provision of network infrastructure solutions, network professional services and mobile internet software of mobile office automation software business, the network equipment rental business and money lending business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In the face of severe market challenges from 2019 onward, in particular the myriads of uncertain market condition as a result of the combination of the global trade and political tensions and the impact as a result of outbreak and escalation of the coronavirus pneumonia (COVID-19) pandemic globally, the Company has made respective adjustments on its strategy regarding development plan.

The Board considers that the Disposal represents a good opportunity to realise the loans and interest receivables of its current loan portfolio, and to reduce the operating cost to be spent on the recovery of outstanding loans. The Disposal will also enhance the cash position and working capital of the Group, and thus allow the Group to optimise its asset structure and focus on its available financial resources on the development of its core business of network communication. The Disposal will not have any material adverse impact on the business operations and financial position of the Group.

The Board (including the independent non-executive Directors) considers that the terms of the Sale and Purchase Agreement have been entered into on normal commercial terms, such terms are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

After deducting expenses relating to the Disposal, which is approximately HK0.1 million, there will be net proceeds of approximately HK\$15.9 million from the Disposal, and the Company intends such proceeds to be used for general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company. As such, the financial results of the Disposal Group will no longer be consolidated into those of the Group.

Based on (i) the cash consideration of the Disposal of HK\$16.0 million; (ii) the net liabilities of the Disposal Group as at 28 February 2021 of approximately HK\$11.9 million; and (iii) the Vendor's Loan of approximately HK\$27.2 million as at 28 February 2021, the estimated gain on disposal of the Disposal Group is approximately HK\$0.7 million. Shareholders should note that the financial effect set out in the above is for illustrative purpose only. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% and below 25%, the Disposal contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Disposal is subject to the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Sale and Purchase Agreement, the transactions contemplated thereunder may or may not proceed to the Completion. Shareholders and potential investors of the Company should exercise caution when dealing with the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the terms used herein shall have the following meanings:

“Assignment”	the assignment of the Vendor's Loan pursuant to the terms and conditions of the Sale and Purchase Agreement with the Company as the assignor, assigning the Vendor's Loan to the Purchaser as the assignee
“Board”	the board of Directors

“Business Day(s)”	any day (excluding a Saturday, Sunday and public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	InvesTech Holdings Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange (Stock Code: 1087)
“Completion”	completion of the Disposal 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
“Consideration”	the aggregate amount of HK\$16.0 million, which shall be made payable by the Purchaser to the Company pursuant to the Sale and Purchase Agreement in three irrevocable and non-refundable instalments of payment as the First Payment, the Second Payment and the Third Payment (as defined above) by cheque(s) or cashier’s order(s) (as agreed between the Company and the Purchaser in writing), comprising the consideration for the Disposal and the Assignment
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share, being the entire equity interest in the Target Company, by the Company as the vendor, to the Purchaser as the purchaser, in accordance with the terms of the Sale and Purchase Agreement
“Disposal Group”	the Target Company and the Target Subsidiary
“Group”	the Company and its subsidiaries
“Guarantee”	such guarantee made by the Guarantor in favour of the Company for the Purchaser’s performance and fulfilment of all of its duties and obligations under the Sale and Purchase Agreement
“Guarantor”	Ms. Cheung Hing Ling, the ultimate beneficial owner of the entire issued share capital of the Purchaser

“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)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	23 April 2021 or such other date as the Purchaser, the Company and the Guarantor may agree in writing
“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Prime Rate”	prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time
“Purchaser”	Metro Win Investment Holdings Limited, a company incorporated in the BVI with limited liability, whose entire issued share capital is indirectly and beneficially owned by the Guarantor
“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 March 2021, entered into among the Company, the Purchaser and the Guarantor regarding the Disposal and the Assignment
“Sale Share”	one (1) ordinary share in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of USD0.02 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	InvesTech Finance (International) Limited, a company incorporated in the BVI with limited liability

“Target Subsidiary”	InvesTech Finance Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the Target Company
“USD”	the lawful currency of the United States of America
“Vendor’s Loan”	the unsecured interest-free loan owed by the Target Subsidiary to the Company as at the date of the Sale and Purchase Agreement
“%”	per cent.

By order of the Board
InvesTech Holdings Limited
Chan Sek Keung, Ringo
Chairman and Chief Executive Officer

Hong Kong, 25 March 2021

As at the date of this announcement, the executive Directors are Mr. Chan Sek Keung, Ringo (Chairman and Chief Executive Officer), Ms. Wang Fang, Mr. Lu Chengye and Mr. Liu Chun Fai, the non-executive Director is Mr. Wong Tsu Wai, Derek, and the independent nonexecutive Directors are Mr. Wong Chun Sek, Edmund, Mr. Lu, Brian Yong Chen and Mr. Huang Liangkuai.